

**MINUTES OF A FINANCE COMMITTEE MEETING OF THE BOARD OF PARK COMMISSIONERS OF THE PARK DISTRICT OF HIGHLAND PARK HELD ON THURSDAY, DECEMBER 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 Dunn, Director Gogola, Director Voss, Director Smith, Director Carr; Assistant Director Maliszewski; Manager Ochs, Manager Warsaw; Accountant Rosen; Accounts Payable Lakoske; Manager Johnson; Coordinator Hejnowski

**Guest Speaker:** None

**Public Comment for Items on the Agenda**

None.

November 24, 2020 Finance Committee Meeting minutes were approved.

**2021 Budget Presentation Book**

Director Peters reported that tonight's discussion covers newly added items and offers a brief review of previously discussed materials within the 2021 Budget. If further changes are recommended, then the Finance Committee will meet on January 7, 2021, for a final review before the 2021 Budget is presented to the Park Board of Commissioners at the January 12 Workshop Meeting.

***Review of Letter to the Park Board of Commissioners***

Director Peters reported that while COVID-19 challenged the District from every angle during 2020, the District remains financially healthy. In 2021, the District hopes to work on cost recovery strategies in order to ensure that the programs and activities offered are relevant and are appropriately priced. Staff will also begin work planning for a future multi-purpose recreation and administration building addressing the aging West Ridge Center.

Regarding the 2021 Budget Overview, Director Peters reported that the General, Special Recreation and Recreation Funds anticipate a combined operation surplus, before transfers, of \$1,977,169. \$1,800,000 will be transferred to the Capital Projects Fund, which is \$1.5 million from the Recreation Fund and \$300,000 from the Special Recreation Fund, plus a combined \$1,556,288 transfer to Debt Service from the Recreation and General Funds.

Director Peters reported that the 2021 Proposed Budget reflects a districtwide reduction of expenses of \$2.3 million, or 10%. Additionally, the District’s tax support for the 2021 fiscal year represents 63% of total revenues. 2021 may be a trying year due to the global pandemic and the 2021 budget preparation was

guided by guidelines in Phase 4 of the Restore Illinois State Plan. Staff will be prepared to adapt quickly. Moving to Phase 5 of the Restorative Plan will allow the District to significantly increase service and improve financial performance and falling back to Phase 3 will continue to challenge operations and strain the short- and long-term outlook. To remain both fiscally responsible and strategic in the delivery of services to the community, staff anticipates development of its new strategic plan and cost recovery guidelines.

Director Peters reported that the 2021 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.

Commissioner Bernstein would like to know if the District's fiscal year is January 1 through December 31, 2021.

Director Peters reported that the 2021 Budget follows the calendar year beginning January 1 through December 31, 2021, as it is assumed that while the District may not adopt the exact budget being examined today, it also assumes that staff are not expecting significant changes.

Commissioner Bernstein would like to know if approving the budget in the first quarter of the same year creates operational issues for the District.

Director Peters reported that the Finance Department does not present the January Treasurer's report until the last week of February, so even if adjustments are made to the 2021 Budget in January, those changes will be reflected in the Treasurer's Report, so approving the Budget during the first quarter of the same calendar year does not cause operational issues.

President Ruttenberg indicated that the District will likely have to amend the Budget should the state enter Phase 5 of the Restore Illinois Plan, as that will have a significant impact on operations, since additional programs and services will be offered.

Director Peters agreed with President Ruttenberg, reporting that if the budgeted expenses exceed 10% then an amendment is required, and this could be the case if the state returns to normal operations.

### ***Future Planning***

Director Peters reported that the District has several projects currently in progress including the Conversion of The Preserve of Highland Park and planning for the Sunset Woods Playground renovation and Site Master Plan. There are also several projects commencing in 2021, including the planning for the Centennial Ice Arena Renovation, and planning for a future Multi-Purpose Facility to address the aging West Ridge Center. As for future projects, she reported that the district is planning for synthetic Turf Fields.

In addition to these projects the District has several plans to address specific goals and objectives related to the Land Management Plan, the Athletic Fields Master Plan, Lakefront Master Plan, the Sustainability Plan, the Capital Plan, the Strategic Plan, and the Annual Work Plan.

**Budget Guidelines, Process, Policies**

**a. Public Meeting Schedule**

Director Peters reported that as of today, December 17, the Finance Committee is meeting to review the 2021 Budget. If no changes are recommended, then staff will present the 2021 Budget to the park Board of Commissioners at the January 12 Workshop Meeting.

