MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, FEBRUARY 7, 2011

Members Present: Chair. Carrignan, Ald. Stellato, Monken, Penny, McGuirk, Turner, Krieger, Martin, and Lewis

Members Absent: Ald. Bessner

Others Present: Chris Aiston, Mark Koenen, Chief Lamkin, Chris Minick, Kathy Livernois, Peggy Forster, Chief Mullen, Rita Tungare and Brian Townsend

1. Opening of Meeting

The meeting was convened by Chair. Carrignan at 7:31 p.m.

2. Omnibus Vote

Budget Revisions – November 2010 and December 2010

Motioned by Ald. Krieger, second by Stellato to approve the omnibus vote as presented.

Voice vote: unanimous; Nays: None; Absent: Bessner. Chair. Carrignan did not vote as Chair. **Motion carried.**

3. Presentation regarding St. Charles Sustainability Initiative

Brian Townsend: I am here this evening to present part of the results of the staff recommendations or analysis of ideas that were submitted through this initiative. Many of you remember we were here several months ago to produce this idea or concept for the purpose of developing ideas that would help us address some of the fiscal challenges that we've been facing as the result of the downturn of the economy and other impacts of that. After several months of receiving those suggestions, analyzing those things internally, we are now prepared to present some recommendations to you in terms of going forward.

In doing that, it is important for us to recognize what the purpose of this initiative was. Ultimately our goal was to find a way to make sure that we continue to balance the needs of the community with the resources that are available and make good decisions with regards to the resources that are very generously provided to us by members of the community. As the slides indicate we wanted to achieve a balance budget. I am please to report that at this point in the current fiscal year it appears (this after nine months of the current year) that our FY10/11 budget will be nearly balance and we are estimating only a small deficit at this point, and given the fact that we have over $15M in General Fund reserves, it clearly states a very final financial outlook for this current fiscal year.

I am also please to report, that based on the ideas that we are bringing forward tonight, and will be included in a subsequent presentation, that we believe that the budget for FY11/12 will also be balanced. We may need a small amount of those reserves to balance out our budget, but going forward, and before getting into the details of this presentation, it is important to realize how fortunate we are and how well we have managed this situation and the City's finances. With that said let's talk about the steps we've taken to get where we are.

This was a 5-step process. We identify some financial targets that we needed to hit in terms of General Fund expenditures and revenues. We went out to the community at large, residents and businesses, and also ask employees inside our organization to provide ideas or suggestions that we could consider. From there those ideas were categorized by departments and provided to those departments for evaluation. The departments submitted their analyses and there was a team of city staff of about 20 individuals from all departments that I convened to review those departmental evaluations and provide feedback for the final recommendations that are being presented to you this evening.

We are now basically at Step 5 of this process. These are some of the things we asked people to consider when submitting their ideas: new revenues, opportunities for increase efficiencies with how we provide services, under utilized resources, or perhaps some services that could be suspended or discontinued. We had over 130 ideas/suggestions that were submitted by a broad cross section of our community. We had employees who really took up the task of looking at things internally, we had residents, business owners, and even had some people who read about this in the newspaper and said we don't have any connection with the City of St. Charles but here is an idea to take a look at.

Tonight we are going to present items in four of the five categories for this initiative. We will also be focusing exclusively on recommendations/ideas that pertain to expenditures of our organization. Ideas related to revenue will be presented at a later date. We are breaking this up in order for it to be more manageable for discussion and tonight just focus on expenditures.

In terms of capital projects and assets, these slides represent some of the highlights. These items in the slide show tonight do not represent the full listing of ideas. There was a report that was also included in your packet and posted to the website that lists all of the ideas we are recommending for approval. It includes a presentation of what the original idea was and what we are planning to execute going forward.

