

The Rock Island City Council met in Budget session on Monday, November 24, 2014 at 5:00 pm in Council Chambers of Rock Island City Hall. Present were Mayor Dennis E. Pauley presiding, and Aldermen Joy Murphy, Charles O. Austin III, Ivory D. Clark, David Conroy, P.J. Foley and Stephen L. Tollenaer. Staff present included City Manager Thomas Thomas, Finance Director Cynthia Parchert and Budget Coordinator Don Reichert. Other staff entered the room at various times of the evening pertinent to their presentations. Alderman Kate Hotle arrived at 5:06 pm.

FOLLOW UP TO NOVEMBER 17TH MEETING

Finance Director Cynthia Parchert advised that for tonight's Budget review sessions, the Parks Department will present their budget first, followed by Fire, Information Technology, Finance, Human Resources, General Administration and City Clerk. It was noted that the departments will be following the same Agenda as last week, which includes; reviewing staffing changes; reviewing budgeted projects; reviewing new or renewed contracts; reviewing changes to revenue or fee structures; reviewing changes in level of services; reviewing operational changes; reviewing new or renewed grants; and reviewing departmental projects or expenses within the CIP using Gaming or General Fund carryover funds.

PARKS AND RECREATION

Parks and Recreation Department Director Bill Nelson presented the Parks and Recreation Department's 2015 Budget to Council.

Mr. Nelson stated that the department has 26 full-time employees, 55 part-time employees and approximately 138 seasonal employees. Mr. Nelson discussed staffing changes. Mr. Nelson stated that there are two positions open in Park Maintenance. Mr. Nelson added that there will be another position open at the end of the year as the result of a retirement. Mr. Nelson indicated that in this year's budget, the department reapportioned some of the park maintenance workers based upon pay and their work locations. Mr. Nelson commented that the department also cut out a three-quarter part-time maintenance position that is primarily used to mow grass in an effort to balance revenues with expenditures.

Mr. Nelson indicated that in regards to recreation, some of the duties were reorganized in which a half-time marketing position was created. Mr. Nelson added that a community recreation position for youth was developed as well as a community recreation position for special events and adult programming. Mr. Nelson indicated that clerical staff was reduced by one full-time position for a total decrease of one-half FTE. Mr. Nelson noted that the part-time and seasonal FTE's did not change too much because most of these jobs take place in the summer.

Mr. Nelson discussed program changes. Mr. Nelson stated that the department continues to look for ways to provide new programs and improve customer satisfaction. Mr. Nelson then discussed participation at Highland Springs Golf Course as it related to outside participation. Mr. Nelson commented that over 70% of all plays at Highland are from people outside of the Rock Island zip code. Mr. Nelson added that about 40% of all plays at Saukie Golf Course are from people that live in Rock Island and the rest are from people outside of Rock Island. Mr. Nelson further discussed outside of Rock Island participation as it related to park facilities including RIFAC and Whitewater Junction.

Mr. Nelson discussed the Parks Department's primary projects that are part of Gaming, which included; computerized receipting system, tuck pointing of the outside walls at Hauberg and the Carriage House, chalet roof at Longview Park, ADA sidewalks for Ridgewood and Shadybrook Parks and removal of the Firehouse at Douglas Park. Mr. Nelson further discussed these items. Mr. Nelson advised that the replacement of a side winder out-front mower for one of the golf courses is covered in the Parks and Recreation portion of the budget.

Mr. Nelson discussed revenue. Mr. Nelson advised that fees are reviewed each year with the board and staff. Mr. Nelson stated that golf passes will be increased between 5.0% and 7.0%, and the daily special for Saukie will increase to \$25.00 for a round of golf with a cart after 10:00 am. Mr. Nelson indicated that sport fees for some youth sports will increase to \$45.00 to offset equipment costs, and gym rental fees will increase an additional \$5.00 to \$20.00 an hour based on prime time and how much gym space is desired. Mr. Nelson offered that Hauberg rental rates are being increased for events that are more than four hours, and Schwiebert rental rates for weddings are being increased. Mr. Nelson also commented that Whitewater Junction private rental rates have increased approximately 5.0% to 10% based on the number of people attending and the life guards required. It was noted that RIFAC had some selective membership increases for young adults and senior memberships. Mr. Nelson pointed out that a sliding scale based on income has been implemented at RIFAC in an effort to provide access for those individuals with a limited income. Mr. Nelson also discussed the partnership with the townships, RICAP, the Library and MetroLink for programs that assist in providing access to Whitewater Junction, RIFAC and golf. Mr. Nelson added that the department is also adding a coupon program for riders of MetroLink in regards to discounts for park facilities. Mr. Nelson further discussed this item.

