

MINUTES OF A FINANCE COMMITTEE MEETING OF THE BOARD OF PARK COMMISSIONERS OF THE PARK DISTRICT OF HIGHLAND PARK HELD ON THURSDAY, SEPTEMBER 17, 2020, 4:00PM. 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, Commissioner Grossberg, President Ruttenberg

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

Guest Speaker: None

Public Comment for Items on the Agenda

None.

Updated Financial Forecasts

Special Disclaimer from Public Financial Management (PFM)

Director Peters shared the District’s special disclaimer, reporting that the research and any forecasts are based on current information as of August 31, 2020, as is considered to be reliable, but the District does not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates, and forecasts contained herein are also as of the date hereof and are subject to change without prior notification.

Projected Cash Flow/Operations (Operations General and Recreation Fund)

Director Peters presented the District’s chart of operations which examines the General and Recreation Funds comparing the budgeted cash on hand vs. the projected cash on hand at the end of each month. She reported that the District budgeted to have \$11.9 million in cash on hand as of December 31, 2020. As of today, staff are projecting to have \$10.8 million in cash on hand as of December 31, 2020, even with the impacts of COVID-19. Additionally, the District will remain in compliance with our board policy, maintaining a 25% reserve in the general and recreation funds, and she projects the District will have \$4.6 million as a reserve in both funds.

President Ruttenberg would like to know if the projections have changed since the meeting on August 20.

Director Peters reported that the projected cash on hand as of December 31, 2020, has decreased since the Park District is still waiting on property taxes and the revenue generated from operations is less than staff budgeted.

Budget vs. Actual vs. Projected (Operations General and Recreation Fund)

The next item reviewed was the 2020 Budget Comparison report of the General and Recreation Funds. This report provided a comparison of the 2020 budget approved in December of 2019 vs. the actual figures as of today, plus the projections for the end of the year. Director Peters reported that the District budgeted a \$3 million surplus for the end of the year. Due to the pandemic and its financial impacts, staff are projecting a \$1.8 million surplus for the end of the year based on the actual revenue and expenses generated as of August 31, 2020. She reported that the overall reduction between our original budget vs. the projections is a \$1.2 million deficit. As of August 31, the Park District has generated a little over \$10 million in actual revenue vs. the \$9.4 million projected, which is \$843,000 higher than projected. As for expenses, the Park District has spent \$8.37 million as of August 31 vs. the \$8.66 million projected, which is a \$286,000 positive variance. The year-to-date net difference, which compares the actual vs. projections is a \$1.1 million surplus.

Budget vs. Actual vs. Projected No Taxes/transfers (Recreation Fund)

The next item reviewed was the 2020 Budget Comparison report of the Recreation Fund. This report provided a comparison of the 2020 budget approved in December of 2019 vs. the actual figures as of today, plus the projections for the end of the year without the support from property taxes and transfers from the general fund. Director Peters reported that the District budgeted a 2.4 million operating deficit for the end of the year, assuming revenues would be less than expenses. Due to the pandemic, staff are projecting the deficit to increase by \$1.3 million net difference. As of August 31, 2020, the District has generated \$4.35 million in actual revenue vs. our projections of \$3.52 million, which is an \$832,000 surplus in revenue. As for expenses, the Park District has spent \$5.74 million vs. the \$5.71 million projected, for a net difference of \$25,000 more in actual expenses vs. projected. She reported that the year-to-date net difference, which compares actual vs. projections is \$807,288. Expenses have come in higher than projected due to payroll expenses, however, the Park District has a \$1.1 million surplus in overall revenue.

Monthly Payroll Budget vs. Actual vs. Projection

Director Peters reported that the District budgeted around \$10 million in payroll expenses. However, by furloughing staff, reducing employee hours, and implementing a hiring/merit freeze, staff projected the expenses as of December 31 to be around \$7.5 million which reduces the overall projected net difference of the budgeted vs. projected to \$2.5 million. The District's actual payroll expenses as of August 31 are higher than staff projected. The actual expenses were \$4.9 million vs. the \$4.78 million projected, so the Park District has spent \$126,270 more than projected. However, the Park District could not have a \$1.1 million surplus in overall revenue without increasing payroll expenses due to increased programming. Once COVID-19 struck, the District's payroll expenses decreased until June, when the state began preparing and training for Phase 4 guidelines in July, which allowed the Park District to offer more services.

