



CITY OF PARK RIDGE

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MINUTES

BUDGET WORKSHOP MEETING

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

TUESDAY, FEBRUARY 18, 2014, 7:00 P.M.

I. Roll Call

Alderman Knight called the meeting to order at 7:09 p.m.

City Clerk Betty Henneman read the Roll Call and the following Elected Officials indicated their presence at the meeting: Ald. Sweeney, Ald. Milissis, Ald. Smith, Ald. Shubert, Ald. Knight, Ald. Mazzuca, Ald. Maloney, and Mayor Schmidt. There was a quorum.

Staff Present: City Manager Shawn Hamilton, Director of Finance Kent Oliven, IT Director Diane Nelson, Deputy Fire Chief Jeff Sorensen, Public Works Director Wayne Zingsheim, Engineer Sara Mitchell, CP&D Director Jim Testin, Deputy Police Chief Dave Keller, Chief of Police Frank Kaminski

II. Budget Update

City Manager Shawn Hamilton went through a memo that he provided which is a summary, not inclusive, of the assumptions that were used for generating the expenditure line items.

City Manager Hamilton explained that the structure of the budget meetings is to break out expenditures over a couple of meetings. Ald. Mazzuca asked about some material received at the last meeting regarding an open position listed under economic development. City Manager Hamilton stated that personnel issues will be discussed in a couple of weeks. Ald. Mazzuca also asked about the restructuring of HR and why the HR Generalist has added hours. Manager Hamilton said that this will also be discussed in a couple of weeks under personnel. Ald. Mazzuca also asked about doubling the contingency from \$250K to \$500K and why wages are now included in the contingency. Manager Hamilton explained that the wages were always a part of contingency but it was not shown last year due to the union contract negotiation. Ald. Mazzuca asked if we were changing the non-union employee contribution. City Manager Hamilton stated that that the financial information is not yet available from the insurance company. This will be discussed at a future personnel meeting if the analysis is received from the insurance company.

Ald. Knight made note that the new budget calendar reflects a meeting date change from March 18 to March 11.

City Manager Hamilton pointed out his recommendation for a scorecard adjustment regarding a reduction of \$20,000 in the Capital Plan for the Fire Department. That reduction is realized by replacing the \$20,000 air conditioning unit at Station 36 in FY15 and pushing the replacement of the \$20,000 unit at Station 35 to FY16. This would be a scorecard adjustment that would raise the surplus by \$30K. There was a consensus to make this change..

Jan Bach of 721 N. Seminary asked about the NW Park Project and stated that the Park District should pay for any flood work being done at in this area since the citizens have already been taxed by the Park District and should not have to pay again.

Robert Gafke, of 747 N. Delphia expressed concerned Sewer Capital Bond Fund contained the terms Design of Country Club and Country Club construction. Engineer Sarah Mitchell stated that these were the original titles of the funds and have never been changed. Per Engineer Mitchell, this just refers to the project and is specific to flood reduction in that area. Public Works Director Zingsheim stated that there is no money allocated for these in this budget, they are just placeholders.

Ald. Maloney stated that there are three remaining projects that have been talked about for the last six or eight months and the City is trying to move them forward. Ald. Maloney further stated that the door is not being shut on these projects, but it may not be feasible to proceed at this time.

Diana Migala of 716 N. Delphia asked when the budget would be voted on. City Manager Hamilton said that the date will be April 7. Ms. Migala asked if there is still time to address the flood issue prior to the budget being voted on and Ald. Knight said that there will be a special meeting to discuss flooding on March 10. Ald. Knight further stated that if these projects do not make it into this budget, it could be amended at a later date.

Ald. Sweeney stated that as a point of clarification, none of these projects can be done until the City knows where the money is coming from.

III. Contracting and Materials

A. Public Works

Finance Director Oliven explained some of the differences in the Contracting and Materials spreadsheet. Director Oliven said that these are now being organized by the size of contracting and materials and we are now looking at the goods and services that are provided rather than the vendors. Director Oliven believes it is a good change and it will provide better for City services.

Public Works Director Zingsheim explained that Public Works has tried to keep all expenditures down to a minimum by trying to purchase materials themselves when contractors need them. Director Zingsheim also stated that one of the big expenditures this year is for salt. The City's current inventory is depleted and the cost of salt has increased dramatically. Per City Manager Hamilton, the City's excess inventory of salt from last year has been depleted. City Manager Hamilton stated that the total budget for Public Works has gone up \$763K with the primary drivers being water, salt and garbage services.

Ald. Maloney asked about the garbage contract and Director Zingsheim said that is a couple of years away from going out to bid.

Ald. Mazzuca asked why the forestry budgets are being decreased by \$25k each next year. Director Zingsheim explained that the Forester feels that we can make do with these reductions. City Manager Hamilton stated that last year the budget was doubled for forestry. Ald. Knight said that we should probably have Forestry put something together to find out how this is rationalized. Ald. Maloney said that he would be interested in the role of trees and the disappearing inventories and how it would impact flood control.