Mr. Nelson discussed level of services. Mr. Nelson advised that the department is slowly falling behind in maintaining some of the park areas. Mr. Nelson added that priority is given to the park areas that are utilized the most. In the area of operational changes, Mr. Nelson stated that it is unlikely that funding will be received from the Day Foundation for the onsite school camp. Mr. Nelson added that the department is working on developing some camp programs. Mr. Nelson further discussed this item. Mr. Nelson also discussed the department's efforts in working with Little League to get additional memberships as it related to youth sports. Mr. Nelson advised that in regards to grants, the department has asked for a change of purpose in the grant identified for Douglas Park because there is a

need to replace worn out fences. Mr. Nelson added that he has not received a response yet from DECO.

Mr. Nelson stated that in terms of gaming, the computerized receipting system would replace a system currently in use that will no longer be supported by the software company. Mr. Nelson offered that the tuck pointing of the walls at Hauberg and the Carriage House will include repairs to the mortar on the outside walls. It was noted that in regards to the bond payment for Whitewater Junction, it is the principal payment on the bonds for the construction of the original pool. Mr. Nelson discussed the chalet roof at Longview Park as well as the mandated ADA sidewalk compliance changes at Ridgewood and Shadybrook Parks. Mr. Nelson advised that repairs to the roof, floor, tuck pointing of walls and replacement of the HVAC system at the Firehouse at Douglas Park far exceed the value of the building for park use, and it is being recommended to remove the Firehouse. Mr. Nelson further discussed this item.

Council and Mr. Nelson discussed the Parks and Recreation Department's 2015 Budget as it related to removal of the Firehouse at Douglas Park, the infestation of the Emerald Ash Borer and expenses exceeding revenues. Council further discussed the Parks and Recreation Budget.

FIRE

Fire Chief Jim Fobert accompanied by Assistant Fire Chief Jeff Yerkey presented the Fire Department's 2015 Budget.

Chief Fobert indicated that staffing levels remain the same at 58 sworn and one civilian for a total of 59 FTE's. Chief Fobert advised that one of the projects that the Fire Department is looking at for this budget year is to paint the exterior of Station #2, which is the ambulance portion out at the Southwest area. Chief Fobert indicated that the new entry doors at Central Fire Station are part of Gaming. Chief Fobert added that to reduce the cost of this project, the cost was split for half this year and half next year. Chief Fobert advised that the engineering study to replace the HVAC system at Central Fire House is underway. Chief Fobert explained that he had hoped to replace the sections of the concrete at Stations #1 and #4 this year, but because of the weather, the use of equipment from Public Works and with water main breaks, the project will be pushed back until next year.

Chief Fobert advised that the Ambulance Billing contract remains the same through Professional Billing Services for CY2015. The Chief commented that mileage and treat and non-transport fees were increased on April 1, 2014. Chief Fobert indicated that ambulance revenue remains the same and no changes are anticipated for CY2015. The Chief added that \$2.8 million will be billed out. The Chief noted that Haz Mat Permits are at \$20,000.00. The Chief commented that these Haz Mat fees are fees on the businesses that have hazardous materials. Chief Fobert noted that the Foreign Fire Tax Fund came in at \$51,900.00 this year. The Chief added that this is the fund that the rescue boat will be coming out of for CY2014. Fire Chief Fobert noted that \$60,000.00 will

come out of the Foreign Fire Tax Fund and \$20,000.00 is from a donation. Chief Fobert further discussed the new fire-rescue boat.

Chief Fobert discussed the changes in the level of services for the Fire Department. Chief Fobert indicated that Station #2 in the Southwest area received a new heart monitor. The Chief noted that the water rescue boat will probably be put in service in the spring or summer of 2015. The Chief added that it will not be put in service until everyone has been trained. Chief Fobert discussed operational changes. Chief Fobert indicated that in regards to response to territory, smaller vehicles will respond to certain areas that are high volume to save on fuel and maintenance to the Fire Department fleet. Chief Fobert also discussed the water rescue equipment. Chief Fobert commented that the new ladder truck is in operation at Central Fire Station. The Chief noted that this ladder truck will go on fire calls, but it does not go out on EMS calls unless that is the last resort.

