SPECIAL FINANCE AND PERSONNEL COMMITTEE
Monday, March 11, 2019
Municipal Center Council Chambers, 5:30 PM

Call to Order: Alderman Curry called the meeting to order at 5:30 p.m.

Roll Call: Deputy Clerk Meadows called the roll. Roll call: Members present: Chairman Curry, Alderman Schaefer and Alderman Mihevc. Also in attendance: Mayor Jett, Administrator Morefield, Finance Director Lynch, Economic Development Director Martin, Director of Public Works Schmitt, Director of Parks and Recreation Hobson, Director of Community Development Polerecky and Police Chief Birk.

Public Comment: None.

Motion to approve the February 4, 2019 Finance and Personnel Committee meeting report. Alderman Curry asked if the Committee Members had any questions or comments on the February 4th meeting minutes. The Committee Members offered no comments. A Motion was made by Alderman Mihevc and seconded by Alderman Schaefer to approve the February 4, 2019 Committee meeting report. Roll call: Vote: 3 ayes: Alderman Mihevc, Alderman Schaefer and Alderman Curry. 0-nay, 0-abstained. Motion carried.

Discussion on the Proposed FY 19/20 Budget for the General Fund (100), General Fund Operating Departments, Recreation Center Fund (400), Water Fund (510.31), Sewer Fund (510.32) and Utility Fund (510.35).
Administrator Morefield opened the round table discussion by commenting on the fact that the presentation slides and narratives was included in the Finance and Personnel Committee meeting packet and that this years’ budget presentation and discussion will mirror last years’ proceedings as he had received positive feedback from the Committee Members.

Administrator Morefield continued on to report that the meeting would be focused on the General Fund Revenues and Expenditures, General Fund Balance, a Summary of Personnel Wages, the Recreation Center’s Budget, Capital Improvements/Capital Equipment Projects and the Enterprise Fund. He noted that beginning in December and January he along with Director Lynch had worked closely with the other Directors in developing their departmental budgets.

Administrator Morefield provided the Committee Members with an overview of the anticipate FY-18/19 General Fund Revenues. He reported that based on the first 10 months of actuals and projections with respect to the remainder of the fiscal year total revenues are estimated to be at $666,488.00 which is 3.0% higher than the budgeted amount and 2.1% higher than the FY-17/18 actual revenues.
He noted that in part the increases in revenues is due to an anticipated increase in property tax, sales tax along with State Income Taxes generating a net revenue increase in the amount of $178,468.00.

Administrator Morefield reported that of the remaining 24.4% of the FY-18/19 anticipated revenues the most significant increase is related to Video Gaming Revenues which is estimated to be $162,691.00 higher than the budget amount and Reimbursements in the amount of $82,840.00 higher than the budgeted amount.

Alderman Schaefer questioned why was there a decrease in the revenues generated from Drug Forfeitures and Traffic Fines. Chief Birk reported that the Court System has restructured the fine collection percentages with respect to the municipalities share.

Administrator Morefield noted that the increase with regards to the Miscellaneous Revenues collected is primarily due to the Meyer Material payments in the amount of $500,000.00 which will be spread over both Fiscal Years (18/19 and 19/20).

Alderman Curry questioned if the 2% increase in the Simplified Municipal Telecommunications Tax and the ¾% increase in the Home Rule Sale Tax was included in the estimated revenues. Director Lynch replied yes. However, the increases in those specific revenue streams does not go into effect until July 1st.

Administrator Morefield went on to discuss the projected estimated FY-18/19 expenditures. He reported that FY-18/19 expenditures are estimated to be $97,511.00 lower than the budgeted amount. Which is reflected in the overall lower budgeted costs associated with Personnel, Contractual Services and Supplies.

Administrator Morefield discussed the proposed FY-19/20 Fund Expenditures. He reported that the contractual costs are proposed to be $111,194.00 which is 5.75% higher than the previous year. However, by outsourcing certain task such as snow plowing and street sweeping will increase the efficiency of the Public Works Department and is more cost effective than hiring additional Public Works Staff.

Administrator Morefield continued on to discuss the increases in supply cost due to the fluctuation of gasoline and utilities expenses. Alderman Curry questioned why there is such a great contrast between the Departments’ fuel costs. He wondered if each of the departments were applying the same methodology to estimate the fuel usage and cost per fiscal year. Director Schmitt reported that he bases his assumption on the actual previous fuel consumption and the anticipated average cost of fuel.
Administrator Morefield reported that Staff anticipates a decrease with regards to the Transfer Fund due to the retirement of the 2013 GO Refunding Bond.

Administrator Morefield went on to summarize the General Fund FY18/19 Budget. He reported that the anticipated budget's ending balance will be $7,325,415.00. Which is higher than anticipated due to the increase in revenues. This surplus will result in a General Fund balance carry-over of $7,325,415.00.

Administrator Morefield concluded the General Fund portion of the presentation by noting that the Operating Reserve amount is $6,028,001.00 which represents a reserve of 27.2% and equals just over 3 months of reserve operating expenses. He went on to report that the City's Fund Policy requires a 120 day reserve. However, he anticipates with the increases in the revenue streams the City should be able to replenish the fund.

Administrator Morefield discussed the personnel wage summary for all funds. He reported that the non-bargaining unit employees' net changes is in the amount of $208,233.00 which includes a 3.0% CPI-U and merit adjustments in the amount of $106,055.00 along with a newly created Human Resources Coordinator position.

Administrator Morefield continued on to discuss the proposed changes to the Park and Recreation wages. The IUOE 150 net change in the amount of $169,614.00 which includes contract wage increases and an additional Parks Maintenance Worker.

