Approved

Cary Park District
Board of Commissioners
Administration, Finance & Personnel Committee Meeting
March 10, 2016
6:30 PM
Community Center
255 Briargate Road
Cary, IL

Minutes
Committee Members Present: Stanko and Frangiamore
Committee Members Absent: Renner
Commissioners Present: B. Krueger, Emma

Guest Present: Tim Miles.

Staff Present: Jones, V. Krueger, Kelly, Rea, Raica, Hughes, Nesler, and Lee.

Chair Stanko called the meeting to order at 6:30 PM.

The minutes from the February 11, 2016 Administration, Finance, and Personnel Committee meeting were presented for approval.

Frangiamore moved to approve the minutes; second by Stanko.

Voice vote: 2-0. All voting yes. Motion carried.

There were no matters from the Public.

Emma commented on how he attended the fish fry at Foxford Hills Golf Club (FHGC) and it was well attended. The food was great and the service was just as good, so he was very impressed. He then congratulated Park District staff on being awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Offers Association of the United States and Canada.

Jones explained that at this time each year, staff presents the Commissioners with a budget preview and review items being considered for the upcoming Fiscal Year (FY2016-17) budget.

V. Krueger asked the Commissioners if they had any questions before she began. Hearing none, she explained that based on input received by Commissioners tonight, staff will develop the proposed FY 16/17 Budget for presentation and tentative approval by the Commissioners at the Committee of the Whole meeting taking place in April.

Staff has updated the Board over the last year on legislation that proposes a freeze on property taxes, and to date, there have been no updates on this legislation.

The FY 16/17 budget was prepared based on an estimated EAV of $514,466,383 which as an increase of 4.47% or $22,000,170. As in past years, the budget includes a transfer from the Recreation Fund to the Corporate Fund. Should the EAV continue to rise in the future as it has been estimated to this year, the transfer from the Recreation fund to the Corporate fund should be less and potentially eliminated altogether.

V. Krueger stated the Park District will not use fund balance to offset operational costs, and the IMRF/Social Security Fund, Liability Insurance Fund and the Capital Projects Fund budgets were prepared using the same methodology as in prior years.

V. Krueger explained that the District's budget includes 24 full-time positions which is the same as previous years. A merit pool increase based on 3% has been budgeted for FY 16/17 for eligible full-time employees. Past practice has been to allocate a portion of Park District employee wages to FHGC, however the FY 16/17 budget no longer reflects an allocation of this type. These wages are now being allocated into both the Corporate and Recreation funds.

V. Krueger explained the U.S. Department of Labor (DOL) is proposing a rule that would expand the number of workers who are eligible for overtime pay. While the timing of this ruling has yet to be finalized, staff felt that budgeting for additional overtime in FY 16/17 is appropriate. Staff has met with Ancel Glink to review agency job descriptions/classifications to begin to plan a course of action should the new ruling go into effect.

B. Krueger asked about the overtime pay and what that change in legislation meant. Jones explained that the current threshold for non-exempt employees is currently approximately $23,000, and the proposed rule change increases to $54,400. Based upon a series of tests, if an employee's salary falls under the new proposed amount, the employee may qualify for overtime pay. Jones explained that certain full time positions within the Park District will need to be evaluated if the law goes into effect to determine if they are to remain exempt or non-exempt, but extra money has been budgeted for overtime in case the legislation passes.

During FY 16/17, the National Recreation and Park Association is holding their annual conference in St. Louis, and since the conference is within driving distance, the budget reflects an increase of $8,200 in conferences and training expenses with the intent being to allow additional employees to attend the conference this year. This is the same approach taken years ago when the conference was in Indiana.

In preparation of a final directive by the Board of Commissioners to implement the Comprehensive Master Plan, $45,000 has been budgeted for consulting to update the Master Plan for Cary-Grove Park future phases and $5,500 for planning services related to the Administrative Office Expansion Project at the Community Center, both of which are in the Corporate Fund.

Frangiamore asked where the estimate came from for Cary-Grove Park. Jones explained that staff talked to some consultants it has worked with in the past to get approximate costs for this project. Staff also believes that it may be in the interest of the District to assemble its own consultant team for this project as there are already many known items pertaining to this property, with this in mind the number selected reduced some overhead and coordinating costs as staff would be self-performing these items

The next item discussed was finances for FHGC. V. Krueger explained the golf course has a projected operating income of $44,000 for FY 15-16 and a projected net income for FY 16-17 of approximately $114,000. The CERF Fund currently does not include equipment at the golf course, so the fund has been revised in FY 16/17 to include the replacement of equipment at the golf course. To accomplish equipment replacement the annual contribution from the annual rollover bond into the CERF was increased by $15,000 to $150,000 for FY 16/17 which will then reduce the previous year's annual transfer to the Capital Fund by $15,000. This change has been planned into the CERF Fund schedule going forward in future years. In FY 16/17 a transfer out of the CERF Fund for $39,265 has been budgeted and a transfer in for the same amount is reflected in FHGC's budget for the upcoming year to replace a Wide Area Mower. Also, the proceeds from the sale of Capital Equipment Replacement Fund (CERF) at FHGC will be rolled into the CERF Fund Balance. The CERF schedule has been revised to include a section for FHGC.