Mayor Schmidt asked what GIS Services is. Engineer Mitchell stated that GIS is the City's mapping inventory system. The City is in a consortium with 23 communities in the area. The contract is \$92K and they are consultants. Mayor Schmidt also questioned the \$5K increase for plants in uptown. Director Zingsheim said that this is for the recycling containers in the uptown area that were suggested by Ald. Maloney.

City Manager Hamilton explained that two people for water main flushing are not accounted for in the budget, but if the Council wants them included, they can be added in. There will be a ten cent per person utility rate increase for flushing sewers.

B. Administration

City Manager Hamilton explained that Administration covers IT, HR and Central Administration. City Manager Hamilton pointed out that the majority of the IT expenditures will be talked about in Capital under IT Replacement Fund. There was a large carryover from last year for some fire projects. There is a decrease in legal services due to tighter controls and having work done during retainer time.

Mayor Schmidt asked if the legal counsel was based on assumptions that the City will still have outside legal counsel and Hamilton said yes. Ald. Knight asked if that possibly start-up costs should be anticipated in the budget if inside counsel is hired. City Manager Hamilton said that there may be some things that should be anticipated in the budget for this. Manager Hamilton said that this would be included in the contingency fund. Ald. Knight suggested using a legal services transition and using the \$500K in contingency.

Ald. Mazzuca asked about the \$135K line item for General Contractual Services. IT Director Diane Nelson explained that about half of this amount is mandated licensing and support. The other half is for consulting and some is for contracts for internet access on the City network. Per City Manager Hamilton, there is currently an upgrade for software and some is run through General Contractual. Ald. Mazzuca asked why it isn't included in Capital Projects. Ald. Mazzuca asked about the \$36K reduction being budgeted for legal and will we be able to squeeze more efficiency out of the KTG relationship. City Manager Hamilton said the attorney(s) need to prioritize their lists about what can be done during retainer time. Manager Hamilton stated that he is confident that this reduction will work.

C. Finance

Finance Director Oliven explained that the big drop has to do with payroll conversion expenses. The PTAB appeals, an accounting software module and a purchasing module have been moved in also. Director Oliven stated that only other thing is the uptown TIF.

Ald. Mazzuca asked about IGAs being part of general contractual services and if we should have a separate line item for intergovernmental agreements. Finance Manager Oliven will be analyzing this. Per Ald. Knight stated that the \$70K for insurance has to do with CCMSI, but a lot has to do with the projected increase in our insurance rates with Gallagher. Per Director Oliven, the liability portion has come through insurance claims. Per Manager Hamilton, we are currently settling some past claims.

Ald. Mazzuca asked about the budget allocation of \$75K premium for terrorist insurance and why this is needed. Per Director Oliven, we are just getting ready to hire an insurance consultant and this will be discussed. Ald. Mazzuca would really like to know the specifics on this. Ald. Mazzuca also asked about the specifics about hiring an insurance consultant. Per Director Oliven, they are thinking about replacing our insurance but there is only one company right now left that is willing to insure at the level that the City is at. Per Director Oliven, the consultant charges a fee for advice.

Ald. Knight discussed the structure of the Finance Department and the audit and budget, and asked about the memo that is due on these issues. Ald. Knight asked City Manager Hamilton and Finance Director Oliven to answer to whether or not we need additional help and why we are behind on certain tasks.

D. Police

Ald. Mazzuca asked why we need to buy lunch every time an employee goes out to train. Per Manager Hamilton this issue is being address in the rewrite of the employee manual. Police Chief Kaminski said that this is a city policy. Per Chief Kaminski, priority for squad cars goes to staffing at that time.

E. Fire

Per City Manager Hamilton, last year there was a large carryover for fire maintenance projects. The biggest increase was in General Contractual Services which is tied to the transition to Red Center. City Manager Hamilton also said that the City is looking for ways to upgrade technologies. Per Deputy Chief Sorensen, we have dropped \$33K in the technology area since last year's budget.

F. CP&D

City Manager Hamilton said that there is a decrease since there were large projects in the current fiscal year. There also may be some big projects coming through this year but it is not known yet. Per CP&D Director Jim Testin, this is a conservative number due to the amount of growth and due to an increase in revenues that were generated this winter. Ald. Knight asked if this would be a budget amendment and it

would be per Director Oliven. City Manager Hamilton noted that the trapping program has been left in the budget for this year. Ald. Maloney asked if this was successful and Director Testin said that it has been very successful.

Ald. Knight asked for a total departmental review of training and membership dues by department and by training.

IV. Capital Plan

A. Summary of Capital Plan

City Manager Hamilton explained that there are only six major items in place for FY15. Some discussion was held about the purchase of new sirens. Ald. Sweeney asked about sidewalk replacement and he believed that it should be \$179K. Per Director Zingsheim they only put in for \$160K since we are only budgeting for the City's share of sidewalk replacement. Engineer Mitchell said that the extension at the unit price was approved and she does not believe it will be \$179K. City Manager Hamilton explained that just because a PO is approved, if it exceeds the budget amount it would involve a transfer.

