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Administration & Finance Committee Meeting
Monday, March 4, 2013
6:00pm

Call to Order

Roll Call: Sue Senicka, Glen Lilgeberg, Mike Ramsey, Ellen Emery, Spencer Parker, Tim Sullivan, Lee Fleming, Pat Klebenow, Jinny Szymski, Cathy Casey, Ron Searl, Shannon Malik, Dave Weiss, Tom Mulhearn, Steve Nero, Bob Scott, Cary Kmak.

Pledge of Allegiance

Trustee Emery announced that the meeting would start at New Business first, as there are people here just for the new business section that have to leave and go to the Race to the Flag meeting.

New Business

Longevity Cap:
Spencer began with a spreadsheet showing the current cost of longevity over 4%. Looking at the possibility of capping longevity pay, consistent with other what other towns have done, at 4%. Currently, for every 5 years you are employed by the Village, you receive 1% additional pay with no cap. So if you were employed by the Village for 15 years you receive your base plus an additional 15% and for 30 years you receive your base pay plus an additional 6%. Currently you can see that there are 13 individuals that receive over 4% in longevity, cost to the village is almost $19,000.00 a year. Future savings show a gradual savings over the years. Cathy said that the 4% amount came from the survey done in 2009, there were 23 communities responding and only 9 had longevity increases, 6 with a cap and 3 without a cap. Of the 6 communities with a cap, 3 capped it at 25 years and 3 at 20 years. Of 8 of those 9 communities used flat dollar amount and 1 used a percentage and that was 5%. Based on the information, the flat dollar amounts came out to be about 4%, so that is where this figure came from; it wasn't just arbitrary.

Mayor Pro Tem Senicka clarifies that we are looking at a dozen or so employees. Cathy said yes, they would stay where they are at currently just not go any higher. Employees not yet at more than 4% would stop there, at 4%. Mayor Pro Tem Senicka said that she understands that, she ask if it was looked at to lower employees earlier to save money on that group and keep these employees grandfathered in at 5%? Cathy asked if she

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meant lowering them to 5%? Sue said that there are a lot more people coming up. Ron restates the current bonus structure at 1%=5 years, 2%=10 years, 3%=15 years, 4%=20 years, 5%=25 years. Ron asked how many we had coming up? Trustee Fleming said that the group in discussion are the ones over the cap, so how many are there at the cap or coming up on the cap? Trustee Nero comments that if there are a lot to be affected then it might be seen as unfair. Mayor Pro Tem Senicka points out that the survey alone tells us that we are doing something that most communities do not do. Trustee Fleming notes that going forward can we afford this?

Spencer questions as to the information that the board would like to have. An analysis of the impact of what stopping longevity as it is or a lower cap freeze that 4% might be too high of an amount. Information on a lower cap. Mayor Pro Tem Senicka responds that as we discuss it, she realizes that there are a lot of people who have taken pay cuts, furlough days, and pay freezes over the last few years so maybe we should just forget it. Tom reminds her that not everyone has - union police officers have not. But the majority have; Trustee Scott notes that the total savings involved is $11,537 over 15 years. That is not a lot of money - comparison to the 2.5 million we are worried about, just a drop in the bucket.

Trustee Emery reminds that there are lots of drops in a bucket to make up 2.5 million. Ron also points out that it is ongoing, and there are other costs. What you are not seeing here is the overtime rates involved in someone with the longevity. Trustee Emery asks if you can have longevity calculated on only base not on overtime? Cathy reminds them that the other option found in other municipalities is a flat dollar amount for longevity instead of a percentage. That would be fairer to the employees that do not have the opportunity for overtime. Trustee Nero asks what the flat rate would be? Ron said that the survey will need to be updated for that information, the survey was done in 2009. This will be put on the next agenda. Trustee Emery said that the flat rate would be something that can be budgeted for, Lee agrees that is a solid rate that won't change based on overtime hours. This might be a fairer way to calculate, easier to project.

