

CITY COUNCIL

February 27, 2008

ROLL CALL – PRESENT:

	Alderman Tisdahl	Alderman Wynne
	Alderman Rainey	Alderman Bernstein
	Alderman Hansen	Alderman Holmes
A Quorum was present.	Alderman Wollin	

NOT PRESENT AT

ROLL CALL: Aldermen Moran and Jean-Baptiste

PRESIDING: Mayor Lorraine H. Morton

A SPECIAL MEETING of the City Council was held on Wednesday, February 27, 2008, at 7:17 p.m. in the Council Chamber for the purpose of considering the 2008-09 Budget.

Mayor Morton introduced Ted Windsor, former actuary for the City, who prepared the actuary report in 2006 and prior years for the public safety pensions. Mr. Windsor was sent the actuary report for 2007, prepared by Gabriel, Roeder, Smith (GRS), reviewed it and gave some reasons for the dramatic cost changes. He stated that actuaries don't determine costs. Costs of a pension plan are determined by who retires, when they retire, how long members receive pensions, plus earnings on assets. The actuary determines how to pay for those benefits. In pre-ERISA days, many pensions were pay as you go. Funds were collected and benefits paid. In 1974, when Studebaker failed and 6,000 people lost their pensions, it was thought that pre-funding was needed so funds would earn interest. The actuary comes up with a logical level method of putting money away so that expenses are not great at the end. To the extent that the actuary does that, assumptions are made about how long people live, what they will earn, how benefits will accrue, how much benefits will be and anything needed to determine the benefit.

GRS changed many assumptions and the one that gets the most publicity is the change in interest earned from 7.5% to 7.25%. In Windsor's analysis, that is probably one of the least interesting changes, as it had little effect and affected the liability by less than 2.5%. The largest change is part of the state law. Some years ago the amortization rate of the unfunded liability was changed from a 30-year level dollar to a 40-year level percentage of pay. What that meant is in the early years they were not even making interest payments on the mortgage. The amortization schedule shows the unfunded liability grew as a matter of design. That is one reason that costs continue to escalate. The biggest change GRS made, compared to his work, was the funding method used. The change in the funding method is well over \$700,000. He likes the projected unit credit funding method. Whatever a member earns that year, that amount is put away as a normal cost. Whatever is accrued to date, if he/she quits and earns no more service, is called the accrued liability. The unfunded liability is whatever they don't have to meet the accrued liability. Windsor's normal cost was significantly lower than GRS. GRS used the entry age method, used by many public plans and more in the private sector 50% of the time. It is more like a universal life policy. People don't want term life because when they are seniors the cost is high, while for a person 30 years of age, the cost is small. Entry age normal does what universal life insurance does. It funds a level amount every year and unit credit says just pay for that once piece because they have all those years to earn interest. Unit credit normal cost starts lower and increases. Entry age attempts to level itself. That is the reason the cost is so different. Both methods are valid. He prefers unit credit because it is easy to explain and is the trend in the private sector. GRS is probably the largest public plan actuary in the nation and is well respected. Mr. Windsor does more corporate and union plans, which tend to favor unit credit. The new credit protection law passed in August allows for nothing else.

The cost of the plan is no different than what GRS came to, except they changed the mortality table to update it. It isn't a big change and increased costs by about 5%. GRS also assumed more people would retire earlier. A chart showed gains and losses for the past nine years. People *are* retiring earlier. When members stay for 30 years, that extra 2.5% they are earning as they approach 64 is nothing compared to getting an entire year from the pension. Someone who retires at 63 and collects a pension at 64 is a lot more expensive and their benefit is 1/30th higher. GRS took costs that Windsor had in the unfunded liability and shifted some of those costs away from the mortgage into the normal costs. When they did that it caused it to be more expensive. When Windsor was the actuary, they were barely paying interest and with GRS they

are paying the full force of the organization.

