



CITY OF PARK RIDGE

505 BUTLER PLACE
PARK RIDGE, IL 60068
TEL: 847-318-5200
FAX: 847-318-5300
TDD: 847-318-5252
www.parkridge.us

BUDGET WORKSHOP MEETING

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

February 5, 2013, 7:00 p.m.

MINUTES

I. ROLL CALL

Alderman Knight called the meeting to order at 7:04 p.m.

City Clerk Betty Henneman read the Roll Call and the following Elected Officials indicated their presence at the meeting: Ald. Sweeney, Ald. Di Pietro, Ald. Smith, Ald. Raspanti (phone), Ald. Knight, Ald. Mazzuca, and Mayor Schmidt. There was a quorum.

Staff Present: Shawn Hamilton, Diane Nelson, Jeff Sorensen, Kent Oliven, Andrea Hatcher, Wayne Zingsheim, Tim Testin, Sarah Mitchell, Frank Kaminski, Mike Zywanski

II. UPDATE

Finance Manager Kent Oliven explained changes to the Budget Workshop Schedule, which will be revised on a regular basis. The only addition is for Tuesday, March 19 when non-union wages will be discussed. Also, a summary of all of the funds is now included in the Budget Workshop Packets.

The Budget Impact on Fund Balance is a new revised score card which goes through FY13 and FY14. What we are looking at is the impact on our fund balance. One change is an increase in motor fuel expenditures which were originally \$1 million. The application to IDOT listed it as \$1.1 million so we are matching the IDOT application which may change when the contractual is received.

III. WATER FIXED CHARGE RATES

Finance Manager Oliven provided two rate comparisons, the staff recommended constant model and the FY13 model extended to FY14 that Ald. Mazzuca presented at the last budget meeting. Per Ald. Knight, time should be spent on the two rate comparisons the FY13 and FY14 model and the \$3.05 vs. \$2.93 rate. The \$3.05 rate is if we do go to the auto meter read system and the \$2.93 is if we do not. The staff is asking for a recommendation at this meeting that we stay on task with all utility billing so that an ordinance can be passed in two subsequent Council meetings. In this way residents can be notified in a timely manner.

Per Ald. Mazzuca the applicable scenario is 1B not 1C. The practical change is that if you were to implement the usage charge in scenario 1B it would come out to \$2.82 for FY14 rather than \$2.93 shown in the memo. If we choose not to immediately fund the automatic read program, we set the usage at the lower rate. Ald. Sweeney is supporting the staff's recommendations and suggests that we listen to the Finance Manager's recommendations on auto meter reading systems. Ald. Di Pietro is concerned that once the charges are added to the current rate and the auto meter read is installed, the rates will not decrease. His suggestion would be that if an automatic meter system is adopted, he would support it if it is added to the water rate as a surcharge.

Mayor Schmidt asked if the surcharge would be calculated as a flat fee per user or the same as the current meter charges. Also, once the meter system is installed and paid for will there be another rate study and at that time, would it be determined what to charge to deliver water. Per Public Works Director Wayne Zingsheim, the implementation time for the system is 1 ½ to 2 years and another rate study would probably be completed in 5 years. Per Finance Manager Oliven, there could definitely be a surcharge but the utility is never designed to make a profit and a new rate study would only reflect the cost of running the system.

Ald. Mazzuca asked Zingsheim what the cost different would be on the fixed rate if we used Scenario 1B. He also asked that if we decide not to fund the auto meter project, would \$1.4 million be enough to fund the system. He supports the idea of not raising the usage charge beyond the \$2.82 until we actually decide to fund the meter read project. Until it can be proven that this is a financially justified project there is no reason to extend this cost to the citizens of Park Ridge.

Ald. Smith asked Public Works Director Zingsheim if a remote reading system is installed, would there be a difference in cost per meter depending on the size. Per Public Works Director Zingsheim there is a difference in charges for radio read systems based on meter charges if that was the path we chose. Per Ald. Sweeney we should address the amount of water that is being lost every year.

Ald. Raspanti is in favor of the auto meter read and the staff recommendations and believes that this will pay for itself and will be the most accurate accounting of what water is being used. Ald. Maloney also supports the staff recommendation and the \$3.05 rate. There was a consensus taken on the two models. By show of hands, the constant dollar model fell in favor of the weighted average capacity model, which passed 4-1 by show of hands. The rate of \$3.05, which would be enough to pay for the automatic meter read system, passed 2-1 by show of hands. This issue will come back to Committee of the Whole to decide. An amendment regarding this will be in order at the Committee of the Whole.

