

**VILLAGE OF NORTH RIVERSIDE  
BOARD OF TRUSTEES MEETING, JULY 14, 2014  
COUNCIL ROOM, 7:00 PM**

Mayor Hermanek called the meeting to order at 7:13 pm with a Pledge of Allegiance and a Roll Call. In attendance were Trustee Bianco, Trustee Czajka, Trustee Decosola, Trustee Mengoni and Trustee Wilt. Trustee Demopoulos was absent.

Others in attendance were Administrator Belmonte, Finance Director Scarpiniti, Public Works Foreman Skupa, Recreation Director Michalik, Police Commander Erhenberg, Fire Chief Basek and Attorney Odelson.

**APPROVAL OF AGENDA**

Trustee Mengoni moved, seconded by Trustee Decosola to approve the agenda for this meeting with the additional piece of correspondence. Roll Call Vote:

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

**BIDS-** None

**CASH RECEIPT REPORT**

Trustee Wilt moved, seconded by Trustee to accept the Cash Receipt Report for the Month of May as presented in the amount of \$1,329,252.21. Roll Call Vote:

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

**APPROVAL OF THE MINUTES**

Trustee Mengoni moved, seconded by Trustee Wilt to approve the June 16, 2014 Village Board Meeting Minutes as presented. Roll Call Vote:

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

## REPORT OF TRUSTEES

Trustee Bianco ( Streets, Alleys, Sidewalks, & Refuse)- No Report

Trustee Czajka ( Buildings Public Grounds, Lights, Public Services & Transportation) - No Report

Trustee Decosola ( Judiciary, Ordinances, Recreation)- No Report

Trustee Demopoulos ( Water, Sewers, Drainage & Zoning)- Absent

Trustee Mengoni ( Police, Fire & License)- No Report

Trustee Wilt ( Finance, Health & Appropriations)

Trustee Wilt read the Finance, Health & Appropriations Committee Meeting minutes held on June 30,2014. Before Trustee Wilt read the minutes she read a few statements from Mayor Hermaneks report before the committee meeting started . **(See Exhibit A)**

**Item #1: Proposed Budget for FYI 2014-2015:** Trustee Wilt called the meeting to order and recognized the Mayor who had some opening remarks which are attached. Trustee Wilt then asked if there were any questions or comments by the board before we reviewed the recommended adjustments presented by staff. Trustee Decosola and Bianco made comments about what was discussed at a closed session meeting and expressed their frustrations with how after the meeting this confidential information was passed on to the fire union by Trustee Demopoulos, thereby, undermining the Village's negotiations. Trustee Demopoulos stated he did not pass any information to the Union and he was disheartened to think that other trustees would think he would do such a thing.

Director Scarpiniti distributed a sheet of proposed additional revenues and operating cuts which are attached to these minutes. She explained that the proposed budget cuts were discussed with each department and total approximately \$1.1 million. She further recommended a freeze on all capital purchases for the fiscal year unless absolutely essential to support department operations. Funding of the police and fire pension funds would remain budgeted at 100% of the required annual contribution as determined by an independent actuary. This funding level was absolutely necessary to prevent the state from intercepting the Village's main operating revenues in 2015 to fund the pensions. After additional adjustments, the final proposed deficit in the General Fund for 2014-2015 fiscal year is anticipated to be \$668,493. The Water Fund is anticipated to have a budgeted surplus of approximately \$80,238 in fiscal year 2015 due to the recent passage of water rate increases effective July 1st. Currently, staff is suggesting that the remaining General Fund deficit be funded through cash reserves, unless the Board wants to explore cuts in public services and/or further staffing cuts. With the proposed draw down of reserve funds in fiscal year, Director Scarpiniti cautioned the Board that the Village will completely deplete its general fund reserves within 3 years if nothing more was done to balance future appropriations. A copy of the proposed 2014/2015

## **REPORT OF TRUSTEES (continued)**

Appropriations was posted on the Village's website and was available for public inspections at the Village Hall.

Finance Director Scarpiniti answered questions from the committee and board members. Attorney Odelson commented on the Department of Insurance hearing he and Director Scarpiniti had to appear at to explain why pension payments were not made in past years. He explained that it was about a two hour hearing and we should know in two or three weeks if the Village will be fined for not making contributions. The maximum fine that can be assessed is \$2,000 per fund for each year or approximately \$20,000 total. Attorney Odelson also commented to the committee that Dale Berry, attorney for the IAFF, encouraged DOI not to fine the Village.