City Clerk Betty Henneman asked if there would be an resurfacing of the City Hall parking lot and doesn't imagine that we can do any more patching within the next two or three years. Ald. Sweeney made a motion to put the parking lot repairs on the scorecard. Director Zingsheim stated that street lighting needed to be put in first, which would be a two year project. Per City Manager, Hamilton it would be \$140K to do the lighting first. Ald. Sweeney withdrew his motion. Ald. Mazzuca asked why the lights need to be done first. Director Zingsheim explained that it is due to the fact that the pavement would have to be torn up in order to install the lighting.

Ald. Mazzuca asked if there are any things on the list of general fund that can be put out for procurement. Hamilton said that many of these items can be cooperatively bid through our process.

Mayor Schmidt asked why the reforestation budget has been cut. Per Director Zingsheim there is additional money in the tree bank and some will be used to supplement the tree bank. There is currently \$25K in the tree bank. Mayor Schmidt asked, with respect to the cost of bidding, if we should be keeping track of the costs to get the bid. Per Finance Director Oliven, we have not used the project tracking yet but it is a future implementation of ADP. It is project and grant tracking and which is a great idea and will be coming soon.

Ald. Knight asked about the Alley Restoration Project and Director Zingsheim explained about the SSAs (Special Service Areas). At this time there is no plan for alley restoration. Ald. Millissis asked if there are privately owned alleys in the city. Director Zingsheim said yes and there are privately owned streets also.

Ald. Sweeney asked about sewer lining replacement since he believed that this was going to be accelerated through the General Fund. Director Zingsheim said that this would be an easy program to accelerate but funds are needed. Per Director Zingsheim there is only about one mile of sewers lined per year. The worst sewers with root penetration are done first.

Ald. Millissis asked about water main replacement and where we stand on this. Per Director Zingsheim, at the moment it is being designed for $\frac{3}{4}$ of a mile but \$1.6 million will be about one mile. Per City Manager Hamilton, this amount may be transferred to remote read meters when the cost benefit analysis about auto meter reads is done. Per Director Zingsheim, we have had fewer water main breaks this year than last year but feels that we may have more in spring. Ald. Mazzuca feels that we should leave the \$1.6 million in the budget for now.

Ald. Shubert asked if the Stewart and Warren project has been budgeted for in this. Engineer Mitchell stated that it has been delayed until the spring and will last several months. Per City Manager Hamilton, the amount that is in the FY15 budget may be carried over to the next fiscal year. If it is not the case a budget amendment can be done. Per City Manager Hamilton, carryover is anything that is budgeted to this fiscal year but if it is not finished, it will be carried over into the next fiscal year.

Ald. Shubert would like to see a new line item for having Burke or someone look at areas that were not addressed in the regular Burke study. Ald. Maloney met to start going over the agenda for an upcoming March 10 COW meeting and he will be getting the information at a future date. Engineer Sarah Mitchell will be putting together a plan and finding out the costs to identify the next projects in the steps towards

this. Ald. Maloney discussed some of the agenda items regarding flooding that will be addressed at the March 10 COW. Ald. Maloney said that there will be an action item for Mayfield Park to begin working on an intergovernmental agreement. An action item for NW Park would be to meet with the Park District to get their approval. This amount would be about \$14K and would involve plans from Burke. The Country Club area will be brought up as a discussion item. Another discussion item would be the Finance Department working on an overview of how to pay for any and all of these projects. Ald. Knight suggested putting a line item on the scorecard under capital items for Storm Water Management Program.

B. Motor Equipment Replace Fund (MERF)

City Manager Hamilton went through and explained the MERF for FY15 with just a little over \$1 million in expenditures. This document is used to determine and track all the inventory of vehicles and when we look to replace them. Hamilton also explained that there is some carryover from FY14 to FY15. These amounts are included in the total amount budgeted. Ald. Mazzuca asked if we will have the buy vs. lease figured out before we close this year's budget. Manager Hamilton said that he does not believe so but it will be done prior to purchasing anything on this list. Ald. Sweeney asked if purchase price for the SUVs for police includes the outfitting. Per City Manager, Hamilton it does include outfitting the vehicles and they will be SUVs. Manager Hamilton explained that the ambulances are needed and we have been pushing these out for years. We are going to keep an ambulance that is in the best shape and put it in reserve and only purchase two. City Manager Hamilton discussed the purchasing of a pumper for fire which would be \$600K. If it is decided to purchase this, it is a yearlong process.

Ald. Sweeney asked about how much money is in Motor Equipment Replacement Fund. Per Ald. Knight, after this year's purchases we will have \$2.5 million left and after next year's we will have \$262,000 left.

C. Information Technology Replacement Fund

City Manager Hamilton stated the Information Technology Replacement Fund was added in last year's budget. Ald. Shubert stressed the need for online payments. Manager Hamilton stated that it is currently being worked on.

Ald. Knight said that a plan is needed for these funds. He also stated that if we buy these vehicles and use up the funds, it would be irresponsible not to ask for that plan. Ald. Sweeney believes that we need lobbyist in Springfield.

V. Adjournment

The meeting adjourned at 10:07 p.m.