IV. FY14 REVENUE UPDATES

The following are IML projected rates.

a. INCOME TAX

Raised by \$250,277

b. USE TAX

Raised by \$30,000

c. MOTOR FUEL TAX

Decreased by \$22,488

d. CORPORATE PERSONAL PROPERTY REPLACEMENT TAX

Remains unchanged at \$250,000

Per Finance Manager Oliven these are estimates that were provided by the IML. City Manager Hamilton highlighted that these changes in assumptions raised the general fund surplus to \$811K. This is something that will be seen in future meetings.

V. PERSONNEL AS A PERCENTAGE OF TOTAL EXPENDITURES

Per City Manager Hamilton, the following topics equate to 45% of the total expenditures for the budget.

VI. HEADCOUNT BY DEPARTMENT

City Manager Hamilton discussed the reallocation of resources and the breaking down of some full time positions (to 2 part-time positions) so that it looks like there is an increase in headcount but there is not an increase in budget.

VII. PERSONNEL BUDGET NOTES

All union contracts have been settled and that modeling is included in the budget. What is included is a budgeted amount for non-union wage increases based on merit.

Insurance increases will not be received until March but we have budgeted for a 5% increase for insurance premiums. Last year a 15% increase was budgeted. The preliminary indication is that we can expect a much smaller increase than we had last year due to fewer claims. We will be looking for opportunities to restructure our plan if we are afforded any increases, which should be available in March.

We have also budgeted for the hiring of the following: Buyer; Part-time Forester; Part-time Emergency Preparedness. The Buyer would handle RFPs and grants centralize the process.

Mayor Schmidt asked what the wage increase for non union employees would be. City Manager Hamilton stated that this would be discussed in March. It will not be above what the max was last year which was 2% and will be based on merit.

Ald. Knight asked if a set of org charts for department are available. Per City Manager Hamilton, these are being worked on by Human Resources and will be distributed when completed.

VIII. HISTORICAL REGULAR SALARIES

City Manager Hamilton explained that the amounts covered here are where individuals flow from a paying perspective. For example, the Utility Billing specialist is not paid out of finance, so she will not tie into that line item. Historically in the city we have not budgeted for vacation/sick payouts when someone leaves the city. This year there were three retirements out of Finance and quite a few other positions that were vacated. These payouts have been funded and covered by leaving positions open for a period of time. Employees do accrue vacation but we do not accrue the dollars to pay that vacation out when someone leaves. Ald. Raspanti stated that we need some type of budget mechanism in place to address this system. Per Accounting Manager Hatcher, we still have this problem in the current FY13 and for FY14. There are processing and cash issues that will need to be addressed. Ald. Sweeney asked if the new ADP system will address the tracking these issues. Some of the procedural issues will be improved but it will not help with the tracking of these carryover days. There is no data right now about how much unused vacation is out on the books.

IX. HISTORICAL OVERTIME

There is a decrease of \$87,838 in overtime payments and a decrease in emergency response in the budget for this fiscal year. Mayor Schmidt wants to make sure that the overtime budget for fire is sufficient. Per City Manager Hamilton, we have never been under budget on fire and feels that they it is budgeted properly.

X. POLICE PENSION

Per Finance Manager Oliven, the pensions are monies that the members contribute and the city makes up the deficit. The normal cost is what we have for this year's worth of service. There are also unfunded liabilities which have to be paid down over a period of time which is reflected also. This was all covered during the levy process. There is a separate tax levy for both police and fire funds. Ald. Mazzuca questioned the assumptions regarding the number of participants. Oliven stated that they will look very hard at the number of personnel when the next actuary report comes out. Per the police and fire chiefs, the average tenure is about 17 years. Per Ald. Knight, the current pension number is set and cannot be changed again until the next tax levy. Finance Manager Oliven suggested that based on Council discussion in December, the City Council may want to review this prior to the levy process, when the next actuarial report comes out. This will be the Council's first time participating in this exercise.

XI. FIRE PENSION

See above (Police Pension)

XII. HISTORICAL UNIFORMS EXPENDITURES

There were no questions.

XIII. DEPARTMENT GOALS AND SALARIES

a. ADMINISTRATION

City Manager Hamilton highlighted some accomplishments from the last fiscal year including the third party review of the financial status of the Uptown TIF.

