

2010 MAYOR'S BUDGET VETO MESSAGE

Almost 100 years ago, President Calvin Coolidge stated, “[t]here is no dignity quite so impressive and no independence quite so important as living within your means.” President Coolidge also said, “[e]conomy is the method by which we prepare today to afford the improvements of tomorrow.” President Coolidge’s words are just as relevant today as when he said them before. We need to get our financial house in order, now, so that we are in a position to “afford the improvements of tomorrow.”

Exactly three months ago today, I stood before the City Council and the people of Park Ridge and delivered my first State of the City Address. In that address, I stressed the need for the City Council to pass a budget which was balanced, focused on providing essential city services, and based on realistic revenue projections. I promised that if the City Council did not do so, I would veto that budget. Unfortunately, the budget which the City Council passed fails to meet those requirements and, more importantly, fails to serve the citizens of the City of Park Ridge.

Park Ridge, like many other municipalities, states, and even the national government, is facing an unprecedented crisis which, perhaps, has only been matched by the financial crisis suffered by the country during the Great Depression. Many of our friends and neighbors are either out of work or are working but facing financial peril of their own. It is completely unfair to those people who are struggling to make ends meet, and those who are not struggling but are paying spiraling property taxes, income taxes and other fees, for the City government to waste a

single dime or to spend any of that hard-earned tax money on anything but essential City services.

I have attended the numerous budget meetings and have stated my position on various issues. The very first week I questioned the projected revenues, specifically the state income tax and sales tax projections. I repeatedly cautioned the Council regarding Governor Quinn's threat to cut our share of income tax revenues. I stated my opposition to funding for opposing the O'Hare expansion and allocating money for community groups when we were laying off public safety personnel. However, none of those cautions have been heeded.

The resulting budget is based on unreasonable revenue projections and contains hundreds of thousands of dollars of spending on non-essential services, even as we are cutting police, fire, and public works personnel and increasing taxes and fees. Frankly, the budget is upside down, and I cannot in good conscience let it stand.

As I stated on February 3, one of the cornerstones of sound fiscal policy is a budget based on realistic revenue projections. Only after we have a firm grasp of how much revenue we can expect to generate can we then determine how best to allocate those resources. I have serious reservations about the revenue projections in this budget.

First, the budget includes an anticipated nearly 10% increase in sales tax revenue. This projection comes despite the fact that we are still in the grip of a serious economic downturn. While many of our residents are struggling to find work and to make ends meet, it is completely

unrealistic to expect that they will increase their spending by 10% over the next fiscal year. That means the projected \$395,000 increase in sales tax revenue is equally unrealistic and should not be part of this budget.

The projected state income tax revenue is even more troubling. It is our duty to be conservative when it comes to projected revenues so we do not end up spending money we do not have. This revenue projection is far from conservative. As it presently stands, that line item in the budget is based on the City receiving \$82.50 for each resident. However, as is stated right in the budget book, itself, the Illinois Municipal League, an association of municipalities throughout the state, anticipates that municipalities will receive only \$77 per resident, and that does not take into account Governor Quinn's promise to slash 30% from the amount the municipalities have traditionally received from the State.

Even if the City's share of state income tax revenues is not cut by the Governor, that still means the projected state income tax line item is overstated by approximately \$215,000, and that is if we use the conservative \$77 per resident figure in the budget book. However, even more troubling, I received an e-mail today from the Illinois Municipal League which stated that municipalities have been impacted by a 15% reduction in income tax receipts. If that is true, and our income tax receipts are 15% less than last year, then the situation is even \$140,000 worse than I originally believed. In short, this means that those two revenue sources, sales tax and income tax, are overstated by anywhere from \$610,000 to \$750,000.

This year's budget also calls for an increase of over \$1 million in water revenues and a \$1.5 million increase in Uptown property tax revenues. Overall, the budget calls for more than a \$6 million increase in revenues from last year, almost 12%. That is quite optimistic, to say the least. Way too optimistic.

My concerns are not without basis. Let's look at some recent history. Just last year, members of the City Council, including me, passed a budget which overstated revenues by a whopping \$2.14 million. The budget passed by the Council last year projected \$3,626,000 in state income tax revenues. However, we received \$375,000 less than we budgeted. We budgeted \$1,550,000 for home rule sales tax revenues. We received \$245,000 less. We projected \$3.5 million in regular sales tax revenue. However, we only received \$3.2 million, \$300,000 under budget. And we projected \$7 million in water revenues, but received only \$6.3 million, a shortfall of \$700,000. Those who forget history are doomed to repeat it. We simply cannot afford to make the same mistake again.

