

CITY COUNCIL WORKSHOP MINUTES

CITY COUNCIL WORKSHOP: CY2018 Proposed Budget

Date: November 13, 2017

Place: Municipal Center – Council Chambers

Council Present: Mayor Steve Chirico, Councilwoman Becky Anderson, Councilwoman Judith Brodhead, Councilwoman Patty Gustin, Councilman Paul Hinterlong, Councilman John Krummen, Councilwoman Rebecca Boyd-Obarski, Councilman Dr. Benjamin White

Staff Present: Doug Krieger (City Manager), Marcie Schatz (Deputy City Manager), Mark Curran (Director of Electric) Dick Dublinski (Director of Public Works), Erik Hallgren (Financial Services Supervisor), Jim Holzapfel (Director of Water/Wastewater), Pam Gallahue (Director of City Clerk), Jeff Anderson (Director of IT), Bill Novack (Director of TED), Mike DiSanto (Director of Legal)

The workshop began at 6:00 p.m.

Mayor Steve Chirico opened the meeting and the floor for public forum. No one in attendance volunteered to speak and public forum was closed at 6:01 p.m.

Workshop Overview

Doug Krieger, City Manager, followed by opening workshop number 2. He stated the next budget workshop is scheduled for November 27th. He stated they will begin today's workshop with Department of Public Works. He has asked department heads to focus comments regarding the upcoming CY2018 budget. Mr. Krieger asked if Council could provide staff with direction regarding the third workshop on November 27th.

Department of Public Works

Mr. Dublinski introduced himself and commented on the budget process for the Department of Public Works (DPW) and their use of data in decision making.

Mr. Dublinski described how DPW uses initiatives to follow throughout the year and how DPW keeps providing services with a reduced workforce over the years. Mr. Dublinski stated this is possible because of technology, innovation, and process improvements. He stated that since 2008 there has been more than 140 lane miles of pavement constructed, there has been more than 100 miles of storms sewers installed, over 2,500 street lights installed, and more than 10,000 trees planted. The average age of the City's fleet has risen from 6 years to 10 years, and they have expanded City facilities and buildings by over 400,000 square feet. He stated that all these are examples of the work load going up, yet the number of DPW employees has decreased by about 10%.

Mr. Dublinski reassured Council that DPW will adhere to Financial Principle 2 and keep looking for the best prices on purchases and services.

Mr. Dublinski stated they have become better in analyzing all the data they have. Before departments' budgets are submitted to CMO, there is an extreme vetting of the expectations used to achieve one's daily work. Three, five, and seven year averages are used to project spending habits, overtime usage, contract prices and workload.

Mr. Dublinski stated there is about \$200,000 saved either because of workload issues and over-extending DPW's human capital, or better pricing in the markets.

Mr. Dublinski stated that DPW has 80 recurring contracts annually that supplement the work their employees do regarding DPW's baseline operations. Those contracts are managed by all levels of the organization. Those costs are maintained through collaboration with the City's procurement team who negotiate tirelessly with each contractor in an effort to keep cost low.

Mr. Dublinski stated that the City has had the privilege of being the lowest cost in Illinois for refuse and recycling for more than 10 years. This is the City's third largest contract in the City. He advised that the contract is up in 2019. Due to the changing landscape for recyclables and HHW, he predicts that the City may see a major increase in this line item for the CY2019 budget. This increase may be between 20 and 40%. He stated that Naperville will still be the lowest cost in the State for this type of service.

Mr. Dublinski stated DPW's proposed baseline increases will be \$606,000 due to recent salary increases per the union contracts, and not because of extra hours. DPW has worked hard over the past six years to make sure that overtime used by DPW employees are mission-critical. He stated DPW has a great handle on how long it takes to reach their goals for such work as trimming or cutting down trees, sign replacement, patching streets and leaf collection; since 2011 the number of overtime hours have been reduced by 25%.

Mr. Dublinski stated the CY2018 enhancements are proposed at \$81,000. He stated the shared mobile devices are the most critical. By doing this, DPW can have real-time conversations with its people about how, and when, work will be completed, and new work throughout the day. During the last flooding event real data was being updated to communicate to our residents on which roads were closed or open during that event.