FHGC's FY 16/17 budget currently reflects an increase in expenditures over typical annual maintenance for the golf carts of almost $50,000 in the 2016 season. GolfVisions and staff have met to evaluate whether the cost to maintain the golf carts in FY 16/17, including replacing half of the batteries, outweighs the benefits of keeping the carts and if money budgeted for repairs could be better invested in a new fleet. The current golf carts were financed over eight years and the last payment is due in December 2016. In consideration of this, GolfVisions met with various vendors, and together with staff, have explored leasing versus purchasing, and reviewed various financing options in order to determine the best course of action to address the golf cart concerns. Both staff and GolfVisions expressed that after review there is a benefit to replacing the fleet of golf carts before the final payment is made in December 2016 and the Board should discuss this option.

V. Krueger explained that if a decision is made to replace the golf carts during the FY 16/17 budget, the FHGC budget would be adjusted accordingly.

Emma asked T. Miles what the cost is to replace the current golf cart fleet. T. Miles explained the amount of the cars is approximately $348,000 for 80 EZ Go golf carts, which was the lowest of the proposals he received.

Emma asked if the quote received was comparable to other vendors with the same products. T. Miles explained he hasn't personally used EZ Go carts in any of the courses he operates. Yamaha is very competitive but the issue is that they are the current vendor and they were the lowest bid last time. Their service department is fair but their product is inferior. The service received from Yamaha over the last 3-4 years has not been exceptional, which is why he would go with another vendor. T. Miles explained that if the current fleet were to be traded in during the beginning of FY 16/17, the trade in value is approximately $92,000.

Stanko said he would suggest purchasing half of a new fleet now and then save for the other half using the Capital Replacement Fund. Once the money is there, the carts could then be replaced a quarter of the fleet at a time.

Frangiamore asked if it was beneficial to purchase all 80 at the same time via a bulk deal, and T. Miles responded that it could be done otherwise. Frangiamore agreed with Stanko that every year a certain percent should be replaced with money from the Capital Replacement Fund.

B. Krueger stated before the equipment can be replaced, there would still be a need to purchase batteries to keep the current fleet running until the new fleet arrived. If the District were to trade the existing carts in 4 years from now, the trade-in value will have depreciated, so he would replace them all now. Frangiamore said if a rolling replacement plan is created, then not all of the golf carts will need to be replaced at the same time and the numbers will probably be the same. If needed, the good carts could kept while getting rid of the bad ones. B. Krueger stated he doesn't think we can keep the carts we have for another 2-4 years. He then stated that via a public bid process the District could have different vendors every 2-4 years, then asked the other Commissioners if they were comfortable with this.

Jones explained he understands this topic is complicated, and staff can always continue with the budget as it is set now which includes the maintenance for the current fleet, and then next year looking at new carts can be an option. Staff would need to have the opportunity to evaluate adding items such as the golf car fleet to the CERF fund since adding additional items would create a negative fund balance if there is no other identifiable funding source. Right now the dollars used to buy new carts would be coming from an issuance of debt as it has been done previously. If a portion of the fleet is replaced and not the entire fleet, an evaluation would need to be done to see what it would mean to have two different vendors. This possibility exists because of the need to publically bid golf carts.

Frangiamore said he would feel more comfortable to do the golf cart replacement next year.

B. Krueger explained he likes the idea of staggering the carts, but the useful life of the carts is up this year. The whole fleet needs to be replaced either by leasing or a new purchase and it would not change the payments going forward to purchase new carts.

T. Miles explained one thing never asked was the difference between electric and gas carts. Gas golf cars have a lot more value and are known to run for 10 years if you keep them well maintained. Emma asked if they were a higher purchase price than electric. T. Miles stated the prices are comparable, but gas has a higher resale value. He then explained right now they are set up for electric and would have to do a fueling station if they switched to gas. All Commissioners present expressed they would stay with electric carts due to them being more environmentally friendly.

The consensus of discussion was to keep the cars and replace them prior to the 2017 season.

Stanko asked if there was any more discussion. Hearing none, V. Krueger discussed the 10 Year Capital Replacement Schedule. She explained that the Ten Year Capital Projects Financial

Projection was completed based on the same methodology as in previous years. In FY 16/17 the redesign/reconstruction of Jamesway Park is budgeted for $175,306, and there is $20,000 again this year related to the cost of annexing Cary-Grove Park into the Village of Cary.

Stanko asked why only two buildings were listed for roof replacement in the CERF fund at Sands Main Street Prairie when there are three roofs there. Rea explained the third building was steel and to replace the roof the whole building would need to be torn down and rebuilt. Stanko then stated he doesn't think it's a good thing to call it a storage barn under CERF, and it should be called main barn to avoid confusion.

Jones said once the actual tax extension numbers are received, the budget will be updated accordingly. The full budget presentation will be on April 21 with final numbers.

Frangiamore moved to adjourn the meeting. Second by Stanko.

Voice vote: 2-0. All voting yes. Motion carried.

Meeting adjourned at 7:33 PM.