

**MINUTES OF THE OCTOBER 12, 2021  
SPECIAL MEETING/ 2022 BUDGET WORKSHOP OF THE BOARD OF TRUSTEES  
SCANLON CONFERENCE ROOM RICHARD T. FLICKINGER CENTER  
6101 CAPULINA MORTON GROVE, ILLINOIS 60053**

Pursuant to proper notice in accordance with the Open Meetings Act, the special meeting was called to order at 6:00 p.m. by Mayor DiMaria who led the assemblage in the pledge of allegiance. Clerk Harford called the roll. In attendance were:

Elected Officials: Mayor Daniel P. DiMaria, Clerk Eileen Scanlon Harford, Trustees Bill Grear, Saba Khan, John Thill, Rita Minx, Connie Travis, and Janine Witko.

Absent: none

Village Staff : Village Administrator Ralph Czerwinski, Finance Director Hanna Sullivan, Assistant to the Village Administrator Tom Friel, Corporation Counsel Teresa Hoffman Liston, Public Works Director Joe Dahm, Police Chief Mike Simo, Acting Fire Chief Dan Gallagher, Manager of Building and Inspectional Services Jim English, Land Use Planner/Coordinator Zoe Heidorn, and IT Manager Boyle Wong.

Guests: Robert Burkhart and Akhter Sadiq

Mayor DiMaria introduced Village Administrator Ralph Czerwinski who noted that tonight's presentation would include an overview of general fund revenues and expenses and a discussion of the TIF and Economic Development budgets. The presentation on October 13, 2021, will include further discussion of the General Fund, Enterprise Fund, Fiduciary Fund and other Funds. Mr. Czerwinski noted that each trustee has been given a budget binder which included a cover letter which explains how the binder is arranged and the information contained therein. He noted the cover letter included the following summary of significant 2022 budget modifications from the 2021.

<i>Item</i>	<i>2021</i>	<i>2022</i>	<i>\$ Change</i>	<i>% Change</i>
<b>Legal</b> Village prosecutors-offset by increase in fine collection	\$349,500	\$366,400	\$16,900	4.84%
<b>Community &amp; Economic Development</b> Replacement Staffing	\$237,750	\$259,550	\$21,800	9.17%
<b>Reserves</b> COLA Increases	\$198,000	\$559,000	\$361,000	182.32%
<b>Police Department</b> Pension	\$11,567,656	\$11,865,664	\$298,008	2.58%
<b>Fire Department &amp; EMA</b> Fire Engine purchased in 2021	\$9,968,095	\$9,429,416	(\$538,679)	(5.41%)
<b>PW Streets</b> Dump Truck & Asphalt Trailer	\$2,772,100	\$3,084,450	\$312,350	11.27%
<b>Family &amp; Senior Service/Civic Center</b> Less Contractual Social Service – Full time Social Worker in police budget	\$320,670	\$289,670	(\$31,000)	(29.52%)
<b>All other expenditures</b> Net	\$7,163,961	\$7,467,092	(\$88,417)	(1.0%)
<b>Total General Fund</b>	<b>\$32,577,732</b>	<b>\$33,321,242</b>	<b>\$743,510</b>	<b>2.28%</b>

While the budget is significantly controlled, it does offer progressive enhancements which support the long-term stability and operational needs of the Village.



The budget is a recovery budget which does not include many changes but addresses the recovery from COVID-19 related activities, the stabilization of revenues and the reinstatement of activities suspended when revenues were depleted due to the pandemic. During the pandemic, the Village had focused on protecting employees, managing supply chain interruptions, and maintaining the status quo without raising property taxes.

The total proposed 2022 budget is in the amount of \$73,930,000.00 representing a \$2,190,000.00 decrease (-2.88%) from the 2021 total budget of \$76,120,000.00. Significant components of the budget excluding payroll are expected issuance and expenditure of Sawmill Station bonds in the amount of \$3,200,000.00 (constant from the 2021 budget), and the removal of an expenditure for the Capri/Emerson sewer separation in the amount of \$5,100,000.00. Mr. Czerwinski stated that this project had been ongoing for several years and certain engineering work had been completed, but funds for construction are not currently available. The project may be reinstated when funds become available. In the meantime, the Village planned to be proactive and have equipment in place in strategic locations to address flooding problems in the area.

The budget also included \$1,700,000.00 for a redundant water supply connection which had been included in the past two budgets. To date, certain engineering work has been completed and the Northwest Water Commission has replaced a valve for the 60-inch watermain. The budget also includes increased expenditures for pension contributions, watermain installations, vehicle replacements, operational equipment replacement, and \$1,500,000.00 for street resurfacing. All in all, the budget should be considered a "Managed Recovery Budget."

Mr. Czerwinski stressed the Village's revenue projections were intentionally conservative. Proposed revenues included a 3% (\$333,000) increase in property taxes in part to off-set increased pension costs. Mr. Czerwinski noted the Village had not sought a property tax increase in 3 years, and the Village portion of a resident's property tax bill was less than 13% of the total bill. Mayor DiMaria noted that a house valued at \$300,000 could expect to pay an additional \$34.13 per year due to the property tax increase. A \$400,000 property would see an increase of \$45.50 and a \$500,000 residence should expect to pay an additional \$56.88. He stated considering the top-notch services provided by the Village, this increase seemed reasonable.

