

MINUTES OF A FINANCE COMMITTEE MEETING OF THE BOARD OF PARK COMMISSIONERS OF THE PARK DISTRICT OF HIGHLAND PARK HELD ON THURSDAY, JULY 2, 2020 10:01AM. THE MEETING WAS CONDUCTED REMOTELY DUE TO THE GOVERNOR’S DECLARATION OF EMERGENCY AS A RESULT OF THE COVID-19 PANDEMIC. MEMBERS OF THE PUBLIC WERE ABLE TO VIEW A LIVE STREAM OF THE FINANCE COMMITTEE MEETING AND SUBMIT ITEMS FOR PUBLIC COMMENT VIA EMAIL TO THE EXECUTIVE DIRECTOR TO BE READ ALOUD DURING THE MEETING.

Present: Commissioner Bernstein, President Ruttenberg

Also, Present: Executive Director Romes; Director Peters; Director Carr; Director Smith; Manager Warsaw; Accountant Rosen; Accounts Payable Lakoske; Executive Coordinator Hejnowski

Guest Speaker: None

PUBLIC COMMENT FOR ITEMS ON THE AGENDA - None.

May 28, 2020, and June 4, 2020, Finance Committee Meeting minutes were approved. The meeting proceeded with an update on The District’s CAFR.

Commissioner Grossberg arrived at 10:05 a.m.

CASH CATEGORIES

Executive Director Romes reported that the Park Board of Commissioners approved the District’s 2020 operating and fiscal budget in December of 2019 and the District received \$7.3million from the bond issuance this past February. Unfortunately, on March 13, 2020, staff made the difficult decision to close all facilities and cancel programs due to COVID-19 pandemic. As of March 27, staff held a Finance Committee Meeting to review the District’s operational loses, cash flow projections, and the District’s approved capital plan in an effort to reduce spending and ensure the District maintains an adequate cash flow throughout the pandemic. Staff and Board Liaisons assessed the 2020 capital projects and decided to differ over \$2.5million from the 2020 capital budget. At the June 4 Finance Committee Meeting, staff presented year end projections for the recreation and operational funds, examining a worst-case scenario resulting in a loss of \$1.5million. Director Romes reported the goal of today’s Finance Committee Meeting is to focus on the District’s 2020 capital plan with an emphasis on two objectives. The first objective is to understand how much funding is available to spend on capital projects and the second is to discuss the recently created prioritization system for capital projects. Staff are seeking consensus from the Finance Committee Liaisons for the proposed capital projects prioritization system so it can be presented to the entire Park Board.

Commissioner Bernstein would like the record to show that this is a public meeting, which was posted, and it’s currently being streamed on YouTube and available for the public to view to comply with the Open Meetings Act.

Directors Peters provided a brief overview of the District available funds and the supporting cash categories, which includes Operating, Capital, Bonds, and Special Recreation. At the beginning of the year the District had \$24,750,712 in available cash. As of June 9, 2020, the District has \$22,786,320 in available cash, \$8.5million in Operating, \$6.9million in Capital, \$6.7million in Bonds, and \$450,000 from Special Recreation.

She reported that Operating Cash is a combination of Recreation and General Funds, which is generated from facility and programming revenue and funded by property taxes. Both the Recreation and General Funds have a 25% reserve policy, and money is typically transferred each year out of these funds to support capital projects. Director Peters recommends that the District should no longer spend from Operating Cash.

Commissioner Bernstein asked if staff will be reviewing the District's current financial status vs. where the District was projected to be.

Executive Director Romes reported that the focus of today's meeting is Capital Projects, so projections will not be covered.

Commissioner Bernstein would like every meeting to begin with a review of the District's current financial status vs. where the District was projected to be. President Ruttenberg agreed, asking staff to put these figures into a line graph presentation and update those figures each meeting.