In response to Mayor Morton, Mr. Windsor explained that there are two costs to any pension plan. If they started a new plan today they would have only one cost – what the person pays in. After the plan has been around for 10 years, and some benefit improvements are made (which they did not put money away for or assets did not perform as well as hoped), they suddenly find the past funding isn't enough. They have to make that up and the way to do that is to take a mortgage, which is the unfunded amortization and it becomes the second component of cost to the plan. He reiterated that a mature plan always has two costs. The funding method assigns the total cost of the plan, which is the same as both GRS and he calculated. All would get the same number. The funding method looks at how much should be paid in normal costs and how much should be added to what has been paid already. Mr. Windsor's method puts more into the already paid category and less into the future. GRS puts more into the future and less into the already paid. Because the mortgage pays off the liability more slowly than the forward looking portion, moving money from forward looking portion to the past, decreases cost. The method assigns the total liability into two buckets: the past bucket and the future bucket.

Mayor Morton asked if the cost is appreciable. Mr. Windsor said if the costs remain the same according to either report, essentially what the GRS report does is pay up-front, rather than later on. Using the GRS report, costs down the road should be less. Gains or losses when they arise, impact the unfunded liability, because people outlive what was predicted or less was made on assets. Assuming the cost methods are the same, all they are talking about is the interest rate. Suppose that 7.25% is perfect. What that means with the old report, when they expected to earn 7.5% and it fell short, the shortage would have been roughly \$400,000. That amount would move into the unfunded and would be amortized over the balance of the. It is similar to having a mortgage on your house. If you lost some money in your bank account, and instead of realizing the loss in the bank account, took the loss and then put it into the mortgage. Those gains and losses are not gone, yet not suddenly there. The 7.25% recognizes all those future gains and losses today and put them into the unfunded today as opposed to as they arise. The 7.25% interest rate is in his comfort range. For Evanston's plan his comfort range is 7.5 to 7.75%. Like GRS, Mr. Windsor has a model based upon the expected rate of return and the equity premium (how much stocks should earn; premium for corporate bonds). When he ran his model it had 25 basis points to either side of the middle range.

Alderman Bernstein confirmed that, philosophically, GRS pays the principle off sooner and Windsor pays later. He used the two bucket analogy again. The one mortgage barely pays interest now and will pay a whole lot later. The other pays a lot more principle starting from day one. GRS method moves more of the liability into the pay off the principle sooner bucket. Windsor's bucket pays interest now and pays off later. GBR talked in terms of a pattern of loss. Should different assumptions have been made given the pattern of loss he saw? Mr. Windsor said that GRS made many changes and it is difficult with the size of the Evanston police plan to do a full-blown study. He gave an example of two high-ranking police officers in LaGrange retired in one year and the loss was horrendous. The next year no one retired and they had huge gains. Looking at patterns of losses, the only loss that he saw was consistently earlier retirements than they thought. He noted salaries did not increase as fast in 2004. GRS moved salaries by 50 basis points, which isn't large. They also changed the inflation rate, which was rational but not significant. His was lower. The one change that GRS made that affected (the plan) most was the pattern of retirement

Alderman Bernstein questioned the validity of the unfunded liability, which GRS said is \$140 million for both plans. Is that unreasonable? No, it is within the realm of reality. Mr. Windsor did not like the law passed by the legislature, which uses a level percentage of payroll to pay off the unfunded liability. That does not happen in the private world. In the private sector, they would never get away with that. It tends to funnel the liabilities very slowly. What GRS did was to take some of that away and put it back in, which was the big change. He did not think the assumption changes of increased costs amounted to more than 15% and the balance is the change of method. To the extent that GRS has moved it from the unfunded into the normal cost, there is probably some good there. He did not like that method for other reasons. The gains and losses in that method are harder to predict and are larger. If there is a stationary population, you can actually see costs decline. Whereas the unit credit method does a better job of level cost in a stationary population. Unit credit is a lot easier to explain to a client. He teaches young actuaries. With year-to-year service and the accrued pension going up \$100 a month, put it away today and in ten years that money will be there. The other method is much more complex.

In response to Alderman Jean-Baptiste, Mr. Windsor did the valuation in 2006 and recalled the normal costs were about

\$2 million. He recalled that the GRS normal cost was around \$2.6 million. Alderman Jean-Baptiste asked how much difference he would have advised them to put away. Mr. Windsor confirmed that the cost in dollars would have increased as time goes on.