After all questions were answered Trustee Wilt motioned and Trustee Mengoni seconded to approve the 2014/2015 appropriation with the recommended additional revenue and operating cuts and to cover the proposed \$668,493 general fund deficit with reserve funds. The committee approved the motion with a 2-yes votes from Trustee Wilt and Mengoni to 1-no vote from Trustee Demopoulos. Trustee Wilt then polled the other trustees and the Mayor and also approved. Trustee Wilt mentioned there would be a public hearing at 6pm on Monday July 14, 2014 before the Village Board meeting to field public comments and questions from residents regarding the proposed appropriation. Also a "special board" meeting will need to be called for Thursday, July 24, 2014 to approve the appropriation in order that the Village could file it with the County by July 31, 2014.

## **MAYORAL REPORT**

Mayor Hermanek read the Community Development Updates as follows:

- Spirit Halloween- Will be occupying the space at 7377 W. 25th Street (formerly Dots) from August until November of this year.
- Burlington Coat Factory- Submitted drawings for a permit to perform interior remodeling. The cost of construction is listed at \$200,000.
- Cavaliere Pizzeria- Submitted drawings for a permit to occupy and remodel the property at 9025 W. Cermak. It is the owner's intention to have both a seating and bar area with video poker. The cost of construction was not provided at time of submittal.
- Zumiez- Submitted drawings for a tenant space in North Riverside Park Mall. The cost of construction is listed at \$140,000.
- Presales- The Community Development Department has performed nine (9) single-family presale inspections over the past three (3) weeks totaling \$2,645.00 in fees.

## **MAYORAL REPORT ( continued)**

- Permit Totals- Over the past three weeks the Department issued 70 residential and commercial permits totaling \$12,360.87. This number includes two residential permits issued for additions.

Mayor Hermanek shared a letter that he sent to Riverside Golf Club:

I want to extend my heartfelt gratitude for your generosity to North Riverside's residents on the 4th of July. Thank you for welcoming us and making us feel comfortable. It was a wonderful evening enjoyed by many and the fireworks were spectacular. Everything was perfect! I value the relationship the Golf Club has with the Village and look forward to working with you again in the future.

Mayor Hermanek stated that in a few minutes we are going to pass a resolution with the Cook County Board that will begin the process of creating a bike path from Riverside-Brookfield High School to 26th Street that will directly benefit our North Riverside Children who, for the past 40 years or so have had their concerns ignored as far as being able to safely commute to their high school. The Cook County Board, per the direction of President Preckwinkle, is contributing a \$100,000 match with the Village of North Riverside, Riverside and the RB School District Board, who are equally contributing approximately \$33,000. That will allow paving a bike path from RB along First Avenue to 31st Street. With the help of Senator Sandival and IDOT through grant monies the path will continue to Golfview Road and then along Golfview and First Avenue and to end at 26th Street.

This has been a long time coming, with many obstacles blocking this plan up until now. Mayor Hermanek thanked President Sells and the Village officials of Riverside, Riverside-Brookfield High School Superintendent Kevin Skinkis and his board, Brookfield Zoo officials, Superintendent Arnold Randal and officials of the Cook County Forest Preserve, officials from IDOT, Senator Sandival and President Preckwinkle for their efforts and dedication to this important project. This building of a bike path from North Riverside to RB high School could not have been achieved unless all of those officials worked together in harmony. The process was extremely complicated.

However, having said all that, the true credit for making this bike path a reality for our kids goes to our friend Cook County Commissioner Jeff Tobalski, who spearheaded this plan and led all of us to this accomplished result.

## **CORRESPONDENCE**

A request from Brain Reilley for alley closure on August 30th from 2-9pm for a post wedding celebration. The request is to only close off the west half between 2nd and 3rd Avenue in the

**CORRESPONDENCE (continued)**

25th to 26th street block. This will only affect his access and other garages will have access to the east.

The 2500 block of 5th Avenue is requesting block party permission for August 9th

Dr A.J. Salerno sent a thank you letter and donation in which Mayor Hermanek announced he used for the Youth Scholarship.

Tom Corgiat sent a thank you card and would like to thank everyone for the prayers and well wishes.

The additional piece of correspondence came from the 2300 block of 9th Ave requesting block party permission for August 23rd.

Trustee Wilt moved seconded by Trustee to approve the above requests. Motion carried unanimously.

