

APPROVED Finance Committee of the Village Board Minutes
Thursday, October 16, 2014
6:30 pm Room 130

APPROVED MINUTES

Call to order 6:31 p.m.

Present were members of the Finance Committee, President Abu-Taleb, Trustees Brewer, Salzman (6:32) and Tucker

Absent: None

Staff in attendance included Deputy Village Clerk Schoenneman, Village Manager Pavlicek, Village Attorney Stephanides, Village CFO Lesner, HR Director Shamley, and Parking Director Velan.

The minutes of the October 9, 2014 Finance Committee meeting were approved as submitted.

There was no public comment.

New Business

Review of Health Insurance Fund

Manager Pavlicek explained that HR Director Shamley and CFO Lesner will discuss this topic. Health Insurance Fund is an internal service fund. Revenues come from internal sources. Employees contribute 15% of premiums; retirees contribute 100% plus a 2% administrative fee of the monthly premium. Agency contributions (currently Library) provide 100% plus a 1% administrative fee. The Village contributes 85% of the employee premium from the Fund which pays the employee (Parking, Capital, Water/Sewer, or General Fund). Expenditures in this fund are for personal services, fringe benefits, and contractual services. Bills for health services are paid to insurance agencies and the Village gets the benefit of Blue Cross Blue Shield negotiated discounts. The Village pays the broker fee. CFO Lesner explained that the funds pay expenses for employees allocated to each fund.

HR Director Shamley, 6.6 and 6.9 % each for PPO; HMO at 4.4%, 7% increase in premiums for PPO, in line with trends, and 5% increase for HMO. Dental employee contributions fixed for three years; costs increase 2.7% increase for a 3% increase for employees, a nominal amount.

Optional employee funded vision plan, chose Vision Service Providers, a high and low plan ranging from \$5 single to \$23 for family coverage, a significant cost saving for employees. Life Insurance Mutual of Omaha, unchanged. Prescription drugs down 5.5% staying with Catamaran for 2015. Contracts will come to the Board on Monday, October 20 and on November 3.

CPC broker in 3rd year, go out to bid in 2015; would like to see a more competitive approach. Not recommending plan changes this year; last year there were some changes in copays and other items.

Trustee Tucker asked about other providers than BCBS. United Health Care and Cigna declined to bid this year. Staff will seek employee feedback and review of other options for future years. Committee members discussed the range of increases in health care compared to Village increases. Broker asked about stop-loss numbers. Changes in 2018 may require further analysis of PPO plans and other options. There will be a \$20 increase per month for most expensive option, versus a few dollars for others, in pretax dollars. About one fourth of employees are in PPO plans, including retirees and library employees. The Village is still waiting to hear from the Library about their plans for 2015. HR Director Shamley left the meeting.

Review of Risk Management Fund/Self Insured Retention Fund

These two funds are managed by the Legal Department Workers Compensation, Property and Casualty Insurance. Three years ago the previous Village attorney recommended collapsing two funds into one. Risk management is funded from transfers from the self-insured retention fund up to \$1 million. The Legal Department tabulate all cases in the pipeline for legal fees, settlement costs, etc. and assign value to each case. Now the Village Attorney is considering whether pool or self-insurance concept is the best option. CFO Lesner explained how these costs are allocated, not by fund, but smoothed out to determine which fund takes a hit and maintain some stability.

President Abu-Taleb asked if this was an issue for other communities. Manager Pavlicek discussed issues from 2008 and reimbursing from the Parking Fund to the General Fund and they discussed options to bring the self-insured amount down through purchase of additional insurance. It would cost \$14,000 to bring fund down to \$1 million, and noted that the \$1 million figure was more common in other communities. If too low, this would be considered unadvisable. The case load has built over time, with public safety an increased risk. Incidents which could impact the fund were discussed. Attorney Stephanides noted that we don't have a quote from another broker yet, but hope to have something later in the year.

President Abu-Taleb asked about an increase in water/sewer fees. CFO Lesner explained that fees are scheduled to continue to increase along with refuse collection and vehicle stickers. This is last year of separate funds; these funds will be merged for 2015.

Review of Parking Fund

Parking Director Velan explained that in 2008 the Village started looking at parking fund, at time of \$10.5 million deficit with revenue of \$4 million. This year we are making the last payment to the General Fund of the remaining deficit amount. Revenues are projected near \$6.2 million. The Enterprise fund is now spending within budget, and will have a small fund balance. Equipment, upgrades, maintenance and bond issues are also budgeted. Bond issues are used for some garages but one comes directly from the Parking Fund. Upgrades are planned using short-term bonds to avoid drawing down the Parking Fund, and the Lake & Forest garage will use a new bond issue.

The Colt-Westgate parking garage will use dollars allocated for public parking with last downtown TIF revenues ending in 2019. New bonds will extend to 2035 to pay for new construction. The budget includes a proposed parking permit fee increase of 2.28% or \$5 per quarter (or \$20 per year). No hourly parking fee increases are proposed as construction has caused street parking to be maxed out. Some permit holders from Lake and Forest have gone to street lots and some lots are completely full. Decent capacity remains in Holley Court and Avenue Garage. Rates will drive utilization and those who want convenience will pay high rates.

