

Finance Committee Meeting of Village Board
Monday, August 20, 2012

APPROVED MINUTES

I. Call to order at 7:30 pm

Village President David Pope, Trustee John Hedges and Trustee Robert Tucker present. Trustee Glenn Brewer not present.

Also present: Interim Manager Cara Pavlicek, CFO Craig Lesner, Budget & Financial Manager James Harris III and Deputy Manager Lisa Shelley.

II. Minutes of the July 24, 2012 meeting were approved as amended. Motion approved by Trustee Tucker and, seconded by Trustee Hedges.

III. Public Comment was taken.

George ~~Lezewski~~Lazewski addressed the Committee regarding the quarterly financials, hydrant painting and fire year pension plans.

IV. New Business

A. FY 2013 Budget Discussion

Staff provided an overview of the 165 page budget document and emphasized that a much greater degree of narrative is included this year in order to make the document more user friendly for the public. Specifically, the following were noted:

- Manager's budget message
- Meeting schedule – requires review and confirmation by the committee
- Proposed organizational chart (p. 28). Trustee Hedges asked if there were any changes and it was noted that in the FY12 adopted budget funding was included for an Economic Development position, however to date, there has not been affirmative action to define that position. As a result, in FY13 a specific recommendation is included in the budget to establish a Community and Economic Development Director to lead a new department that would encompass Building and Property Standards, Business Services, Community Planning and Development and Housing Programs - each of which currently function as a unique department.

Trustee Hedges asked about the detail from previous years. Interim Manager Pavlicek stated the budget is still built by department with line item detail and that the document is

printed with classification level detail and that staff could print line item details should the Finance Committee want to review the budget at that level. President Pope noted that last year there was a request by the Board to have a five year look-back as well as project five years forward in the document

Interim Manager Pavlicek provided an overview of the General Fund. She noted that 76-percent of the Fund is personnel. Other significant assumptions are a 10-percent increase in health insurance claims, and assumptions on the settled collective bargaining agreements and merit increases for non-union. For those collective bargaining agreements not settled, those assumptions are not built in (the committee briefly went through the list of contracts that have passed and those outstanding and the anticipated increases). Non-union employees have included a 2.5-percent increase based on a performance evaluation (100% merit based). Other assumptions include funding at only 98% , or a savings of \$650,000, to account for turnover and the fact that increases are merit based. Trustee Hedges asked if the merit is added to base or a one-time lump sum. Manager Pavlicek responded that she is looking for guidance. Currently it is added to base and currently the annual wage ranges for positions are out of date (last update approved by the Board appears to be the 1997 Personnel Manual update). The Interim Manager as part of the budget process will bring forward a document for Board review to update these ranges. An option would be to establish, via the Personnel Manual, that employees paid a wage rate above their position range would receive a one-time lump sum payment; other employees paid a current wage rate within their position range would get the increase added to base or other variations could also be established. President Pope also asked about alternative merit-based bonus structures such as a system that is tied to three objectives – organizational; department; and individual.

There was continued discussion regarding the salvage calculation. Interim Manager Pavlicek felt it was a more transparent way of building up a fund balance. President Pope spoke again about a 5-year plan and asked how we reconcile the fund balance policy with the current budget document. Trustee Hedges noted that we have been building a fund balance by not spending everything that we budget when instead we should just budget accurately and spend what we budget to be more transparent. Trustee Tucker agreed.

President Pope asked about the possibility, for the next time we met in September, of bringing in a 5-year format (5-year look back and 5-year forward). Staff noted that they would work on developing this information and Interim Manager Pavlicek noted that creating this budget relied upon a review of past historical trends.

Interim Manager Pavlicek continued with the budget overview and noted that the Village Manager's Office has been working on department stewardship in budget management. It was also noted that as a result, various writing styles may be noticeable in the draft document when reviewing descriptions of the departments.

Additional discussion regarding the proposed Organizational Chart was held. Trustee Hedges stated that he noticed a number of direct reports removed from the Manager. Interim Manager Pavlicek confirmed this change and referenced back to the narrative in

the budget memo which explains these changes are a specific result of the addition of a Community and Economic Development Director. Trustee Tucker wanted to confirm that this new position essentially is above some of the existing "Directors". Interim Manager Pavlicek said that is correct and emphasized this is not viewed as a demotion but a consolidation of distinct, yet related functions in the organization. Trustee Tucker raised concerns that it was envisioned that the economic development position discussed in FY12 would be a hands-on "doer" and with all of these other responsibilities and direct reports from other departments, that the new position recommended in FY13 might not have time to do economic development Trustee Hedges agreed but said he is willing to listen to the proposal. Interim Manager Pavlicek provided a more detailed explanation on why the position is proposed the way it is and how it can be successful compared to other high-functioning, high-workload departments such as Police and Public Works.

Discussion was concluded with a notation that the first meeting of the Committee to review the document is scheduled for September 6, 2012 at 6:30 p.m.

The meeting adjourned at 8:50 p.m.