

MINUTES OF FINANCE COMMITTEE MEETING

DATE: April 14, 2020

TIME: 3:34 p.m.

PLACE: Via Phone Conference

PRESENT: Jay Moffat, Sheavoun Lambillotte, Christy Powell, Nicole Vickers, Jerry Culp, Trish Burns and Brynn Pattermann (all remote via virtual meeting platform) answered present. Pat Lenski joined the meeting (via phone call) at 4:02 p.m.

ADOPT TEMPORARY PUBLIC COMMENT RULE

Commissioner Moffat made a motion to suspend the normal rules for public comment and adopt temporary rules for public comment which allow members of the public to address the Board by emailing bpattermann@genevaparks.com or leaving a voicemail at 630-262-2202 up to 15 minutes prior to convening the meeting. Jerry Culp seconded. All ayes. Motion carried.

GUESTS: None

SUBJECT MATTER DISCUSSED:

Christy Powell began the meeting discussing the agenda and what would be covered. She stated that she will provide an overall review of the budget and then department heads would provide further highlights on their budgets. She stated that we are in the midst of the coronavirus pandemic. The District closed its facilities and cancelled its programs thru April 30, 2020. The duration of the crisis is unknown, the budget is being cautiously presented in its entirety assuming operations will resume normally with the start of the new fiscal year. The budget is presented with the cautious acknowledgement that revenues and expenditures will be impacted depending on the magnitude and duration of the crisis.

The financial forecast of the impact of the coronavirus is an estimated net loss of \$600,000 (lost revenues plus expenditure savings) assuming the crisis were to continue thru the end of May into early June. The District anticipates using fund balance within the General and Recreation Fund to offset this loss.

The committee was presented with a balanced budget of \$12,651,777 excluding the Capital Fund. The Capital Fund budget included revenues of \$3,393,098 and expenditures of \$4,104,250. Ms. Powell stated the focus of the budget continues to be to provide quality parks, programs, and facilities at a high level while continuing to look for cost saving efficiencies in our operations. The entire budget, excluding the capital fund, increased 4.95% over the previous year.

Ms. Powell covered the consolidated revenues by type as well as how it compared to the prior year. She stated that tax revenue makes up 47% of the District's consolidated revenue and will fluctuate from year to year depending on if grants or bonds are budgeted.

Ms. Powell stated real estate tax revenue will increase 1.93% and is a function of the amount allocated under tax cap legislation. Ms. Powell stated that the District has seen its sixth year of increase, 1.4% in 2019, in the District's Equalized Assessed Valuation (EAV), after five straight years of prior declines (2009-2013). Assuming we don't see a decline in housing values caused by the financial impact of the coronavirus, it is anticipated that the EAV will continue to increase in the upcoming years as price appreciation in the real estate market is expected to continue.

Ms. Powell reviewed program/facility revenue and stated overall it is budgeted to increase 3.49%. Ms. Powell stated that overall most programs and facilities saw minor increases, decreases or no change. Program revenue has increased in areas such as: Kids Zone, Preschool, Active Older Adult Trips, Open Gyms, Traditional

Camps, Peck Farm Camps, Playhouse 38, and Sunset Dance. Conversely, there are program areas that have shown declines such as: In-Service Day Programs, Martial Arts and Specialty Camps.

Fitness center revenue for the Stephen D. Persinger Recreation Center is budgeting an increase of 1.6% and the Sunset Fitness Center is budgeting an increase of 1%.

Sunset Pool revenue increased 2%, Mill Creek Pool revenue increased 2.65%, as daily usage at the pools is budgeted to increase. Swim lessons showed no change. Mini golf revenue increased 1% as little change is expected from the prior year and Playhouse revenue increased 6% to reflect higher anticipated program participation.

Ms. Powell reviewed investment income and stated investment income is budgeted to decrease \$67,000 as the Federal Reserve has cut the federal funds rate to the lowest rate of 0%-0.25%. With the recent economic downturn due to the coronavirus it is anticipated that the Federal Reserve will keep rates at near zero for the remainder of 2020 into 2021. The District will purchase its own Limited Bonds in FY2020-21 resulting in interest income.