Councilman Hinterlong commented to include "in millions" or "in thousands" on charts in the future to make it easier to interpret. He also inquired on snow plowing. A discussion ensued.

Councilwoman Broadhead commented on the refuse contract and that an alternative method, which could be based on one's amount that is collected, should be considered in the future.

Councilman White commented on DPW's reduction in overtime and staff. Mr. Dublinski stated that technology and innovations were important contributors. He stated unavoidable

overtime such as emergency work will always be a factor. He stated that discretionary overtime has been better controlled with goals that align with the budget.

Councilman Anderson commented on the impact of road salt to water quality, and if research has been done investigating alternatives. Mr. Dublinski stated that public education on driving during snow fall as well as reducing the amount of salt used on roads will be an issue and a future challenge. A discussion ensued on salting roads during snowfalls.

DPW's proposed CY2018 CIP is \$5,030,000 and an unfunded CIP of \$2,510,000.

Mr. Dublinski stated the grapple truck has a claw-type bucket on it that can pick up brush, or handle entire cut-down trees. It has a cost of \$213,000, but DPW is giving up a large chipper truck that needs to be replaced at a cost of about \$140,000.

Mr. Dublinski stated the smaller paver truck priced at \$95,000 is a machine that is needed by DPW to rebuild and pave the many alleys within the city. The existing paving machine purchased in the 1980's needs over \$60,000 of repairs and is not nearly as versatile as this new smaller machine. To replace the existing machine would cost nearly \$300,000. DPW will be partnering with TED to see how we can hopefully work with each other to reduce their annual patching programs costs by using this new versatile machine to do more of the large patching that it is needed on the streets.

Councilwoman Gustin commented on the process she observed with the forestry division. She stated that the new truck could also help with potential work-related injuries and commended Mr. Dublinski on this item.

Councilman Hinterlong inquired if the leaf burning machine burns limbs as well. Mr. Dublinski stated that it burns brush and cut-down trees. Instead of chipping the wood, they would be transported straight to the burn box. Councilman Hinterlong inquired if DPW could offer a drop off area at DPW to accept branches from residents. Mr. Dublinski stated that could be researched.

Mayor Chirico inquired if DPW will be accepting Christmas trees this year. Mr. Dublinski stated they are.

One of DPW's capital initiatives this upcoming year will be to analyze and bring forward changing out some of the street lighting to LED. DPW changed out more than 8,000 streetlights on our arterial roadways and in subdivisions. The ROI on those types of lights turned out to be less than three years, and the City is now realizing \$500,000 in annual savings. DPW will conduct analyses to learn if any of the remaining 3,000 specialty street lighting in the downtown, and in some neighborhoods, have a ROI that may be advantageous for the City to change.

Mr. Dublinski stated that one of DPW's initiatives is to make sure that some of the aging parking structures will keep serving residents long into the future. DPW recently received a

report from a consultant that shows a need for over \$5 million of repairs in the Chicago Avenue and Van Buren decks over the next few years. Mr. Dublinski stated that DPW will work with TED to bring a report to Council that will show a timeline of these needed fixes, and recommendations on funding opportunities.

Mr. Dublinski stated that there were some capital projects that could be deferred to later years which were not seen as mission critical at this time. Other capital projects could be reduced this year by phasing them over multiple years such as the streetlight conversions.

Mayor Chirico inquired on EAB. Mr. Dublinski stated we are near the end of the 6-year cycle. The chemical that the City has used is something that can be used every three years, according to the data. They will administer it on 25% of the City's trees every three years. The City may lose some trees due to age; however, the program is working.

Mr. Dublinski concluded by stating the DPW's overall operating budget is about \$30.5 million which reflects a 2.3% increase for all contracts, supplies and salaries needed to keep the high-level of services that have been provided to residents over the years.

Councilwoman Gustin inquired on ADA transition plan improvements. TED Director, Mr. Novack, stated the City is working with the State on the intersection of Loomis/Ogden Ave. Overall, the State has the final authority because it is their right-of-way.

