

# ADMINISTRATION & FINANCE COMMITTEE

Virtual Meeting

Meeting Minutes -April 2nd, 2020

Draft Approved - April 9, 2020

I. CALL TO ORDER - 4:30pm

II. ROLL CALL

<p><b><u>Committee</u></b> Trustee Liddle (as Chair) Mayor Gunter Clerk Szymiski Trustee Addington Trustee Barker Trustee Guzzo Trustee Nero</p> <p><b><u>Visitors</u></b> None</p>	<p><b><u>Staff</u></b> Village Manager May Finance Director Parker IT Director Liljeberg (host)</p>
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III. PLEDGE OF ALLEGIANCE - Due to this being a virtual meeting the pledge was waived.

IV. OPEN FORUM - None

V. BUDGET OVERVIEW - Trustee Liddle thanked Director Parker and his staff for all their hours of work on the budget overview. Mayor Gunter commented that the specifics will come up further along, this is just an overview to review where we are and not the obvious things more the possibilities that could come from the pandemic. The obvious cuts are already planned; this is just to see what are not obvious and need to be reviewed and considered.

A. Director Parker presented on the forecasting of the effects of the pandemic on the financial picture that will be created by this crisis. The powerpoint presentation that was presented at this meeting is attached. A review of estimated revenue and the reserves that we have at this time.

Overall, if we do nothing we have reserves to get through the next 21 months. A timeline of the expected tax payments was reviewed along with the current revenues and the estimate for next year's revenues. The possible lower estimates are shown in red for a blip and if this turns into a recession. In 2009 we saw a 30% drop in tax revenue. If this is a depression, it will be worse.

To drop services that residents need before we need to would be a dramatic reaction. Suggestion made is that we pass a "bare bones" budget, then with a spending freeze on items that can wait until June/July when we will know

what the revenue streams have done, and be able to review the items d. By August we will have knowledge that will tell us what has to be cut moving forward from the “bare bones” budget. In August remember, we will be looking at May. There were no questions from the committee.

Director Parker presented philosophical questions on items that have a visual impact of spending money irresponsibly such as flowers, vehicles, the 100th anniversary. Interestingly, flowers are already ordered and if we do not hang the baskets it is money spent with no benefit.

- Trustee Barker stated that this could not be done without knowing the cost. To make decisions without knowing the costs is not possible. The goal is to bring things back to normal.
- Mayor Gunter remarked that as the flowers have already been bought and people enjoy them do we put them up so that this would give us a feeling of normal. Or will it look like we are wasting things.
  - Trustee Barry agreed that the feeling of normal is important and if things don't go south in the next few weeks we should move forward with flowers.
- Trustee Barry agreed with Trustee Barker that this exercise is not possible without the figures. He remarked that there were a lot of other items that could be cut besides flowers which everyone comments on and enjoys, and already bought. Easier ones are there and there probably would be no fests this year. That would be spending that is not necessary. And, to determine the value of anything, we would need to know the cost.
- Trustee Nero agreed as well, and stated that he would like to see what we as a Village to help our businesses.

C. Discussion of the places for eating tax and the Village bond rating ensued.

- Director Parker stated that if businesses have adjusted the cash register to not calculate the places for eating tax, then we were not collecting the places for eating tax. If the businesses were collecting the places for eating tax, then we are collecting as a business cannot collect and keep a tax that we have tied the bond revenue to.
  - Mayor Gunter stated that the bonds are guaranteed, the problem being the repayment and lack of revenue.

- Director Parker stated that the debt repayment for 1 year is in reserves. If we need to push it on the property tax levy that would affect the bond rating. Mayor Gunter asked if a letter had gone out to the businesses? Director Parker agreed that we could send a letter. Manager May said that for the business it will cost them money to have the cash register adjusted to remove the tax and then have it put back on, so the business has to decide if it is cost effective to do so.

D. Mayor Gunter announced that staff has already started preparing for the crisis costs, stopping capital projects and other freezes. Now is the time for the board to do the work in the next several weeks.

- Director reviewed the capital budget of \$18 million and showed the frozen spending that is in place and the items tied to grants that needed to move forward.
- Manager May stated that the whole list has been put on hold and the review of the items that had a revenue stream that was tied to it or were tied to other work/funding. We have to be prepared for projects that have parts to the state or to IGA's with other entities that we have committed to and what part of that we have to do right now and what part of it can wait.
  - Trustee Barker asked if the economic development projects were going to move forward?
    - Manager May said that the projects that we had contracts for if the projects go forward we are obligated to do our part. If the project hasn't started, we would be tossing out an investment that has been made. Each needs to be reviewed as things progress.
  - Trustee Addington asked about the IDOT project on Ogden Avenue going forward? Where is the state going to get the money from to do that if the state takes the money from IDOT.
    - Manager May responded that IDOT is the state and the MFT funds are committed to the projects even the CMAP & DMMC grants go through IDOT. So, when the project continues on Ogden, we have to be prepared.
    - Trustee Addington agreed stating that going back and redoing a road after it was done to do another project is just a waste of

time and money. We have to realise that everyone is losing money right now. Stating that anything that we could hold back on right now, that we haven't already committed money to we should hold back on starting.

- Manager May agreed and said that is what we are working towards, the issue is that it is hard to forecast what will come and when it will be going forward. The possibility of holding things in the budget frozen so that we are prepared when we are obligated to is the best way to balance the projects. The budget we pass on May 1st will be reviewed every three months, legally we have to pass something on May 1st.
- Trustee Guzzo asked about the capital projects that we have already had the engineering done, if we put on hold will we have to redo the engineering?
  - Manager May replied that mostly we will not, sometimes standards might change and we will have to tweak it. If it sits for 10 years we might have to redo.