Grant revenue is budgeted in the Capital Fund of \$200,000, as the District was awarded \$400,000 in OSLAD funding for the Peck Farm North Trail Master Plan Project of which it has already received \$200,000. The District continues to look for available grant monies for grant eligible projects. Ms. Lambillotte stated that our bid for the Peck North Trail Project came in approximately \$200,000 lower than we budgeted. Should the state not come through with the remaining grant money due to the coronavirus pandemic, we would be able to absorb the cost. Replacement taxes are budgeted higher next year. This is based on recent increases over the prior years. This year's replacement taxes are budgeted 26% higher than the prior year. This revenue source could be uncertain as the State may need to reallocate funds within their budget due to the coronavirus crisis. Ms. Powell stated that once again the District will reduce the tax levies on various special funds that have accumulated fund balance above amounts recommended per the District's Fund Balance Policy. This year's budget calls for the use of fund balance and a reduced tax levy in the Liability Fund, and IMRF Fund. The SRA Fund will be utilizing accumulated fund balance to cover the \$350,000 Sunset Community Center Parking Lot and Front Entrance ADA accessibility project.

Commissioner Moffat stated that with the real estate aspect, retail has been slow, and he believes the coronavirus is going to have a bigger impact on commercial real estate.

Ms. Powell reviewed consolidated expenditures and compared them to the 2019-20 budget. Salaries and wages show an overall increase of 6.37%. The average merit salary increase for full-time employees was 3.27%. The District also budgeted for a new full-time Assistant Superintendent of Recreation. In 2018-19 and 2019-20 in anticipation of a possible increase in the Illinois minimum wage rate staff budgeted part-time/seasonal employees at no less than \$9/hr and \$10/hr. This year staff budgeted part-time/seasonal employees at no less than \$11/hr. The first in a series of 7 increases to the minimum wage occurred on January 1, 2020 with minimum wage increasing from \$8.25/hr. to \$9.25/hr. The impact of the minimum wage increase is projected in the three year operating budget where by salaries increase over 6%+ in 2022 and 2023. Ms. Lambillotte stated that we are ahead of the curve in regards to minimum wage so we have some room to help with any financial burden due to the pandemic. She also stated that as we have budgeted to hire a new full-time Assistant Superintendent of Recreation, we plan to hold off hiring until the revenue and expense projections become stable.

Ms. Powell went over the consolidated budget for contractual services which increased 4.7%. The majority of this increase is the additional dollars budgeted to cover unemployment expense in the Liability Fund due to the coronavirus crisis. The Peck Farm General Programs contractual services budget increased as special event programs expand with an increase in sponsorships to offset these costs. The Recreation Fund increased the

budget for Kid's Zone contractual services as the number of participants continues to grow for this program. Health insurance budget has a small increase of 2% as compared to the prior year as projected actual expenditures stay well under current budget. In addition, the District has seen a decrease as more employees opt out of the plan onto a spouse's or parent's plan. The health insurance budget decreased despite an average 4% increase in health insurance premiums from PDRMA for 2020. The District will continue to participate in PDRMA's new Health Savings Account (HSA) program, whereby, Districts' can fund part of their health costs through Health Savings Accounts paired with a higher deductible. This past year the District saved \$14,000 as a result of participating in the HSA plan.

Electric utilities are budgeted 3% lower to better align actual to budget. Likewise, water utilities decreased 3% to better align actual to budget at the Sunset Pool. There was less of an increase in water usage than anticipated due to the addition of the new sprayground. The actual expense of natural gas is 4.5% lower than market as the District locked into a contract with lower pricing until 2021 to take advantage of record lows in natural gas pricing.

The overall budget for commodities increased 1.5%. The majority of commodity budgets stayed the same or changed very little.

Ms. Powell reviewed the consolidated budget for maintenance and capital equipment which increased 22%. This increase is due to the SRA Fund which has budgeted \$350,000 for the Sunset Community Center parking lot ADA improvements. Without this project, the overall budget for maintenance and capital decreased 1.41%. The majority of maintenance and capital equipment budgets stayed the same.

Ms. Powell reviewed the list of capital projects included in the General and Recreation Fund, such as, \$25,000 for contracted spring landscape clean up; \$20,000 for the Sunset Marquee Sign; \$12,000 for hand dryer project; \$10,000 for Links Disc Golf tee improvements; \$10,000 for new park signs; \$10,000 for the orientation barn ceiling; \$10,000 for Esping bridge rails; \$10,000 for various fence repairs; \$10,000 for additional HR software; \$10,000 for pool emergency gates; and \$10,000 for laptops for Kid's Zone.