From a goal perspective, City Manager Hamilton will be leading the City's transition for the permanent City Manager to promote leadership stability. Other goals include developing a strategic plan to implement the recommendations of the Uptown TIF consultant analysis, centralizing RFP, RFQ, and grant writing initiatives, preparing for union contract expirations in April 2014 and subsequent negotiations (Police, Fire, ICOPS) and any open contract negotiations, completing a comprehensive salary analysis and update internal and updating the City's personnel manual

b. HUMAN RESOURCES

c. INFORMATION TECHNOLOGY

Per IT Director Diane Nelson, there have been many accomplishments this year including taking advantage of a lot of opportunities by completing them on a more global scale. The fiber network and implementing the new phone system should result in substantial savings in the first year. We are getting to a level in our systems where we can have maximum efficiency.

Some goals for next year include replacing hardware on the network on approximately 75% of PCs in the city, taking a look at website to allow for mobile devices, working with purchasing to centralize a citywide network of scanners, printers and copiers which is currently being done on a departmental level. Next year we are looking into putting documents on microfilm. Police and fire currently do document imaging extensively and it is used on a limited basis in CP&D. It will have to be done departmentally and a plan developed to do it city wide. Per Human Resource Director Mike Suppan, the new HR system will take us paperless also.

d. CPD

Per Community Development Director Jim Testin, there have been four new employees hired and they are interviewing for one more. There has been an uptick in property transfers and several other areas. Upcoming goals are focusing on improving internal processes such as permit processing, expanding the use of technology, assisting economic development efforts, expanding staff involvement with local and regional organizations, reviewing the animal nuisance trapping program, evaluating opportunities to improve complaint responses and improving communication to the public on the West Nile virus. Per Mayor Schmidt, communicating to the constituents on the exact steps for the permit process is a very important detail. Per Director Testin, improving this process is on the list of goals for this year.

e. FIRE

Fire Chief Mike Zywanski reviewed some major accomplishments in 2012 which included implementing the Delta Alert emergency notification system which saved the city \$18,000. They also assisted Advocate Lutheran General Hospital in with the development of their EMS system which went operational in July, worked very closely with community health initiatives and are currently working with the City Manager and Fleet Services to seek out cost-effective approaches to vehicle replacement, including leasing strategies. They are making significant inroads on working on pursuing cost effective solutions to emergency services to our community. The change to the 911 Communications Center to Des Plaines will continue to be a goal and they are continuing to look at other alternative communication centers for cost effectiveness. The goal is to become "without borders" so that services between other communities can be shared which would make it more efficient for the residents.

f. POLICE

Per Police Chief Kaminski, the three themes of police are to rebuild public trust, rebuild professionalism and build team. There was a reorganization in 2012 which has added efficiency and effectiveness. One area of concern is the transition to Des Plaines and the Communication 911 Center. Other goals are to finalize the review of orders, working on building renovations, continuing leadership development. Ald. Mazzuca asked why arrests are trending down and service calls are up and asked if there is a way to handle these calls that will not utilize full time employees. Per Chief Kaminski, one of the goals for next year is using volunteers for addressing non-emergency calls.

g. PUBLIC WORKS

Director of Public Works Wayne Zingsheim commented on next year's goals which include increasing financial resources for the Forestry Division, continuing to provide quality service to all residents, disposal of refuse, providing a pure and adequate water supply, continuing to expand information for residents, and applying for grant opportunities where available. They are also looking into funding a citywide facilities analysis. Regarding operations, they are continuing to maintain the fleet and equipment, maintaining public areas in the city, responding to city's needs during weather related events and continuing involvement in city community events. In regard to Engineering, there are many projects including resurfacing five miles of streets, replacing 8,500 feet of sewers and 2,800 feet of water main, lining 4,200 feet of sewers which is a great cost savings, and begin construction of Phase 1 Uptown Streetscape. Director Zingsheim also commented on the fact that the Public Works Department has been cross trained in all aspects of the job. In regard to Forestry, they are trying to get more staff support since there are more trees coming down and it is currently two week turnaround.

h. FINANCE

The reorganization of the department is in progress at this time. There is also a new payroll system being developed and should be completed by the end of this year.

Finance will be working with Administration on quite a few projects this fiscal year. Some of the highlights include a general liability and worker's compensation risk management assessment, creating a debt collection policy, creating a centralized purchase system, reviewing and streamlining processes within the department.

XIV. ADJOURNMENT

The meeting adjourned at 9:10 pm