Mr. Czerwinski then presented the General Fund which priorities include:

- Bond rating stabilization as it is important to maintain the Village's favorable bond rating for future capital projects,
- Redundant Water Supply Project – Mr. Czerwinski noted that while the Village was currently receiving Evanston water at a reduced price, certain projects including the relining of the Harlem Street water main still needed to be completed,
- Capital Projects Development,
- Economic Development,
- Maintenance of Public Facilities
- Systematic replacement of operational equipment, and
- Community support during unusual times as it was important to stockpile needed supplies in the event of another emergency.

The General Fund budget was proposed at \$33,320,000.00 representing a \$734,000.00 increase (+2.28%) over the 2021 budget of \$32,580,000.00. Significant increases include \$263,000 for Public Works vehicles, \$163,000 for Police vehicles and \$533,000 for additional pension contributions. Mr. Czerwinski noted that the pension contributions are included as part of departmental budgets, but the pension expenditures are listed in the pension budgets.

Major changes to the General Fund Budget were summarized as follows:

Source	FY 2021	FY 2022	Difference	% Change
All Taxes	\$24,844,480	\$25,680,328	\$835,848	3.36%
Licenses & Permit Fees	\$2,201,500	\$2,201,500	\$0.00	0.00%
Fines	\$816,500	\$816,500	\$0.00	0.00%
Charges for Services	\$833,650	\$833,650	\$0.00	0.00%
Grants	\$40,000	\$40,000	\$0.00	0.00%
Investment/Rental	\$110,000	\$110,000	\$0.00	0.00%
Transfers	\$3,127,285	\$2,312,285	(\$815,000)	(26.06%)
Miscellaneous	\$604,500	\$604,500	\$0.00	0.00%
American Rescue Plan Act (ARPA)	\$0.00	\$722,500	\$722,500	100%
<b>Total</b>	<b>\$32,577,915</b>	<b>\$33,321,263</b>	<b>\$743,348</b>	<b>1.69%</b>

Finance Director Sullivan noted that the transfers from fund balances were projected to be \$815,000 less than in 2021 year primarily because the Village expected to receive \$722,500 in federal funds from the American Rescue Plan Act. According to federal calculations, but for the pandemic the Village would have received approximately \$1,974,766 in additional revenue. The ARPA money was in part provided to offset that loss. The Village is expected to receive its first tranche of this money in the amount of \$1,549,492.10 in 2021. Mr. Czerwinski noted that the Village, unlike Skokie and Evanston is not an entitlement community. Entitlement communities have over 50,000 residents and receive more money in federal funds which can be used to provide grants for organizations. Unlike Skokie and Evanston, who get their funding directly from the federal government, Morton Grove gets its funding from the state of Illinois which takes longer to disburse. Mr. Czerwinski further noted that the federal funds had specific requirements and complicated submittals which were being managed by Ms. Sullivan.

Mr. Czerwinski then reviewed a summary of the General Fund budget details set forth in the budget binder:

	2021	2022	\$ Difference	% Difference	Comments
<b>GENERAL FUND</b>					
Legislative	\$ 121,000	\$ 121,750	\$ 750	0.62%	Supports Boards and Commissions
Media Communications	\$ 39,440	\$ 41,940	\$ 2,500	6.34%	Includes projector for council chambers and video streaming hardware
Administration	\$ 664,425	\$ 664,425	\$	0.00%	
Legal	\$ 349,500	\$ 366,400	\$ 16,900	4.84%	Additional costs for 2 <sup>nd</sup> District Prosecutors offset by increased fines. Local adjudications are being handled in-house.
Community & Economic Development	\$ 237,750	\$ 259,550	\$ 21,800	9.17%	Includes making part time planner full time to return staffing to previous level



