

NOTICE OF FINANCE COMMITTEE MEETING

Tuesday, December 13, 2022

8:00 a.m.

Park District of Highland Park
Board of Park Commissioners
636 Ridge Road, Highland Park, IL 60035
No Live Stream

FINANCE COMMITTEE MEETING AGENDA

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. ADDITIONS TO THE AGENDA**
- IV. APPROVAL OF THE FINANCE COMMITTEE MEETING MINUTES FROM NOVEMBER 30, 2022 AND DECEMBER 6, 2022**
- V. EMPLOYEE COMPENSATION AND CLASSIFICATION STUDY UPDATE**
- VI. RESOLUTION 2022-08: WAIVING OF COMPETITIVE BIDDING FOR PARKS VEHICLE PURCHASE**
- VII. OTHER BUSINESS**
- VIII. OPEN TO PUBLIC TO ADDRESS BOARD**
- IX. CLOSED SESSION PURSUANT TO THE FOLLOWING SECTIONS OF THE OPEN MEETINGS ACT:** Section 2(c)1: The employment, compensation, discipline, performance, or dismissal of specific employees, specific individuals who serve as independent contractors in a park, recreational, or educational setting, or specific volunteers of the public body or legal counsel for the public body; Section 2(c)5 – the purchase or lease of real estate including discussion on whether a certain parcel of property should be acquired; Section 2(c)6 – the setting of a price for sale or lease of property owned by the District; Section 2(c)8 – security procedures and the use of personnel and equipment to respond to an actual, a threatened, or a reasonably potential danger to the safety of employees, students, staff, the public, or public property; Section 2(c) 11 – litigation against or on behalf of the District or where the District finds that an action is probable or imminent; Section 2(c) 21 – the discussion of minutes lawfully closed under the Act, whether for the purposes of approval of said minutes or for conducting the semi-annual review of the minutes as set forth in section 2.06 of the Act.; Section 2(c) 29 - for discussions between internal or external auditors and the Board. Possible action by the Board on items discussed in closed session.
- X. ADJOURNMENT**

**MINUTES OF A THE FINANCE COMMITTEE MEETING
OF THE PARK DISTRICT OF HIGHLAND PARK
HELD ON NOVEMBER 30, 2022 8:01 A.M.**

Present: Commissioner Bernstein, Commissioner Ruttenberg, Vice President Freeman

Absent: None

Also, Present: Executive Director Romes; Director Peters, Director Gogola; Director Smith; Director Voss; Director Carr; Assistant Director Maliszewski; Assistant Director Murrin; Manager Ochs; Manager Baczek; Coordinator Hejnowski

Guest Speaker: None

Additions to the Agenda

None.

Approval of the Finance Committee Meeting Minutes from October 11, 2022, and October 18, 2022

The Minutes from October 11, 2022, and the October 18, 2022, Finance Committee Meetings were approved.

Cost Center Projections Presentation

West Ridge Center

Staff are projecting a \$119,819 surplus come the end of the year. Conversely, expenses are projected to be \$3,470 less than budgeted.

Commissioner Bernstein is pleased to hear that projected expenses are spot on whereas the actual revenues have already surpassed the projected figures before the end of the year.

Athletics

Staff are projecting a \$30,000 surplus come the end of the year.

Camps

Budgeted a \$270,000 surplus, however, the actual revenue was \$27,000 less.

Executive Director Romes reported that expenses for wages have significantly increased, contributing to the shortcoming.

Special Events

Actual revenue and expenses align with the projected figures.

Hidden Creek AquaPark

Budgeted a \$144,000 deficit, however, the actual deficit will be \$55,000 more due to emergency repairs so that the pool could open this summer.

Rosewood Interpretive Center

Budgeted a \$40,000 surplus, however, staff are projecting a \$53,000 surplus come the end of the year due to rentals.

Rosewood Beach

Projecting a \$51,000 deficit due to staffing expenses.

Park Avenue Beach and Boating Facility

Budgeted an \$8,000 surplus, however, staff are projecting a \$27,000 deficit due to emergency repairs needed for the temporary ramp which permitted boating this summer.