**APPROVAL OF BILLS**

Trustee Wilt moved, seconded by Trustee Mengoni to approve the list of bills submitted for this meeting totaling \$1,089,052.03 and to have the bills paid out of proper funds when such funds become available. Roll Call Vote:

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

**ORDINANCES AND RESOLUTIONS**

Trustee Bianco moved, seconded by Trustee Mengoni to approve a Resolution to Enter into Intergovernmental Agreement with Cook County To Provide For a Bike Path with Riverside and Riverside- Brookfield High School **(14-R-05)**

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

Trustee Mengoni moved, seconded by Trustee Bianco to approve an Ordinance Amending Section 5.02.030E. of the Municipal Code and Altering The Number of Class A-1, Class H And Class I Liquor Licenses **(14-O-10)** and to waive the reading. Roll Call Vote:

## **ORDINANCES AND RESOLUTIONS (continued)**

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

Attorney Odelson requested to go into executive session after this meeting. Trustee Mengoni moved, seconded by Trustee Czajka to move to executive session after this meeting. Roll Call Vote:

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

**UNFINISHED BUSINESS-** None

## **NEW BUSINESS**

Mayor Hermanek called for a special board meeting on July 24, 2014 at 7:00 pm. Motion was made by Trustee Wilt, seconded by Trustee Mengoni. Roll Call Vote:

AYES: Trustees Bianco, Czajka, Decosola, Mengoni, Wilt

NAYS: None. Motion carried

ABSENT: Trustee Demopoulos

## **AUDIENCE**

Myra Zak thanked the Public Works Department for taking care of a pothole that was down the block from her house.

A resident wanted to let everyone know that she will continue to pray for the fire department.

Resident requested that the board remains open to ideas for the fire pension.

A resident thanked the Mayor and board for the bike path to RB high School. She had great concerns on how she would get her child to school next year.

Resident thanked the entire board for the great job they are doing. He stated that they were elected to help the residents and their concerns for this community and that is exactly what this board is doing.

Resident McFadden asked the board if there were any Ordinances in town about rental property. She is concerned about the property upkeep on rentals. Administrator Belmonte

**AUDIENCE (continued)**

responded that the Community Development Department is looking into maintenance codes for rental property.

Rocco DeSantis asked Fire Chief Basek how he feels about the fire department issues. Chief Basek stated that he hopes they could come up with a solution through negotiations.

The question was asked by a resident if we get reimbursed by surrounding municipalities for mutual aide. Chief Basek explained that we do not and that we continue to help each other.

A resident asked about looking into a fire district, but Mayor Hermanek explained why that is not an option for our village.

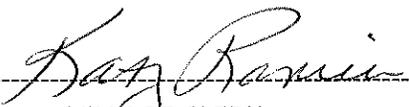
**ADJOURNMENT**

Trustee Bianco moved, seconded by Trustee Mengoni for adjournment of this meeting at 7:47pm and for the board to go into executive session. Motion carried unanimously.

**OPEN SESSION RESUMED**

The open session of the Village Board Meeting resumed at 8:12pm. Having no further business, a motion was made by Trustee Bianco and seconded by Trustee Decosola for adjournment of this meeting at 8:12pm. Motion carried unanimously.

Respectively submitted,

  
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VILLAGE CLERK

Mayor Hubert E. Hermanek, Jr.

Talking Points

Village of North Riverside Finance Committee Hearing — June 30, 2014

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#### OPENING

- Before we begin the Finance Committee meeting this evening, on behalf of the entire Board, I want to thank all of the Village residents and staff members who are here. Your interest, support and engagement in our community are vitally important to us and to the work we do.
- Over the past few weeks, the Village has been actively sharing information with our residents and businesses about the financial challenges facing our community and some potential solutions we are exploring. I want to provide some perspective around these issues as we start this important meeting.

#### HOW WE GOT HERE

- Let's start with how we got here... We all know that our fiscal problems were not created overnight. They have been years, and even decades in the making. This administration has been in place for just over a year, but we refuse to kick this problem even further down the road.
- As you all know, with just over 2,800 households, North Riverside is heavily dependent on local sales taxes, which represent 62 percent of our budgeted general operating revenue—or \$8.8 million out of \$14.3 million received. That means we are very sensitive to fluctuations in the economy, so during the recession and when we lost Edward Don & Company, one of our largest businesses, our Village budget took a very big hit.
- During those years, previous Village officials made some tough decisions to reduce or not make contributions to our police and fire department public pension obligations. Instead, they chose to continue to provide all the vital municipal services that our residents and businesses need and expect. They did not raise taxes, they did not raise water rates. They put the residents first and deferred public pension obligations until later.