President Ruttenberg would like the monthly payroll expenses plugged into a graph vs. the numbers listed at the bottom of the graph.

President Ruttenberg would like to know why there was a significant increase in July.

Executive Director Romes reported that our region of the State hit Phase 4 of Restore Illinois in July, so this was our heaviest month for programming and services since the closure.

President Ruttenberg would like a bar graph for monthly payroll expenses so it can be compared to the monthly programming revenue report.

Commissioner Bernstein would like a summary of the Park District's current financial status and what changes have occurred since the August 20 Finance Committee Meeting.

Director Peters reported that the projections vs. actual for operations have decreased since staff were anticipating more revenue from property taxes at this time. However, the Park District did receive a \$2 million check from Lake County in September. So long as the state remains in Phase 4 of Restore Illinois, she feels the Park District will meet their year-end projected figures.

Commissioner Bernstein would like a summary of the District's financial status discussed once a month.

Rosewood Beach Projects

Director Smith provided a brief presentation regarding the proposed solutions for Rosewood Beach and shared photos taken last week of the interpretive and swimming coves. As you can see from the photos, SmithGroup and staff no longer feel the revetment needs to be installed this year, as the sand in the cove is protecting the District's infrastructures. However, the beach in the Interpretive Cove has a significant slope and sand is continuing to shift. SmithGroup feels the current amount of sand will still prove adequate protection to the Interpretive Center, boardwalk, and parking lot for the Fall and Winter months. If the Park District would like to implement a short-term solution, there are options available.

Director Smith presented short, mid, and long-term solutions for protection of the Interpretive Cove.

- A. *Short Term Solution (Trap Bags)*** - This short-term temporary solution utilizes trap bags for added protection, which would be placed in front of the boardwalk. The estimated cost is \$50,000 and construction would occur this Fall. Director Smith reported that SmithGroup is investigating permits, but do not feel the temporary solution is necessary.
- B. *Mid Term Solution (Trap Bags)*** - Director Smith reported that the Trap Bags could be used in place of the steel revetments for protection of the parking lot and building. They would not be visible as they would be buried beneath the sand. Staff are still waiting to receive estimated project costs from SmithGroup; however, if weather permits, construction could occur over the Winter months.
- C. *Long Term Solution (Revetment Installation)*** - This is the proposed long-term solution that has been presented to the entire Park Board of Commissioners. The estimated project costs are \$600,000 and construction would occur in the Spring of 2021.

Commissioner Bernstein would like to know how much it would cost to remove the chaise lounge and the deck area.

Director Smith reported that staff are still waiting on cost estimates, however, if the chase lounge were removed staff does not plan to replace it.

Commissioner Bernstein would like to learn more about the proposed trap bag temporary solution.

Director Smith reported that the trap bags could reduce the amount of erosion occurring within the cove and provide a barrier between the sand and the lake, however undermining could still occur and the trap bags could be punctured by ice, so there is still a risk associated with this solution.

Commissioner Bernstein would like to know if the temporary trap bag solution is to protect the sand or the parking lot.

Director Smith reported that the temporary trap bag solution would protect the parking lot, however, SmithGroup and staff do not feel there is a significant risk to the parking lot over the Fall and Winter months.

Commissioner Bernstein would like to know if SmithGroup thinks the lake levels are receding.

Director Smith reported that SmithGroup still projects the lake levels will recede.

Commissioner Bernstein would like to know if SmithGroup and staff are worried about overtopping occurring over the Fall and Winter months damaging the Interpretive Center.

Director Smith reported that staff could place sandbags around the entrances for emergency protection.

Commissioner Bernstein would like to know if SmithGroup and staff feel the Interpretive Center is secure and not in imminent danger.