These are the four things we are planning to do in this area: 1) replace annual plants with more perennials and will continue to evaluate this going forward in an effort to reduce some costs. We have a good partnership worked out with the Pottawatomie Garden Club where we provide the materials and they do the plantings for us. There isn't a lot to save here in terms of labor costs but perhaps we could produce the same quality of appearance downtown with some reduced frequency of the plantings. 2) Change street lights to LED lamps (have already started to do this on a trial basis.) One of the things about this

suggestion is the reason we are planning to implement this over a period of time is that right now the cost of the fixture is not at a point where it makes economic sense to do this on a wide scale basis. 3) Review vehicle fleet; eliminate low use vehicles or extend replacement schedules as warranted – you have all seen this where we have traded in two vehicles and buy one. We may buy a demo vehicle to try and reduce the cost of the fleet not only in purchases but in terms of maintenance as well. 4) Survey monument is somewhat of a technical issue. These are monuments that are installed by developers when they build subdivisions and we use these monuments as part of our GIS work and recently we had to install some new monuments in some areas because the ones that were there were not done or satisfactory. So that is something we are going to step up enforcement on as new developments come into the community.

In terms of City Services and Programs, some of the highlights are: Community Restitution Program, selling surplus vehicles/equipment on-line, reduce one front-line engine company in response to termination of relationship with the Fire Protection District (we are going to lose about 20% of our call volume and a greater percentage of our service area as a result of them going on their own), cancel mailing of city newsletter and use electronic methods and other City publications to distribute information, eliminate evening office hours at City Hall – Utility Billing and Code Enforcement departments, implementing some costs savings measures for snow and ice programs by using more judicious use of overtime and using some new technologies to remove snow and ice, will consolidate our GIS and CAD staff in IS department. This has already taken place with one full time employee transferring over to IS and anticipate this will result in better coordination and efficiency and save money. Reverse auction for purchase of goods and services (this has been proposed to be used but have not yet found an opportunity to apply it due to the purchase price having to be $125K or more). Other organizations and cities have used this process with good results. Eliminate Technical Emergency Medical Services unit in the FD which is a specialty team. They work with the Kane County SWAT team and provide medical services for SWAT incidences. This is not used all that frequently and money can be saved by this elimination. Finally, consolidation of Cross-Connection Control Program which is another technical aspect of maintaining our City's facilities and by consolidating them under one vendor we can save up to 10%.

Employee compensation and benefits is clearly the biggest expenditure that we have here at the City. We are proposing that several items be considered for implementation going forward. First is the Voluntary Separation Incentive Program which Kathy Livernois will present later this evening, review the amount of the automobile incentive program that is allowed to our executive staff – will do a comparison with our competitive set in the municipal market and in terms of compensation for city employees, right now, the City pays 75 percentile in the City's comparable market set; we are looking at reducing this percentile to 65 or 70% range. HR is currently analyzing that now. City Health Insurance program – we are not going to offer an opt-out incentive this year, but are looking at other high priority areas that we want to address first such as the prescription program for spouses, initiating two different sets of insurance premiums for tobacco and non-tobacco users to encourage smokers to stop smoking or pay a higher premium if they choose not to. Insurance costs

continue to go up and up – there is no ceiling. Unpaid Time Off allows employees to take a certain amount of time off without pay if staffing permits. This is a trial program that will be re-evaluated at the end of this fiscal year. The SMILE training program will be offering less sessions to save money. Next is suspending Tuition Reimbursement Program for city employees. Those currently enrolled in this program will be allowed to finish, but no new enrollees will be allowed to sign up in the foreseeable future. The Way To Be Program money portion of the program will be suspended. Employees will still receive recognition but no gift certificate associated with it. The final two things on this list are things we will look at going forward – will consider using civilian rather than sworn employees to do some areas of work and finally extending the hiring and promotional lists for police and fire farther apart to 3 or 4 years instead of every two years. This makes good sense since we are not doing a lot of hiring at this particular time.

In terms of external agencies and groups we are looking to limit the number of parades held in the downtown area, particularly where the City is not recouping any of the costs that we incur. Suspend funding for the Corridor Improvement Grant Program. With the downturn in the economy we are seeing waning interest in this program. Review/reduce city membership in region or national associations such as National League of Cities and DuPage Mayors & Managers Conference. The benefits associated with those memberships are not really necessary at this time and we are looking to scale back.