Manager Pavlicek noted that businesses are concerned about construction disruptions combined with rate increases and asked if Board members were comfortable with proposed increases in permit fees, as long as there is no surface rate increase. Trustee Tucker said it would be best not to discuss any additional parking increases at this time but permit fees are fine.

President Abu-Taleb suggested that these changes may encourage greater use of garage options. Trustee Tucker agreed, but felt this wasn't the time for hourly increases. Trustee Brewer asked about the ability to charge varying fees in different lots. Director Velan confirmed this. He wondered if the surface lot was higher than Holley Court garage if more people will use it. President Abu-Taleb asked for a report on the total revenue increase with these changes and if it is worth it. This is easy to run and can be provided after the holiday season. Greatest concern will come from businesses.

Ms. Velan explained that typically rate changes for January will be brought in November and free parking will be available on the Friday after Thanksgiving and on Saturdays till Christmas. Trustee Brewer suggested bringing rate changes up in February.

Trustee Salzman asked about the new valet parking option on Lake Street. This would be shown under revenues and could be discussed at a future board meeting, but this revenue is not significant. President Abu-Taleb confirmed consensus to raise permit fees but not hourly rates at this time.

Manager Pavlicek explained bond repayments and debt service for each garage, which includes principal and interest. Some bonds can be called when remaining amounts are small to save on interest if not already refinanced.

Director Velan discussed the high-volume validation program for FFC and the Lake Theater, which did not participate. Customers are charged 50 cents per hour validated. Since program inception in 2008 this business has received a little less than \$1.2 million in subsidies from the Village through this validation program, which has two hundred and two thousand validations per year. The first hour is free and FFC pays the remainder; the customer pays only 50 cents. Manager Pavlicek asked whether any change is needed in these arrangements. Trustee Brewer suggested not changing by amount, but by volume (with a lower cap) as the Village is losing significant revenue or a possible revenue-sharing program. President Abu-Taleb noted that the first two hours are free at FFC but one minute over requires payment. If it would cost another

\$20 to go there monthly, customers wouldn't use it.

Trustee Brewer discussed the current losses and the expectations have been established. They discussed if this is fair to all taxpayers and to other businesses. Trustee Salzman suggested that this was not the time to consider this issue given the current parking situation. With new downtown residents it's not certain that these spots will always be available. Trustee Tucker noted that other FFC facilities offer two hours of free parking and may have similar deals elsewhere. Manager Pavlicek asked how any increase would be passed on to monthly members. President Abu-Taleb suggested talking with the owner about how they can offer two hours of free parking without losing all of that revenue.

Trustee Brewer expressed concern about how other businesses would feel about this arrangement. Trustee Salzman suggested that FFC members may also patronize other businesses while using the free parking. Customers also become comfortable using the garage.

Director Velan noted that Passport Parking offers a validation program for meter parking to downtown businesses. Passport constitutes 10% of what they collect for meters. Since the program began online parking pass revenue has been \$46,949.

Director Velan reviewed the capital budget for parking with \$100,000 for resurfacing lots. A major expense this year has been Lake and Forest. Equipment updates (cameras, intercoms) are past useful life and need upgrades for Holley Court, Avenue and OPRFHS. Revenue control systems are needed for Holley Court and Avenue. Permitting software is budgeted for permits and citations and cited challenges of keeping up with technology, as current programs are now ten years old and were built in-house.

New programs will allow for a monthly versus current quarterly process and will provide for a waiting list rather than coming to Village Hall using the license plate and will not require printouts and physical permits. The new technology will show the permit, vehicle sticker, and citation status. This change cannot be done on a piecemeal basis, and this upgrade is proposed rather than transferring \$1 million to the benefit fund could be paid now but a five year bond is proposed to avoid depleting the fund.

Trustee Salzman asked about revenue control upgrades. Director Velan said that Holley Court, Avenue Garage and pay stations now have equipment problems as they are approaching their ten year maximum life expectancy. Manager Pavlicek noted that these use old technology with magnetic stripes versus bar codes. The advantages of bar codes versus magnetic stripe cards were discussed, as well as a move from transponders to new technology.

Businesses approached the Village proposing to buy multiple permits and share employee parking. This can't be done now, but new technology is more flexible. President Abu-Taleb asked if the cost of maintenance of current equipment would be reduced by adopting the new technology. Director Velan confirmed that new technology is more durable. Manager Pavlicek noted the convenience of choices to use cash costs the Village. With cash an employee must

empty the machine; there are different operating costs for each payment method. President Abu-Taleb said it would not be worth the cost unless dollars are saved in the long run. Director Velan said that they have expectations of what they are spending dollars on and worth the value of what they are paying.

Review Special Revenue Funds

Manager Pavlicek reviewed the Special Revenue Fund. Expenditures are \$15 million. Funds were reviewed and briefly explained.

At the time the Joint Review Board considers amendments to the Madison TIF she recommends ending the Garfield TIF with 100% distribution of these funds, estimated to be about \$1 million.

Special Service Areas were reviewed with some inactive and new ones created for diverters. State RICO is expected to provide funds. She discussed sustainability fund as part of a group.

The Madison TIF has a placeholder at this time, but will need to be reviewed at a later date.

Old Business

None.

Ayes: All. Nays: None.

The meeting was adjourned at 7:37 p.m.

SUBMITTED AND RECORDED IN THE OFFICE OF:

Teresa Powell, Village Clerk