Resident Charles Sheridan asked if they put \$2 million in the bucket to make up the unfunded portion of the pension, with the state mandates for investments and the current economic climate, of 45% and 55%, what is a reasonable rate of return. Mr. Windsor thought 45% in equities and 55% in fix income could earn 7.5%. When actuaries talk about large changes in assumptions, they are talking about going from 7.5 to 6.75. GRS went from 7.5 to 7.25, so they are not far apart. Maybe their model came out with 6.7 to 7.5 and they chose 7.25. If a 3.5% inflation rate is assumed, the real rate of return over the last 30 years is in the 3% range. Most economists think we will not have that so they go to 2%. Corporate bonds are a percent higher than government bonds; equities should earn 3.5% to 4% more than bonds. Historically, equities have earned 6-7% more and will continue. He enumerated his method to reach 7.5%. GRS could say the real rate of return is 1.75% to reach 7.25% rate of return.

Alderman Tisdahl thanked Mr. Windsor for his clear and helpful presentation and explanation.

Resident Gerald Gordon said Mr. Windsor's unfunded liability number brought up to date was about two-thirds of GRS number. Now they have a huge tax increase based on what they perceived to be a large unfunded liability. Should they be funding Windsor or GRS? Mr. Windsor explained an actuary predicts the rate of return for 20-40 years. In the past two years, they did not even come close to making 7.25% or 7.50%. Part of the reason liabilities jumped by a third is that they were only paid interest and no interest on the unfunded, so they were expected to go up by virtue of the method deemed in Springfield. The loss of assets not making the 7.25% or 7.50% went into the unfunded liability. So it was that and some assumption changes. The biggest assumption changes that increased cost by 10 of that 33% were the change in the pattern of retirement and the mortality table. People live longer and receive more benefits, which were based on a different mortality table. There is a newer RP 2000 table that would increase liability by 10% and he would not use it because it is based on annuitized people. There are 10-15 mortality tables. If he was valuing General Motors workers, he might use a 1983 table. If he was valuing Microsoft workers, he would use the RP 2000 table because jobs are less dangerous and live longer. Tables vary greatly. With a small group there aren't enough people to make an accurate prediction as to whether the table is doing a good job or not. They look for a big study such as the New York Police or Chicago Police study. They studied mortality and both use the 1983 table.

Mayor Morton thanked Mr. Windsor for coming and for his presentation.

Mr. Windsor reviewed the Central States Pension Plan. Their unfunded liability changed from 2006 to 2007 from \$9.8 billion to \$17 billion. The reason it can change so much is due to how highly it is leveraged. The assets don't move but the liabilities go up. If there are \$1 million in liabilities and \$500,000 in assets and, liabilities increased by 10%, the unfunded has gone up by \$100,000 to \$600,000. They saw a small change to assumptions that affected accrued liability.

Alderman Moran asked how often he looks at assumptions. Mr. Windsor looks at assumptions every three years; reviewed the report every year with Bill Stafford, and then he met with Matt Grady when he came on. How many times did he change assumptions? Once. He was hired in 1996 and in 2000 he changed the rate of retirements. He was here in the late 1990s when assets earned 12% interest.

City Manager Carroll appreciated Mr. Windsor explaining what has happened and gains and losses. Mayor Morton asked about ranges. Mr. Windsor said a range is where they feel comfortable with assumptions. The real rates of return will vary somewhat and where the range comes from. Mr. Windsor said the single largest change in cost was in the method used by GRS, (there are five methods) which resulted in increased contributions now and less later.

Citizen Comment:

Charles Sheridan, 2331 Church St., suggested Council consider revenue generation rather than new taxes; recommended they revisit a proposed harbor that was opposed by many. He suggested they look at prior studies and see if that is a potential income generator. He knows many people on the lakefront were opposed, but urged them to consider which is more painful – a harbor with lakeside restaurants or higher property taxes? Maybe a small in-house study could be done

to see if they could make up the budget shortfall. If lakefront and east side people don't go for revenue generators, then they will be impacted disproportionately by increased property taxes. He suggested they get some rough numbers.