Director Smith reported that SmithGroup and staff do not feel the facility is in imminent danger, but temporary sandbags can be placed.

President Ruttenberg would like sandbags placed for the Fall and Winter months on the side of caution vs. having to scramble right before a storm and place sandbags.

Commissioner Bernstein agrees with President Ruttenberg's recommendation urging the District should be proactive vs. reactive.

Director Smith reported the only cove experiencing overtopping is the swimming cove, and water has yet to enter that facility.

Executive Director Romes reported that staff will purchase sandbags and create a contingency plan so this temporary solution can be utilized to protect the Interpretive Center.

President Ruttenberg suggests staff remove the chase lounge and overhang.

Director Smith reported that staff planned to remove these items during the revetment installation and staff will examine the possibility of removing these sooner.

Commissioner Bernstein would like Director Smith to present two components to the Park Board. First, that the infrastructures are secure as the sand provides adequate protection to these facilities to withstand storms, which will occur over the Fall and Winter months. However, the second component is overtopping, which has yet to be an issue, where water is entering those infrastructures. Staff can place sandbags as a temporary solution to prevent this issue.

Draft of the 5-Year Capital Plan

Director Smith shared a schedule for the GreenPrint projects, their associated costs, and a timeline of when these projects will occur over the next 5 years.

Planning Calendar and Budget for GreenPrint Projects

A. *The Preserve of Highland Park*

Director Smith reported that his project is fully budgeted.

B. *Sunset Woods Playground and Master Plan*

Director Smith reported that this project is fully budgeted, and the estimated completion is scheduled for 2021.

C. *Centennial Ice Arena (Lobby and Entry Renovations)*

Director Smith reported that planning costs are budgeted for 2021, construction costs are for 2022 and this project is fully budgeted. Additionally, gymnastics improvements are budgeted for 2024.

D. *West Ridge Center (Multi-Purpose Facility Planning)*

Director Smith reported that \$50,000 is reserved for planning in 2021. Next steps and additional funding options will be determined through the planning process. There are several repairs scheduled for this facility, estimating \$3.2 million and should this facility be renovated or rebuilt these would be eliminated from the plan.

E. *Athletic Field Synthetic Turf*

Director Smith reported that there are no funds reserved for this project next year.

President Ruttenberg would like to know if staff plans to relocate gymnastics from Centennial Ice Arena since planning for the rest of the facility is occurring next year.

Director Smith reported that gymnastics are planned to continue to be housed at Centennial Ice Arena through 2024.

Executive Director Romes reported that part of the multi-purpose facility planning assessment is to identify where gymnastics should be located. The remaining CIA facility renovations are planned to go forward assuming no immediate, significant improvements gymnastics.

President Ruttenberg would like to know if the decision is to relocate gymnastics. He would like staff to develop a plan next year for that space as well as a comprehensive plan for Centennial Ice Arena.

Draft of the 5-Year Capital Plan

Director Smith reviewed a draft of the District's 5-year Capital Plan, which indicates how much the District plans to spend each year on capital projects as well as the designated prioritized tier. He reported that maintenance projects have been prioritized under Tier's 1-3 and improvement projects have been prioritized under tier's 4 -5.

Director Smith asked Park Board Members to focus on the 2022 - 2025 projects and budget.

Commissioner Bernstein would like to know what the goal of today's discussion is and if staff are looking for consensus from the Finance Committee regarding any of the discussed projects.

Director Smith reported that if liaisons request changes to any of the discussed projects staff will implement those requests before presenting the plan to the entire Park Board of Commissioners.

Executive Director Romes reported that staff are seeking consensus during today's discussion.

Commissioner Bernstein would like to know when staff plans on presenting the capital plan to the Park Board of Commissioners.

Executive Director Romes reported that staff will present the capital plan to the Park Board of Commissioners in October of this year so the projects and figures can be incorporated into the 2021 budget.

Director Smith reported that in 2021 \$6.1 million is budgeted for tier 1-3 items and \$447,150 is budgeted for tier 4-5 items. The District plans to spend \$6.6 million in capital projects in 2021.

