

BUDGET VETO MESSAGE 2011

One of the cornerstones of good government is sound fiscal policy and equally sound fiscal management. Under our system of government in Park Ridge, the responsibility for fiscal policy and fiscal management is divided between the City Council and the City's staff. The Council establishes the policy and it is up to the staff to execute that policy through sound management principles. In the context of a budget, sound fiscal policy requires the Council to make a realistic assessment of projected revenues so the City does not do what it has been prone to do over the past few years, which is to spend more money than is available.

Sound fiscal policy also dictates that we no longer accept "business-as-usual" property tax increases. Our budget should treat every single dime of taxpayers' money with the respect it deserves. Taxpayers should be asked to pay only that which is absolutely necessary to fund an efficiently-managed municipal government. I am tired of hearing aldermen and City staff say it is all right for us to increase property taxes because the City's portion of the total tax bill is small. The taxpayers have emphatically and justifiably said "enough." No tax increase is "small" when the total tax burden is considered. The State of Illinois just socked taxpayers with a whopping income tax increase. Any further tax increase by any taxing body, whether it is the City, the Library or the School District, simply adds insult to injury.

Finally, a good budget requires innovative thought and challenging the City's management to improve efficiency and reduce the cost of government, and it requires doing away with the cynical approach that "this is how we've always done it." Unfortunately, the budget recently passed by the Council fails to satisfy any of these principles.

During the budget process, I asked this Council to require the City Manager to charge his department heads with finding spending cuts which would alleviate the need for yet another

property tax hike. Instead, the Council approved a flawed budget which left in place a wage increase for non-union employees and other additions to the spending side of the budget which it paid for with a property tax increase and cuts to essential city services such as tree trimming, reforestation and sidewalk repair. And now we have learned the budget is even more flawed because it assumes projected state income tax revenues which the Illinois Municipal League says is wishful thinking to the tune of over \$250,000. For too long, the taxpayers and their elected representatives have tolerated unreasonably optimistic revenue projections which have led to uncontrolled spending and staggering deficits. We simply cannot continue to make the same mistakes over and over again. Time is running out on us.

In short, the budget passed by the Council contains a substantial property tax increase, substantially increased personnel costs and substantially reduced services, and is based on over-optimistic revenue projections. That is completely unacceptable. To remedy those glaring deficiencies, I am proposing a series of spending cuts and reductions in the budgeted property tax levies.

The first step in addressing these issues is to make substantial cuts to the spending side of the budget. I have consulted with the City Manager and other department heads and am proposing a series of line item vetoes to this year's budget.¹ The spending cuts total approximately \$650,000, an amount which is slightly more than 1% of our overall budget. The spending cuts will: (1) offset the anticipated reduction in projected state income tax revenues; (2) permit the Council to reduce the increase in the City's property tax levy; and (3) permit a partial restoration of the essential City services that were reduced in this budget.

The largest series of line item vetoes is \$185,000 for the 3% raise for non-union employees. I appreciate the effort and the dedication of our City's employees. However, we

¹ The specific line items are listed on Exhibit A.

simply cannot justify a wage increase while we are cutting essential City services and ignoring critical infrastructure improvements such as flood control projects.

I have also included eight separate line item vetoes for employee overtime which add up to approximately \$117,000, or roughly 12% of our total overtime budget which is a staggering \$1 million! This is an area where the City Manager and the department heads will have to dramatically step up their game. Although I have identified line items which comprise the 12% figure, the intent of the vetoes is not necessarily to make cuts in those specific areas but, rather, to effect a 12% reduction in overall overtime expenditures. It will be the City Manager's task to ensure that the total overtime expenditure for all departments falls below the reduced budgeted amount. If he needs to change the allocation of overtime between departments, he will be free to do so, so long as the net result is at least a 12% decrease.

The line item vetoes also include eliminating funding for a new employee in the Community Preservation and Development Department, and eliminating one of two planned replacement hirings for the Fire Department, for a total savings of approximately \$130,000. Let me emphasize that I consulted with the Fire Chief before deciding to veto the line item for the Fire Department position. I was assured that staffing levels would not be negatively affected and that no fire trucks would need to be taken out of service. In other words, the health, safety and welfare of our residents will not be diminished by eliminating this item from the budget.

I am also vetoing the line items totaling approximately \$66,000 for contributions to community groups and the Youth Commission. I have repeatedly stated that I personally support our wonderful community groups in Park Ridge, but that support does not extend to using taxpayer funds to do so. Deciding whether to support community groups, and which of those

groups are deserving of support, must be a personal choice of the individual taxpayer. That choice should not be dictated by government.

