

**MINUTES OF A SPECIAL MEETING OF THE COMMITTEE OF THE WHOLE  
OF THE CITY COUNCIL OF THE CITY OF HIGHLAND PARK, ILLINOIS**

**MEETING DATE:** Monday, July 16, 2012  
**MEETING LOCATION:** Pre-Session Conference Room, City Hall  
1707 St. Johns Avenue, Highland Park, Illinois

**CALL TO ORDER**

At 7:31 p.m., Mayor Rotering called the meeting to order and asked the City Clerk to call the roll:

**ROLL CALL**

**Members Present:** Mayor Rotering, Councilmen Kaufman, Frank, Mandel\*, Blumberg and Naftzger

**Members Absent:** Councilman Kirsch

Mayor Rotering declared that a quorum was present.

**Staff Present:** David Knapp, Shirley Fitzgerald, Paul Shafer, Pat Tanner, Michael Blue, John Welch, Nicole Winikates and Chuck Meyer

**Also Present:** Business & Economic Development Commission Chair, Alyssa Knobel  
Transportation Commission Members Kim Stone and Lane Young

The following items are listed in the order called.

\* Mayor Rotering having established that a quorum of the Committee of the Whole of the City Council was physically present, stated that Councilman Mandel, in accordance with Subsection IV (A) of the City's "Electronic Attendance at Meetings Policy," a) has requested to electronically attend the July 16, 2012 Special Meeting of the Committee of the Whole due to family purposes; and b) will be deemed authorized to attend the meeting electronically unless a motion objecting to his electronic attendance is made, seconded, and approved by two-thirds of the Committee. Hearing none, Mayor Rotering identified Councilman Mandel and declared that he was present via telephone.

**SCHEDULED BUSINESS**

**1. Commission Liaison Updates**

Mayor Rotering asked each Councilman to: (i) give a brief status report on the Commission(s) for which they are the Council Liaison as it relates to the adopted 2012 Commission Work Plan and the 2013 Budget, and (ii) recommend efficiencies, including consolidation or elimination of appropriate Commissions. The Committee heard comments from:

Lane Young, Transportation Commission member, who supported the Liaison recommendation to consider changing the Intra-City Parking Commission (ICPC) to a Task Force or consolidating it with the Transportation Commission and/or Business and Economic Development Commission.

Police Chief Shafer, who agreed with the Liaison recommendation regarding the ICPC.

Alyssa Knobel, Business & Economic Development Commission (BEDC) Chair, who suggested appointing the current Commission representatives, Chamber of Commerce representatives, and ex-officio members of the ICPC to the Commission/Task Force assigned the issues currently considered by the ICPC and/or to include discussion of those issues at the quarterly BEDC Property Owner/Retailers meetings.

Community Development Director Blue, who felt that input from the business community was essential for parking matters and should be maintained.

Following the reports and discussion of the recommendations, the sense of the Committee was to consider the following recommendations during the 2013 Budget Workshops: (i) allocating funds to expand the grant programs administered by the Business & Economic Development Commission, (ii) changing the Cultural Arts Commission to a Task Force, (iii) allocating funds for the Historic Preservation Commission walking tour and other educational information, (iv) meeting with the Park District of Highland Park to discuss possible transition of the Healthy Highland Park Task Force to the Park District, (v) consolidating the ICPC with the Transportation Commission, (vi) adding sustainability efforts to the scope of the Natural Resources Commission's jurisdiction and purpose, (vii) hiring a Sustainability Coordinator to foster the City's sustainability goals, (viii) allocating funds for Plan Commission implementation of the Master Plan, (ix) the work load and consolidating the Plan Commission and Zoning Board of Appeals, and (x) changing the Ravinia Festival Community Relations Commission to a Task Force.

Staff answered the Committee's questions regarding the status of the public meetings for the Bloom/Moraine rezoning issues, and extending the timing for the traffic light at the Green Bay Road and Vine Avenue intersection. Staff was asked to schedule public meetings on the Bloom/Moraine rezoning matters in the third quarter, to work to alleviate the traffic situation at Green Bay Road and Vine Avenue before school begins on August 23, and to keep the City Council informed on these matters.

## 2. Financial and Budgetary Policies

### a. Overview and Fund Balance Targets

Interim Finance Director Winikates began the presentation of the Financial and Budgetary Policies with an overview of the budgetary guidelines, including a review of the City's mission statement, core values, core purpose/essence of governmental budgeting in Highland Park, and the budget cycle.

Interim Finance Director Winikates reviewed Budgetary Policies, General Fund Balance Draw Down, Debt Services Policies, and Capital Budget Policies. She explained that:

#### Budgetary Policies:

- (i) The City utilizes a blended line item /program budget.
- (ii) Budgets are prepared at a departmental level on a line item basis and adopted at the Fund/Department level.
- (iii) Revenue is stabilized through the use of established fund balance targets.

