

**FINANCE AND ADMINISTRATION  
MEETING MINUTES**

**Monday, March 22, 2010**

Minutes of a meeting of the Finance and Administration Committee of the City of O’Fallon, held in the Mayor’s Conference Room, City Hall, 255 S. Lincoln, O’Fallon, Illinois on March 22, 2010. CALL TO ORDER: Time: 5:30 p.m.

ROLL CALL:	MEMBERS:			
	Chairman Bennett	<u>X</u>	Polites	<u>X</u>
	Albrecht	<u>X</u>	McCoskey	<u>X</u>
	Grogan			
STAFF LIASON:	Dean Rich	<u>X</u>	Alderman Reckamp	<u>X</u>
	Walter Denton	<u>X</u>	Alderman True	<u>X</u>
	Pam Funk	<u>X</u>	Alderman Snyder	<u>X</u>
			Alderman J.Drolet	<u>X</u>

**Approval of Minutes:** February 22, 2010 -All ayes.

**Item A: FY 2011 Budget Overview** – Director of Finance and City Administrator presented the budget brief they have conveyed to all city employees outside the bargaining units. They reviewed a history of the general fund revenue and explained this was the third year of declining revenue and that has been compounded by the state withholding the city’s share of State Income Tax which now totals \$713,443

The current budget to be passed in April is based on the best available information. There are several major events which we are watching closely that could impact the new budget and call for revision if the projected revenue does not generate as planned.

1. Economy- Most major business sources are projecting a slight recovery in 2010/2011. The budget has a 1% growth but this could be severely impacted by problems in commercial real estate financing which some compare to the residential bubble which we are just beginning to recover from. If commercial real estate does burst, it will mostly affect our Hotel/Motel businesses and our car dealerships which would result in lower projections for sales tax and hotel/motel tax. Also, some pundits are projecting another severe stock market turn down by summer which would also have a negative impact on our sales tax.
2. State share of Income tax- Governor Quinn discussed a 1/3 reduction of income tax share in his budget speech and that would equate to approximately \$1 Million. A key advisor to Republican Governor Nominee Brady has suggested a complete stop to income tax share. That would be a reduction of up to \$3 Million in income. Either event would cause a large revision in the 2010/11 budget.

Staff will closely monitor the economic climate for the next few months and will present a revised budget if it becomes necessary.

The 2011/12 budget projects a brighter economic outlook. The new Greenmount TIF will hopefully be in place and beginning to spur retail growth. The new Sports Park addition will come on line and spur increases in both sales tax and hotel/motel tax.

At the next meeting, we will discuss the process for redistricting the Wards and procedures for warrant review.

**ADJOURNMENT:** 6:00 p.m. **PREPARED BY:** Dean Rich