Centennial Ice Arena

Budgeted an \$85,000 surplus, however staff are projecting a \$46,000 surplus come the end of the year. The reduction is due to the emergency repairs needed for the ice rink floor.

Commissioner Bernstein would like an update at a future Facility and Recreation Committee Meeting regarding user groups.

Executive Director Romes reported that staff have been meeting regularly with user groups. Ice will be available come February; however, the parking lot will be under construction so access to the ice arena will be a significant challenge. Staff are meeting with the user groups tomorrow to discuss access options.

Heller Nature Center

Projected a \$257,000 deficit. The actual deficit is \$53,000 more than anticipated due to emergency repairs for the parking lot, lobby, and exhibit.

Commissioner Bernstein feels Heller Nature Center is a hidden gem, he would like staff to find creative ways to expose and market the facility and programs.

Assistant Director Maliszewski is pleased to report that Heller Nature Center will have their own exhibit at the 2023 IAPD/IPRA conference for added exposure.

Golf Learning Center

Projecting a \$39,000 surplus come the end of the year.

Commissioner Bernstein would like updated regarding potential opportunities at the site.

Sunset Valley Golf Club

Projecting a \$478,000 surplus come the end of the year.

Recreation Center of Highland Park

Projecting a \$376,000 deficit come the end of the year.

Executive Director Romes reported a presentation will be given in January to the Park Board of Commissioners.

Commissioner Bernstein would like staff to provide updates more often to better understand how what staff are doing to support and rejuvenate this facility.

Deer Creek Racquet Club

Actual revenue is \$233,000 better than the budgeted.

Assistant Director Murrin reported that revenue participation from pickleball is starting to catch up with tennis.

Commissioner Ruttenberg would like staff to share financial figures comparing pickleball and tennis.

Commissioner Bernstein and Commissioner Ruttenberg would like the District to focus on this facility since it's a significant revenue generator for the District. Suggesting this facility may need to expand and a business plan to provide more recreational opportunities and generate more revenue. Much like Sunset Valley Golf Club, the District needs to reinvest into this facility for added potential.

Commissioner Bernstein would like to know how often these figures should be reviewed.

Director Peters reported that this report could be conducted twice a year or quarterly.

The Finance Committee requested that these figures be reviewed twice a year with the Finance Committee Meeting.

2023 Budget Presentation

Budget Calendar

Director Peters reviewed the budget calendar reporting that today's Finance Committee Meeting is a high-level review of the 2023 Budget, the December 6 Finance Committee Meeting is a more detailed review of the 2023 Budget Book, the final propose Budget Book for 2023 will be presented at the December 14 Regular Board Meeting, after 30 days a Public Hearing will be held on January 25, 2023, regarding the 2023 Combined Budget and Appropriation and staff will ask that the Park Board of Commissioners approve the 2023 Budget Ordinance.

Budget Highlights & Assumptions

Director Peters reported that staff used 2022 budget for comparisons. When examining revenues for the 2023 Budget it includes considered inflation including potential increase in wages as a result of the compensation study, property taxes which are based on the CPI plus new growth, assumes increased interest income rates, excludes impact fees, assumes recreation program revenue approximately 14% more than 2022 budget, and memberships and rental revenue is reduced from 2022 budget. When examining expenses for the 2023 Budget it includes the 5% full-time salary pool which includes merit and the compensation study, two new full-time positions, increases to minimum wages, increased grant and aid, free, and reduced fees for programming, increased for inflation, and contractual expenses to maintain parks.

In 2022 staff budgeted a \$1.8 million surplus. In 2023 staff are budgeted a \$1.4 million surplus, which is \$444,981 less than the 2022 budget.

District Wide Budget Comparison (No Capital, No Transfers)

Director Peters reported that the 2023 Budget had \$24 million in revenue whereas the 2022 Budget has \$22.7 million in revenue. This is a \$1.3 million increase (or a 6.13% increase).

