

These minutes were corrected by the Board of Trustees at its Committee of the Whole Meeting on September 14, 2009 as follows: Page 2, second full paragraph, second line, change "...will be a little less ~~that~~ 2009". to "...will be a little less ~~that~~ **than** 2009".

2.1

MINUTES
SPECIAL COMMITTEE OF THE WHOLE BUDGET MEETING
Wednesday, August 19, 2009

Present:

Trustee Brandt	Trustee Feldman
Trustee McDonough	Trustee Saltiel
Trustee Servi	Trustee Walder, Jr.
Mayor Blomberg	Village Clerk Mastandrea
Village Manager Irvin	Director of Com. Develop. McNellis
Chief of Police Melvin	Director of Financial Systems Roelker
Deputy Clerk Marshall	Director of Public Works Hughes
Treasurer Curtis	

Location: Village Hall, Community Room, One Olde Half Day Road, Lincolnshire, Illinois 60069

CALL TO ORDER

Deputy Clerk Marshall called for the appointment of a Temporary Chair. Trustee Saltiel moved and Trustee Servi seconded the motion to appoint Trustee McDonough as Temporary Chair. The roll call vote was as follows: AYES: Trustees Feldman, McDonough, Saltiel, and Servi. NAYS: None. ABSENT: Trustees Brandt, Walder, Mayor Blomberg. ABSTAIN: None. Temporary Chair McDonough declared the motion carried.

ROLL CALL

Temporary Chair McDonough called the meeting to order at 7:55 p.m. and Deputy Clerk Marshall called the roll.

ITEMS OF GENERAL BUSINESS

Finance & Administration

2.11 Workshop concerning the Fiscal Year 2010 Budget (Village of Lincolnshire)

Village Manager Irvin said that the Board's packet included a review of the goals for 2009 and suggested goals for 2010; Fund balance estimates; FY 2010 General Fund Projections; General Fund Revenue Options and Pension Funds.

He said the Board knew that IMRF had put a cap of ten percent on its rates which is about a \$60,000 increase to the Village. We anticipated that losses of investments in the Police Pension Fund would require a steep increase, but we received the results of the actuarial report and the news is favorable with the ratio up 84%.

Trustee Saltiel asked if there would be a drop in assessed valuations. Village Manager Irvin said we have an assessed value for 2009 and it went up slightly.

Village Manager Irvin said staff discussed a few long-term goals for 2010 and those are bolded in the Board's packet. He said the Bike Path Master Plan should be done about this time next year. Most of the 2010 goals consist of research and planning and do not have a lot of dollars attached to them.

Village Manager Irvin updated the Board on the Fund Balance Estimates and said the General Fund projections will have a bigger impact on presenting to the Board a balanced budget with some revenue options or intentional uses of reserves for Capital. He said that most communities are happy to have three months of reserves, and the Village has a year of reserves. The various Funds were discussed. Village Manager Irvin would like to test the market on refinancing the TIF land. The Village could save a little on interest, but more importantly, we would have a little better cash flow for the remaining years of the TIF. The rate is currently a range of 4.1% to 4.9%. If we could get a similar number that we got for Schelter Road which is 3.75%, we could do a ten year loan knowing that we could pay it off in four years because that is when the TIF ends. Right now the Debt Service in 2010 jumps up to 6.07%, then 6.45% and 6.95%. If we refinance it we can lower it to the \$400,000 range so we would pay a little less interest and have a little better cash flow for the four years remaining in the TIF. He said, if there is a TIF project we really want to do in 2010 or 2011 and we don't want to wait until we have all the cash, we could do the same thing we did this year with a General Fund loan to the TIF Fund at 4% interest rate.

The General Fund Projections were discussed. The staff is anticipating that the revenues that we are estimating for 2010 will be a little bit less ~~that than~~ 2009. Staff is projecting Building Permit fees may be about \$175,000 - down from \$250,000 in 2009. Utilities Tax is pretty much in line and Telecommunication Tax is pretty close. Hotel Taxes are down - probably about 30% lower than 2009. If we take the expected revenues for 2010 and apply 2009 expenses, it will cover operations with very little Capital. Staff is looking at all of the various line items to see areas that we can reduce without affecting operations. A list of discretionary items was provided.

Village Manager Irvin said if he took all of 2009 Operations, put it into 2010 and put in the initial Capital, there would probably be a gap of \$1,000,000. He asked if the Board wanted staff to do that. He said staff will look at every item and he already knows that some of them will be less, but it would not reduce the \$1,000,000 to \$200,000. Trustee Saltiel suggested that he start with essentials only. He felt the Board needs to show people it is cutting.

General Fund Revenue options were discussed. Village Manager Irvin was asked to provide the Board with updates on three different taxes:

Telecom Tax - The Village's Telecommunication tax is currently 4.5% and the maximum charged by municipalities is 6%. If the Village goes to the maximum 6%, it can only be increased on January 1st or July 1st of any year. If it wants to increase it on January 1st, it must notify the Department of Revenue by September 20th.

The Home Rule Sales Tax - This tax has seen the greatest growth. It has only been allowed for about six or seven years but each year more towns have added it. It also requires advanced notifications for either January 1 or July 1 commencement dates. The dates are October 1 for a January start and April 1 for a July start.

Municipal Food & Beverage Tax - This can be created by ordinance and the tax is remitted directly to the Village. It is recommended that the tax rate increments be in .25% increments and there is no cap. It is estimated that a 1% Food and Beverage tax would generate \$500,000 in annual revenue.

Village Manager Irvin told the Board that staff can produce a balanced budget and could do that without raising any tax; but in order to do that there would have to be significant reductions in Operations or a significant reduction in Capital. Staff will be happy to provide some options on what the savings will be. It was determined that the Village Manager should create a budget and provide options for the Board to consider.

Trustee Saltiel asked what the landscape corridor was and Village Manager Irvin advised it is the mowing along the corridor, maintenance of all the planting beds, the medians, and 400 Milwaukee Avenue. Trustee Saltiel asked if that could be cut by 50%. Director of Public Works Hughes said staff will bring options to the Board, such as at a very minimum, mowing intersections and let everything else go, all the way up to maintaining the current level of service. There is a concern that we have invested a lot of money in plants and we want to at least maintain them at a minimum level. We just have to find out what the minimum level would be. Natural area maintenance is a little bit different, and if we don't maintain it, we could back slide.

Trustee Saltiel has no problem increasing the Telecommunications Tax. Village Manager Irvin said the last significant increase in any tax we had was the Hotel Tax about eight or nine years ago. Village Manager Irvin said if the thinking is that this will be a one or two year issue and we use a couple hundred thousand dollars from reserves for Capital, that is not really a bad thing. As revenues start coming back up, we would not need it. You might say that the Riverwoods and Everett Roads project is a one-time shot, lets use some reserves for that. He does feel, however, that any use of reserves has to be very conservative and we should approach it that way. Temporary Chair McDonough said that the Board should identify the things that can be cut back, and then when we get to the revenue, we will know "how big the hole is" and the Board could make decisions based on that.

ADJOURNMENT

Trustee Servi moved, and Trustee Feldman seconded the motion to adjourn. The voice vote was unanimous and Temporary Chair McDonough declared the meeting adjourned at 9:05 p.m.

Respectfully submitted,

VILLAGE OF LINCOLNSHIRE

Carol S. Marshall
Deputy Village Clerk