Sue thanked Cathy for a great job. Cathy will conduct the updating of the survey and Ron asked if this item should come back to the committee or go before the board. Trustee Emery said that it should come back to committee, not presented at a board meeting.

Mike Ramsey commented that he came to represent employees. Moral is pretty low due to the fact that there has been one raise in four years. The Village is a fantastic place to work, it is a career now. Not looked at as just a job. People want to stay at the Village as long as possible, this is the incentive to keep people. Mike asks that the employees are kept in mind as the decisions are made. Ron points out that the Village has always tried to stay competitive, this survey shows we might be off the mark. Ellen states that's why it should come before a committee again when the new survey is done.

Ellen asks that the spreadsheet containing hire dates be collected so that no one can be identified if the papers are taken out of the room.

Long Term Care:
Cathy identified this as a meaningful benefit for employees that will not cost the Village any money. This is a benefit that could be of interest to the employees that are over 50. If we move forward with this idea, we could offer it with simplified underwriting and guaranteed issue if we do it as a group open enrollment. We would need 10 employees minimum to be able to offer this, no medical check up would be required. Ellen asks if this is 100% cost to the employee, Cathy responds it is only to the employees that sign up. Ellen puts forward that this is an excellent benefit to employees, as this type of insurance is cost prohibitive for individuals to purchase on their own. Pat asks if this is something that the employee can take with them if they leave? Ron asks if it is then converted to an individual plan? Cathy states that she knows that it can be taken when an employee leaves, but she is not sure if it converts to an individual policy at that time-she will check into that. Cathy will investigate underwriting and the conversion requirements for employees that leave. Ellen states that it does not have to come before the board because it does not need to be done by ordinance. Ellen asks that all papers be collected.

Employee Benefit Sick Time Payout Schedule:
The reason we are coming to you is because of a state law that changed as part of the pension reform. They have changed what happens as a result of giving pension increases. As you are aware we pay out up to 960 sick hours. Under the previous state law in order to maximize your pension increases as a result of this it needed to be paid out over 4 months before retirement. And then when that happened the employee 's pension was increased and the impact of the increase cost to the Village was considered in to our annual rate that would be amortized over 30 years. With the change in state law, we now have to pay up front whatever the pension impact is to IMRF. So two calculations are run before the increase and after to calculate the cost of the increase over the life of the person to be paid in advance to IMRF.

Our current policy is based on the old state law, it was a nice benefit to give to the employees that did not impact the Village as it was paid out of 30 years. With the new law the employee with 960 hours payout would give their pension an 11 ½ % increase. This means that we would then have to pay the difference, whatever that would calculate it out to be. The annual average difference would be about $4800 extra in their pension every year. The actuary tables might be 10-20 years of life expectancy, we would be looking at $50,000.00 to $100,000.00 of upfront cost because we paid out the $30,000 over 4 months.

We have identified a couple of options. Option 1 we would pay out the total amount the month of their retirement which would increase their pension by 1.7%, this would be an additional payout of $14,000-$20,000. The village portion would be another $4000. Our current policy is another $100,000. on top of the $30,000 sick benefit. Option 1 would be up to roughly $18,000. Option 2 would be to give them their sick time payout 2 months after they retire. If we do this 2 months after they retire, then the pension doesn't count it towards their pension and then we do not have to pay that portion of it, our cost is just the flat sick time payout.

So if we do chose to make a change, the next thing to consider is when do you want to make the change. There are 2 scenarios, A & B. A is allowing those that are eligible to retire to retire under the current system. B is to make the change immediately. The benefit of A is to encourage voluntary retirement, the down side is that you still have the high cost. The benefit of B is that you would not have the costs, but would significantly impact eligible employees. We have 11 employees that are eligible to retire, for the vast majority of them it would not make sense for them to retire, as they would have a huge penalty for early retirement. We ran a calculation on the cost of retirement under the new system and the old system. For 2 employees in order to get the same dollar amount that they would get under the old system they would have to work 3 more years. If we do allow them to retire under the old system, it could cost up to $200,000 in upfront payment and the pension cost would be $9000.