Functions

Director Peters reported that the District has three functions, Administrative, Recreation, and Parks. The administrative function is responsible for the District short and long-term planning, executive and administrative district-wide operations financial management, human resources administration and risk management, information technology systems, and marketing/communications activity.

A. Administrative Function

Staff are budgeting \$43,000 from interest income and \$1.8 million from miscellaneous income for the 2023 budget. As for expenses, staff are budgeting \$3.4 million, this includes salary and wages, contractual services, pension contributions, materials and supplies, and capital outlays.

B. Parks Function

Staff are budgeting \$15,750 from miscellaneous income for the 2023 budget. As for expenses, staff are budgeting \$20.5 million, this includes contractual services, maintenance contracts, materials and supplies, and utilities.

C. Recreation Function

Staff are budgeting \$16.3 million from programs, memberships, rentals for the 2023 budget. As for expenses, staff are budgeting \$13.4 million, this includes programs, salaries and wages, contractual services, materials and supplies, insurance, maintenance contracts, and utilities.

District Wide Budget Transfers

Director Peters showed a graph comparing 2022 with 2023. For the 2023 budget, staff recommend transferring \$623,020 from general fund to debt service fund, \$1.5 million from the general fund to the capital fund, \$1 million from the recreation fund to the debt service fund, \$2 million from the recreation fund to the capital fund, and \$550,000 from the special recreation fund to the capital fund.

A. District Wide Budget Comparison (No Capital)

When comparing the 2022 and 2023 budgets, staff are projecting a \$1.6 million deficit as of December 31. As for 2023, staff are budgeting a \$2.6 million deficit after transfers.

B. Proposed 2023 Budget by Fund

The general fund is budgeted to have a \$2.4 million deficit, the recreation fund will have a \$2.8 million surplus before transfers (\$189,779 deficit after transfers), and the special recreation fund will have a \$502,045 surplus before transfers (\$47,995 deficit after transfers). Lastly, a combined \$4 million will be transferred from all three funds to the capital fund.

Projected Cash on Hand as of December 31, 2022

At the beginning of the fiscal year the cash on hand and short-term investments was \$34.7 million. As of December 31, 2022, the estimated cash and short-term investments is expected to be \$24.8 million.

Commissioner Ruttenberg would like staff to contact neighboring districts to see if the Fourth of July Tragedy has impacted programming and membership revenue.

Other Business

Finance Committee Meeting Minutes
November 30, 2022

None.

Open to the Public to Address the Board

None.

Adjournment

The meeting adjourned at 9:38 a.m.

Respectfully submitted,

Roxanne Hejnowski, Assistant Secretary

**MINUTES OF A THE FINANCE COMMITTEE MEETING
OF THE PARK DISTRICT OF HIGHLAND PARK
HELD ON DECEMBER 6, 2022 8:00 A.M.**

Present: Vice President Freeman, President Grossberg

Absent: None

Also, Present: Executive Director Romes; Director Peters, Director Gogola; Director Smith; Director Voss; Director Carr; Director Kopka; Assistant Director Maliszewski; Assistant Director Murrin; Manager Ochs; Manager Baczek; Coordinator Hejnowski

Guest Speaker: None

Additions to the Agenda

None.

2023 Budget Presentation

Director Peters reported that while the COVID-19 Pandemic minimally continues to challenge the District, it remains financially healthy.

2023 Budget Overview

The General, Special Recreation and Recreation Funds anticipate a combined operating surplus, before transfers, of \$3,067,484. Of that surplus, \$4,050,000 will be transferred to the Capital Projects Fund and an additional \$1,676,300 to Debt Service. Overall, capital expenditures are approximately \$13.3 million, operating expenditures are approximately \$20.8 million, consolidated expenditures, including operations, debt, and capital, are approximately \$37.4 million, and tax support for the 2023 fiscal year represents approximately 54% of total revenues.

New for 2023

2023 plans for a return to normalcy after the impacts from the global pandemic. In effort to remain both fiscally responsible and strategic in the delivery of services to the community, staff anticipates continued development and implementation of a new Strategic Plan, implementation of an updated Employee Compensation Plan and increased collaboration with the Parks Foundation and a fundraising consultant to support Capital Campaign Fundraising.