Mayor Chirico asked if Naperville controlled sidewalks that are fanned. Mr. Novack stated they do, and that the City is trying to make improvements, but it is challenging to meet the requirements.

Councilman White inquired on the area north of fifth avenue flooding, and if the pipes were clogged or can handle the capacity of water. Mr. Novack stated that they are investigating if there are any problems and that he and Mr. Dublinski will be looking speaking with the Village of Lisle as well.

Department of Public Utilities – Electric

Mr. Mark Curran, Director of Department of Public Utilities – Electric the review of the Electric Utility CY2018 budget. Mr. Curran began his presentation by noting that the Electric Utility services closely aligns with the City's End Policy of providing reliable, efficient and high quality services. In addition, the utility aligns with the Financial Principle #2 to commit to the continuous improvement of in the delivery of necessary and cost effective services.

Mr. Curran explained that in 2016, with employee input, the department worked as a team to create a road map to enhance customer service, improve asset planning and capital prioritization, strengthen their financial and engineering data analytics, and develop employee empowerment and succession planning.

During the process, the utility reduced its full-time staff from 112 to 106. One area where the department has had difficulty in filling positions, is the lineman position. With Council support, the Electric Utility implemented an apprenticeship program. The program currently has four apprentices, with three positions still open. Once all of the positions are filled, two or three crews could be run without assistance from third party contractors. This program also allows career growth for city employees, which is important for morale.

Other significant initiatives include to the conservation reduction voltage program implemented in late 2015. This program is saving the customers approximately \$3million a year. This system allows electricity usage at a more optimum level. In addition, the cable injection program is a system where a fluid is injecting into the cable, thus extending the life of the cable. Last year, approximately eight (8) miles of cable was injected. Almost 40 miles will be injected this year. This program should keep us ahead of the cable failures and keep reliability high. The cost is approximately 30% of the cost of replacing the cable and can extend the cable life by 25-30 years. The city has approximately 800 miles of cable.

Councilman Krummen interjected with a question regarding the lineman apprenticeship program. He noted that a lineman requires both physical and mathematical capabilities. He asked where the apprentices had come from. Mr. Curran noted that they had been located internally from both Public Works and the Water Utility, as well as, within the Electric Department.

Councilman Krummen asked whether this program was taking talent that was also needed in other departments. He noted that this might be a question for Human Resources on how they are recruiting for these positions.

Councilwoman Gustin inquired about how many applications had been received. Mr. Curran responded that there had been 15 internal applicants. He explained that this is a three and one-half year program with seven steps. It is the hope that other candidates will be located with journeyman experience. However, if not, the department might request the hiring of three additional apprentices.

Councilman Krummen requested information on the retention period after completing the program. Mr. Curran explained that the employee is required to pay back a portion of the training cost if they leave in the first five years after completing the training. If they leave in the first two years, they have to pay back 50% of the cost, which is \$12,000. After two years, the payback amount decreases each year.

Mr. Curran continued his presentation by referring the slide 17 which outlined some of the 2017 initiatives. He explained each of the initiatives, starting with an update on the repayment of the loan from the Water Utility. He noted that the second of five annual payments will be made in CY2017. He, also, explained that the utility will contract for a new three-year rate study to implement new rates in CY2019. He, also, explained the success of the Distribution Automation Controllers. This program has significantly reduced customer

outage time, by rerouting the electric service to bypass and failed switch. Councilman Hinterlong noted that the outage reduction data is impressive.

Mr. Curran compared the utility's actual revenues and expenditures compared to the balances projected in the rate study. He noted how closely actual performance compared to the rate study. Mayer Chirico asked whether the IMEA (Illinois Municipal Electric Agency) rates were higher than expected. Mr. Curran noted that they are higher than projected in the rate study. Mayer Chirico then asked about volume trends. Mr. Curran explained that volume has been flat.