**b. Salaries and Wages**

Director Peters reported that a 3% merit pool is budgeted for 2021 to be implemented effective April 1. Additionally, according to Park District Policy, every five years, the entire Classification and Compensation Plan shall be reviewed by a qualified third-party consultant. Staff have included this initiative in the annual work plan for 2021. She reported that this expense will hit the budget in 2022.

President Ruttenberg requested that the Park Board of Commissioners have a discussion prior to April 1, 2021, regarding the 3% merit increase. He does not want an automatic increase in salaries and would like a chance to review and discuss the District's financial status.

Executive Director Romes reported that he understands President Ruttenberg's concerns, however, a 3% merit increase is not automatically applied to all staff if approved. However, since the Park District has been on a merit freeze for the past year, as of April 1, 2021, employee appraisals resume, and based on an employee's performance from the previous year they could be eligible for up to a 3% merit increase. Regardless, staff will evaluate where the District is financially in March and provide a presentation to the Park Board of Commissioners so that they can weigh in on whether the merit increases should be implemented. Additionally, he reported that the language in the 2021 budget book will be adjusted to reflect this.

**c. Mid-Range Planning**

Director Peters reported that \$23,000 has been budgeted for an updated strategic plan in 2021.

**Debt Position**

Director Peters reported that earlier this year the District issued new bonds, and the rate came in much higher than anticipated. The Park District paid debt certificates on December 15, just a couple days ago, and the Park District has four outstanding debt items in the 2021 budget.

President Ruttenberg asked if Park District's debt coverage ratio is over leveraged.

Director Peters reported that the Park District is not over leveraged, as the law requires the Park District to have a debt cap.

President Ruttenberg would like to know if the District is protected.

Director Peters reported that the District is protected, and therefore the Park District is able to start exploring improvement renovations to address the aging West Ridge Center.

### **Tax Funding**

Director Peters reported that a resident's tax bill fluctuates each year. In 2020, the Park District accounted for 7% of a resident's tax bill. While the Park District froze taxes in 2021, the City of Highland Park and the School District are increasing taxes and we will likely see this number decrease for 2021.

#### **a. Property Tax rate, EAV, and Extension**

Director Peters reported that the EAV's in Highland Park decreased from 2019 to 2020, so staff are hoping that the EAV rebounds in 2021. As a result, the Park District levy extension decreases as this is based on the EAV of Highland Park properties. Additionally, the Park District decreased the tax levy for the Special Recreation Fund in 2021 from .04% to .0245%. She reported that this decision was planned and approved by the Park Board of Commissioners, so that the Park District could have a 0% tax increase.

### **Capital**

Director Peters reported that the 2021 Budget includes the following GreenPrint 2024 initiatives in the Capital Fund:

#### **a. Construction of The Preserve of Highland Park**

The budgeted expenditures for 2021 are \$1,385,577.

#### **b. Planning for Centennial Ice Area Lobby & Gymnastics Renovation**

The budgeted expenditures for 2021 are \$200,000.

#### **c. Sunset Woods Playground Renovations**

The budgeted expenditure for 2021 are \$1,150,000.

#### **d. Planning for a Multi-Purpose building to address the aging West Ridge Center**

The District has \$50,000 in planning dollars budgeted for 2021.

### **2021 Budget Analysis**

#### **a. Proposed 2021 Budget by Fund**

Director Peters provided a high-level overview, reporting that the Park District reduced the levy for the Special Recreation Fund, and the General, Recreation, and Special Recreation Funds are budgeted at a surplus. Lastly, as of December 31, 2021 the District plans to transfer \$1.8 million to the Capital Fund. \$1.5 million will come from the Recreation Fund and \$300,000 will come from the Special Recreation Fund.

#### **b. Fund Balance Projections as of December 31, 2021**

Director Peters reported that the Park District's financial advisors recommended maintaining a higher fund balance than the current 25% reserve policy for the General and Recreation Funds in case the state pivots backwards due to a resurgence in the virus.

President Ruttenberg would like to know if the North Suburban Special Recreation Association will begin construction of the new facility in 2021.

Executive Director Romes reported that construction is confirmed for 2021, so the District will make their contribution in the first quarter of 2021.

**c. District Wide Budget Comparison (No Bonds/No Capital)**

Director Peters reported that the Park District has a 74% surplus reduction compared to Budget 2020. This figure has been thoughtfully contemplated and presented in the Five-Year Funding Model for capital projects.

**d. Consolidated Budget Revenue**

Director Peters reported that taxes make up a large portion of the District's 2021 revenue since the Park District is limited to Phase 4 operations, which reduces revenue from programs and services.