Acknowledgements

The 2023 budget is a collaborative effort that involves supervisors, managers, and support staff, throughout the District. The Budget will be reviewed continuously during the year and could not have been accomplished without the efforts of Park District staff and the support of our Park Board Commissioners.

Projects in Progress

- Centennial Ice Arena Renovation
- Planning and Design for Construction of Multi-Purpose Facility (addressing West Ridge Center)

Projects commencing in 2023

- Sports Field Master Plan (Synthetic Turf Field Construction)
- The Land Management Plan covers 9 major topics: Park Maintenance, Stormwater Management, Lakefront Maintenance, Natural Areas, Park Inventory, Real Estate, Park Amenities, Connectivity, and Cultural Resources.
- Park Site Plans, this initiative is in response to goals and objectives established in GreenPrint 2024 and the Land Management Plan. The plan will evaluate the Park District's outdoor parks based on Park District standards to then offer recommendations for park improvements.
- Sunset Woods Site Master Plan, which strives to consider the timeless park holistically and in the context of the Highland Park community and surrounding area. The Park District has submitted an application for an Open Space Lands Acquisition and Development Grant (OSLAD) in the amount of \$600,000 to assist in funding this project.
- Golf Learning Center Optimization Report, which is to improve financial performance while meeting community and regional recreational needs at the Highland Park Golf Learning Center facility.
- Athletic Fields Master Plan, which is a comprehensive sports field master plan that addresses existing fields to meet current and projected program needs.
- Lakefront Master Plan, which The recommendations are intended to guide lakefront operations, beaches, capital planning, and support possible future grant opportunities.
- Park Avenue Site Master Plan, which The purpose of the plan is to address key issues facing the site including improvements to the yacht club building, enhancements for non-motorized boaters, and enhancements to the pedestrian connections to and through the park. This plan does not directly address the breakwater nor boat launch. The Park District was awarded Open Space Lands Acquisition and Development Grant (OSLAD) funding in the amount of \$400,000 to implement Site Master Plan Phase 1 Improvements. This project will make improvements to the north end of the property including improved pedestrian access, native landscaping, parking improvements and the addition of a beach boardwalk. Planning will occur in 2023 with construction anticipated to occur in 2024.
- Beach Management Plan provides recommendations for protecting and managing the Park District of Highland Park's beaches, bluffs, ravines, and other lakefront properties at Moraine Beach, Park Avenue Boating Facility, Millard Beach, and Rosewood Beach. After two initial invitation for bids during the first half of 2022 that were unsuccessful due to weather conditions, contractor feedback, and high costs, the District went under contract following a third invitation for bid for the Millard Bluff Grading & Tree Removal project during the fourth quarter of 2022

with RES Environmental Operating Company. The project will include the removal of woody material on approximately 3 acres of bluff slope, preservation/protection of specific high-quality trees on the bluff, retrieval/removal of cut woody trunks, limbs and branches, protection of the bluff soils to the extent possible, grading of sheer top of bluff slopes to a 2:1 slope, placement of soil on bluff top, topsoil spread, seeding and vegetation installation, and installation of erosion control blanket on all disturbed slope soils. Upon project completion, in some areas, fencing will remain through 2024 to protect and allow for the growth of native plantings.

- Sustainability Plan which is an internal document guiding practices leading to quantifiable achievements in District operations.
- Capital Plan (Annual and 5-year) is approved annually, and reviewed throughout the year, to ensure critical repair and replacement projects, facility, and park improvements, and GreenPrint Projects are identified and funded.
- Strategic Plan, which due to the COVID-19 Pandemic the environment has significantly changed, necessitating an update to the District's Strategic Plan in 2023. For the upcoming year, the District's established Strategic Planning Themes will coincide with recovery from COVID-19 and the updated District values. Themes include build personal relationships, create inclusivity, deliver the extraordinary, empower our team, grow our team, value our Team, build and maintain trust, create a sustainable future, and steward our resources.