Mr. Curran reviewed the department's financial performance explaining the significant increase in the budget related to the cost of power. He noted that the utility offers a grant to institutional and commercial customers reimbursing energy efficiency upgrades. In CY2018 this grant will be extended to residential customers. He, also, explained the potential cost savings by implementing two new initiatives. The first is to contract with general landscapers to trim areas that are not around power lines and equipment, saving the tree trimmers trained to work around power equipment for those specific responsibilities. The second related to painting distribution automation switches, thus protecting its exterior from corrosion and extending its life. Councilman Krummen noted that it takes \$12 million per year to maintain the capital assets and asked how much is budgeted for next year. Mr. Curran explained that as outlined in the rate study, the planned expenditure for CY2018 is \$10 million and \$12 million in CY2019. Councilman Krummen commented that the \$10 million budgeted is still short of the necessary spending.

Councilwoman Gustin inquired as to whether the Foresters employed Public Works could do the tree trimming? Mr. Curran acknowledged that they could be taught; however, using them for this responsibility might take them away from their other work. Councilwoman Gustin agreed and suggested that the two departments discussion the options.

Councilman Hinterlong noted that he is often asked about when the overhead wires will be buried. He inquired into the cost to bury the cable. Mr. Curran explained that the cost is \$1 million per mile. Also, an additional \$500,000 for the communication lines to be buried. In addition, there is approximately 85-90 miles of line that is not buried. This estimate does not include the Commonwealth Edison lines that are also in the community. Mayer Chirico asked whether the utility had a program to address this project over a period of time. Mr. Curran responded that there isn't currently a plan in place to address this project, as there is no dedicated revenue source.

Department of Public Utilities – Water & Wastewater

Jim Holzapfel, Director of Department of Public Utilities – Water began his presentation by explaining the mission of the Water/Waste Water Department. He noted that the utility provides water and waste water in support of the health, safety and welfare of the community. Mr. Holzapfel discussed some of the CY2017 initiatives. The first being an

organizational review regarding services provided to the customer. The review was driven by front-line operations, as these personnel have day-to-day interaction with the customer and hear about what the customer wants. The review resulted in a consolidation in a number of work groups, along with relocating some staff to align them with their responsibilities. This resulted in a reduction of one full time employee.

Mr. Holzapfel explained that much of the department's work is data driven. The utility monitored the flow of the sanitary sewer system. In addition, they developed a computerized hydraulic of the system and continually monitor the hydraulic model of the water system to ensure that good pressure and high-quality water is provided to the customers.

A second initiative was to strategically plan to replace the water mains under critical surface transportation facilities such as railroads and major highways. The utility, also, will continue the cost-sharing program for sanitary sewer backflow prevention.

Mr. Holzapfel reviewed cost reductions identified by the department prior to submitting the budget to the City Manager. He complemented a newly hired engineer on who created the sanitary sewer computer model and is, also, working on the water model. Part of the result is a reduction in the CY2018 Contracted Service budget.

Mr. Holzapfel continued to review the operating budget, explaining the individual expense categories with a 1.2% net increase. Councilman Krummen asked what technology purchases aren't being made since the technology expense decreased. Mr. Holzapfel explained that ipads have been issued to some field staff. For these employees, they will have only the ipad and not a desktop as well.

Mr. Holzapfel then discussed the building sites that have been vacant for several years. These buildings are old well sites and have been vacant for many years. He noted that these facilities haven't fallen into disrepair. The department would like to remove the buildings rather than pay for necessary repairs.

Councilman Krummen asked about the annual cost for capital maintenance. Mr. Holzapfel explained that the average annual cost is approximately \$12 million. Councilman Krummen noted that in CY2018, only \$11 million is budgeted so at some point in the future \$13 million will need to be spent to catch up. Mr. Holzapfel agreed with the analysis.

Councilman Krummen asked whether the utility was still investing \$3 million a year in lining the sewers. Mr. Holzapfel explained that approximately \$3 million per year will be spent on an ongoing basis. Councilman Krummen then asked about safety protocol given a recent water utility work fatality in a neighboring community. Mr. Holzapfel explained the incident and reviewed the utility's safety procedures that would have mitigated that event had it happened in Naperville.