Dona Gerson, 200 Lee St., spoke on behalf of Friends of the South Branch Library. History shows at budget time, branch libraries are considered for cuts. Branch libraries provide services efficiently to the community at a modest cost. They are used heavily as community centers with children's programs and internet usage. The South Branch is 80 years old and the North Branch is 55 years old. There are new apartment buildings near the South Branch and they want to incorporate those residents into library users. They now have evening hours to bring more people into the library. Libraries are part of Evanston's fabric and she urged that they receive strong support.

Susan Newman, 1906 C Lincoln St., supported retaining the North Branch Library. She heard of a plan to sell the joint building with the library. While Evanston has a magnificent main library, branch libraries are needed as well. The North Branch serves as a touchstone for Central Street, has activities and serves kids. She hoped they keep the branch open.

All items listed under consent agenda were taken care of at the Monday, February 25, 2008 City Council meeting.

Special Order of Business

Resolution 14-R-08 Operating Budget Fiscal Year 2008-09

Approval of the Operating Budget for Fiscal Year 2008-2009.

City Manager Carroll gave Council members an article related to pension funding. Because Council did not give a figure for the tax levy increase, she sent some proposed cuts and revenue enhancements for consideration. Philosophically, she believes the \$1.95 increase in the refuse charge is a good thing to do. That is up for consideration again. The City received updated information from IML on the state income tax, which went up \$100,000. She is still interested in the yard waste sticker program. She stated this is the first year the City will receive a payment of \$50,000 in lieu of taxes from Three Crowns Park retirement community. Based on conversations Monday night, Mr. Wolinski came back with a registration fee of \$50 per building, a "no-show" fee of \$150 and a second inspection fee of \$75. That would generate \$200,000. The next revenue item is residential parking permits, to increase the fee from \$15 to \$150 for non-residents and from \$15 to \$25 for residents. Those changes would create \$170,000. Five positions and one program were up for cutting. Under police, if they lose the crime prevention specialist, those duties would be reassigned to the police planner. Chief Eddington recommends giving up the accreditation process, which saves another \$10,000. In the manager's office, they will cut one help desk employee. Those proposals are \$1.6 million in cuts. She also brought back the food & beverage tax without the liquor.

Alderman Wynne had suggested they put the \$1.95 refuse fee on the property tax. She moved that they remove the \$1.95 from the property tax and put it on the water bill. Seconded by Alderman Moran.

Alderman Wynne recalled talking about the cost of school crossing guards (\$371,900) and shifting that to District #65. She suggested that be looked at in the future. District #202 pays for crossing guards. Ms. Carroll said a good time to talk to District #65 about payment for guards is when they start collecting monies from the Downtown II TIF. If that is the desire of Council, she could meet with District #65 and try to move that to the school district in year 2011.

Alderman Bernstein became aware that for the past seven years the U.S. Postal Service has parked its vehicles in City garages and paid nothing. At the Parking Committee, they discussed payment of \$201,000 in back rent. He was told by the Assistant City Manager that the City does not know how far behind the City is in liquor tax collections. Acting Finance Director Steve Drazner stated the City is behind one month. Establishments have until the 30th of the following month to make their payments. The question is how many are more than a month behind? He did not have that information. Ms. Carroll will look into it. Alderman Rainey asked for a report on how many establishments are behind and how much they are in arrears.

Alderman Bernstein accepted the validity of the GRS figure for the public safety pensions. Mr. Windsor's methodology was different, but it is pay it now or pay it later. He was glad that Alderman Rainey had put that number in the beginning of their budget deliberations.

Alderman Rainey opposed adding revenues unless the money due is not collected. If they plan to impose this charge, it needs to be on the tax bill. Garbage collection is a public service that everybody should pay for. She knows people who live at Brummel/Custer that complain about the lack of garbage collection at a single-family home on the next street. This is about as regressive as they can get. They say they don't want to burden 2-4 flats with a charge of \$2 a month. The water bill will be out of control with what is being added to it.