Forthcoming Projects

The Park District's Annual Work Plan is a compilation of annual goals derived from the above Park District planning documents and are financially reflected in the 2023 Budget.

Operations Overview

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is utilized to maintain control over resources that are segregated for specific activities or objectives. All Park District funds are reported as governmental funds.

Revenues and expenditures are categorized by types such as program, camp, contractual, and salaries. General ledger numbers are linked to specific types, which are a compilation of several general ledger accounts. Throughout the budget, reports are presented by *type* categories.

This budget book is also divided by functional area. The Administration Function includes activity in the General Fund (exclusive of Parks), Special Recreation, Debt Service, and Capital Projects. The Parks Department is split from the General Fund and presented as a separate function. The Recreation Fund is presented in its entirety as the Recreation Function. However, as of January 1, 2022, the Park Avenue Boating Facility Recreation Subfund was created of operations. The District wants transparency for the Center as substantial public donations were made to help fund the project.

Budget Calendar

Director Peters provided a more detailed review of the 2023 Budget Book at today's Finance Committee Meeting, the final propose Budget Book for 2023 will be presented at the December 14 Regular Board Meeting, after 30 days a Public Hearing will be held on January 25, 2023, regarding the 2023 Combined

Budget and Appropriation and staff will ask that the Park Board of Commissioners approve the 2023 Budget Ordinance.

Salaries and Wages

In 2023 a 5% full-time salary pool (merit/compensation study contingency) increase is budgeted for all full-time employees. According to Park District Policy, every five years, a qualified third-party consultant shall review the entire Classification and Compensation Plan. The results of the study will be presented in December 2022 and considered for approval by the Park Board in January 2023.

In 2017, a Part Time Compensation and Classification Study was completed. Staff plan to complete a compensation and classification study, and update in 2023.

Mid-Range Planning

The Strategic Plan 2016-2020 outlines mid-range and short-term operations planning and identifies initiatives or tasks to be completed by staff assigned committees. Completion of these initiatives will ensure fulfillment of strategic goals. Staff will complete and begin implementing an updated strategic plan in 2023.

Debt Position

Currently, the District has one debt certificate outstanding: General Obligation Limited Tax Debt Certificates, Series 2021. The certificates were issued to refund the 2012 and 2013 issuances and address a multitude of projects listed in Appendixes A & B and to replace the breakwater and boat launch at Park Avenue (\$2M). In addition, the General Obligation Ltd Tax Park Bond Series 2017 were issued to begin funding for GreenPrint 2024 projects. The 2020 General Obligation Ltd Tax Park Bond Series was issued for several projects around the District. If the aforementioned projects do not come to fruition or come in under budget, the funds from the debt issuances will be used to fund other capital projects in the capital projects plan.

Real estate taxes received for debt retirement pass through the Debt Service Fund, supporting the General Obligation Bond issuances. Interest payments will be made during June and December. Principal payments will be made in December.

Tax Funding

Staff budgets conservatively for property tax revenue, but levies to include growth, which is not available until the following spring. Failure to levy for growth will deny the District that revenue forever. Invariably, budgeting property tax revenue at the levy amount will create a shortfall. For 2023, the budget was created using the 2022 extension multiplied by the 5% tax cap for the general and operating funds.

For 2023, the budgeted property tax revenue is \$14,320,156. Exclusive of the debt levy (Truth in Taxation), the total budgeted levy for 2023 is \$12,642,734.

Capital Analysis

The 2023 Budget includes the following GreenPrint 2024 initiatives in the Capital Fund:

- Centennial Ice Arena Renovation budgeted expenditures for 2023 total \$1,621,804.
- Multi-Purpose Building to Address the Aging West Ridge Center, the District has \$960,000 budgeted in 2023 for this project.

Budget Analysis

For 2023, the budget has been prepared while incorporating our new District values. Striving to always be extraordinary, welcoming, and caring, we have incorporated opportunities to ensure equity and inclusion, along with fiscal responsibility in delivering services through our programs and at our facilities. We have increased the Grant-in-Aid budget by 50% addressing financial barriers for residents while still incorporating cost recovery strategies and seeking alternative revenue sources such as grants and donations. The Champion's Banquet is scheduled to return in March 2023 and usually generates tens of thousands of dollars that the Parks Foundation of Highland Park donates toward even more aid for residents.

