

MINUTES

VILLAGE OF LA GRANGE SPECIAL MEETING OF THE VILLAGE BOARD OF TRUSTEES

53 South La Grange Road
Lower Level Conference Room
La Grange, IL 60525

Saturday, March 9, 2013 – 8:00 a.m.

I. CALL TO ORDER AND ROLL CALL

A Special Meeting of the Board of Trustees of the Village of La Grange was held on Saturday, March 9, 2013, and called to order at 8:00 a.m. in the lower level conference room. On roll call, as read by Village Clerk Thomas Morsch, the following were present:

PRESENT: Trustees Holder, Horvath, Kuchler, Langan and Palermo with President Asperger presiding.

ABSENT: Trustee Nowak

OTHERS: Mark Burkland, Village Attorney
Robert Pilipiszyn, Village Manager
Andrianna Peterson, Assistant Village Manager
Lou Cipparrone, Finance Director
Bill Bryzgalski, Fire Chief
Mike Holub, Police Chief
Ryan Gillingham, Director of Public Works
Patrick Benjamin, Community Development Director
Joe Munizza, Assistant Finance Director
Angela Mesaros, Assistant Director of Community Development
Mike Bojovic, Assistant Director of Public Works

II. BUDGET WORKSHOP OVERVIEW

President Asperger opened the meeting by describing the budget development process which consists of three major parts — Capital Projects, Personnel and Operations. Capital Projects were discussed on January 28. Consensus direction regarding personnel matters and major revenues and expenditures was provided during the pre-budget development workshops last fall. The purpose of this special meeting is to review operational expenditures.

President Asperger concluded her opening remarks by complimenting the entire management team in producing an outstanding work product.

Village Manager Pilipiszyn indicated that staff is seeking direction from the Village Board this morning on three budgetary items — the utility tax, the proposed increase in parking fees and fines, and the proposed increase in the Village's sewer rate. Village Manager Pilipiszyn distributed a graphic which illustrated the General Fund's annual surplus/deficit over a 12-year period. In comparing operating revenues to expenditures over that period of time, the Village actually recovered from a deficit of \$1.3M as a result of the cost containment plan. Because of that recovery effort, the Village Board is in a noteworthy position to either push back the proposed utility tax by one additional year (to FY 2015-16), modestly restore a reduced program or service, or conservatively maintain the five-year financial plan as proposed. Staff continues to recommend a balanced approach to budget management by evaluating revenue trends against expenditures on an annual basis.

III. REVIEW OF GENERAL FUND REVENUES

Finance Director Cipparrone reported in detail on each General Fund revenue line-item. He noted the decrease in revenues through the simplified telecommunications tax, and that the matter is being examined with the cooperation of the Illinois Department of Revenue. In conclusion, total General Fund revenues for FY 2012-13 are projected to be approximately \$20,000 over budget.

At this point of the meeting, Department Heads were invited to present their respective departmental budgets to the Village Board for review and comment. Each Department Head was asked to describe budget variations, if any, and to provide a report on progress being made to achieve strategic goals and priorities within their respective areas of responsibility.

IV. REVIEW OF GENERAL FUND AND OTHER FUND BUDGETS

1. Administration

It was the consensus of the Village Board to concur with staff's budget recommendations.

2. Legal

It was the consensus of the Village Board to concur with staff's budget recommendations.

3. President and Board

It was the consensus of the Village Board to concur with staff's budget recommendations.

4. General Ledger

In response to a status update on the Village's technological improvements, Trustee Horvath suggested and Trustee Langan concurred, to consider more direct use of the Cloud for the Village's electronic back-up and storage needs (as compared to the current network of servers supported by the Cloud).

Trustee Horvath inquired as to where sick leave and vacation leave accrued liabilities are budgeted. Finance Director Cipparrone explained that those liabilities are stated in the Village's financial statements. Because the Village cannot predict when an employee may retire, it is not budgeted as an operating expense. Finance Director Cipparrone further explained how the Village at one time created a separate Compensated Leave Fund, for this purpose, but it was dissolved within several years because it was less expensive for the Village to use General Fund reserves and manage the operational salary savings between the time of an employee's retirement and the hiring of a new employee at a lower salary.

In response to another Trustee query on the same subject, Finance Director Cipparrone explained that liabilities are paid out in the salaries line-item of the departmental budget and recognized in the budget notes. Also, the payout of accrued leaves are not factored into pension payments.

It was the consensus of the Village Board to concur with staff's budget recommendations.

5. Finance

It was the consensus of the Village Board to concur with staff's budget recommendations.

6. Community Development

It was the consensus of the Village Board to concur with staff's budget recommendations.

7. Police Department

Trustee Horvath proposed that the vacated position in the Police Department be eliminated from the budget document, as the position is not expected to be filled for the next five years due to the cost containment plan. Discussion ensued. It

was the consensus of the Village Board to not make any changes at this time as to how this vacancy is presented in the budget. President Asperger concluded the discussion by adding that the reason for the vacated position is because the Village is executing a cost containment plan and therefore it is sensible to continue to communicate that in the budget.