- (iv) The budgetary policies authorize draw down of fund balance for certain purposes (settlement of labor contract negotiations, temporary funding of unforeseen needs of emergency or non-recurring nature, budget adjustments for unanticipated revenue shortfalls, and to meet unexpected small increases in service delivery costs).

#### General Fund Balance Draw Down

- (i) The unrestricted and unassigned General Fund balance is \$15,762,287, which represents 54.6% of the 2012 projected operating expenditures (\$48,890,517).
- (ii) \$2,565,300 draw downs have been budgeted or made in 2012 as follows: Other Post Employment Benefits (OPEB) set aside \$400,000, Highland Park Country Club Debt Service Transfer \$346,300, replace tax to Police Pension \$30,000, replace tax to Fire Pension \$30,000, Library CIP improvements \$300,000, Library entrances \$175,000, Library Adult Services Wing \$800,000, land purchase 1864 Green Bay Road \$149,000, and Port Clinton Garage sprinkler system replacement \$335,000).
- (iii) Per policy, at the City's current expenditure level, 35% fund balance would require approximately \$10.1m in reserves.
- (iv) Netting planned draw downs from the current fund balance leaves an estimated \$3m in excess fund balance.
- (v) Rating agencies caution the pace on which reserves are drawn upon to maintain Aaa rating.

#### Debt Service Policies

- (i) As a Home Rule municipality, Highland Park is not subject to a statutory debt limit.
- (ii) The City's self imposed cap equals 8.625% of the current equalized assessed value.
- (iii) Total debt as of December 31, 2011 is \$49.8m.
- (iv) The maturity for any debt will not exceed the life of the project so financed.
- (v) Debt is structured to provide for the retirement of a minimum of 60% of the amount of the principal funded by property taxes within a ten year period – the exception is pension bonds.
- (vi) The Water Treatment Plant improvements will require a \$32-\$37m bond issue and may limit the length of the bond issue. Alternative funding for the Water Treatment Plant could be partially funded from the property tax levy.
- (vii) Excess Fund Balance may be used on a one-time basis to fund planned capital projects to avoid debt, abate annual debt service on outstanding debt, and pay down existing obligations such as pension costs or other post employment benefits.
- (viii) The City typically uses General Obligation debt for Proprietary Fund operations (water, sewer, Highland Park Country Club) to obtain lower interest rates.
- (ix) The annual debt service for these issues is abated using funding available from respective proprietary funds.
- (x) Governmental Accounting Standards Board (GASB) Statement 45 is an accounting provision requiring government employers to report the liabilities

associated with Other Post Employment Benefits. Although advanced funding is not required, the City Council has historically set aside funds for OPEB purposes, which is actuarially determined. By December 31, 2012, \$4,775,495 will be set aside for this purpose.

### Capital Budget Policies

- (i) The City updates its 5 year capital plan on an annual basis.
- (ii) Funding levels are adjusted per the American City and County Construction Cost Index trend line.
- (iii) Improvements are made to achieve the following objectives:
  - Street improvements to achieve 75 Pavement Condition Index
  - One major bridge repair per year
  - Replacement of deteriorated sidewalk
  - Water Fund facility and infrastructure improvements \*
  - Sanitary Sewer lining and replacement\*
  - Storm Sewer improvements\*
  - Public infrastructure improvements – ravines  
(\*implemented in accordance with a 10-year master plan)

The City Manager and Interim Finance Director answered the Committee's questions regarding public safety pension funding, OPEB funding, draw down pace, the bond issue for the Water Treatment Plant (WTP)/retiring 60% of the principal within ten years, alternate ways to fund the WTP improvement, water rates, and implementation of the bike/walk program and in-fill sidewalks.

During discussion, the Committee requested: (i) a Public Safety Pension five-year funding projection, (ii) the schedule for retirement of the City's current \$49.8m total debt, (iii) third party cost estimates for the Water Treatment Plant project, (iv) cost estimates for sidewalk in-fill, and (v) future expansion of the City's capital improvement program.

### b. Revenue Policy - Property Tax Levy

Interim Finance Director Winikates continued the review with the revenue policy, property tax extension limitation, property tax levy, property tax extensions and property tax rates. She explained that:

- (i) The City has diverse revenues -- approximately 18.6% from sales tax and 16% from property tax.
- (ii) The property tax levy is dedicated to the following purposes:
  - Meet mandated pension requirements
  - Support operations of Public Works Street & Forestry Divisions  
(portion outdated - suggested amending the policy)
  - Meet debt service obligations that are not abated
  - Fund the Public Library
- (iii) Property Tax Extension Limit Law (PTELL) for non-home rule governments limits increases on tax extensions to the lesser of 5% or increase in the CPI for the year preceding the levy year.