The overall budget for debt service decreased 3.57% with the maturity of the Bond & Interest Fund General Obligation S2010 bonds. Currently the District has one Alternative Revenue Bond that is abated annually from the real estate tax levy and funded thru the District's operating funds. The District has one limited bond issue paid from the Bond and Interest Fund.

Ms. Powell reviewed the special fund revenue sources and explained that the majority of revenue for these funds comes from real estate taxes. As in prior years, special funds with an accumulated fund balance above the fund balance policy will utilize excess fund balance that has accumulated in the fund. This year, the IMRF Fund, Liability Fund and SRA Fund will utilize fund balance and reduce the amount of real estate taxes allocated to this fund.

Ms. Powell discussed the expenditures associated with the special funds. The Liability insurance is budgeted 1.85% higher as the District's 2020 member contribution to PDRMA for liability insurance saw a small increase. The budget for unemployment expense increased 300% as the District anticipates a large number of claims due to the temporary lay-off of some part-time employees with the closure of programs and facilities due to the coronavirus crisis. The District pays actual unemployment claim costs versus a tax based on a percentage of payroll. Normally, this method has saved the District tens of thousands of dollars each year as the District has very few unemployment claims. There is pending legislation which may provide 50% reimbursement to employers that pay on an actual claim basis.

Ms. Powell reviewed the IMRF Fund. IMRF expenditures are budgeted 8.2% higher as the IMRF employer contribution rate increased from 7.54% in 2019 to 9.97% in 2020. With current losses in the financial market

due to COVID19 it is anticipated that we will see a higher contribution rate in 2021. This expenditure is adjusted with changes in the IMRF actuarial rate and changes in pensionable salaries and wages. The IMRF rate charged to the District fluctuates from year to year and is greatly influenced by the wages, age, and years of service of its employees as well as the return on investments IMRF is yielding.

The Audit Fund was reviewed and the budget will remain unchanged from the prior year. The audit expense is based on the three year contract approved by the Board with the firm Lauterbach and Amen.

Ms. Powell reviewed the Social Security Fund and noted a budget increase of 8.66%. The Social Security expenditure budget is adjusted and follows changes in salaries and wage expenses. The minimum wage increase has increased this budget.

Ms. Powell reviewed the Special Recreation Association (SRA) Fund and noted that the District budgets capital expenditures for ADA improvements. This year capital expenditures are up 75% as the District has budgeted \$350,000 for the Sunset Parking Lot and front entrance ADA improvements. In addition, the District budgets ADA accessibility improvements at various parks and playgrounds. This expense fluctuates from year to year depending on the playground replacements and ADA improvements budgeted in the Capital Improvement Plan (CIP) as well as the amount of funds available in the SRA fund. This District will continue to implement ADA improvements to its parks and facilities until all improvements are made according to the ADA transition plan.

The second largest expenditure from this fund is the program payment to the Fox Valley Special Recreation Association (FVSRA). Program payments to FVSRA increased 4.22% from the prior year. The District's share of membership fee is based on the various participating communities EAV. The District's inclusion services will remain the same as the prior year's budget as resident requests for these services have remained the same.

Ms. Powell reviewed the Bond & Interest Fund and noted that overall it increased 1.9% and is based on the Limited Bond repayment schedule.

Ms. Powell reviewed the larger revenue sources for the CIP. Limited Bonds of \$1,600,000 are budgeted to be issued in FY2020-21. These bonds are typically issued on a biennial basis. The annual audit transfer increased from \$550,000 in 2018-19 to \$1.4M in 2019-20 and 2020-21. This amount increased due to the payoff of the Series 2010 Alternative Revenue Bond which was paid from the General Fund. With this reduced debt service more funds are available to be dedicated to the annual audit transfer. The net surplus is yielded from cost savings in the General Fund and Recreation Fund as well as net revenue generated from various recreation programs and facilities.

The District was awarded \$400,000 in OSLAD grant revenue for the Peck Farm North Trail Master Plan Expansion Project, of this amount the District has received \$200,000. The remaining grant funds are expected to be received after the completion of the project in FY2020-21. The District anticipates \$50,000 in land cash revenue for various residential development projects. There is a decrease in budget for interest income for the upcoming year as interest rates decreased in 2020. The District will once again purchase its own bonds resulting in investment income.