In closing, these ideas have been very thoroughly evaluated. We undertook a very collaborative open approach to review the ideas that were submitted. The staff evaluation has resulted in what you are seeing this evening. With the ideas that are being recommended tonight and the ideas that we will be recommending as Phase 2 of this presentation, the financial benefit could be in excess of $2.5M – so very significant cost savings can be achieved. We still have some additional items that are under review and will plan those in the weeks ahead.

Ald. Penny: On the plantings of the perennials, I assume you have had somebody work with you because perennials from my experience take work too. It is not labor free and they can get completely overgrown and lazy, so that needs to be weighed against the end.

Brian: Certainly, PW has already had some conversations about that and we have done some things with perennials and saw that it did require some additional management or more than what we expected.

Ald. Penny: When you talked about the Tuition Reimbursement program for the City and said if they are already in a Masters' program they can complete it?

Brian: That is correct. They can finish their Masters' Degree Program.

Ald. Penny: When you mentioned the parades, you mention eliminate the ones that don't contribute anything back?

Brian: There are some organizations that reimburse us for 50% of the costs. There are some like the high schools, that don't reimburse us for anything because their status is a governmental entity. So, we will have to have some discussions with the high schools and see what we can do. They have been cooperative in working with us in changing the time of the parades to reduce the impact on traffic downtown, to change the direction in which the parades march in an effort to eliminate our staffing. We will have to continue to have some conversations. The other thing that we are aware of, we think that IL Rt. 64/ E Main Street is going to be under construction starting this coming Spring; so traffic is going to be pretty gummed up already and for people to get to 5th or 7th Avenues and have to go in a different alternative direction because of a parade that is going to create some problems.

Ald. Stellato: I was going to bring up that very point wrt Corridor Improvement grants; with most of our major corridor ripped up over the next couple of years, probably not a bad idea to postponed that as well. Good job so far on these initiatives.

Ald. McGuirk: That $2.5M in savings, is that for fiscal year?

Brian: There are some one time savings in there and one of the items you will see here in a few weeks is some sales of surplus property. We estimate that will be about $1M. There is probably a million to $1.5M in ongoing savings associated with the things you have seen here tonight, as well as of the other revenue items you will see here in a couple of weeks.

Ald. Martin: Are there any layoffs included in these planned revisions?

Brian: At this point we are not planning or proposing any layoffs for next fiscal year.

Ald. Martin: Thank you, I just assume that we did not lay off anybody.

Brian: On of the things that went into that is this voluntary program that you are going to hear about in a few minutes. We really need to see what the outcome of that is before we analyze our labor and personnel costs. Not to say that the layoffs have been completely taken off the table, but it is not going to be something that we are going to proposed as part of the FY11/12 budget.

Ald. Lewis: Canceling the delivery of the City Newsletter – do you have any idea of what that might save? Is that a large savings? I think that the delivery is good thing to have.

Brian: The savings is about $20K a year. That is what we spend to both print it and take it door-to-door. One of things we would still do with that is to print some copies and make them available at certain strategic locations such as park district, city hall, etc. Geneva did this two years ago and have been able to get by. Once people got used to it, but there are still folks that come into city hall to pick up a copy, but it's worked very well and they have been able to achieve the savings. We also use inserts in our utility bills for real important things. We are going to be developing a new electronic newsletter that people can sign up

and receive by email so that will be another mechanism that people can use to get their city news rather than having this paper newsletters.

Ald. Lewis: I like the idea that you are still going to have some paper copies around because as much as we think everybody is electronically hooked up, that is probably not the case.

Brian: Yes, we understand that particularly with some folks who do not have access to a computer or access to their email account or are not as technically savvy, we will try to accommodate those folks as best we can.

Ald. Krieger: I would definitely like to see, for lack of a better word, events in the City utility bills like leaf pickup, any changes in garbage schedule, snow removal, etc. You know they'll get it on a monthly basis.

Ald. Turner: You have something here that says consider using civilians rather than sworn employees. What would be an example of that?