Chief Fobert stated that in the area of grants, the Fire Department for CY2015 will be working on the breathing apparatus grant (SCBA) with other local agencies to replace the outdated SCBA equipment in CY2016.

Council and Chief Fobert discussed the SCBA Grant and fire insurance ratings. Council also discussed ambulance services as it related to fees.

Council further discussed the Fire Department's 2015 Budget.

At 6:23 pm, Alderman Conroy excused himself from the session.

INFORMATION TECHNOLOGY (IT)

Information Technology Department Director Timothy Bain presented the Information Technology Department's 2015 Budget to Council.

Mr. Bain indicated that overall, staffing levels remain the same at seven employees.

In the area of projects, Mr. Bain stated that the IT Department has budgeted \$150,000.00 for replacing computer equipment. Mr. Bain stated that two years ago, the IT Department focused on replacing a lot of copiers and printers; in this current year, the department has spent a lot of time working on Windows XP. Mr. Bain added that there were a lot of desktops and laptops that had to be replaced to get Windows XP out because Microsoft no longer supports Window XP. Mr. Bain commented that in the coming year, the department is very concerned about the fact that Microsoft will stop support for Windows Server 2003 in July 2015. Mr. Bain also stated that he was concerned about the new police facility that is being built. Mr. Bain commented that there is a fair amount of supporting infrastructure that has to be put in. Mr. Bain stated that the department has budgeted approximately \$75,000.00 for Park and Recreation software as well as \$25,000.00 for fiber optics for the new Police Station. Mr. Bain also discussed the wireless network for Police, which is budgeted at \$25,000.00 and Police mobile data

terminals and in-car video systems, which is not budgeted in the IT budget. Mr. Bain further discussed computer equipment replacement.

Mr. Bain advised that in the area of contracts, the financial side includes GEMS, Northstar, iNovah and Attendance Enterprise. Mr. Bain added that on the spatial side, there is AutoCAD, ArcGIS and Cityworks, and on the enterprise side, there is Google, Civic Plus and Amazon. Mr. Bain advised that new contracts include Marina Dockmaster, Duncan Parking and Fleet Assetworks. Mr. Bain indicated that the Compasscom AVL will be upgraded to a hosted solution as well as expanding Internet Bandwidth. Mr. Bain further discussed this item.

Mr. Bain indicated that the IT Department does not have any revenue. Mr. Bain discussed changes in service. Mr. Bain offered that there are significant changes that will be going on in the Police Department with the mobile data terminals, videos, radios, wireless and the new building. Mr. Bain further discussed this item. Mr. Bain stated that Park and Recreation software and Marina and Fleet software in Public Works could impact service delivery methods, and in that respect, IT services may have to change to meet those needs. Council, Mr. Bain and Ms. Parchert discussed the fleet software as it related to the computer part of the fuel management system and how charges are distributed.

Mr. Bain stated that in regards to operational changes, there are several new software systems under review and there is a lot of work going on to eliminate older systems and to deal with the growth of storage needs. Mr. Bain further discussed this item. Mr. Bain advised that the IT Department does not have any grants.

Council further discussed the Information Technology Department's 2015 Budget as it related to Civic Plus and the City's website.

FINANCE

Finance Director Cynthia Parchert accompanied by Budget Coordinator Don Reichert presented the Finance Department's Budget for 2015.

Ms. Parchert stated that the total full-time equivalent (FTE) change from CY2014 to CY 2015 is .92. Ms. Parchert added that for CY2015, the body count has increased by one. Ms. Parchert explained that the department split the Accounts Receivable/Customer Service Supervisor position into two separate full-time managerial positions - Billing Manager and Collections Manager. Ms. Parchert noted that this change was the result of parking enforcement responsibilities moving from the Public Works Department to the Finance Department. Ms. Parchert offered that the Billing Manager will oversee this function and at the same time, this allows the Collections Manager to focus on collection efforts in collecting some outstanding debt. Ms. Parchert further discussed this item.