Roll call. Voting aye – Tisdahl, Hansen, Wollin, Jean-Baptiste, Wynne, Holmes, Moran. Voting nay – Rainey, Bernstein
Motion carried. (7-2).

Parking permit fees. Collection Manager Kevin Lookis explained that non-residents pay \$70 for a parking permit. The proposal is to raise that to \$150. Between 900-1,000 non-resident permits are issued annually. Alderman Moran moved to increase the non-resident parking permit fee from \$70 to \$150. Seconded by Alderman Tisdahl. Voice vote on non-resident parking permits, motion carried unanimously.

Alderman Holmes moved that Council adopt an annual rental building registration fee of \$50. Seconded by Alderman Tisdahl. Alderman Bernstein wanted to see a fee based on the number of units. Community Development Director Jim Wolinski said there are just under 3,000 rental buildings in Evanston. The fee would be collected annually. First Assistant Corporation Counsel Herb Hill opined that legally, they could make a distinction based on the number of units. Alderman Wollin asked for a breakdown on that. Alderman Holmes suggested they keep the flat fee and ask staff to study whether they want certificates for units. Alderman Rainey supported the flat fee, which is based upon vehicle licensing; wanted the Community Development Department to include the name of the owner and insurer of the property. Alderman Jean-Baptiste thought they had communicated that they would not revisit this. Alderman Holmes said this is new because they are talking about a registration fee, not licensing of units. Mr. Wolinski reported there are about 500 single-family rentals; 1,664 two flats; and 394 three-five unit buildings. He did not bring figures for larger buildings. The \$50 per building fee would generate about \$149,000. Alderman Holmes asked if they have information about condos that are rented out. No. Mr. Wolinski said in the near future an ordinance will be proposed to require condominiums to report how many units are rented. Voice vote on adoption of rental building registration fee of \$50. Motion carried.

Alderman Rainey moved approval of a “No-Show Fee” of \$150 and a re-inspection fee of \$75. Seconded by Alderman Holmes. Alderman Bernstein thought they had agreed with landlords that they would meet and work out some method of approaching bad property owners; could not support these fees.

Roll call. Voting aye – Tisdahl, Rainey Holmes, Moran. Voting nay – Hansen, Wollin, Jean-Baptiste, Wynne, Bernstein.
Motion Failed (4-5).

Alderman Tisdahl moved that the Cultural Fund Grants program be cut. Tenants at Noyes Cultural Arts Center are given a break on rent there and receive grants to do community service. The program cost is \$30-40,000. Seconded by Alderman Hansen.

Parks/Forestry & Recreation Director Doug Gaynor related the City cost is \$27,000 and the balance is paid by a state arts grant. An Arts Council subcommittee reviews all the grant applications. No one is guaranteed a grant, whether a Noyes Cultural Arts Center tenant or not. Tenants' rent is 15% below market and is made up through community service. If a tenant is successful with the application, they get a grant like anybody else. Alderman Wynne asked if community service must be performed in Evanston. Yes. Mr. Gaynor explained community service is part of the rent paid to the City by Noyes tenants. A list of tenants who received grants was included in the packet. Alderman Tisdahl confirmed her motion was to cut the City's portion of the Cultural Fund Grants program of \$27,000.

Leah Calahan, co-chair, Evanston Arts Council, explained community service is separate from the Cultural Fund. The Cultural Fund provides grants that are applied for by artists from throughout the city. These are small amounts that are used to leverage other funds.

Roll call. Voting aye – Tisdahl. Voting nay – Rainey, Hansen, Wollin, Jean-Baptiste, Wynne, Bernstein, Holmes, Moran.
Motion failed. (1-8)

Alderman Holmes moved to eliminate a vacant position (bookkeeper \$60,100) in Parks/Forestry. Seconded by Alderman Moran.

Alderman Wynne asked how long it has been vacant and is it needed. Ms. Carroll stated the position would become vacant in the next two weeks. The current bookkeeper will move to payroll. The bookkeeper duties will be filled by another staff person. Mr. Gaynor explained they have a business office coordinator. The bookkeeper does payroll, requisitions and purchases, personnel functions and reconciles batches that come from the centers.