Preparation of the 2023 Budget was made possible by the dedicated Park District of Highland Park staff and coordinated by the Finance staff. Many thanks to the Board of Commissioners for their dedication, support, and service to the District.

Projected Cash on Hand as of December 31, 2022

At the beginning of the fiscal year the cash on hand and short-term investments was \$34.7 million. As of December 31, 2022, the estimated cash and short-term investments are expected to be \$24.8 million.

Naming of the Fink Park Baseball Field

Assistant Director Maliszewski will be presenting a naming rights agreement, financial plan, and naming schedule (number of years the baseball field will be named after the donor) to the Park Board of Commissioners at the December 7 Workshop Meeting. Staff will be requesting approval of the naming rights agreement which is currently being reviewed by the District's legal counsel at the December 14 Regular Meeting. While the agreement may be approved on December 14, there is a contingency clause in the document indicating that the name must sit for 60 days before the name is formally adopted.

November 2022 Bid Results and Capital Purchases

Centennial Ice Arena Sound and Video Equipment Replacement Re-Bid

Director Smith reported the original bid came in at \$160,000, so staff re-bid the project. Staff received two bids. The low bidder came in \$9,448 under budget.

Dehumidification System Replacement Recreation Center of Highland Park Indoor Pool

Director Smith reported that staff received two bids. The low bid came in at \$325,000. Staff had \$550,000 budgeted for this project. He is pleased to report that the low bidder came in \$223,500 under budget.

Parks Capital Vehicle Purchase

The current backhoe is a 1998 John Deere. This equipment is almost 25 years old. The current unit has lost significant lifting power, the 4WD is no longer operational, and because of its age, has exceeded its useful life. Staff budgeted \$125,000 in 2023 to replace this piece of equipment. After trade in costs, the replacement backhoe will cost \$122,478, for a savings of \$2,522.

Staff received consensus from the Finance Committee to place all three items on the consent agenda at the December 14 Regular Meeting.

Finance Committee Meeting Minutes
December 6, 2022

Other Business

None.

Open to the Public to Address the Board

None.

Adjournment

The meeting adjourned at 8:45 a.m.

Respectfully submitted,

Roxanne Hejnowski, Assistant Secretary



Memorandum

To: Finance Committee

From: Chris Kopka, Director of Human Resources and Workforce Strategy; Brian Romes, Executive Director

Date: December 13, 2022

Subject: **Employee Compensation and Classification Study Update**

Summary

Staff will provide an overview of the Financial Impacts from the Employee Compensation and Classification Study conducted by GovHR.



Memorandum

To: Finance Committee

From: Dan Voss, Director of Parks; Brian Romes, Executive Director

Date: December 13, 2022

Subject: **Resolution 2022-08 Waiving of Competitive Bidding for Parks Vehicle Purchase**

Summary/Background

The 2023 Capital Plan identifies five vehicles for replacement. The Park District has typically purchased replacement vehicles through a cooperatively bid, joint purchasing program. These purchasing programs are not currently available due to temporary and universal supply chain challenges and car manufacturers' delay. Dealerships have still not been able to honor 2021 orders under jointly bid contracts.

Staff reviewed several manufacturers and found direct bidding will not provide for the delivery of vehicles in a reasonable time. Staff's review concluded Nissan has the lowest cost and current availability to meet District needs.

Financial Impact

Total Available 2023 Budgeted Funds for 5 capital replacement vehicles	\$ 170,000.00
Five Nissan Frontier King Cab 4x4 (\$ 33,819.24)	\$ 169,096.20
Anticipated Amount <u>Under Budget</u>	\$ 903.80

Recommendation

Staff recommends consensus from the Finance Committee to seek approval from the Park Board of Commissioners at the December 14, 2022 Regular Meeting waiving of competitive bidding for Resolution 2022-08 Parks Vehicle Purchase.