- (iv) The Truth in Taxation Law requires that a hearing be held and notice published in the paper if the proposed aggregate levy is more than 5% greater than the previous year's tax extension.
- (v) Although the City has previously self imposed the PTELL limit, it is not part of the official policy.
- (vi) Consider PTELL or Cost of Living limits for the City corporate levy and Highland Park Public Library.
- (vii) The Library Levy was decreased by \$1.2 m in 2011 when the City agreed to fund improvements from General Fund Reserves.
- (viii) Historically pension contributions have gone up 3% to 5% each year, depending on investment returns and fund experience.
- (ix) Future pension projections are estimated to increase between 3% and 10% per year over the next five years, provided investment returns are met.

The Committee discussed setting limits on the City corporate and Library levies, pension funding, and property tax rates.

c. Contract Change Order Policy

Interim Public Works Director Welch addressed contract change orders, including national practices (vary from unlimited to none without approval), tiered approach (specific individuals assigned specific authority, depending upon contract values, and fixed dollar values/percentages), the City's current purchasing policy, the pros and cons of the City's current process, of not to exceed unit price contracts, and of unit price contracts with contingencies, the benefits of administrative authorization, neighboring community practices, and reviewed matrixes of 2009-2011 capital contracts/change orders. He presented the following proposed changes to the Purchasing Policy regarding unit price contracts:

- City Manager and Director of Public Works be authorized to approve and sign construction contract change orders on construction contracts, if the change order does not substantially change the scope of the project and if the total contract amount as adjusted by the change order is within the amount budgeted for the project.
- If the total amount of the change orders for a project is \$5,000 or less, the Director of Public Works may approve the change order.
- If the amount of the change order is between \$5,000 and \$75,000, it must also be approved and signed by the City Manager, provided that:
  - The total of all change orders for a project costing less than \$100,000 shall not exceed \$15,000
  - The total of all change orders for a project costing more than \$100,000 may be issued for 15% of the original contract amount, not to exceed \$75,000.
- If the amount of the change order is in excess of the City Manager's authority, it must be approved by the City Council.
- When the City Manager or Director of Public Works approves change orders according to the conditions stated, he/she shall forward the change order to the City Council for its information within thirty days of the signing of the change order.

City Manager Knapp and Interim Public Works Director Welch answered the Committee's questions regarding what other municipalities do, and holding contractor to the bid amount. The Committee discussed reducing the frequency of change orders, good project analysis/bids, and transferring risk to contractors. Following discussion of the contract change order policy and proposed changes, no formal action was taken by the Committee.

### 3. 2012 Organizational Objectives

Interim Finance Director Winikates reviewed the following 2012 Organizational Objectives and gave the status of each:

1. Prioritize and improve the basic City services of public safety, roads and sewers. In accordance with performance-based budgeting, conduct a City Council workshop during the next fiscal year to develop the key metrics to be used for resource allocation and performance monitoring on an ongoing basis.
2. Design and implement a strategic plan for the Central Business District, setting objectives in the areas of land use, aesthetic environment, parking and traffic, culture and entertainment, and economic development. Anticipating a three-year plan for this objective, the emphasis in 2012 will be on land use.
3. Pursue shared services, service consolidations and service outsourcing when financial and budgetary policies are met, particularly in areas where services/programs are elastic or duplicative of those provided by other community-based organizations. Explore options regarding the City's future relationship with the Park District.
4. Pursue enhanced communications options, including the integration of social media.
5. Implement the Community Sustainability Plan.
6. Review the neighborhood master plan recommendations and develop an implementation plan and timeline.
7. Identify means by which the City can minimize taxpayer costs either through coordination of services or assessing fees.
8. Streamline the process to open and operate a business in Highland Park.
9. Coordinate human and social services needs.

The Committee briefly discussed the goals, status and possible language changes to certain goals for the 2013 Objectives. Mayor Rotering asked the Committee to look at the 2012 Organizational Objectives and Organizational Action Item table and provide input and comment to the City Manager for continued discussion at a future Budget Workshop.

### **OTHER MATTERS**

Mayor Rotering discussed the proposed budget schedule, the Committee's availability at the November 26, 2012 City Council meeting, and possibly re-scheduling the November 26 City Council meeting to November 19, 2012. She also thanked staff for their work on tonight's Budget Workshop.

The Committee briefly discussed having a mid-year budget meeting on FY2012 projected revenues, key issues, questions, and prioritized items to be added should revenues permit. The Committee was asked to provide their list of prioritized items and key issues to the City Manager for consideration. The next Budget Workshop is scheduled for Monday, August 6, 2012.

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**ADJOURNMENT**

Mayor Rotering entertained a motion to adjourn the meeting. Councilman Naftzger moved to adjourn. Councilman Blumberg seconded the motion.

On a voice vote, the Mayor declared that the motion passed unanimously.

The Committee adjourned its meeting at 10:00 p.m.

Respectfully Submitted,

City Clerk

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MINUTES APPROVED BY THE COMMITTEE ON August 13, 2012

- WITH NO CORRECTIONS   X
- WITH CORRECTIONS \_\_\_\_\_  
(SEE MINUTES OF [date] MEETING FOR CORRECTIONS)