Ms. Powell went over the larger projects budgeted in 2020-21 CIP. Ms. Powell highlighted the following projects: \$1.2M of the \$1.365M for the Peck Farm North Trail Master Plan Project which has been budgeted over two fiscal years and of which \$400,000 is funded thru an OSLAD grant; \$556,200 for one of three payments budgeted over three fiscal years for land acquisition; \$500,000 has been budgeted for tennis courts which includes the addition of pickle ball courts and the resurfacing of Wheeler and Lyons tennis courts; \$500,000 for the construction of Library Park and the renovation of Bricher, and Fourth Street parks and playgrounds; and \$155,080 for the replacement of various District vehicles and equipment.

Department heads gave a quick summary of their budgets. Mr. Culp reviewed several projects that the Parks Dept. is undertaking this upcoming year. He stated that the District has reduced electricity costs due to the LED light conversion. The new park signs that were approved by the Board have been ordered and will be installed this upcoming season along with the installation of the new Sunset Community Center front entrance sign. Staff is in the process of drafting and sending letters out to the residents for input on the new Sunset Community Center Sign. The landscape cleanup contract bid came in much lower resulting in additional savings for the District. One of the Capital Projects includes the Sunset Parking lot which is long overdue and will include implementing ADA improvements. In the interim, staff plans to fill in pot holes that are problem areas until the project starts. The Lyons Park tennis court and Wheeler Park tennis court renovations are in the works. Staff is excited to add additional pickleball courts at Don Forni Park. We budgeted to have the baseball backstop redone at Sunset to match the other backstops. The playground equipment is scheduled to get delivered and installed at Bricher and Fourth Street Parks soon. We anticipate Library Park will start within the next few months. Next summer Dryden Park and Carriage Crest Park are up for replacement, staff plans to review and assess the conditions of each playground. Staff plans to renovate an area around the frog pond at Peck Farm Park which will provide more outdoor opportunities. We have been working with Garden Club on renovating Garden Club Park. This will most likely be broken down into phases. Staff is hopeful to open back up and be up and running soon.

Commissioner Moffat mentioned that with the increase in popularity of pickleball, an inexpensive way to expand pickleball until renovations are complete, may be to use the tennis courts that do not get much usage. We could paint pickleball lines on tennis courts and keep everything else the same. Ms. Lambillotte stated that we could look into painting lines on underutilized courts and see if the courts get used. Mr. Culp also stated that when we go out to bid the pickleball courts, we will also get a quote to paint the courts.

Ms. Burns stated that with the recent hardships, we may have trouble receiving sponsorships this upcoming year. She is excited about different programs that Peck Farm will be offering this year. New elements are going to be added to the Hawks Hollow interactive area. These include a frog pond and also an art section. The art section will have limited costs as staff will add this element to the park themselves.

Ms. Vickers stated that staff made adjustments where necessary and took the time to conduct an entire five year analysis of every line item including historical data to better analyze trends and where we should be putting our dollars. Areas that we saw an increase were Traditional Camps, Before and After School Programs and Open Gym at SPRC. Some areas that we saw minor decreases in were In-service day programs, Martial Arts and Specialty Camps. She stated that staff is working on implementing new marketing tactics to help increase these programs. Ms. Lambillotte suggested separating age groups for day off trips. Ms. Vickers explained that staff is working on making that change for the upcoming trips. The Sunset Marquee sign is among one of the Capital Projects we are focusing on. We are also focusing on some green initiatives such as purchasing HR software in hopes of limiting paper work and the continuation of the hand dryer project to eliminate waste within our facilities. Another area of focus for the upcoming year is to purchase new gymnastics equipment and upgrades at Playhouse 38 as they are seeing an increase in participation and growth.

Commissioner Moffat asked for clarification on a few of the line items that were budgeted. Ms. Lambillotte explained that the District budgets conservatively so we have net revenue for the audit transfer that supports our Capital Improvement Program and so that we don't over inflate budgeted revenue.

Ms. Powell reviewed the follow-up memo to COVID19. She provided financial loss projections thru the end of August. She reviewed the loss of revenues, expenditure savings, unemployment impact, potential areas of budget reductions and savings in FY21, public assistance with IEMA, the CARES Act, the schedule of Estimated Net Financial Loss by Month, the schedule of Estimated Net Financial Loss for Seasonal Facilities based on reduced operations, and the Fund Balance Policy and Projections at 4/30/20.

With no further questions or discussions, the committee recommended submittal of the budget to the entire board at the April 20, 2020 Board Meeting. Commissioner Moffat made a motion to adjourn the meeting at 4:43 p.m. Commissioner Lenski seconded. All ayes. Motion carried.

Secretary

Submitted By: Sheavoun Lambillotte / Brynn Pattermann