



CITY OF PARK RIDGE

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MINUTES

BUDGET WORKSHOP MEETING

CITY HALL COUNCIL CHAMBERS
505 BUTLER PLACE
PARK RIDGE, IL 60068

WEDNESDAY, MARCH 19, 2014
IMMEDIATELY FOLLOWING THE REGULAR CITY COUNCIL MEETING

Ald. Knight called the meeting to order at 8:48 p.m.

I. Roll Call

Deputy Clerk Peterson read the Roll Call and the following Elected Official indicated their presence:
Ald. Milissis, Smith, Shubert, Mazzuca, Maloney, Chairman Knight and Mayor Schmidt

Ald. Sweeney and City Clerk Henneman were absent.

Staff Present: City Manager Shawn Hamilton, Director of Finance Kent Oliven, IT Director Diane Nelson, Fire Chief Michael Zywanski, Public Works Director Wayne Zingsheim, Engineer Sara Mitchell, Police Chief Frank Kaminski

II. Approval of Minutes

A. Budget Workshop Meeting - February 18, 2014

Motion by Chairman Knight. Seconded by Ald. Mazzuca.

Motion carried, voice vote.

III. Budget Update

A. FY15 Budget Workshop Schedule

Ald. Knight spoke about the updates to the Workshop Meeting schedule. He intends to close this meeting at 10:30 p.m.

B. Shared Services Adjustments

Director Oliven reported that the Shared Services information sheet was presented on February 4, 2014. A memorandum dated March 19, 2014 was presented showing details of the changes which included: 1) Move HR Generalist from Administration to Human Resources and increase to full-time; 2) Correct a typographical error which inadvertently had both Terrorism Insurance and Insurance Consultant listed at \$75K instead of \$7.5K; 3) Allocate City Hall Maintenance and Materials; and 4) Fix the Water and Sewer Shared Services link error and its impact on Fund Balance spreadsheet.

These details impacted the FY15 Budget on the Fund Balances Spreadsheet, commonly known as the fund balance Scorecard. Per the request of Ald. Knight, Director Oliven reviewed the changes with the Aldermen and the net effects were reflected on the spreadsheet and the scorecard.

Although the net effect on the fund for Items 1-3 is negligible, the real impact to the fund balance is in the Water Fund and Sewer Fund. The Water Fund and the Sewer Fund total shared service contribution

Our Mission:

THE CITY OF PARK RIDGE IS COMMITTED TO PROVIDING EXCELLENCE IN CITY SERVICES IN ORDER TO UPHOLD A HIGH QUALITY OF LIFE,
SO OUR COMMUNITY REMAINS A WONDERFUL PLACE TO LIVE AND WORK.

correctly flowed through to the transfer page. It was determined that they were not properly linked to the Summary document. That has been corrected. However, this large transfer out erodes more than half of the erroneously posted FY15 Sewer Fund surplus as indicated on the previous Fund Balance Scorecard. Furthermore, on the same flawed Fund Balance Scorecard, the Water Fund had barely shown a FY15 surplus, but this adjustment drops FY5 to an \$818,177 deficit if all budgeted monies are spent.

Ald. Milissis questioned the net effect of the miscalculation. Ald. Knight explained the Council previously targeted an un-projected, unrestricted, end of FY 15 year fund balance of over \$3M which would be 140% of its target. With this adjustment, the City is at \$2.2M which is 100% target fund balance.

C. Emergency Cots

Director Oliven explained that emergency cots were double budgeted, once in the General Fund and also in the MERF or Motor Equipment Replacement Fund. He explained that new cots are part of the capital cost of a new ambulance. Proper allocation is in the MERF. Therefore, the originally budgeted \$58K in the General Fund (1002023-990 Emergency Response Equipment & Machinery) will be removed and reflected in the FY15 Budget Impact on Fund Balance Spreadsheet, commonly known as the Fund Balance Scorecard.

D. Library Contribution to Internal Service Funds

Finance Director Oliven reported a duplicate entry by the Finance Department of the Library's budget contribution to the IT Replacement Fund and the MERF - once in transfers out (to those funds) and once as capital items. An adjustment would be made to the scorecard, lowering the Library Fund \$47K.