Roll call. Voting aye - Hansen, Wollin, Jean-Baptiste, Holmes, Moran. Voting nay – Tisdahl, Rainey, Wynne, Bernstein Motion carried (5-4).

Alderman Rainey spoke about the manager's request to hire an Economic Development Director at \$120,000. Funding would come from the Economic Development Fund. She proposed that person not be hired at this time; instead transfer the funds to the General Fund. She argued that the TIF is about to expire downtown and this is not a good time to add staff. There are employees who can easily fill this role. She moved to eliminate the Economic Development Director position from the Economic Development Fund and transfer \$120,000 to the General Fund. Seconded by Alderman Hansen. Alderman Rainey did not want to add people when others are cut and thought the City could hold off for a year.

Alderman Wollin referred to budget memo #70 where the city manager stated the need for this position. She proposed a compromise that somebody be hired for a six-month period starting September 1, for a cost saving of \$50,900.

Alderman Moran said there is much discussion concerning economic development downtown and a lot of work to be done regarding their objectives and goals. Their focus has been on residential real estate. Many people think there is a need to refocus and begin now -- whether they need more commercial or office space or a different mix than residential/multi-purpose development. He urged them to go forward with this position. Judy Aiello has been the sentinel on this for a long time. While he has confidence in staff, they need to get somebody who has had strong experience in economic development and it should be done now. This is an investment, if handled well, that will pay dividends in the near future. It will help the City get its economy oriented correctly. He urged retention of this allocation.

Mayor Morton stated that Inventure is more involved in economic development now. Alderman Moran acknowledged that Inventure does good work, but the City must work on this. Traditionally, Inventure has not done this. Alderman Bernstein thought that EvMark was supposed to do this. Alderman Bernstein pointed out that economic development needs are not just in the downtown. The City has staffers Morris Robinson and Dennis Marino. Alderman Jean-Baptiste asked Assistant City Manager Judy Aiello to give them a sense of where staff is.

Ms. Aiello stated it has been a team approach and she has always tried to include planning, community development and public works. Because staff has so much to do, no one person (with the exception of Morris Robinson, who has done pro-active work) their work has been more reactive. They don't have the staff to do pro-active work. Inventure and the chamber do their part. The City has done a great deal of planning with an economic development focus. They don't do strong marketing. When the plans are done and they see what the neighborhoods look like, it would be helpful to take a more pro-active approach. Marketing is one aspect. Research is another part that is needed. As they move forward, they will have to be much more aggressive in this economic climate. Alderman Rainey said hundreds of thousands has been spent on planning and they need to have some input on what economic development should be. She did not think hiring somebody for six months would change anything. Alderman Moran said they have engaged in planning exercises and have created a framework. Next is the implementation phase and that is a story yet to be told. What pieces go onto the board? How do they figure that out? Who will do this? If they don't get an economic development director on board they will take all of their planning and put it in the freezer. They need somebody to pick up the pieces and be proactive.

Alderman Wynne supported hiring an economic development director – especially with the economy now. They have to be out there and be proactive about Evanston, which doesn't sell easily. The engine of growth for the last 10-15 years has been residential development and that is slowing down. Evanston has to diversify. It takes a while for things to come to fruition in marketing. Someone is needed out there to promote Evanston. There are at least two or three buildings in the 3rd Ward that are in suspended animation. Another economic engine is needed and she supported hiring this position.

Alderman Rainey said given the economy, it is time for Evanston to get its act together. They have so many new people in the organization. They don't know if the liquor tax is paid up to date. There is a learning curve that needs to take place. Now, when times are bad, is not the time to hire. It is time to stimulate businesses that are here. She is 100% for hiring in the next budget cycle and getting some revenue from the downtown TIF.