E. Hiring Freeze - Director Parker stated that the staff has implemented a hiring freeze or does the board want staff to come before the board for requested hires?

- Mayor Gunter asked what was done the last time we hit a recession?
- Manager May replied that an immediate hiring freeze was put in place, and he has initiated it again and it will stay in place until things change and then will be presented at an Admin/Fin meeting for the board.

F. Recommendations - Director Parker asked the board what areas of interest for an in depth review we requested. In depth review takes time to research, having an idea in advance will help to prepare for the workshop review.

- Trustee Nero asked for numbers, believes he needs to have figures to decide.
  - Director Parker agreed that for the June budget review the figures will be necessary to see where we are. Right now, what we are looking for right now is areas of interest to you that we can find numbers for now for a specific area that you might be thinking of

to be checked.

- Manager May said at the workshop we will have the line item detail and you can review the thousands of line items. We are looking for areas of focus. A philosophical question is what we are asking for today. The 2 biggest areas of expense are capital projects and people. We welcome the input on the smaller areas, yet we are looking at millions right now.
- Trustee Barker followed up with the question of operating operations in capital projects and pare everything down to needs and no wants. The \$18 million might be all there is to talk about.
  - Manager May said no, we are going to talk about smaller things we are trying to reduce every ordinary expense.
- Mayor Gunter stated that the things to equate dollars to include:
  - Vehicle replacement program
  - General wage increase for non-union personnel, the union personnel require a 2% increase. It will freeze, but what will it be?
  - I do not want to review the purchase of a \$300.00 office chair for an hour, the previous board has done that by not looking at the overall area of spending but at a department line item.
- Trustee Barry remarks that he is confused about why we should talk about this when the first item listed is the flowers and the first question is how much are they? To not know the amounts of these things is critical, and if you look at all the memberships seems a lot. Events should be stopped, capital projects are more important than the nice event that we all enjoy but are not required.
- Mayor Gunter replied that for today's meeting we were not talking about the amounts, the research will be done and presented at the workshop. Today's meeting is a request for areas to find overall totals to present in depth and not just as line items in a lot of different department budgets and funds.
  - Director Parker replied that is what we are here to brainstorm. If you look at special events you have the grants we give out for special events, the cost of personnel to support the event (public

works, fire, police), the overtime involved in supporting the event. This can all be done in advance of the budget workshop so that the total is 100% and something isn't missed by doing it on the spot in trying not to take up a lot of meeting time. We are not looking to have you make decisions right now without the dollar amounts, but we cannot provide you with total amounts in 30 seconds at a meeting - the items are too complicated in various areas. This is why we are asking you for your areas of deep interest. You will have the opportunity to review the totals for your suggestions and staff suggestions.

- Mayor Gunter remarked that the sooner the better for your requests so staff has time to prepare the research.
- Trustee Barker asked Director Parker how much they should be looking to cut, is it \$12 million or just as much as we can?
  - Director Parker replied that as we get further along with the state of the economy we will have an idea of what will be required. Right now that first dip in revenue that we presented is \$3 million in operational/ongoing funds. This is not a capital project look, and we will have to look at reserves.
- Manager May said that the review that we are doing is what we have been doing every year going back to Manager Searl. This year however with the crisis we are bringing some of the larger items to you and will be discussing the use of reserves to review. This will all be covered as always at the budget workshop. Tonight is about information gathering of items that you believe will have a philosophical impact on you and the residents.
- Trustee Addington asked Director Parker what the total budget recommendation would have been if there had been no crisis?
  - Director Parker stated that the review had not gotten that far yet, the process so far had an increase and some projects were being discussed. The reserves were discussed, and the state of emergency funds that we keep to prepare for the state requiring our funds to be cut.

- Manager May stated that we have been preparing for a crisis for quite a few years.
- Trustee Addington asked what last year's budget total was?
  - Manager May stated \$40 million operating.
  - Director Parker opened files and found the total was \$75 million for all funds, reserves, payments and savings.
- Trustee Addington stated that at this time everything needs to be on the table, except personnel. Our people are loyal to us so we need to be loyal to them. If the FOP is contractually receiving a raise than it is hard to not have others receive one.
  - Mayor Gunter remarked that Oak Brook is cutting all full-time staff hours by 20%. And what we did in the past was hold the raise until we knew the state wasn't going to take our tax dollars, and then retroactively pay everyone. Hard decisions have to be made.
  - Trustee Addington replied that personnel should be the last one, the support to Special Events Cruising Nights and the Red White & BBQ should be looked at first.
  - Manager May stated we have already been asked about hotel/motel tax grants, and considering the hotel/motel tax will probably be zero this year we should not have grants.
- Mayor Gunter said that the groups that do events in town are already prepared to delay things, the group will have another group call to review things. The odds are that things are cancelled for the summer, who is going to attend, fund, or volunteer for the events with the virus still going through communities. While the Village does not run the event we do provide support.
  - Trustee Liddle is researching smaller events, venues to be able to have something for later in the summer.

G. Overview - Director Parker reviewed the 3 steps that have been presented:

1. Stick with what we have, the bare bones budget - basics prepared on the 9th.
2. Looking into the suggestions of items to be researched for the big cuts, for the June review.
3. Identified which items we can add back if things end soon and are back to a more

normal revenue stream.

While this feels strange to move all these pieces at the same time, it is necessary to keep everything moving to be prepared.

- Trustee Addington said looking at the pieces is the best way to review what could be needed and where we might have to end up.
- Mayor Gunter stated that in 2008, at the park district the tough decisions were made and staff went from 24 full time to 15. With public funds you do what has to be done and you have to look at everything that needs to be done and where you can balance the needs.

**VI. ADJOURN - 5:46pm** A motion to adjourn the meeting from Trustee Addington and seconded by Trustee Barry.