Are there more employees it could affect? It could, but it would not make too much sense for them to do it right now. The cost could be about $300,000 to the village if everyone did take this immediately that could, but it really wouldn't make sense to do this for them. Ellen requested that this be discussed regarding the 2 eligible employees in Executive Session. She asked Spencer to stay for the this as Cathy had to go to the Race to the Flag meeting. Ron said that we do not need to discuss this anymore right now, Trustee Emery would prefer to discuss the global policy after discussing the 2 employees at the Executive Session.

Reports:
Treasurer's Report shows that revenues exceed expenditures by $3,000,000.00. We have received all the property tax, so we have 3 months of costs yet to go. The majority of which is personnel, as we have been holding off filling positions: mechanic, planner,

and cso. This has been one of the reasons that we have a good margin still available. Ron mentions that Spencer and he have been having meetings with Ron Gunter so that he is aware of the budget situation. As things progress with the budget process we will continue to do so. Everyone remarks on the 2 Rons will be confusing. Everything is up from last year, things look positive. Cash balances are up from last year, we are always a little bit ahead but even comparing to last year we are a million ahead.

Budget Prep Update: The budget process question is does the board need binders or is tablet budgets good for the process this time. Trustee Nero says that the tablet is fine with him. Trustee Emery questions how easy it will be to go from one document to the next? She will have past binders to go through as well. Glen said the positive of doing this in Google Docs is that when Spencer updates something everyone will see it immediately. The level cuts are in new documents so that this can be viewed easily. Everything is in one folder in Drive. Glen said he will be there to help if you have issues with your tablet. Bob said that worst case is we can make copies of what is in question. Trustee Klebenow said that she has downloaded past years. Discussion of past budget binders and tablet problems ensued. Permissions were questioned, Glen said everyone's account could be shut off, trustees responded with yippee and that he should wait until after the IT budget is done. Lee asked for an abacus.

Trustee Emery had a question about the hotel/motel tax column showing an increase of $600,000, is there a way for this to be tucked in to the general fund. The way the sheet is laid out, Spencer said that he broke things down by fund and then what was in the fund. Under the general fund you will see several different revenue sources, one of them being hotel/motel tax. In the 2013 budgeted at $513,000.00 in the 2014 budget we will have nothing listed there, you will see a decrease in that area. Trustee Emery thought this was misleading, Spencer said the funds have to be accounted for, so you need to list and deduct to move from one fund to another. The bottom line shows a grand total for all the funds, including the hotel/motel tax .

The number to look at for the general fund and vehicle replacement is the first bolded number, $1.8 million. We had hoped that this would be a little higher, but thanks to some increases in other revenue sources this is not as bad a we were projecting. Sales tax we are projecting an increase and income tax as well. We are looking at an estimate of $350,000.00 in those areas after discounting. Community Development is looking at an increase in permit fees and a decrease in multifamily funds. Court fines & fees are a little lower than projected, and the red-light camera revenue is gone. So the general fund is see a $900,000.00 loss, and the vehicle replacement is down about $900,000.00 as well, bringing the total to $1.8 million.

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Chief Mulhearn asks if there is any way to estimate the video gaming? The machines will be going in this summer, July or August. So there will be some revenue in the September/October time frame. There might be more machines going in than we originally estimated. Trustee Scott comments that it might not be much at all this year.

Trustee Emery said that she was in Galena this last week and they have video gaming already. The noise level of the machines seemed to keep the restaurants that had them emptier in comparison to the restaurants that did not have machines. Ron asked how long the establishments have had them, Trustee Emery was not sure. Chief Mulhearn commented that there is a riverboat right across the way. Trustee Emery said she noticed that it was really loud with ducks quacking and lucky leprechauns. The comment was made that you could keep the machines quiet, Chief Mulhearn said that the Oakbrook Terrace establishment had the sound turned down. Trustee Nero asked if Trustee Emery played, she said that they were all penny slots and she doesn't have that kind of time.