Brian: There are two examples that come to mind. We have not really evaluated these but they have potential opportunities. Right now we have two sworn Fire Lieutenants who work in the Fire Prevention Bureau and work 8:00 – 5:00 reviewing plans and conducting inspections. There are many communities that use civilian people for that and would we reassign those sworn people to a fire truck. It's a more cost effective way to do that. It isn't going to require some more transition time because those people do have a great deal of knowledge. This is something that is feasible and something we could do. Another is public education. In a lot of cases we use sworn personnel to go out and teach kids in the classroom. While, in fact, a real police officer and fireman does generate more excitement wrt the lessons, it doesn't mean that a civilian public educator couldn't go out to those classes just as effectively. We'll look at these two things going forward and have more discussion with the fire and police chiefs of the feasibility of that.

Chrmn. Carrignan: In your recommendation of suggested action, you recommended City Council accept the report and direct staff to proceed with this implementation. When you say the implementation side, are you talking about developing the recommendations to come back to us with? You are not looking to implement these now? These are just ideas that are on the table, let them evolve as they come forward as the budget comes forward?

Brian: What we are looking for tonight is endorsement to further these ideas for development. Some of them have already been implemented and others will be presented as part of the FY11/12 budget and still others will require further analysis. We want to make sure we are moving in the right direction before we go any further with the development of some of those ideas.

Ald. Penny: Regarding no layoffs, I assume we are partially following the policy with someone that leaves, and its not a critical leave, we are not replacing them or maybe moving someone from one place to another – correct?

Brian: That's correct. We are doing each of those on a case-by-case basis and the department and I will collaborate on whether or not that position is necessary and what changes might be necessary.

Chrmn. Carrignan: I want to thank you, Chris, and the complete staff for the 2010/11 budget. We are looking like there is going to be less than 1% of reserves that are going to get hit; if we have to use any at all for the 2010/11 budget. That is just testimony to the amount of time and effort that both Brian, Chris, and the entire staff put into this to make this happen. Thanks, great job and we appreciate everything you have done here. There were tough decisions that are involved in this budget and in these ideas and we appreciate you putting them out on the table. I think we should move forward and look at all the available options we have before us. We have a toolbox of ideas that we can draw from and make sure we come forward with a balance budget as we get towards the end of March/April timeframe.

Motion by Ald. Stellato, second by Krieger to direct staff to move forward and analyze and study each of these recommendations.

Voice vote: unanimous; Nays: None; Absent: Bessner. Chair. Carrignan did not vote as Chair. **Motion carried.**

4. Presentation to approve Voluntary Separation Incentive Program (VSIP).

Kathy Livernois: As Brian mentioned, one of our more expensive areas is the area of personnel and labor costs. Those labor costs include health insurance costs, payroll costs, etc. and as he highlighted on one of the SSI initiatives is to suggest a separation incentive for employees. So what I am presenting this evening is that program. It is a proactive forward thinking approach and what it will do is to allow us to really take a look at our staffing needs of our organization on whether we are going to be able to replace or replace differently or in another way.

The program, VSIP, as I referred to it; we had a VRIP last fiscal year and this time around it is a VSIP. This program is optional and voluntary and it is for all full time employees as well as any IMRF scheduled part time employees. We have approximately 254 full time employees and 27 IMRF part time employees. It is not mandatory that if you are able to retire you must accept your pension if you accept this program. So you may choose not to or to do so. Therefore there may be some employees who are not eligible for retirement that may choose to accept this. Also you must have worked the last 30 days in order to receive this VSIP.

Why this particular program? How was it designed? First it helps us to reduce some of our long term costs with the labor costs that we have. In addition we would like to have our employees leave voluntary rather than involuntary. The question came up with layoffs, and it is not in the picture and hopefully this will help the employees to determine that they would like to voluntary. This program was designed based on feedback we received off of the VRIP program. We sent a survey out to people who did not take the program that were eligible and asked them why didn't you take it? They had made some suggestions and this program was designed based on those suggestions. In addition to that it was also designed based on what our comparable communities have offered. Some of our comparable communities have offered less and others have offered more, but we did look at some other programs as well in terms of those communities.