Ms. Parchert discussed budgeted projects. Ms. Parchert indicated that the City has an outdated bad debt collection process. Ms. Parchert added that the Collection Manager will be updating this process and reinstating collection efforts. Ms. Parchert indicated

that the Billing Manager will be strengthening the billing process and centralize all billings within Finance. Ms. Parchert pointed out that Finance will then be able to monitor all receivables. Ms. Parchert indicated that during CY2014, Council approved the contract to complete a Cost Allocation Plan. Ms. Parchert added that the first rough draft has been received but Finance is waiting for the final document. Ms. Parchert added that once it is finalized, it can be implemented as part of the CY2016 Budget.

Ms. Parchert stated that the Finance staff has begun preliminary reviews of financial software packages. Ms. Parchert noted that during CY2015, staff will complete preliminary reviews, issue an RFP, and arrive at a recommendation so that during the preparation of the 2016 Budget, funds can be requested for that new software and it can be implemented as part of the CY2016 Budget. Ms. Parchert and Council further discussed this item. Ms. Parchert indicated that during CY2014, Finance assisted with the implementation of Marina software and Fleet software. Ms. Parchert added that during CY2015, the Parks and Recreation Department will be replacing their CLASS software and Finance will be assisting with this implementation so that the correct information is transferred to the financial system.

Ms. Parchert discussed ongoing projects, which included; annual audit, annual budget, annual CIP budget, monthly close and monthly budget analysis. Ms. Parchert also discussed debt and loans issued for 2015. Ms. Parchert stated that in the area of budgeted contracts, Council approved a three year actuarial services contract with Nyhart as well as a three year contract for OPEB services with Menard Consulting. Ms. Parchert noted that this contract is for pension employee benefits analysis that has to be done as part of the audit. Ms. Parchert indicated that the Police and Fire pension fund entered into new investment consulting contracts this year. Ms. Parchert added that Finance is working on entering into a contract with Azavar for sales tax audit.

Ms. Parchert discussed a number of operational changes, some of which included; in the process of moving parking enforcement from Public Works to Finance; stepping up efforts for collection of past due accounts; refining of centralized billing and receivable monitoring; developed a new resident packet, but not finalized yet; and offering the ability of acceptance of credit cards remotely. Council and Ms. Parchert further discussed this item.

Council and Ms. Parchert further discussed the Finance Department's 2015 Budget.

HUMAN RESOURCES

Human Resources Director John Thorson presented the Human Resources Department's 2015 Budget.

Mr. Thorson stated that in regards to staffing, the Human Resources Department has four employees and there are no changes anticipated for 2015. Mr. Thorson added that no retirements are anticipated for CY2015. Mr. Thorson advised that the department does not have any budgeted capital projects for CY2015.

Mr. Thorson advised that the primary contracts that the Human Resources Department oversees include; legal services, temporary services, employee assistance, medical services and consulting, which is primarily with health and risk management services. Mr. Thorson added that other contracts include miscellaneous, which are Rock Island County and South Rock Island Township for the use of the Wellness Center, City wide vending and labor union contracts.

Mr. Thorson advised that overall, revenues are budgeted at \$6,824,332.00 and for CY2015, there will be an increase of \$1,904,206.00. Mr. Thorson stated that self insurance revenues will increase about 44% or \$460,507.00 in CY2015. Mr. Thorson added that this fund is struggling and it is in a deficit position. Mr. Thorson commented that the Financial Policy requires that one year of operating expenses is to be kept on hand. Mr. Thorson added that the fund was increased to an additional \$160,000.00 for the upcoming year in an effort to get the fund balance into policy compliance. Mr. Thorson stated that he is concerned about this item.

Mr. Thorson stated that health insurance revenues will increase 37% or \$1,436,747.00 in CY2015. Mr. Thorson added that the health fund has a current fund balance of \$3,218,338.00. Mr. Thorson advised that the Financial Policy states that the health fund balance should be maintained at 25% to 50% of operating costs in the budget. Mr. Thorson added that this budget assumes that expenses will exceed revenues; it is a deficit budget. Mr. Thorson advised that the Cafeteria Plan revenues will increase 11.1% or about \$7,000.00 for CY2015. Mr. Thorson stated that this relates to employee funds for dependent care reimbursement and medical reimbursement for out-of-pocket expenses.

Mr. Thorson advised that no changes in service levels are expected for the next year for internal or external customers. Mr. Thorson stated that in the area of operational changes, the department is looking to increase the Wellness Center nurse's hours approximately 10 hours per week. Mr. Thorson added that the primary reason is to provide assistance to the Nurse Practitioner for blood draws, patient charting, patient workups and administrative tasks. Mr. Thorson provided background information on the onsite-nursing clinic as it related to visits, costs and City and employee savings.