**e. Appendix A – Capital Projects**

Director Smith provided an update on a few items which have changed since presented to the Park Board of Commissioners. It last included the 2020 budget amounts for Skokie River Woods/Preserve project. The total project cost has not changed, however the budgeted amount for 2021 has increased, as staff are going to spend less than projected in 2020. The sand filtration replacement project for the Hidden Creek AquaPark will be completed this year, however staff need to conduct tests in the Spring of 2021, so the costs are now reflected in the 2021 Capital Budget. Another change includes funding from the Parks Foundation for the Sunset Valley Golf Club youth walkway which is ear-marked in the Capital Plan, however, this project is fully funded by donations and grants. Lastly, the installation for the automatic gate at Park Avenue has increased to \$75,000.

**f. Appendix E – Fee's for Various Centers  
Rosewood Beach**

Director Carr reviewed the recommended fees for the lakefront properties in 2021. Director Carr reported that since the City of Highland Park discontinued vehicle stickers for Highland Park residents, along with the capacity challenges last summer, staff examined access control options and the associated fees. These figures were generated based on comparisons from neighboring districts. He reported that the proposed fees align with the City of Lake Forest, and that most north shore park districts charge a parking and/or beach access fee. When analyzing proposed fees, Director Carr reported that staff also incorporated the Open Space Lands Acquisition and Development (OSLAD) grant stipulations, which allow the Park District to charge non-residents a rate equal to the resident amount at a comparable beach, so the proposed fees mirror Glencoe Beach's fee structure.

President Ruttenberg would like to know if staff received significant push back from non-residents for the non-resident passes.

Director Carr reported that staff did not receive pushback from non-residents, and the District sold 445 passes.

He presented three options and reported that staff recommends the Park Board of Commissioners institute a beach access pass that is free of charge to residents, as well as a \$30 resident lakefront parking sticker.

Commissioner Grossberg appreciates the time staff put in to gathering comparisons from neighboring Districts. Additionally, he supports not charging residents to access Rosewood and

Park Avenue Beaches for fear they will use Millard and Moraine as swimming beaches, where such activities are prohibited.

Commissioner Grossberg would like to know if staff feel this is a trend vs. a short-term issue.

Director Carr reported that the parking component is a trend, however staff are uncertain if the capacity challenges will return since other beaches, pools, and aquaparks will be operating this summer.

Executive Director Romes reported that staff debated this at length and wanted to be transparent with the Park Board of Commissioners and the community. Financially, the Park District is in a different position as expenses are significantly increasing along the lakeshore, One of the District's initiatives is examining cost recovery options for core services provided to the community. Unlike a park or playground, there is a high expense associated with the lakefront due to staff, access control, and security, which is why staff are proposing minimal fees.

Commissioner Grossberg supports staff's recommendation so long as it is part of a trend to recover the costs of critical fees to maintain the areas for the community.

President Ruttenberg would like to know if the District charged an access fee prior to COVID.

Director Carr reported that the Park District instituted daily parking and beach access fees for non-residents in 2019.

President Ruttenberg would like to know how much staff are anticipating in revenue from the resident \$30 parking sticker.

Director Carr reported that staff anticipates at least 20% of residents will purchase the lakefront parking pass, and the conservative estimate is \$70,000.

President Ruttenberg supports Option C; however, he suggests consideration of removing the parking pass fees for seniors. Additionally, he suggests the removal of daily fees for non-residents.

Director Carr reported that he does not want to remove access capabilities for non-residents as some visitors may only come once or twice for the Summer, so removing this could deny them access to the beach.

Commissioner Bernstein would like to know staff's anticipated expenses for Rosewood Beach.

Director Carr reported the anticipated expenses are \$198,000.

Commissioner Bernstein reported that Option A has an estimated loss of \$100,000 and he would like to know if the 2021 budget reflects this loss.

Director Peters reported that Rosewood beach is budgeted for a \$94,000 loss.

Commissioner Bernstein would like to know if the vehicle sticker is per household or per vehicle.

Director Carr reported that cost is per vehicle.

Commissioner Bernstein, upon initial review had concerns, however he feels the Park District has to institute a procedure to check proof of residency and agrees that the recommended \$30 vehicle sticker fee is reasonable. Additionally, Option C addresses the operating losses which the Park District will incur without charging a beach access fee for residents.

President Ruttenberg would like to know if Commissioner Bernstein supports seniors having a reduced rate or receiving the vehicle parking sticker at no charge.