Councilman Hinterlong asked about the sanitary sewer rehabilitation program. He inquired whether these lines could be relined. Mr. Holzapfel noted that in most cases, these pipes can

be relined. Councilwoman Gustin then asked if there is inter-departmental cooperation when a building will be demolished. For example, letting the fire department use the site for training. Mr. Holzapfel noted that this type of cooperation has occurred in the past and will be offered again when the buildings are designated for demolition.

Councilwoman Obarski inquired into the balance set aside for the phosphorous reserve. Mr. Holzapfel explained that \$125,000 was set aside in the CY2018. He then explained that staff have begun to identify the scope of the project that will have to be undertaken when the state provides instruction. Councilwoman Obarski then asked if the city knows what will be required to reduce the phosphorous in the waterways. Mr. Holzapfel replied that currently, the state has not provided guidance on the matter.

Mr. Holzapfel then began his review of the Water Utility Rate Study. He outlined the current model noting that the model did not completely meet the needs of the utility. He reviewed the variations of the rate model from actual operations.

Councilwoman Brodhead asked about the water leakage rate, asking for clarification on what is included in this rate. Mr. Holzapfel explained that the leakage rate is the variation between the water purchased and water sold. She then inquired as to what is an average leakage rate for the DuPage Water Commission. Mr. Holzapfel noted that the utility often performs better than average. He noted that the current leakage rate is a reasonable number.

Councilman Hinterlong inquired about the number of meters projected to be replaced in CY2018. Mr. Holzapfel responded that approximately 3,000 will be replaced. He noted that this annual schedule should maintain the meter population.

Councilman Hinterlong then asked how often the DuPage Water Commission tests their meters. Mr. Holzapfel explained that the Commission tests their meters every six months and is only on a cycle to replace so many meters on an annual basis.

Councilwoman Obarski commented on the leakage factor and the meter replacement program. She asked whether the utility's meter replacement program will reduce the leakage rate. Mr. Holzapfel explained that some improvement might be made, but that the 7% estimate is close to what can be expected in the future.

Councilman White asked about how the variations in the water rate study were accounted for. Mr. Krieger explained that four (4) months after the rate study was implemented, staff noted variations in the expenditure and revenue results. In addition, in preparation for the budget, variances in the purchased water amounts were identified. He noted that staff are revising the process for reviewing and implementing a rate study. CWH then asked if the consultant is being held accountable. Mr. DiSanto (Director of Legal) noted that the City is exploring this possibility.

Councilwoman Obarski asked about staff's process going forward since the current study isn't performing as anticipated. Mr. Krieger explained that rate studies generally have value in helping the utility charge as a rate appropriate for operations and, therefore, has value.

Councilwoman Gustin asked how often rate studies are performed and followed up requesting an estimate on how many years, the utility had been operating under rate studies. Mr. Holzapfel responded that rate studies generally project for five (5) years and that the utility has been using rate studies for more than 20 years.

Councilwoman Gustin then asked if the leakage rate had been a factor in prior rate studies. Mr. Holzapfel explained in prior studies the leakage rate had been included with the water rate. Only recently had the two expenses been uncoupled. This change was part of an effort to remain transparent on the cost of water.

Mr. Holzapfel then reviewed the proposed changes to rates to accommodate the rate result variations. Mayer Chirico asked about the implications if the rates were adjusted to correct the rate variances. Mr. Holzapfel explained that the increase would result in a rate increase of approximately \$5 per year. He also noted that the state hasn't provided guidance on the phosphorous reserves, so the deferral of funding the reserve doesn't impair the plan to be prepared by 2025.

Councilman Krummen asked about the timeline on the river cleanup. Mr. Holzapfel explained that the Will County Forest Preserve is currently preparing the study. It is expected that the project will commence in four (4) years. In addition, the utility is still on track to meet this schedule.

Mr. Hallgren reviewed the cash balance projections based on three scenarios (Original Model, No Action Taken and Recommended Model). He verified that in all scenarios, the utility will have a positive cash balance. The variable is whether the utility would contribute as much as to the Phosphorous Fund in the early years.