At the same time, they worked to implement the economic development initiatives that attracted Costco, HH Gregg, and Chick-fil-A to our community, restoring much needed sales tax revenue.

- The Village also took steps over the past nine years to reduce both operating and personnel costs by instituting multi-year pay freezes for all non-union employees and negotiated pay freezes for union personnel, eliminating post

retirement health care benefits for new hires, increasing employees' share of health care costs, reducing staffing levels by 10%, contracting out the building and code enforcement department, seeking more cost effective ways to deliver essential village services and instituting a multiple year freeze on all capital purchases. ~~However, these cost cutting measures were only~~ **short term solutions to an on-going public pension crisis.**

- Some have questioned how and why the Village continued to make its mandatory contributions to the Illinois Municipal Retirement Fund or IMRF, the public pension fund that covers all other North Riverside employees. You may be wondering why the Village funded pensions for municipal workers and not those for firefighters and police officers who risk their lives to protect our town every day? The reason we funded IMRF pensions is remarkably simple: we had no choice; it is State law. Failure to do so would have resulted in state seizure of our sales taxes, which would only have further threatened the Village's precarious financial status.

Additionally, the Village's annual municipal pension contributions are just a small fraction of those for our police and fire departments. For each of our 29 municipal employees, the Village must contribute an average of \$9,200 each or \$265,000 annually to IMRF. By comparison, our public pension obligations total more than \$1.8 million annually for the 85 employees and retirees from our Police and Fire Departments or approximately \$22,000 each.

- Even though the economy has improved, the Village's fiscal stability has not. Our public pension obligations have continued to grow and the state has failed to implement the long-promised reform needed to allow towns like ours to achieve and maintain good financial standing.
- Indeed, North Riverside's financial stability is further threatened by a new State law that requires all municipalities to fully fund their annual public pension requirements on a yearly basis by 2016. If we don't comply, legislation passed by the Illinois General Assembly allows the State to take the Village's sales tax revenue to fulfill this pension obligation.
- And the stakes are getting higher and more serious. Earlier this month, Moody's Investors Service announced an unprecedented three-level downgrade to the Village's issuer rating. This has a devastating impact on our ability to borrow or refinance debt at favorable rates. The report warns that a "significant increase in our debt or pension liabilities" could result in further downgrades.
- And just a few days ago, our Village attorney and finance director were summoned to a public hearing convened by the Illinois Department of Insurance to explain our unfunded public pension obligations—how and why

that happened, and what our plans are to address this challenge. The State of Illinois demands we comply with the law and fund the pensions.

### **THIS IS HOW WE'RE WORKING TO STABILIZE THE VILLAGE'S FINANCES**

- We have cut costs, reduced staff, and recently increased our water tax, but it is still not enough. We need to take bold and timely action to stabilize our Village's finances and I'd like to talk briefly about that now, including our decision to explore the privatization of our fire department.
- I want to be clear — we will always put the health and safety of our community first—even as we face the same extremely challenging economic times confronting communities throughout Illinois and the State itself. The lives, homes and businesses of our Village are our most important assets.

We believe that we have found a solution that allows us to keep the strongest emergency and fire protection services in place and avoid layoffs without having to sacrifice other Village services or seek unaffordable tax increases to fund our public pension obligations.

- We are looking at privatizing the Fire Department by expanding our existing contract with Paramedic Services of Illinois (PSI) to include fire protection services. For the past 28 years, PSI has provided paramedic services to the Village, saving lives and working side-by-side with the Village's firefighters to provide emergency response services to local residents and businesses.

PSI has been asked to develop a proposal that will offer employment to all 16 of the Village's current firefighters, who are municipal employees of the Village and represented by the International Association of Firefighters Local 2714. Even while maintaining the firefighters' current base salaries, earned pension benefits, health insurance and a new 401(k) plan through PSI, it is estimated that privatization could generate savings of more than \$700,000 annually through reduced overtime and future pension costs.

Over the life of a five-year contract, the Village will save more than \$4 million! This will allow us to fund our firefighters' pensions.

- In closing, I just want to emphasize how committed this Board is to stabilizing the Village's precarious financial status, fulfilling the public pension obligations that have been earned by our current and past Fire and Police Department employees, and taking responsible and appropriate actions to safeguard the safety and quality of life for our residents and businesses for years to come.

- On July 14<sup>th</sup>, there will be a public hearing called at 6pm to allow members of the audience an open forum to discuss any questions or concerns regarding the proposed appropriation for the 2014-2015 fiscal year. Thank you.
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