I feel for the people affected by the O'Hare expansion. However, I am also vetoing the recent add-on expenditure thrown in by the Council which appropriated \$16,500 for vaguely-defined reasons. To the extent the funding was designated for "communication efforts," we have other resources available to us which we can use to accomplish that task. I am leaving in place the \$2,400 expenditure for hiring an attorney to assist with our request to the Federal Aviation Administration for a supplemental environmental impact study.

I am also vetoing \$65,000 for training and recruiting. The remaining vetoes are \$27,000 for microfilming expense, \$20,000 for maintenance of the Uptown train station, and \$15,000 for City Hall maintenance which I understand is primarily for redecorating the Council chamber. Finally, there are line item vetoes totaling approximately \$5,000 for extra hiring. None of these cuts should have any significant effect on City services.

If this \$650,000 in spending is removed from the budget, it will give the Council the flexibility to reduce the property tax increase and restore some essential city services. However, enacting the spending cuts is only the first step in getting our financial house in order. We must proceed swiftly with dramatically changing our approach to budgeting and begin adopting a zero-based budgeting policy as soon as possible. If we do not do this, we will remain trapped in the endless cycle of cutting spending on critical infrastructure needs just to make ends meet. We must reduce the size and expense of government by increasing its efficiency, through legislative "force" if necessary, so that we have the financial resources to devote to restoring and maintaining essential City services. These line item vetoes are just the first step in the process.

The second part of my plan to fix the budget cannot be accomplished through line item vetoes. I do not have the authority to eliminate or even reduce the budgeted increase in the City's property tax levy and the separate increase in the Library's property tax levy. Of course, the current Council does have the right, and I believe the obligation, to take those steps. However, assuming they do not, the law provides that the new Council which takes office in May will have thirty days to approve any amendments to the budget it deems appropriate.

I will ask the new Council to vote to remove from the budget each and every line item which survives the current Council's April 18 override votes. I will also ask the new Council to remove from the budget all increases in the City's property tax levy, except for the amount specifically designated in the budget for funding the increases in our police and fire pension obligations which were imposed by the State Legislature. And I will ask the new Council to eliminate the entire increase in the Library's property tax levy. As I mentioned before, the Library generated a surplus last year and has sufficient reserves to pay for its planned capital projects without the need for any tax increase.

In order to ease the transition for the new Council and ensure that it is prepared to give my budget proposals serious consideration, I plan to convene an open meeting of the members of the new Council on April 18 to discuss its committee organization and preparation for budget discussions which I will ask the Finance and Budget Committee Chairman to conduct in May. Finally, I plan to call a Special Meeting of the City Council on May 25. At that meeting, the new Council will have the opportunity to finalize any changes it wishes to make in the budget it inherits from the current Council.

I am optimistic that we can address our chronic budget problems through intelligent decision-making and strong management. It begins here with these vetoes. I ask the Council to consider them carefully and vote to sustain them on April 18.