Director Peters reported that Capital Cash is used for annual spending, 5-year repair and replacement items, and GreenPrint projects. Capital cash is funded by a surplus of revenue from Operating Cash and in some cases Special Recreation. The Capital Fund does not have a reserve policy, so it can be depleted if needed, to support Operations. She recommends that capital cash should be used cautiously.

Executive Director Romes reported that the District has no reason even in the worst case scenario that the District will fall below the 25% reserve policy in Operating Cash, nor will the District need to borrow from Capital Cash to support operations.

Commissioner Bernstein would like to know if the 25% reserve policy is sufficient consider these times.

Executive Director Romes reported that the auditors support the District's reserve policy and advised against having too high of a fund balance for it appears the District is holding on to cash.

President Ruttenberg would like to know what the 25% reserve policy equivalents in cash.

Director Peters reported that the 25% reserve policy equivalents to \$4.5million.

President Ruttenberg reported that the District actually has \$4million available in Operating Cash and \$6.9million in Capital Cash.

Director Peters reported that the current reserve policy of 25% in the Recreation and General Funds and 15% in the Special Recreation Funds serves the District well and does not recommend changes. She noted that, even though the District has \$22,786,320 in available funds, some of those cash categories have restrictions.

Commissioner Bernstein would like to know if the District should have a reserve policy set for the Capital Fund.

Director Peters advised against this since the Capital Fund can be borrowed against to support operations.

Executive Director Romes reported that the District avoids falling below \$2million in the Capital Fund, so while there is no written reserve policy, staff always like to have a safety net.

Director Peters reported that the Bond Cash is used to support capital projects and must be spent within 2 years of the bond issuance. The District cannot borrow against Bonds to support operations since these funds were issued strictly for capital projects and repairs. She reported that the \$6.7million in Bond Cash needs to be spent by December of 2021, so she recommends creating a spending plan for this category.

Lastly, Special Recreation Cash supports the North Suburban Special Recreation Association (NSSRA) and ADA projects. Funding is provided by the 5A Tax Levy, so it cannot be borrowed against to support operations. She recommends creating a spending plan for this category.

CAPITAL PROJECTS

Tier Prioritization Report

Director Smith reported that staff have developed a prioritization plan for capital projects to determine which projects should commence in 2020 and which should be deferred to 2021. Director Smith presented the five tiers of the prioritization plan.

Tier 1 is the highest priority, which are projects falling under safety and legal compliance, such as grants, intergovernmental agreements, or laws.

Tier 2 are projects in need of critical repairs or items that need to be replaced as these projects could pose a safety hazard, impact operations, or lead to a larger expense if ignored.

Tier 3 are existing assets that are scheduled to be replaced as these assets have met their useful life. A large portion of the capital plan falls under Tier 3.

Tier 4 projects are improvements to existing items. If ignored it would not limit or impact operations.

Tier 5 are projects that would add capacity or improve programming. If ignored it would have no impact on the District's status quo.

Executive Director Romes presented two reports. The first examines the capital prioritization tiers, the 2020 approved capital budget vs. the recommended 2020 capital budget due to the impacts of COVID-19, and the proposed 2021 capital budget. The second report identifies which cash categories will be used to fund the approved 2020 capital projects. The available cash categories are Bond Cash, Special Recreation Cash, and Capital Cash. Operating Cash will not be used to support capital projects.

Director Romes reported that the District approved in December of 2019, spending \$2.7million on tier 1 capital projects, which are of the highest priority since they are tied to safety and legal compliance. Due

to the Impacts of COVID-19, staff recommends spending \$2.1million on tier 1 capital projects, which leaves \$1.9million available for the 2021 capital budget. If approved, the District would spend a little over \$4million in tier 1 capital projects from now until December of 2021. He reported that \$3.6million would be funded by Bond Cash and \$397,890 would be funded by Special Recreation Cash.