Mayer Chirico asked whether we expect a water rate increase from the supplier. Mr. Holzapfel responded that the water rate is a pass-through and would not affect operating funds. CGU then asked what the utility reserves were before they loaned money to the Electric Utility. The response was \$5 million.

Mr. Holzapfel explained the impact of the revised rates. He noted that the cash reserve balance goal would be delayed from five (5) to seven (7) years. In addition, that the capital funding plan would not be impacted. Finally, the Phosphorus Fund goal of 50% by 2025 would be met.

With no further questions. The Council took a break.

BREAK

Mayor Chirico called for a break from the presentation.

Naper Settlement

Naper Settlement President & CEO, Ms. Tomaya-Calabrese, thanked staff for assisting her in compiling the proposed CY2018 budget - a \$2.9 million request. Ms. Tomaya-Calabrese stated that the Settlement works with other organizations to market the City for the upcoming Christkindlmarket. This year three local merchants will be participating, and the Settlement will be selling apple cider. She stated local restaurants were up 30% during this time last year, and the Settlement's wedding show case was sold out. Local vendors that wish to participate in Christkindlmarket have first priority over outside-City vendors.

Ms. Tomaya-Calabrese stated they want to strengthen the roles of culture and tourism functions for 2018. Education is also a major component to the Settlement. The Settlement has had 11 of their summer camps sold out, and the other four summer camps are at 85% capacity. She stated the Settlement received a National Endowment of the Arts grant that will help with a history program. Ms. Tomaya-Calabrese stated they have six active federal grants.

Ms. Tomaya-Calabrese stated that they will host Wine Fest, and that Christkindlmarket will be returning due to their signed three-year contract. Additionally, in August of 2018 they will host Festa Italiana. Festa Italiana is leaving the City of Chicago to come to Naperville.

The Settlement's proposed CY2018 baseline operations budget has a proposed \$131,000 increase due to salaries and wages, benefits and related, contracted services, and supplies.

Ms. Tomaya-Calabrese proposed that the Martin Mitchell Mansion's be repaired. She stated this would not be a full replacement of the roof. She proposed \$350,000 in the CIP and \$350,000 as part of the unfunded amount. Ms. Tomaya-Calabrese described the repairs that need to be addressed. She stated these repairs should last 50 years.

Councilwoman Obarski asked if these expenses are part of the CIP and to revisit agreements with the heritage society. A discussion ensued on funding and fundraising for the settlement.

Ms. Tomaya-Calabrese stated that \$250,000 of deferred capital is pushed to CY2019.

Ms. Tomaya-Calabrese stated that the change for CY2018 in operations is \$130,000, which is a 3.3%. The City's contribution has remained the same, and the Heritage Society has made a greater effort in funding. Federal grants will contribute \$1.5M in funding. There are also restricted gifts that are not calculated due to them being restricted funds.

Ms. Tomaya-Calabrese concluded her presentation and invited questions from Council. Councilman White inquired on the impact from Christkindlmarket regarding revenue. Ms. Tomaya-Calabrese stated there is a greater impact on City restaurants. She anticipates to

conduct an economic study to capture more accurate numbers to present to Council. She stated over 78% of people attending Christkindlmarket are non-residents. A discussion ensued regarding potential revenue generating options with regards to Christkindlmarket.

Councilman Krummen inquired on the City's fees to cover the City's expenses regarding Christkindlmarket. Ms. Tomaya-Calabrese stated the expense is higher than the fee can cover do to staff's expenses. Ms. Tomaya-Calabrese stated the City is able to recoup some of the expenses by other programs.

Naperville Public Library

Library Executive Director, Ms. Rothenfluh, thanked her staff and the City's staff in their efforts toward completing the proposed CY2018 budget. Ms. Rothenfluh described the recent improvements the Library has accomplished throughout 2017 as well as an overview of the services that the Library provides to the public. In 2016, they had 1.4 million visitors, and 4.1 million circulations, which is about 12,000 circulations per day.