District-Wide Annual Projects

Director Smith reported that in 2022 staff have funds reserved to update the district-wide masterplans.

Commissioner Bernstein would like to know if a vaccine becomes available are staff planning to update or reboot the district-wide masterplans.

Technology projects

Director Smith reported that the projects occurring in 2022 - 2025 include ongoing PCI Compliance Penetration & Audit Testing, which are tests that will reduce possible threats and increase security, and Infrastructure Replacement costs to cover licenses that need to be renewed and hardware which needs to be replaced.

Parks Equipment

Director Smith reported that the costs for 2022 are due to several vehicles that need to be replaced, and we no longer can defer these costs as the vehicles have exceeded their lifespan.

President Ruttenberg would like to know if staff are looking at electric vehicles for some of those scheduled replacements.

Parks and Natural Areas

A. *Brown Park*

Director Smith reported that the projects occurring in 2024 are to replace the outdoor tennis courts.

B. *Larry Fink Park*

President Ruttenberg would like to know how old Larry Fink Park will be in 2025 since \$700,000 is reserved to replace playground equipment.

Director Voss reported that the playground will be almost 20 years old.

President Ruttenberg would like to know what the average lifespan is for playgrounds.

Director Voss reported that playgrounds typically meet their useful life between 19 – 22 years.

C. *Moraine Park*

Director Smith reported that the ravine restoration with the US Army Corps project was deferred to 2023.

Commissioner Bernstein would like to know where staff are at with the restoration project for the retaining walls, beach walk, and wood stairway.

Director Smith reported that planning could be moved to 2021 and construction to 2022, however, those items will be discussed with the entire Park Board of Commissioners at a later date to determine when to move forward with those repairs.

Commissioner Bernstein would like to have a robust discussion with the entire Park Board of Commissioners regarding the projects at Moraine Park, Rosewood Beach, and Centennial Ice Arena.

Executive Director Romes reported that staff will distribute this plan to the entire Park Board of Commissioners and highlight those areas.

D. *Duetch Park*

President Ruttenberg reported that the current agreement is expiring, and he is opposed to conducting any playground repairs until an updated or new agreement is executed. Furthermore, President Ruttenberg feels we need to further explore if the costs to maintain the park, which is in a pocket location, is worth the investment.

Commissioner Bernstein would like staff and Finance Committee Liaisons to visit the site so we can further discuss the park at the October 8 Finance Committee Meeting.

Executive Director Romes will reach out to the association and address that the agreement is expiring and discuss the future.

Commissioner Bernstein would like the record to show that he is friends of the Duetch family, however, that friendship does not impact his decision making regarding the future of this park.

E. *Rosewood Beach*

Director Smith reported that there are funds budgeted in 2022 and 2024 for potential sand nourishments.

Executive Director Romes reported that staff will refine these numbers.

Facilities

A. *West Ridge Center*

Commissioner Bernstein would like to know when staff and the Finance Committee Liaisons will be discussing plans for West Ridge Center.

Executive Director Romes reported that those discussions will begin in November of this year.

Commissioner Bernstein would like to know if a committee will be formed for the West Ridge Masterplans.

Executive Director Romes reported that a committee will be formed, so the committee will need two board liaisons and stakeholder engagement, and staff will be contacting School Districts 112 and 113 and the City of Highland Park to explore opportunities for partnerships and funding. Additionally, staff will re-evaluate and reengage the GreenPrint process. Executive Director Romes reported that staff will discuss the plans for West Ridge Center at the October 8 Finance Committee Meeting.

Commissioner Bernstein would like to know if the nursery school plans to complete landscaping, as things in the area are very overgrown.

Executive Director Romes reported that staff are in conversations with the nursery school regarding the landscaping to better understand which areas are their responsibility vs. the Park District's.

Director Voss met with the members of the nursery school last week, and they asked if the Park District could maintain the property similar to the agreement with School District's 112 and 113, which consists of mowing and weed removal. Director Voss reported that park district staff will be out next week to complete such tasks, however, the nursery school is responsible for maintaining the natural area which has become overgrown, so they are in conversations with a contractor.