The program has three options. For full time employees there is an automatic $10K base payment if you take option 1. It also has your health insurance at an employee level coverage and cost. What does that mean? That means if I am employee at the present time that has family coverage, I'll be able to keep that family coverage and pay that coverage at what I am paying now as an employee rather than at the full cost which we refer to sometimes as cobra cost. It also allows for one week of pay per year of service up to an additional $10K. Or option 2 for an employee who is close to retirement who might want to have more health insurance? They are able to get the $10K base payment as well as two years of health insurance again at that level of coverage and cost. The third option is for those who may not want the health insurance and want the payout – that is a $10K base payment and again its one week of service up to $20K. Part-time employees receive 25 hours of pay per year of service up to $10K. There is a cap on each of these options.

Before you are three examples of a cost analysis for the incentive for someone who has a $50K, $70K, or $100K salary. Option 1 has your base payout and the value of insurance. It is different for the 10-year employee vs. the 20 and 25 because that is making the assumption they have family coverage; where the 20 and 25-year employee assumption is they have just employee plus spouse – that is why there is a little bit of decrease in that value. The length of service with the payout, and if you look at the most it may cost value wise is Option 2, where we have the two years of health insurance since health insurance is obviously more expensive.

On the $70K example, once you reach 20 years you are going to reach the maximum but as a 10-year employee you are still not getting the maximum value. These are with the same options.

Next is for $100K salary – again if they are at 20 years they are going to be getting the maximum at Option 3 but again $42K is the same as the others with the choice of the health insurance.

The program is designed as well that the interest the employee has is nonbinding initially and so if you approve this tonight and on the 22 this gets approved by the Council as a whole, we will be sending a memo out to the employees on the 23rd. They would have until

March 25 to return the nonbinding letter of interest. This means they could change their mind. At this point we are looking to see what the interest is, we would like than to be able to do a cost benefit analysis to do a determination of what the costs and benefit would be of the program. At this point its impossible to know when you are offering it to that many employees of what it is going to cost and what the benefit is. Once that is done and it is determine that the program would go forth, than those letters will be sent out at the end of April and then it becomes a binding issue. If an employee chooses to do it, it is binding on them that they have to do it and have to leave somewhere between June 7 and September 16. In addition to that when we send out the letter they have 45 days to determine whether they want to do it or not. 45 days is a legal issue to give them time to review it.

Ald. Stellato: What about confidentiality? Somebody wants to fill out a nonbinding document. Is that kept confidential so they are protected?

Kathy: It will be kept confidential from the standpoint that I would know, but also the department director would need to know in order for us to do a cost benefit analysis we would need to know if the person is going to be replaced, if they are replaced, with what? There is not really a way around that.

Ald. Stellato: I was trying to figure a way to make it more attractive to an employee who might feel intimidated if they filled one out – they always run the risk if they fill one out, they might be replaced prematurely just because someone thinks they are leaving. I also understand the other side too that if we want to analyze it, we have to know the information.

Chrmn. Carrignan: The offer goes on the table in March as a nonbinding contract and then becomes binding if it is passed. We are looking at a timeframe of June 7 to September 16. Somebody submits a voluntary request, but yet they are still critical to the organization, do we have the right to say no?

Kathy: We are going to have to look at it from a group standpoint and what that means, for example, with our sergeants' group, it's a small group of six and if half of them decided they wanted to leave, we may decide we will have to replace some and its not going to be worth it to offer it to them as a group but from an individual standpoint we would not do that.

Chrmn. Carrignan: With the amount of concern that is out there with the term of double dipping, when we separate with somebody at this time, this is a permanent separation, we will not hire them back.

Kathy: That is correct – we will not hire them back. Permanently separated from service.

Motion by Ald. Turner, second by Stellato to move forward and offer the program and make a determination as to whether we go forward with the VSIP program.

Voice vote: unanimous; Nays: None; Absent: Bessner. Chair. Carrignan did not vote as Chair. **Motion carried.**

5. Additional Items

None

6. Adjournment

Motion by Ald. Monken second by Stellato to adjourn meeting at 8:17 p.m.

Voice vote: unanimous; Nays: None; Absent: Bessner. Chair. Carrignan did not vote as Chair. **Motion carried.**