The District approved in December of 2019, spending \$3.2million on **tier 2** capital projects, which are **projects in need of critical repair as they are posing safety hazards**. Due to the Impacts of COVID-19, staff recommends spending \$3.1million on tier 2 capital projects, which leaves \$1.8million available for the 2021 capital budget. If approved, the District would spend \$4.9million in tier 2 capital projects from now until December of 2021. He reported that \$3.7million would be funded by Bond Cash, **\$112,500** would be funded by Special Recreation Cash, **and \$1.1million from Capital Cash**.

President Ruttenberg would like to know what the 2021 capital budget is.

Executive Director Romes reported that the 2021 capital budget is based on the 5year plan, the numbers have not changed.

Executive Director Romes reported that the total spending's between tier 1 and 2 capital projects in 2020 is \$5.3million and a little over \$9million from now until December 2021. If approved, the District would have depleted the Bond Cash, there would be \$389,610 left in Special Recreation Cash, and \$6.1million in Capital Cash.

He noted that these reports depict a worst-case scenario, assuming staff will not transfer funds from Capital Cash to operations.

Executive Director Romes reported that if approved the District would spend a little over \$1million in tier 3 capital projects from now until December 2021. These are existing assets that are scheduled to be replaced as these assets have met their useful life. These projects would be funded by Capital Cash, which leaves a little over \$5million still available in this cash category.

As for tier 4 capital projects, which are improvements to existing assets that still have useful life, if approved the District would spend \$4.4million from now until December 2021. \$384,815 would be funded by Special Recreation Cash and a little over \$4million in Capital Cash.

As for tier 5 capital projects, which are new items that do not impact the status quo, staff recommends differing all projects beyond 2021.

If tier 1-4 capital projects are approved, the District will have a little over \$1million left in Capital Cash as of December 2021.

Executive Director Romes reported that the District needs to be cautious when approving Tier 3 capital projects and very cautious when approving tier 4 capital projects, since both are funded by Capital Cash.

List of 2020 Capital Projects

Director Smith presented a 2020 capital report, which only examines tier 1 and tier 2 items. These items are of the highest priority or are in need of critical repair as they pose safety hazards.

District Wide Annual projects

These items include master plans, emerald ash borer tree removal, and ADA path improvements for Cloverdale, Devonshire, and Loral Parks. Director Smith noted that most of the funds set aside for master plans will fund the repairs for Rosewood Beach, which includes the boardwalk, parking lot, and revetments.

The Preserve at Highland Park

The 2020 capital projects for this site include the conversion of the country club and signage which was approved at the March Board Meeting.

Commissioner Grossberg would like to know when the Park Board will receive an update on the conversion project for the Preserve.

Director Smith reported that staff are awaiting executed OSLAD agreement from the state before providing an update. Once the agreement is received, staff will begin the bidding process.

Commissioner Bernstein would like to know if staff are asking the Finance Committee Liaisons to approve the presented 2020 tier 1 and 2 capital projects.

Executive Director Romes reported that staff are seeking consensus of the 2020 tier 1 and 2 capital projects from the Finance Committee Liaisons. If the committee has a consensus, staff will share this presentation at the July 28 Board Meeting and seek approval from the Park Board.

Commissioner Bernstein would like to know if staff will be amending the budget.

Executive Director Romes reported that the budget will be amended in August.

Moraine Park

Director Smith reported that at the March 27 Finance Committee Meeting, the project was budgeted at \$22,400. As of today, staff are estimating the project to cost a little over \$52,000 due to significant wash out from heavy rains and lack of repairs during the closure. Staff would like to move forward with the detail design and construction documents allowing repairs to commence this year. If differed staff fear the costs to repair could increase.

Commissioner Grossberg would like to know if the repairs will still be conducting with the Army Corp.

Director Smith reported that the best route is for the Park District to cover the costs to repair the pathway. If the Park District would like to move forward with the Ravine 10 Project, a portion of the repair costs would be covered by the Army Corp, but it is unclear if the grant funds are still available.

President Ruttenberg would like to differ the Moraine Park path repair till 2021.

Commissioner Grossberg would like the path repairs at Moraine Park to be conducted this year since people are disregarding the do not enter signage and using the pathway, which is a safety hazard.