It was the consensus of the Village Board to concur with staff's budget recommendations.

8. Asset Forfeiture Fund

It was the consensus of the Village Board to concur with staff's budget recommendations.

9. Auxiliary Police Fund

It was the consensus of the Village Board to concur with staff's budget recommendations.

10. ETSB Fund

Finance Director Cipparrone noted for the Village Board that ETSB revenues have been reduced significantly since January 2012 as a result of a change in how fees are collected and distributed by wireless telephone companies. As a result, the transfer to the General Fund was reduced and the transfer to the Equipment Replacement Fund (ERF) was suspended, in anticipation of a combined dispatch arrangement within the next five years.

It was the consensus of the Village Board to concur with the ETSB Board's budget recommendations.

11. Parking Fund

It was the consensus of the Village Board to concur with staff's budget recommendations.

12. Fire Department

It was the consensus of the Village Board to concur with staff's budget recommendations.

13. Foreign Fire Insurance Tax Fund

It was the consensus of the Village Board to concur with staff's budget recommendations.

14. Building and Grounds and Public Works

It was the consensus of the Village Board to concur with staff's budget recommendations.

15. Water Fund

Trustee Horvath expressed continued concern with the proposed 7.5% increase in the Village's water rate. He felt that the Village should budget for increased revenues related to increased water accountability as a result of the water meter replacement program, which would offset the need to increase water rates. President Asperger reminded the Village Board that 6.0% of the planned increase in water rates is directly related to the increased cost of water from the City of Chicago, and the remaining 1.5% was to cover the increased cost of operations and to replenish reserves. Furthermore, the Village has not accounted for the increased level of water accountability, because there is no data available on which to make a projection at this time. That information will be forthcoming shortly and the Village Board can always amend the budget at that time. This plan was discussed and approved by the Village Board one year ago.

Considerable discussion ensued. It was the consensus direction of the Village Board to reduce the proposed water rate increase from 7.5% to 6.0% for FY 2013-14, so as to only pass on to residents, the increased cost of water from the City of Chicago.

It was the consensus direction of the Village Board to concur with staff's remaining budget recommendations.

16. Sewer Fund

As with the Water Fund discussion, Trustee Horvath re-stated his concerns with a proposed 10.0% increase in the Village's sewer rate, noting that sewer revenues, which are tied to water consumption, will increase by virtue of increased water accountability, and thus, the rate increase may not be necessary. President Asperger noted for the Village Board, that the circumstances were much different in the Sewer Fund than the Water Fund, and that the purpose of the proposed increase in the sewer rate was to replenish reserves as they will be virtually depleted by the end of the current fiscal year.

Discussion ensued. Trustee Horvath commented that other communities seem to have more balance than La Grange between their water and sewer rates. Finance Director Cipparrone cautioned that a direct comparison of rates between communities is difficult without a full understanding of how each community makes its rates, by utility and in the aggregate. Trustee Kuchler expressed concerns with the low reserve in the Sewer Fund. Trustee Palermo suggested a

5.0% increase in the sewer rate, with the other 5.0% to be achieved by increased water accountability.

It was the consensus direction of the Village Board to leave the sewer rate increases as budgeted, but to review them annually as assessed against increased revenues resulting from increased water accountability. It was also the consensus direction of the Village Board to concur with staff's remaining budget recommendations.

17. Equipment Replacement Fund

Village Manager Pilipiszyn provided the Village Board with a summary of changes in the management team's approach to vehicle maintenance and replacement, based on recent budget discussions.

It was the consensus of the Village Board to concur with staff's budget recommendations.

18. Debt Service Fund

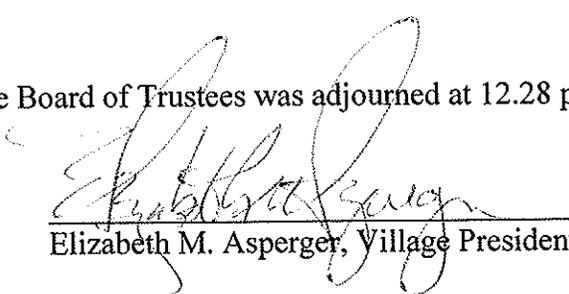
It was the consensus of the Village Board to concur with staff's budget recommendations.

19. Police and Fire Pension Funds

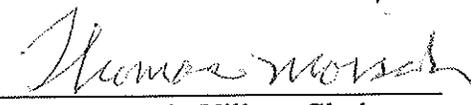
It was the consensus of the Village Board to concur with staff's budget recommendations.

VI. ADJOURNMENT

The special meeting of the Village Board of Trustees was adjourned at 12.28 p.m.


Elizabeth M. Asperger, Village President

ATTEST:


Thomas Morsch, Village Clerk

Approved Date: April 8, 2013