E. Impact of Year-End Accounting on FY13 Fund Balance

At the request of Ald. Knight, Finance Director Oliven explained how the City got the revenue expenditure report when the City had not yet booked the accruals to the fund balance scorecard where estimates have been made for the accruals of FY13. Oliven explained that in some cases, revenues earned in one year but not received until the next year needs to be backed-out. Similarly, any goods or services rendered in one year but are not paid until the next year would also need to be accrued backwards.

At the request of Ald. Mazzuca, Director Oliven explained that in FY13, the Kane, McKenna report showing projected Uptown TIF debts was issued. Since this report detailed that there was no scenario in which the General Fund advance over \$5M or the FY13 Uptown TIF deficit of \$1.3M would be paid off, it would likely have to be written down as part of the FY13 audit. Additionally going forward, any cash advance made to the TIF for its shortfalls would be recorded as expenses.

Ald. Knight requested that information regarding this matter be included in the next packet so that two year projections in the levy forecast for 2016-17. Depending on the findings, actions may need to be taken this year.

F. Aldermanic Requests

At the March 4, 2014 City Manager Hamilton requested that any Alderman having an item that they would like to have considered in the FY15 budget should submit their request to him (or Director Oliven) by March 8. Hamilton said he received two requests.

The first was clarified during the Flood Reduction Project discussions, and the other relating to funding for plaques for the Historic Preservation Commission. Hamilton explained in a memorandum, if the Council, through action adds funding for any projects, studies, etc., the City would accomplish those through a FY15 Budget Amendment.

The second, a request from Ald. Shubert was related to the funding of commemorative plaques to honor local landmarks. A memorandum explained that this has been an unsuccessful budget request since 2010. Currently the City has nine local landmarks; the approximate cost per plaque would be in the \$300-\$400 range. The Historic Preservation Commission seeks current funding of \$3,500-\$4,000. The city previously funded business cards and flyers for Historic Preservation. In response to a question regarding monies allocated to other City Commissions, City Manager Hamilton explained that the City has

funded a few items for the O'Hare Airport Commission. Ald. Maloney added that the Youth Commission receives \$4K for various annual activities.

Judy Barclay, Chairman of the Historic Preservation Commission (524 Courtland), explained that she has requested money in the past. The Commission has a backlog of three years and nine properties which have been designated historical landmarks. The City printed brochures two years ago that were designed by the Commission. She has paid for her own business cards. She requested that this be a budgeted item this and every year forward.

After discussion among the Aldermen, **CONSENSUS was achieved allowing an amount not to exceed \$4,000 earmarked for plaques in the FY 2014-15 budget.** Ald. Knight indicated that this does not set precedent for any other commission. The expense would be reviewed annually.

G. Personnel Update

a) City Manager Memo

City Manager Hamilton provided a memorandum which included itemized aldermanic requests that were made at the March 4, 2014 Budget Meeting.

b) Organization Chart Changes

City Manager Hamilton explained changes made to the organizational chart based on comments made at the meeting. The HR Generalist has been made a full-time position and the modifications were made to the staffing module related to the Fire Department's Safer Grant. He further explained any budget impacts related to the grants. The City realized saving of approximately \$289K which greatly relieved the overtime budget. There would be no effect of the pension system if an employee was released and was not yet vested. Ald. Mazzuca questioned the required staffing level required for the grant. .

c) Comparable Salary Information

City Manager Hamilton provides a summary of FY14's non-union merit increases based on performance evaluations in the form of a matrix. Ald. Mazzuca questioned the total number of employees, union and non-union, and the overall success of the evaluation process. He was concerned seeing that there were no non-union employees that "Needs Improvement". He would like to see whether the instrument is working in the way it was intended and the results after evaluating all employees using this same instrument. It was his opinion that if there are no rules behind what you score and what you get as a merit increase, the instrument may not be working in the way in which it was intended.

Ald. Shubert also expressed his concern for the high percentage included in the "Exceeds" category, from a diagnostic and budget impact.