Mr. Thorson discussed grants. Mr. Thorson advised that the department receives funding for the Retiree Drug Subsidy. Mr. Thorson explained that the drug subsidy payment is to help offset the Medicare retiree's prescription drug usage that is currently paid for. Mr. Thorson commented that no application will be made to RDS for the next plan year due to Medicare retirees being moved to Extend Health, which started in April of this year. Mr. Thorson added that CY2015 is the last year that the City will receive this funding. Mr. Thorson further discussed this item.

Mr. Thorson advised that the department does not have any Capital Improvement Plan requests for CY2015.

Council discussed the Human Resources Department's 2015 Budget.

CITY MANAGER, MAYOR, ALDERMEN AND CITY CLERK

Ben McCready, Assistant to the City Manager presented the City Manager's, Mayor's, Aldermen's and City Clerk's 2015 Budget.

Mr. McCready referred to the budget review documents and commented that there are no anticipated changes to staffing levels in these departments.

Mr. McCready stated that the CED Director has taken on additional duties as the Assistant City Manager; this is not reflected in the budget. Mr. McCready offered that the City has been able to work cooperatively with Augustana College and the Finance Department for an intern that assists the departments. Mr. McCready added that it has been a good model and the department is looking at expanding this program. It was noted that some funds have been made available through the college to help support this program.

Mr. McCready discussed funding. Mr. McCready advised that the activities of the City Manager's Office, City Clerk's Office, Mayor and Aldermen are supported by six funds, which include three TIF funds. Mr. McCready added that the Gaming fund and Labor Day Parade fund are associated with specific programs.

Mr. McCready stated that revenues have been stable, but there has been one change this year. Mr. McCready advised that there was a policy change initiated on March 17th of this year to discontinue collecting the Downtown Security Fees. Mr. McCready added that it had a \$23,975.00 impact on revenues and with those revenues not being collected, it will be relatively stable.

Mayor Pauley advised that the document states that it will be decreasing \$1,000.00.

Mr. McCready advised that it was between all six funds; it went down approximately \$1,000.00 from this year. Mr. McCready added that this was based on looking at what the actual revenues were. Council further discussed this issue.

Mr. McCready explained that compared to CY2014, revenue was \$195,700.00 and CY2015 is \$194,700.00 and that includes alcohol, tobacco dealers, games/amusements, junk yards, miscellaneous business licenses and private parking lots. Mr. McCready further explained that in CY2014, it was a nine month budget and the budget was adjusted to reflect several things; most of the revenue in that year was collected on an annual basis. Mr. McCready further discussed this issue.

Mr. McCready indicated that budgeted expenses for these departments have increased by \$145,965.00 or 25% compared to the current year. Mr. McCready commented that the increase is on target with the anticipated variance associated with transitioning to a 12 month cycle. It was noted that this increase is primarily attributed to personnel costs.

**CITY OF ROCK ISLAND
CITY COUNCIL MEETING – BUDGET**

**November 24, 2014
MINUTES**

Next, Mr. McCready discussed service levels and operations. Mr. McCready stated that General Administration continues to coordinate several activities within the community. Mr. McCready added that these departments represent the City to intergovernmental partners and stakeholders, support community events, such as the Labor Day Parade and coordinates requests for information through the City Clerk's office. Mr. McCready discussed a number of ongoing projects that these departments are involved in, which include; annual strategic planning, economic development, annual Labor Day Parade, performance audits, monthly budget monitoring, licensing application process and communications and marketing program.

GENERAL DISCUSSION

Finance Director Cynthia Parchert distributed a corrected budget document concerning the Martin Luther King Center's CY2015 Budget that was presented on November 17th.

Council discussed various departments' budget issues.

RECESS

A motion was made by Alderman Hotle and seconded by Alderman Tollenaer to recess to Monday, December 1, 2014 at 5:30 pm. The motion carried by the following Aye and No vote: those voting Aye being; Alderman Hotle, Alderman Murphy, Alderman Austin, Alderman Clark, Alderman Foley and Alderman Tollenaer; those voting No, none.

The meeting was recessed at 7:45 pm.

Aleisha L. Patchin, City Clerk