Administrator Morefield concluded his discussion on the personnel wage summary for all funds with and explanation on the net changes with respect to the Fraternal Order of Police contracts for both units 1 and 2. He reported that FOP Unit 1 net change is in the amount of $332,385.00 and includes a request for two additional Patrol Officers and FOP Unit 2 net change is in the amount of $131,638.00 along with an expansion of duties of an existing Telecommunicator Lead Telecommunicator role. Alderman Curry questioned the need for two additional Patrol Officers. He noted that the overtime line item does not reflect the need for two additional Patrol Officers. Chief Birk commented on the fact that he had reduced the midnight shift's staff to hold down overtime cost. In addition, Chief Birk continued on to discuss the current staffing levels and the impact this has on covering shifts when you take into account the Officers' benefits such as comp time, sick time, mandated training and vacations. Chief Birk noted that the lack of appropriate staffing levels increases response times. Chief Birk also commented on the impact the ever increasing special events has on the department. Chief Birk concluded his remarks by noting that his original requested was for an additional four Officers.

Administrator Morefield discussed the McHenry Recreation Center's budget. He reported that the FY19/20 budget represents the third full budget year. He noted that the goal was to be able to build a membership base that would support the Recreation Center's operating cost and
produce a balanced budget. Administrator Morefield continued on to reported that at the end of FY18/19 the Recreation Center is anticipated to cover all operating cost, pay debt service and be operationally balanced.

Administrator Morefield discussed the FY19/20 estimated revenue in the amount of $222,854 which is 32.18% higher than FY18/19 with expenditure 20.99% lower due to the completion of the parking lot project. He noted that the expenditures includes $150,000 for capital projects which consist of an expanded child care area along with an outdoor training area.

There was discussion on a slight declined in membership due to the recent opening of Planet Fitness. However, the current membership is at a comfortable level with respect to the capacity of the facility.

Alderman Curry recommended in the future Staff drafts a budget which includes a line item to fund long-term facility maintenance needs. Staff concurred with Alderman Curry’s recommendation.

Administrator Morefield commented on the Enterprise Fund which incorporates the Water Division, Wastewater Division, and Utility Maintenance Division along with capital projects and equipment.

Administrator Morefield reported that in FY15/16 new fees and capital base fees was implemented along with a commitment to annually review the water and sewer rates to ensure there was sufficient funding to support operations. He continued on to report that based on the FY19/20 proposed Water, Wastewater and Utility Maintenance budgets it appears that there is a need to increase the water rates by $.20. This change will be identified and brought before City Council for consideration in the near future.

Alderman Schaefer asked Staff if the streamlining of the wastewater treatment system has saved with operational and treatment expenses. Wastewater Superintendent Růžicka replied no, they are still treating the same volume of wastewater.

There some discussion with respect to sludge removal cost.

Administrator Morefield commented on the General Fund Capital Improvements and Capital Equipment Projects for FY19/20. He noted that since the CIP discussion two additional proposed projects had been added. The first, being the Curran Road/Chickaloon Drive Cul-De-Sac resurfacing project. He noted that there might be some cost savings on this proposed project due to the fact a contractor will already be mobilized on the site constructing the Curran Road S-Curve safety improvements.
Administrator Morefield concluded the budget presentation by announcing the next steps in the process. He reported that on March 18th the updated operating funds and all funds will be distributed to the full City Council. On March 25th the Finance & Personnel Committee will be reviewing all budgeted funds. On April 8th the entire FY19/20 proposed draft budget will be distributed to the full City Council and on April 15th the proposed entire draft budget will be discussed at the regular City Council meeting with the adoption scheduled for April 29th.

Discussion/Recommendation-Elimination of City Vehicle Stickers.
Administrator Morefield discussed the possible elimination of vehicle stickers. He reported that the budgeted revenues with respect to the sale of the annual vehicle sticker is $145,000.00 and the expenses associated with the sale of vehicle stickers is $21,484.00. However, with the anticipation of the increases in the Local Sales Tax and the Telecommunications Tax the additional revenues will provide for the opportunity to eliminate the vehicle stickers while retaining a balanced budget.

There was some discussion with regards to the benefits of eliminating the annual vehicle stickers. Alderman Curry asked Chief Birk if his department enforced vehicle sticker compliance. Chief Birk reported that the Officers don’t detain a motorist solely for not displaying a current vehicle sticker as there is safety concerns with officers exiting their squad cars to examine a motorist’s windshield. In addition, it is unlawful for an Officer to inspect vehicles on private property. However, if a motorist is issued a citation for other types of vehicular violations and the Officer notices a current vehicle sticker is not displayed they will issue a citation.

Alderman Curry commented on the fact that in his opinion it is unfair to require residents to purchase and display vehicles stickers due to the fact that many residents do not comply and enforcement is difficult.

There was some discussion on this matter. The Committee Members concurred that they were in favor of eliminating vehicle stickers. **A Motion was made by Alderman Schaefer and seconded by Alderman Mihevc to bring the question of eliminating vehicle stickers to the full City Council on March 18th.** Roll call: Vote: 3-ayes: Alderman Schaefer, Alderman Mihevc and Alderman Curry. 0-nays, 0-abstained. Motion carried.

Staff Reports
The Staff Members offered no reports at this time.

**Motion to adjourn the meeting**
**A Motion was made by Alderman Mihevc and seconded by Alderman Schaefer to adjourn from the public meeting at 7:35 pm.** Roll call: Vote-3ayes: Alderman Mihevc, Alderman Schaefer and Alderman Curry. 0-nays, 0-abstained. Motion carried.
Respectfully submitted,

Debra Meadows, Deputy City Clerk

Reviewed and approved this 25th day of MARCH 2019.

Alderman Curry, Chairman