That leads to Governor Quinn's threat to slash the municipalities' share of state income tax revenue. About one month ago we heard from our own state representative, Rosemary Mulligan, who bluntly stated that we should not expect to receive that revenue. About two weeks ago, Alderman Sweeney reported on his meetings with various state legislators whom he spoke with while he was in Springfield. He reported there is a strong sense that Governor Quinn will have no choice but to make good on this threat because the State's finances are in deplorable condition. Although I asked the City Council to ensure that it took Governor Quinn's threat seriously and factor it into the final budget, the Council's response has been to cross its fingers

and hope that it does not come to pass. However, it is completely irresponsible for this Council to pass a budget with a nearly \$1 million elephant in the room poised to trample us without having a concrete plan in place to deal with it.

In light of the fiscal crisis the City is facing and the obviously overstated revenue projections, the Council's decision to contribute over \$350,000 to community groups and the fight against O'Hare defies reason. Even in the best of times, it is questionable whether taxpayers should fund private charitable and cultural groups. However, these are far from the best of times. The current budget calls for laying off six members of the police department and reducing fire department and public works department staff. The current budget also calls for non-union city employees to give up their pay raises for the second year in a row. Some city employees have given up more than that – their jobs. I support the City's charitable and cultural groups, but I will not do it with taxpayer money. What resources we have must be devoted to funding essential City services, such as police, fire, and public works, to the fullest extent possible.

My last comment regarding expenditures involves O'Hare. Nothing I say tonight is different from what I have been saying since the mayoral campaign began a year and a half ago. If I believed for a second that spending money would help alleviate the suffering of the people living on the south side of town, I would gladly support the proposed expenditure and plead with the City Council to allocate even more funds for the effort. However, I remain unalterably convinced that no amount of money will bring the relief sought by those residents who are affected by the new runway configuration. As I have said over and over and over again, the only

solution to this problem is political, and the only politicians who have the influence to make a difference are our federal elected officials. The City has wasted millions of dollars attempting to fight the O'Hare expansion, and I will not stand idly by while it wastes another dime.

I am left with two choices: to exercise my line-item veto powers or to veto the entire budget and have the City Manager and the Council get back to work on formulating the type of budget I envisioned in my State of the City Address, one based on realistic revenue projections and expenditures limited to essential city services. For reasons I will explain, I have chosen the latter course and have vetoed the entire budget.

As it now stands, I believe the budget is based on inflated revenue projections. I do not have the power to veto revenue projections, only expenditures. Over the course of the past two months, there has been very little discussion among the aldermen regarding the revenue projections. It is the Council's obligation to examine those projections with a fine-toothed comb, establish a conservative estimate of what those total revenues would be, and then decide how those limited resources will be distributed among essential city services.

I believe the Council should start by eliminating the expenditures for O'Hare and the community groups. The Council also needs to look one more time at the library's budget. I do believe the library is an essential part of the fabric of our town, but not every program offered by the library is, itself, essential. The aldermen should also consider additional staff reductions and/or furlough days to reduce the City's overall personnel expense, something I also cannot do by way of a line item veto.

And the Council absolutely must take into account Governor Quinn's threat to withhold up to \$930,000 of state income tax revenue from our City. So far, all we have heard is a vague plan to discontinue tree trimming, an essential city service, and to postpone motor vehicle purchases. However, we have heard no explanation of the impact discontinuing tree trimming will have on the safety and quality of life of our residents or whether we can even take that action since we are party to a signed contract with a tree trimming service which would presumably balk at such an action. We also have received no explanation as to what vehicle and equipment purchases would be affected, the condition of the vehicles and equipment which were to be replaced, and whether delaying these purchases would impact the residents' safety and quality of life. As I said before, the present plan which is to cross our fingers and claim that we will deal with it if the problem arises is thoroughly unacceptable.

Finally, for those who have counseled me that I should show leadership and use my line item veto powers, I can say that I have consulted with the City Attorney, and understand that if this Council votes to override my veto of the entire budget, I will still have the power to veto individual expenditures as they are presented to the Council for approval over the course of the fiscal year. If in fact this Council does override my veto, I promise that I will use that power over the next few months.

I know the aldermen do not relish more budget discussions, but we were all elected to do a job, and it is essential to the financial survival of the City that we do the job right. It is my hope that the aldermen will recognize their obligation to the citizens and sustain my veto.