Alderman Tisdahl asked the manager to speak about this position as somebody who could help break out of the condominium/retail mode. Ms. Carroll said that staff has done a great job of redevelopment. When communities are proactive in an economic development environment, they go out and search for companies, jobs, and promote what they have. Evanston is a place people want to come to. It could be technology or an entrepreneurial class. Evanston has a world-class research university with which the City does not interact, with the right person, it could make the right connections. Some of those companies are in Skokie. Evanston has some of the most intellectual capital in the entire area and needs to be a regional player, which she did not think it is. For example, Evanston needs to be the Palo Alto of the Midwest. That cannot be done by just building buildings. They need to create a different vision. Staff has not had time to take a proactive approach. An economic development director works with commercial brokers, the State of Illinois, and regional universities. Other communities have these functions and are aggressive. If Evanston does not think about taking a different tactic, it will lose out. She was willing to hire for six months and finish some planning.

Alderman Bernstein noted the Research Park was an abysmal failure; cost the City millions; passed Evanston by and is now lodged on Oakton St./Skokie Blvd. Skokie has Evanston's research center with an El stop on the Skokie Swift. The City does not get much cooperation from Northwestern University in the town/gown relationship. Now is not the time to start this. Get Evanston's act together. Ms. Carroll has a lot of work to do in reorganizing a group of people and bringing in new people. The City is short on zoning staff. He could not vote for hiring in order to position the City. He agreed that the City has to become more aggressive, but this is not the time to hire.

Roll call. Voting aye – Rainey, Hansen, Jean-Baptiste, Bernstein. Voting nay – Tisdahl, Wollin, Wynne, Holmes, Moran. Motion failed (4-5).

Alderman Rainey asked for a refresher on the nature of the Fire Plan Review position, qualifications and search. Fire Chief Alan Berkowsky explained this position came about by combining two positions. The Emergency Preparedness Manager and the Fire Marshal were combined because both Max Rubin and Kevin Kelly will retire. The plan reviewer was budgeted last year and, due to a hiring freeze, was not hired. The plan reviewer will take on work formerly done by the fire marshal. They cannot combine three positions. There are some cost savings because the emergency preparedness manager position was eliminated, plus there will be a new source of revenue by having the plan reviewer in-house. Some colleges teach fire science/engineering. There are people working currently as fire marshals that could take on this position and several other sources for a plan reviewer. Alderman Rainey asked how much is spent annually on outside plan reviewer services. Chief Berkowsky stated those fees are paid for by the submitter so the revenue stream is passed on. What is the nature of that position's qualifications? The individual could be a graduate of Oklahoma State University, which has a fire protection/engineering program; or a person who has done this kind of work with an architectural/engineering degree would be qualified. The plan reviewer position would cost \$91,000 annually inclusive of benefits. Last year the outside source generated \$79,000 and the year before \$40,000. Staff estimates revenue of \$50,000. Alderman Rainey moved that the plan reviewer position be cut from the budget and the City continue to use an outside plan reviewer. Seconded by Alderman Hansen.

In response to Alderman Rainey, Ms. Carroll explained the City receives \$25,000 annually from the State of Illinois for emergency preparedness. Combining the two positions and hiring a review planner, saves \$100,000 a year. Otherwise they would not save anything. Ms. Carroll said the fire plan reviewer position was planned for but frozen. When Max Rubin announced his retirement, they saw an opportunity to combine emergency preparedness with the fire marshal position. Because the current fire marshal does a great deal of plan reviewing now and, by taking on the additional responsibility of emergency preparedness manager, that person would not have time to do fire plan reviews. Alderman Rainey asked why they could not contract out the fire plan reviewer position. There is still an amount of plan review that needs to be done by a staff person. The only things going out were larger more complex plans. There were 452 plan reviews last year. Alderman Rainey asked if they would hire a retired firefighter for this job. The person hired would have to be qualifications to do plan review.

Roll call. Voting aye – Rainey. Voting nay – Tisdahl, Hansen, Wollin, Jean-Baptiste, Wynne, Bernstein, Holmes, Moran. Motion failed (1-8).

Alderman Hansen said with David Jennings retirement, the manager proposed hiring an assistant Public Works Director. She did not think they can create new positions, since they have strong supervisors in public works such as John Burke, Suzette Eggleston and David Stoneback. Alderman Hansen moved the Assistant Public Works Director position be eliminated. Seconded by Alderman Jean-Baptiste. The position costs \$147,900 with benefits. Ms. Carroll would withdraw the position. She thought it was needed due to the size of the department. Ms. Carroll explained the Public Works Director would be somebody with an MPA with significant work experience in public works. Voice vote on eliminating the assistant public works director from the budget, motion carried unanimously.