Ms. Rothenfluh described future initiatives which is based on their strategic plan. She stated they reduced staff this year, and made various baseline item reductions. Ms. Rothenfluh described how they reduced vacation accruals for newly hired staff. Additionally, they eliminated staffing increase proposals and other various items. These reductions totaled \$609,000 of budget requests which were removed through their initial review process.

Councilwoman Obarski inquired on the revised vacation accrual process for new Library employees. She commented to Mr. Krieger to standardize, simplify, consolidate and spend less money. Councilwoman Gustin seconded Councilwoman Obarski's comment.

Councilwoman Brodhead inquired on what percentage of employees are hourly and what percentage are salaried. Ms. Rothenfluh stated all 20 members of management are salaried the rest are hourly. Ms. Rothenfluh stated that part-time employees receive vacation, sick time, and employees who work 20 hours, or greater, qualify for IMRF. Part-time employees are not eligible for healthcare.

Mayor Chirico asked how a part-time employee can qualify for IMRF. Ms. Rothenfluh stated that a 20-hour employee can qualify for IMRF. A discussion ensued on who is eligible to receive benefits. Mr. Krieger stated that employees who work 30 hours, or greater, are eligible for health benefits.

Ms. Rothenfluh stated that the Library's baseline operations proposal is \$101,000 less than CY2017's budget. Ms. Rothenfluh stated the Library has reduced its staff by 14% - 38 positions - since FY09. Ms. Rothenfluh stated there are other cost-saving initiatives that the Library is exploring going forward.

Ms. Rothenfluh commented on the Library's database service that they provide to the public, and questioned if it is a service that is utilized. Staff saved \$85,000 in database renewals. They moved \$40,000 to a pay-per-use service for the public which offers e-books.

Councilman Krummen commented on reaching out to college students to fill the 16-hour positions. Ms. Rothenfluh replied they have in the past; however, a college student's schedule is challenging. Their schedules are difficult to remain steady semester after semester. He asked how many visitors the Library received last year. Ms. Rothenfluh stated 1.4 million.

Ms. Rothenfluh stated the proposed capital amount for CY2018 is \$750,000 and a \$250,000 unfunded amount. This would account for maintenance and upgrades, building furniture replacements, parking lot repairs and other building updates.

Ms. Rothenfluh commented that their overall budget proposal is down \$100,000 from CY2017.

Councilman White inquired if the Library charges for tutors who utilize the facilities. Ms. Rothenfluh stated they do not in order to promote a welcoming and safe environment.

Mayor Chirico commented on the Library's levy request which is coming in higher, although the budget proposal has been lowered for CY2018. He inquired on what efforts have been explored to utilize City resources in order to lower the Library's levy such as potentially joining human resources, finance, and IT with the City. Ms. Rothenfluh stated there are some services the Library pays the City for such as payroll and certain IT services. She stated it is worth researching to attempt to discover potential savings.

Mr. Krieger stated that Deputy Directors from the City and upper-level management from the Library and Settlement will sit down and whiteboard the options for savings.

Ms. Rothenfluh commented on the Library's fines and fees have been declining since 2010 due to alerts by phone or text to notify people their renewals are due, as well as the increase in digital materials which do not have fines. She stated that 95% of their revenue comes from property taxes.

A discussion ensued on the Library's cash reserves and strategy. Councilwoman Gustin inquired if there should be a policy on reserve funds. Mr. Krieger stated the City's cash reserve policies does not include any maximums.

Mr. Krieger recommended the City Clerk present next and then transition into deliberation and discussion of receiving direction from City Council.

City Clerk's Office

City Clerk, Ms. Gallahue, thanked staff for assisting the City Clerk's office in compiling of the proposed CY2018 budget. Ms. Gallahue presented the City Clerk's proposed budget to the Council. She stated that the City Clerk's office had planned and unplanned turnover in the front office since March. 75% of front office staff has changed. This forced other staff members to learn and take on additional duties. Ms. Gallahue explained various initiatives for CY2018 and achievements in CY2017.

Ms. Gallahue stated the new agenda software has reduced minute completion time by 50% per month since April, as well as additional time saving that has been realized in agenda preparation and publishing duties.