President Ruttenberg does not feel comfortable spending \$500,000 to repair a pathway for a dog beach when there is a possibility the virus could resurge come the Fall.

Commissioner Bernstein advised staff to present Moraine Park to the entire Park Board and allow for a roll call vote to determine whether the project would be completed this year or differed.

Rosewood Beach

Director Smith reported that staff are recommending completing the \$384,132 beach nourishment and \$800,000 revetment this Fall.

President Ruttenberg would like to know the risk if the project was differed.

Director Smith reported that staff could differ projects in the Swimming Cove but recommends the additional stone revetment be placed in front of the Interpretive Center and a metal sheetpile in front of the parking lot this Fall.

President Ruttenberg would like to know if the parking lot repairs include protection of the bridge structure.

Director Smith reported that the metal sheetpile would not go into the length of the ravine, so there will be a separate cost if the bridge structure needs repair.

Executive Director Romes reported that staff are awaiting the bridge assessment from SmithGroup. The metal sheetpile for the parking lot will not be installed without the bridge assessment.

Commissioner Bernstein advised staff to present all components of Rosewood Beach to the entire Park Board and allow for a roll call vote to determine whether the projects would be completed this year or differed. In addition, staff will need to provide a list of dates of when decision need to be made.

Hidden Creek AquaPark

President Ruttenberg would like the slide resurfacing costs differed since the facility is not opening this summer.

Director Carr reported that the children's slide and speed slide had met their useful lives and could not be used this summer if not repaired, so the Park Board approved the resurfacing of these slides in April, when staff we're still hopeful that the AquaPark could open this summer. Director Carr reported that the drop slide, body slide, and slide structure repairs will be differed.

Sunset Woods Playground

Executive Director Romes reported that the playground is a safety concern and as a result several pieces have been removed. This project was identified as a Park Board approved priority, and is supported by the community, as found in the attitude and interest survey.

Commissioner Bernstein would like to know what staff recommends.

Manager Schwartz reported that staff recommends moving forward with planning, so long as funding is available.

Executive Director Romes reported that if the Park Board would like the playground to be replaced next year, then staff need to begin planning as of September, so the District can be eligible for grant funds as they become available.

President Ruttenberg asked if staff received a proposal from the designer and determined whether the project could be completed in parts.

Executive Director Romes reported that staff are recommending the planning portion of the project, which is estimated at \$35,000, be completed this year. This will provide staff with soil studies, community engagement reports, and schematic designs. Construction documents will be an additional fee, which is still under negotiation, but staff are estimating those documents to be an additional \$100,000 if the Park Board would like a million playground, which may not be enough for a signature playground.

President Ruttenberg reported that it needs to be made very clear to the designer that replacement needs to be unique to ensure the Sunset Woods is once again a signature Park.

Manager Schwartz reported that staff will work closely with the designer to determine what opportunities are available and narrow it down to two schematic designs for the community to react to and provide feedback. She reported that staff need determine what can be done within the project boundary.

President Ruttenberg would like to know if the designer will provide more than two renderings of the schematic design.

Manager Schwartz reported that that will be discussed during the negotiations; but staff would like the deliverables presented to the Park Board and the community limited to two schematic designs.

Commissioner Grossberg will discuss this with the Parks Foundation, to try and help raise funds from the community.

President Ruttenberg would like staff to try and secure private sponsors as well.

Executive Director Romes reported that staff would like two board liaisons assigned to this project.

President Ruttenberg agreed that two liaisons will be provided.

Commissioner Bernstein, Commissioner Grossberg, and President Ruttenberg approved staff's recommendation to begin planning this year.

SEGREGATION OF DUTIES AUDIT FINDING

This item will be reviewed at the next scheduled Finance Committee Meeting.

OTHER BUSINESS

Director Peters reported that the next Finance Committee Meeting will be held on Wednesday, July 15 at 9:00 a.m.

The meeting adjourned at 11:37 a.m.