Spencer said that he will runs some numbers and come up with something conservative.

Mike Ramsey and Cathy Casey left for the St. Jude Race to the Flag meeting.

Administration: Website update from Glen Liljeberg. Glen states that the issues that were creating problems have all been dealt with for the website. He is back working on putting information into the various department pages. Running more banners on the website to run at the top, and Larry has been very active in the press release section getting information out to residents. The Library is the first outside organization that has the ability to update the calendar with items. Next is to get the community groups, service organizations entering data . The agenda center for the board is up and running. We did have a glitch a few weeks ago. CivicPlus pushed out an update which broke a link to a meeting, that was fixed shortly after that.

The heavy interaction that Glen has had with the website company has had 3 staff people from that company terminated from their customer service area, now working with programmers to make sure the issues are fixed. Glen feels that it was just poor management on the website company's part. Glen feels that we should not have had these problems, it is a major company that has done thousands of government websites. Westmont is a hands on user, and found a lot of problems that others just overlooked.

A property site has been added to the Community Development page, there are properties listed already. When more developed, we can do a press release on that feature. One of the options of that module will allow a real estate agent to update information for approval. There was a charge for that, so it is turned off for now. What we are doing is have Community Development upload the information so there is no charge to the realtor. If the Board ever wants to go in that direction we can do so, but there is a charge to CivicPlus for that access. You can set up a realtor as an employee feed and charge them a yearly fee for access. It will do residential and commercial, we are starting with commercial. We would like to have people buy into this, build relationships with brokers before charging a fee.

Trustee Nero thinks it would be a great idea to have both residential and commercial rolled out. Glen said that we do not yet have a policy in place to give relators access to the website, we are doing all the entering ourselves. We have to have control over what is listed. Trustee Nero asked if there was a charge to do both residential and commercial. Glen replied that we own the module so there was no extra charge. We just have to have control over what is posted, and right now we are posting in house. Trustee Scott said that you consider the number of homes for sale it would be a lot of staff time. Shannon reminded all that the market is changing right now.

Glen mentioned that Community Development & Clerks pages were done and he was moving on to Public Works and Police & Fire. When all the pages are built out there will be a training process for departments to be able to submit things and an approval process. Everyone will be trained on the agenda center, calendar, and features. Agenda Center is the most important, as Patti is doing it all right now. After training it would just be an edit and drag to the agenda.
Next will be some meet up meetings with residents at Mayslake, local restaurant, or senior center. Asking residents what they are having problems finding and tweaking things from their perspective. Mayor Pro Tem Senicka thinks that's a great idea. Mini focus groups, maybe some technological savvy residents as well. Trustee Emery asks if Glen means meeting people in person? Glen said yes a Mini Meet Up was an in person meeting. Glen asked for any questions? No one had any. He asked if anyone had signed up for updates? Pointed out the Notify Me button on the home page.

Unfinished Business:
Comp Plan update: Ron asked if you want that still on the agenda. Trustee Emery said that it was approved? Ron said did you want to know when we would get the final version? Shannon mentioned the ala carte issues: development, downtown guidelines, the utilizations? Trustee Emery said leave it on there.
TIF Study Update: Had a meeting with ***Mr. Chilwana*** (unsure of name), Sue was there. Went okay, left it that they would get back to us with a few follow up questions. Shannon said that there were a few items that AnnMarie received and forwarded to Shannon. Ron said that they explained the Maercker TIF was spread out longer than normal, and that

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the Village follows a statutory timeline. Ron stated that there is a meeting of CUSD 201 tomorrow; Sue said that it went a little easier than Maercker. Ron believes that they should have something back to us after that. Mentioned that they are also using the same special attorney that Maercker used, Dean Cronin.

Trustee Emery entertains a motion to adjourn from Mayor Pro Tem Senicka, and seconded by Trustee Nero.

Adjourned: 6:49 pm