Ms. Gallahue stated that during the reorganization of staff, an employee was able to reduce the time required by the Clerk's Office to assist the B.A.S.S.E.T. program by three hours.

Ms. Gallahue stated that the use of a temporary employee to cover messenger duties when the messenger was unavailable was eliminated during the reorganization process. She stated since July they have partnered with the Fire Dept. to streamline service, and on Sept. 25th they began limiting mailing delivery to all ten Fire stations to only Mondays, Wednesdays, and Fridays. The City Clerk's office has realized six hours in savings by doing so.

Ms. Gallahue stated the diverse skill set held by employees in the City Clerk's office has allowed for more cross-training and assigned responsibilities that have been traditionally performed by others in the office.

Ms. Gallahue described various initiatives for CY2018.

Councilman Krummen commented on City Clerk's reduction of counter traffic by 97% regarding the taxi text amendment.

Ms. Gallahue stated the proposed CY2018 baseline operations request is \$6,900 less than last year's budget. Ms. Gallahue invited questions from Council.

Conclusion

Mr. Krieger reminded the Council of the upcoming budget scheduled for November 27th and asked for direction from City Council going forward.

Councilman Krummen highlighted the additional payments in pension funding, the additional MIP funding, as well as a reduction in payments from the State of Illinois totaling to a \$5 million challenge. A discussion ensued on pension funding and cost reductions. He stated that he is not in favor of raising taxes.

Mayor Chirico commented on the issue of raising property taxes or sales tax. The Mayor asked if staff could explore an additional 1% in cost reductions, to achieve an additional \$1.2 million in savings.

Councilman Hinterlong stated he is in favor of having staff find an additional \$1.2 million in savings, and not raising taxes. A discussion ensued on revenue options. Mr. Krieger commented that reducing capital only defers projects rather than addressing the consistent financial issue.

Councilwoman Gustin stated there may be cost savings and work-sharing with the Library. Councilwoman Anderson commented that would be directed more toward the Settlement, as the Library has done their share.

Councilwoman Anderson inquired on the home rule sales tax. A discussion ensued over potentially implementing an increase to the home rules sales tax by April of 2018, if needed. Mr. Krieger stated that a quarter percent increase in home rule sales tax would have a \$1 million impact for CY2018.

Councilwoman Brodhead stated she thinks it is a good idea to explore raising home rule sales tax rather than a property tax increase. She commented to potentially ask the Settlement to reduce their requested amount.

Mayor Chirico commented that there is the possibility of not meeting either financial principle one or two if raising revenue is not considered.

Councilman Krummen asked how much does the City need to pay in order to meet the 90% by 2040 requirement. Mr. Krieger stated that approximately \$15 million is needed for flat payments each. A discussion ensued on pension contributions.

Councilwoman Broadhead added that she is pleased with the Library's performance.

Councilman Krummen questioned if the City should keep services the way they are and raise the taxes, or reduce the services with lower taxes. He stated he is not ready to concede the point that service is at the right level yet.

Councilwoman Obarski inquired how much the City borrowed in 2017 and what we anticipate borrowing for 2018. Mr. Krieger stated the City borrowed approximately \$7 million in 2017, and anticipates to borrow near \$7.2 million for 2018. She commented on the City's pension methodology and if borrowing money to pay for pension is an option. A discussion ensued.

Councilman White commented on quantifying the 1% in service cuts and how can we achieve it, and if it is the right amount of service. Mayor Chirico stated the best measurement tool could be the resident survey. A discussion ensued on pension funding methodology options.

Council directed staff to bring a \$1.2 million in service reduction options (non-capital) to Council at the next workshop. City Council gave Mr. Krieger the authority to include the Library and Settlement in those reductions as he sees fit.

Workshop 3

The next workshop is scheduled for November 28 at 6 p.m. The workshop will cover City revenues and the remaining administrative Departments' budget proposals.

Meeting adjourned at 9:59 p.m.

Minutes taken by Franco Bottalico and Judy Lyons.