O:\DFS\CITY2011\BUDGET VETO MESSAGE.doc

Section	Page	Program #	Program	Object	Change
7	21	1011	LEGISLATIVE	943700 Training	(2,500.00)
7	21	1021	CITY ADMINISTRATION	943700 Training	(9,000.00)
7	21	4031	CPD ADMINISTRATION	943700 Training	(8,300.00)
7	22	1024	HUMAN RESOURCES	943700 Training	(2,100.00)
7	22	1024	HUMAN RESOURCES	943701 Training	(4,000.00)
7	22	1025	INFORMATION TECHNOLOGY	943700 Training	(4,200.00)
8	6	1031	FINANCE ADMINISTRATION	943700 Training	(5,000.00)
11	23	3011	PUBLIC WORKS ADMIN	943700 Training	(700.00)
11	23	3012	ENGINEERING	943700 Training	(1,400.00)
11	24	3071	FORESTRY	943700 Training	(2,100.00)
11	24	6020	VEHICLE MAINTENANCE	943700 Training	(1,100.00)
					<u>(40,400.00)</u>
11	24	3062	CITY BUILDINGS MAINT	952006 - Materials Uptown Station	(20,000.00)
11	24	3062	CITY BUILDINGS MAINT	948500 - General Contractual	(15,000.00)
7	21	1021	City Administration	915200 - Overtime	(8,500.00)
11	23	3024	STREET MAINTENANCE	915200 - Overtime	(31,000.00)
11	24	6020	VEHICLE MAINTENANCE	915200 - Overtime	(34,000.00)
11	24	3072	GROUNDS MAINTENANCE	915200 - Overtime	(16,800.00)
11	24	3062	CITY BUILDINGS MAINT	915200 - Overtime	(14,000.00)
11	23	3011	PUBLIC WORKS ADMIN	915200 - Overtime	(3,000.00)
12	7	3051	WATER ADMINISTRATION	915200 - Overtime	(5,000.00)
15	3	3043	SOLID WASTE DISPOSAL	915200 - Overtime	(5,000.00)
					<u>(117,300.00)</u>
7	21	4011	CPD Administration	910000 Regular Salaries	(48,851.00)
10	12	2023	Emergency Response	910000 Regular Salaries	(80,000.00)
7	22	1041	COMMUNITY SUPPORT	948700 Senior Services	(61,776.00)
7	22	1041	COMMUNITY SUPPORT	948600 Youth Services	(4,000.00)
7	22	1042	Noise Abatement	948500 General Contractual	(16,500.00) Printed version of budget book shows 0 funding
8	6	1031	Finance Administration	942400 Microfilming	(15,000.00)
7	21	4011	CPD Administration	942400 Microfilming	(12,000.00)
7	22	1024	Human Resources	943100 Recruit and Test	(25,000.00)
7	21	4011	CPD Administration	915000 Extra Help	(3,000.00)
7	22	1025	Information Technology	915000 Extra Help	(500.00)
8	6	1031	Finance Administration	915000 Extra Help	(2,000.00)
					<u>(5,500.00)</u>
7	21	1011	Legislative	910000 Regular Salaries	(380.00)
7	21	1021	City Administration	910000 Regular Salaries	(11,835.00)
7	21	4011	CPD Administration	910000 Regular Salaries	(16,009.00)
7	22	1024	Human Resources	910000 Regular Salaries	(2,695.00)
7	22	1025	Information Technology	910000 Regular Salaries	(7,453.00)
7	22	1041	Community Support	910000 Regular Salaries	(156.00)
8	6	1031	Finance Administration	910000 Regular Salaries	(9,493.00)
9	14	2011	Police Administration	910000 Regular Salaries	(10,974.00)
9	14	2012	Investigations	910000 Regular Salaries	(8,885.00)
9	14	2013	Communications	910000 Regular Salaries	(2,473.00)
9	14	2014	Patrol	910000 Regular Salaries	(12,036.00)
10	12	2021	Fire Administration	910000 Regular Salaries	(9,207.00)
10	12	2022	Fire Prevention	910000 Regular Salaries	(602.00)
10	12	2023	Emergency Response	910000 Regular Salaries	(8,789.00)
11	23	3011	Public Works Admin	910000 Regular Salaries	(5,762.00)
11	23	3012	Engineering	910000 Regular Salaries	(4,479.00)
11	23	3021	Traffic Control	910000 Regular Salaries	(600.00)
11	23	3023	Snow & Storm Control	910000 Regular Salaries	(1,281.00)
11	23	3024	Street Maintenance	910000 Regular Salaries	(2,312.00)
11	24	3026	Alley Maintenance	910000 Regular Salaries	(332.00)
11	24	3071	Forestry	910000 Regular Salaries	(1,697.00)
11	24	3072	Grounds Maintenance	910000 Regular Salaries	(3,093.00)
11	24	6020	Vehicle Maintenance	910000 Regular Salaries	(5,429.00)
12	7	3051	Water Administration	910000 Regular Salaries	(2,510.00)
12	7	3052	Water Supply & Treatment	910000 Regular Salaries	(3,095.00)
13	4	3031	Sewer Line & Drainage	910000 Regular Salaries	(1,359.00)
					<u>(132,936.00)</u>

Exhibit A

Section	Page	Program #	Program	Object	Change
19	16	5011	Library Administration	910010 Sal/Librarians	(2,524.00)
19	16	5011	Library Administration	910020 Sal/Library Asst	(5,672.00)
19	16	5012	Library Maintenance	910040 Sal/Library Maint	(2,606.00)
19	16	5013	Library Tech Service	910010 Sal/Librarians	(4,004.00)
19	16	5013	Library Tech Service	910020 Sal/Library Asst	(3,370.00)
19	17	5014	Library Adult Service	910010 Sal/Librarians	(6,300.00)
19	17	5014	Library Adult Service	910020 Sal/Library Asst	(2,666.00)
19	17	5014	Library Adult Service	910030 Sal/Library Pages	(1,642.00)
19	17	5015	Library Children Serv	910010 Sal/Librarians	(5,744.00)
19	17	5015	Library Children Serv	910020 Sal/Library Asst	(2,976.00)
19	17	5015	Library Children Serv	910030 Sal/Library Pages	(1,198.00)
19	17	5016	Library Circulation	910020 Sal/Library Asst	(7,108.00)
19	17	5017	Library Readers Serv	910010 Sal/Librarians	(3,410.00)
19	17	5017	Library Readers Serv	910020 Sal/Library Asst	<u>(3,610.00)</u>
					(52,830.00)