Director Oliven explained this matter relates to non-union or at-will employees. If a person hired does not perform up to the standards set by the City Manager or the Council, the employee would be relieved of their job duties. Such terminations would falsely appear to skew the remaining employees upward

City Manager Hamilton had no breakdown available at this time since evaluations were currently underway. No employee receives a merit increase without an evaluation being completed.

In reference to the breakdown of \$68.3K for FY15, Ald. Mazzuca commented on the absence the percentage that was for non-union employee salaries. Also, for reference purposes, Ald. Mazzuca commented on the informative data available at the Bureau of Labor Statistics which breaks out labor costs for state and local government workers. The most recent data indicated that salaries increased 1.1 percent for 2013, unchanged from 2012. City Manager Hamilton believes he was within that range for last year. Ald. Mazzuca suggested reducing his proposal for increases from \$68.3K to \$46.7K.

Ald. Knight expressed his misunderstanding of the overall comprehensive look of the pay scales. He believes that the matrix for the City should be consistent for all employees. As a follow-up for the next meeting, Ald. Knight requested that City Manager Hamilton return with the percentage of salaries that represents his \$68.3K proposal.

d) Comparable Salary Information

City Manager Hamilton requested salary increases for the Zoning Coordinator, Building Administrator, City Engineer and Senior Civil Engineer and provided comparable salary information for each position. He entertained questions from the Council regarding his let's see what they can do and reward them if they have proven themselves within a twelve to eighteen month window philosophy for the new hires which included the Zoning Coordinator and Building Administrator. He also explained that Emily Reilly, an intern, helped gather information from the various communities. City Manager Hamilton also presented information regarding the increases for the City Engineer and Senior Civil Engineer. Director Zingsheim explained the reason for the salary differences of the City Engineer and Senior Civil Engineer per the request of Ald. Mazzuca since both employees had comparable experience. Based on data obtained by Ald. Mazzuca from the Bureau of Labor Statistics, National Compensation Survey, both salaries exceeded the 50 percentile. Based on the level of activity within the City, City Manager Hamilton believed the salaries proposed are well deserved based on the workload. Mayor Schmidt provided high praise for services he has received from City Engineer Mitchell. City Manager Hamilton referred to these people as his "go to people."

Ald. Mazzuca would like these increases to come out of the pool earlier discussed for the annual wage increases. Ald. Knight suggested that this be part of the discussion when City Manager Hamilton returns with the salary percentage breakdown.

e) Economic Development Coordinator

Discussion of this topic was postponed. This item would be discussed on March 24, 2014.

f) Compensation Policies

City Manager Hamilton provided information which grants him the authority to issue increases. Information was obtained from the Personnel Manual and the Municipal Code. Ald. Mazzuca questioned the age of the policy. City Manager Hamilton explained that the Employee Manual is currently being rewritten and was not sure if any revisions would impact this section. He expects to have it ready in a few months.

H. Arcade Electricity

The Arcade is located between the Hallmark Store and Starbucks on Prospect Avenue. Director Oliven explained that an SSA was opened in 1982 and closed many years ago. He indicated that a recently implemented internal control in the Finance Department that rejected deficit spending had uncovered that the closed SSA had been paying the Arcade electricity for many years, running up a debt. He indicated that the General Fund needed to pay off the debt and the electricity budgeted. Therefore, Scorecard adjustments were made: FY14 to pay for the deficit and FY15 to pay for the electricity.

I. Fund Balance Scorecard

As presented.

IV. FY14 & FY15 Revenue Update

Director Oliven explained that a Revenue Update is provided at the last budget workshop every year. He explained the adjustments for the State Shared Revenues; increases for the Local Government Distributive Fund, the Use Tax, and the Motor Fuel Tax. All three are distributed per capita, using the 2010 census of 37,480 residents.

Additional income is expected from the Trammel Crow project, mainly for fees and outside consulting work. Revenue adjustments have been made to the Scorecard accordingly.

V. FY14 to FY15 Carryover

This item would be discussed on March 24, 2014.

City Manager Hamilton added that any question on the confidential Contingency memo from the last meeting would also be addressed on March 24, 2014.

VI. Adjournment

The meeting adjourned at 10:28 p.m.