Commissioner Bernstein would like to know what the District's senior policy states.

Executive Director Romes reported that senior residents receive a 15% discount on purchases.

Commissioner Grossberg, Commissioner Bernstein, and President Ruttenberg support the 15% discount for seniors.

President Ruttenberg would like to know if wristbands could be issued to reduce staffing.

Director Carr reported that staff are exploring options.

Executive Director Romes reported that staff are also exploring mobile scanning stations.

#### ***Park Avenue Boating Facility/Beach***

Director Carr reported that the District is planning for the installation of a gate for entry to the south section of the property by the boat launch. In 2020 staff were monitoring this area 7 days a week until 11:00 p.m. The boating community recommended the automated gate as they feel it will be a much-needed site enhancement. Staff has been meeting with companies to study feasibility and costs for an automatic gate. Overall, the estimated costs are \$75,000 for a basic access control gate. The Park District could recover this investment within 3 – 4 years so long as staffing levels at the site are reduced and additional revenue opportunities are instituted such as daily fees and increasing the storage and launch pass fees. Like Rosewood beach, the City of Lake Forest provided the best comparison. Director Carr presented two options. Option A increases fees from 2 – 7% and takes market comparison and utilization into account. Option B shows recommended increases to fees if the automatic gate were installed. He reported that the largest fee increase would be to the power boaters with an additional \$100 to the launch only or storage only pass holder. Additionally, staff are proposing a daily launch fee, which staff estimated could generate an additional \$3,000 – \$5,000 in revenue per year. Staff are recommending that the Park Board of Commissioners give consensus on Option B, which would include the fee increase to support the installation of the automatic gate.

Commissioner Grossberg would like to know what the additional expenses are for Option B.

Director Carr reported that without the automatic gate, the budget has \$10,000 in staff expenses for access control to the south part of the site. This prevents people from entering the south section of the property, whereas anyone who is a seasonal lake pass holder will have access to the north parking lot, including non-residents. The District will still have a staff presence at Park Avenue, however in Option B staffing levels are reduced due to the automatic gate.

President Ruttenberg would like to know if the automatic gate accepts credit cards.

Executive Director Romes reported that staff are exploring such options.

President Ruttenberg would like to know if the District should charge more over the weekends.

Director Carr reported that this is a possibility, and he will gather other comparisons.

Commissioner Bernstein would like to know if the \$30 parking pass at Rosewood Beach could be used to access Park Avenue Boating Facility/Beach.

Director Carr reported that the \$30 parking pass only permits access to the north parking lot, so Yacht Club Members would have to purchase the Park Avenue Pass to access the south lot.

President Ruttenberg would like to know how the fobs are going to be activated.

Executive Director Romes reported that it is the same system for current Park District fobs, so staff will know who enters and exits the gate along with the total number of people who visited the site each day.

Executive Director Romes would like to know if there is consensus from the Finance Committee for staff to present Option C for Rosewood Beach and Option B for Park Avenue Boating Facility.

Commissioner Grossberg, Commissioner Bernstein, and President Ruttenberg are in favor of the proposed options.

***Sunset Valley Golf Club***

Commissioner Bernstein would like to know if the Park District is raising rates at Sunset Valley Golf Club.

Executive Director Romes reported that rates are increasing. Overall, the goal of these fee increases is to maintain the average dollar per round at \$35.00, and to not exceed the fees of local courses.

***Recreation Center of Highland Park***

Executive Director Romes reported that staff are going to present a business plan for 2021 to the Finance Committee at a future meeting.

***Budget Ordinance***

Director Peters reported that Ordinance 2021-01 summarizes what the budget is for the year, including the appropriation of 10% for each line item. Should the District exceed any of the budget line items by 10% than an amendment is required.

Commissioner Bernstein would like to if there is a planned deficit for this year.



Director Peters reported that the District's operational funds, which includes the General, Recreation, and Special Recreation Funds, are operating at a surplus prior to transfers, however once you apply capital projects, then there is deficit spending to support the Capital Fund.

Commissioner Bernstein requested a footnote in the 2021 budget explaining the planned deficit due to the capital spending.

**Other Business**

Director Peters would like to know if the Finance Committee gives their consensus for the 2021 Budget to be presented at the January 12 Workshop Meeting.

Commissioner Grossberg, Commissioner Bernstein, and President Ruttenberg provided consensus for the 2021 Budget, and would like it presented to the Park Board of Commissioners at the January 12 Workshop Meeting.

Commissioner Bernstein thanked Director Peters and staff for their hard work.

The meeting adjourned at 5:30 p.m.