Commissioner Bernstein recommends the nursery school gets signage to inform the community of the natural area being developed.

President Ruttenberg would like staff to contact the nursery school behind West Ridge Center to discuss partnership opportunities as staff and the Park Board of Commissioners need to decide in 2021 what is going to be done with this facility.

Commissioner Grossberg suggests borrowing funds and involving the community.

B. Centennial Ice Arena

Director Smith reported that funds are budgeted for planning in 2021 and construction in 2022.

President Ruttenberg would like to know if the roof replacement scheduled for 2024 should be completed during the renovation.

Director Smith reported that the roof was excluded from the planning since it will not meet its useful life until 2024.

C. Deer Creek Racquet Club

Commissioner Bernstein would like to know if the \$40,000 reserved in 2022 is for planning purposes for the conversion.

Director Smith reported that those funds will be used for planning purposes for the conversion.

D. *Golf Learning Center*

Director Smith reported that the Park District will receive a credit from the City of Highland Park since they are unable to cover their percentage of the sign replacement projected scheduled for 2021 so staff adjusted this line item to show the full project cost since the Park District will need to cover those costs.

Commissioner Bernstein would like to know if any funds are currently set aside for the dome.

Executive Director Romes reported that the District does not currently have funds set aside for the dome since an assessment has yet to occur and staff are still updating the Pro Forma. The Pro Forma and a 5-10-year maintenance plan is planned to be presented in December of this year.

Commissioner Bernstein would like to know if additional dollars may be set aside in 2021 should the Park District acquire the dome.

Executive Director Romes reported that additional funds will be reserved in 2021 if the Park District acquires the dome.

President Ruttenberg would like to know if conceptual plans or discussions have been held regarding the design elements for the new sign.

Executive Director Romes reported that staff does not have conceptual designs at this time, however, the City of Highland Park is not willing to contribute funds for a digital sign so that is not an option.

Director Smith reminded liaisons that the rough/banks mower and sprayer were originally scheduled to be replaced in 2021. A shared-use schedule between Sunset Valley Golf Club and the Golf Learning Center was proposed and Manager Ochs was able to create a shared-use schedule for the sprayer. However, since the rough/banks mower is used daily at both facilities, this item will still need to be replaced.

E. *Heller Nature Center*

Director Smith reported that staff are deferring the HVAC replacement until 2023, which will be coupled with a roof replacement.

F. *Recreation Center of Highland Park*

President Ruttenberg would like to know how much it would cost to install solar panels at this facility.

Director Smith reported there are a couple of approaches regarding the installation of solar panels. The first is a lease agreement, which the Park District would own nothing upfront vs. the second option which is purchasing the panels outright, which is a significant cost upfront but has a good return on investment in the longer term.

Solar Panels Update

Director Smith reported that staff are having negotiations with Realgy and legal counsel regarding an agreement for solar panels. Once both parties and legal counsel can agree upon the terms, staff will present the agreement to the Park Board of Commissioners for approval. Director Smith reported staff would like feedback and direction from the Park Board of Commissioners regarding changes made to the letter of intent. Originally, the Park District was told they could terminate the 25-year agreement with Realgy after 8 years, however that termination clause has increased to a minimum of 15 years. Staff would like to know if the changes to the termination clause is a deal-breaker?

President Ruttenberg would like to know what the additional cost would be for a 15-year commitment vs. an 8-year commitment and include the savings the District will see on their monthly electric bill.

Director Smith reported that School District 112 has a lease agreement, so he will follow up with them to discuss costs and savings from the use of solar panels.

Other Business

Director Peters reported that the next two meetings will be held on Thursday, October 8th at 4:00 p.m. and Thursday, October 22 at 4:00 p.m.

Commissioner Bernstein thanked staff for their efforts and hard work regarding the creation and updates to the 5 Year Capital Plan.

The meeting adjourned at 5:55 p.m.