Finance	\$ 2,806,144	\$ 3,127,965	\$ 321,821	11.47%	Increased transfer to Debt Service Fund for bond payments, increased pension contribution to MERF which is a legacy plan and not supported by newer employee's contributions
Management Information Services	\$ 713,782	\$ 712,636	\$ (1,146)	-0.16%	
Reserves	\$ 198,000	\$ 559,000	\$ 361,000	182.32%	Allocated for COLA salary increases, increases negotiated by union contracts and unforeseen unbudgeted emergency expenses. Not to be confused with Fund Balances. In 2022, the Village will analyze management salaries to make them more competitive with surrounding communities.
Police Department	\$ 11,567,656	\$ 11,865,664	\$ 298,008	2.58%	Increase due to additional pensions costs, purchase of 4 squad cars and one animal control vehicle; offset by smaller payroll costs due to younger workforce.
Fire Department	\$ 9,962,380	\$ 9,423,701	\$ (538,679)	-5.41%	Decrease due to 2021 expenditure for new fire engine (\$700,000.00) and 3 defibrillators (\$90,000); offset by increased pension contributions.
Emergency Management	\$ 5,715	\$ 5,715	\$	0.00%	
Public Works - Streets	\$ 2,772,100	\$ 3,084,450	\$ 312,350	11.27%	Includes funds for new dump truck, asphalt trailer, and construction services including sidewalk cutting equipment to grind down uneven pavement creating trip hazards. Also, material costs are expected to increase due to Covid and supply chain issues.
Public Works - Engineering	\$ 425,225	\$ 420,550	\$ (4,675)	-1.10%	
Public Works - Vehicle Maint.	\$ 923,530	\$ 934,768	\$ 11,238	1.22%	Increased cost of fuel and repair parts
Public Works - Municipal Bldg.	\$ 613,615	\$ 584,258	\$ (29,357)	-4.78%	Decrease due to fewer capital projects
Civic Center	\$ 320,670	\$ 289,670	\$ (31,000)	-9.67%	Reduction in contracted social services which shall now be performed by Village full-time social worker. While Social Worker's salary is part of Police Department Budget, she will also work with other departments
Bldg. & inspectional Services	\$ 856,800	\$ 858,800	\$ 2,000	0.23%	Village contract with Safebuilt will now include health inspection services. Czerwinski noted efficiencies when working as a team with other communities
<b>Total General Fund</b>	<b>\$ 32,577,732</b>	<b>\$ 33,321,242</b>	<b>\$ 743,510</b>	<b>2.28%</b>	
<b>TIF &amp; Economic Development</b>					
Lehigh/Ferris TIF	\$ 3,314,110	\$ 3,222,110	\$ (92,000)	-2.78%	Less project funding as TIF is winding down. When TIF funds stop in 2024, incremental taxes will revert to school

					districts who will reap long-term benefits of Village development efforts.
Sawmill Station TIF	\$ 3,300,000	\$ 3,300,000	\$	0.00%	Includes debt service funds for TIF bonds which will be paid by new taxes generated from TIF district.
Economic Development Fund	\$ 1,098,842	\$ 1,133,383	\$ 34,541	3.14%	Revenue Sharing with school districts while TIF is ongoing, and tax sharing agreement with McGrath Acura (to end in 2023).
<b>TIF &amp; Economic Development</b>	<b>\$ 7,712,952</b>	<b>\$ 7,655,493</b>	<b>\$ (57,459)</b>	<b>-0.74%</b>	

#### Questions

Trustee Gear asked when Lehigh Ferris TIF would end. Mr. Czerwinski stated the TIF would end in 2023 and funding would end in 2024.

Trustee Thill questioned who paid for board-up service fees incurred by the Village. Mr. Czerwinski answered that in some cases property owner would reimburse Village, but in other cases such as when the board up service was for public property, the Village assumed the expense.

Trustee Thill also asked for reports for the Morton Grove Niles Water Commission. Mr. Czerwinski noted that Director Sullivan would be taking over this function and more information would be forthcoming. To assist her, and to right-size staff, the Village would be hiring an assistant finance director and eliminating the contracted accounting service. He further noted that the 5 person counter staff had been reduced to 3 people.

Trustee Khan asked where in the future the budget expense for the Social Worker would be located. Mr. Czerwinski answered that the salary would be shown in the police budget but funding may be allocated from multiple sources.

Mayor DiMaria asked for audience questions and comments.

Robert Burkhart found the presentation helpful. He opined that it was important that the Village fully fund its pensions. He asked about the Library budget and was told by Mayor DiMaria that the Library Board formulates its own budget which the Village then approves. Mr. Burkhart stated he was happy the Village was converting the Social Worker to a full-time position and would like the Village to implement more environmental programs to encourage more tree planting and outsource more education and training.

Akhter Sadiq was happy to learn about all the hard work and excellent job by the Village team. He was here to learn and was not aware the Village had not raised property taxes in the past three years. He noted that many people were still suffering because of Covid and asked that the Village not increase property taxes.

Trustee Minx then moved to adjourn the meeting. The motion was seconded by Trustee Witko and passed unanimously by a voice vote at 7:32 pm.

Minutes By

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Teresa Hoffman Liston  
Corporation Counsel

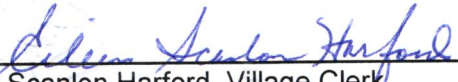
APPROVED this 25th day of October 2021

Trustee Gear	<u>Aye</u>
Trustee Khan	<u>Aye</u>
Trustee Minx	<u>Aye</u>
Trustee Travis	<u>Aye</u>
Trustee Thill	<u>Aye</u>
Trustee Witko	<u>Aye</u>

APPROVED by me this 25th day of October 2021

  
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Daniel P. DiMaria, Village President  
Village of Morton Grove  
Cook County, Illinois

APPROVED and FILED in my office this  
26th day of October 2021

  
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Eileen Scanlon Harford, Village Clerk  
Village of Morton Grove  
Cook County, Illinois