Alderman Hansen wished to look at making some full-time positions into part-time positions for cost savings. One is to convert a full-time program manager in Parks/Forestry & Recreation to two part-time positions and the other in Finance is to hire two part-time switchboard operators in lieu of a full-time operator for a savings of \$10,000. Seconded by Alderman Rainey. Aldermen asked to separate the cuts.

Alderman Wynne thought when a full-time program manager is changed to two part-time positions, that creates a loss and she could not support that. Alderman Jean-Baptiste asked if these positions are filled. Mr. Gaynor responded that currently the center manager at Fleetwood-Jourdain is on sick leave and has indicated she will take early retirement. Mr. Gaynor explained the changes in staffing at Fleetwood-Jourdain. Eliminating one position and having two part-time positions gives them more flexibility. On the other hand, the program manager positions must have a degree. He did not know whether he could find two part-time people who have degrees. Alderman Jean-Baptiste noted that Fleetwood-Jourdain is a busy place with a fully engaged staff; FAAM attracts people from the entire North Shore.

The position in finance is vacant. Voice vote to hire two part-time switchboard operators in lieu of a full-time switchboard operator, Motion carried unanimously.

Alderman Hansen moved to convert a full-time program manager position at Fleetwood-Jourdain to two part-time positions at the center. Seconded by Alderman Rainey.

Roll call. Voting aye - Rainey, Hansen. Voting nay – Tisdahl, Wollin, Jean- Baptiste, Wynne, Bernstein, Holmes, Moran. Motion failed (2-7).

Alderman Hansen inquired about a \$50,000 savings in Human Resources due to staff reorganization. Ms. Carroll said an Assistant Director will take early retirement. Human Resources Director Joellen Daley does not need an assistant director but is creating two lower paid positions. One job is leaving through attrition and the other is a job reclassification. Alderman Jean-Baptiste moved approval of the cuts in Human Resources. Seconded by Alderman Wynne. Voice vote, motion carried unanimously.

Ms. Carroll made a correction. The savings on residential parking permits should be \$23,000.

Alderman Holmes moved approval of the cut to the help desk contract staff of \$42,000. Seconded by Alderman Rainey. Ms. Carroll spoke with Mike Madden and he felt this would not impact service. Voice vote, motion carried unanimously.

Alderman Rainey moved consideration of a 1% food & beverage tax and a reduction of the 2% liquor tax that would generate \$500,000 in revenue for one year (\$458,800 for 11 months). Seconded by Alderman Hansen.

Mr. Hill reported the liquor tax has a requirement of payment one month after closing the books of the preceding month; a 2% monthly penalty for not paying timely and a possibility of a \$500 per day fine for violation of that provision. This information is given to the Liquor Commissioner, who could hold a hearing and revoke the license.

Voice vote on liquor & beverage tax, motion failed.

Alderman Rainey asked to have the revenue dedicated to the Fire and Pension funds read aloud. Ms. Carroll stated a fund

balance of \$1.2 million and \$500,000 for the personal property replacement tax were added. After those adjustments the levy for fire originally was \$5,679,539 and now is \$4,914,539. Police originally was \$6,897,353 and now is \$5,962,353. The entire amount required will be contributed to the pension funds. The tax levy increase at that point is 7.02%.

Mayor Morton asked about the fines for towing. The tow fee goes to the towing company. Public Works Director David Jennings explained there are two kinds of tows. One is the relocation tow and the \$100 fine includes the tow fee. The other tows are done by North Shore Towing. The City tows for different reasons.

Mayor Morton asked the criteria for giving a car allowance. Ms. Carroll will report back.

Alderman Rainey noted the addition of the food & beverage tax would have reduced the tax levy from 7.02% to 5.70%. She was astonished at the complacency of Council at a tax increase of 7.02%. If they polled people on whether they would pay a penny on a dollar for dinner or a higher property tax, she thought that people would pay willingly pay the food & beverage tax.

Mayor Morton directed Council to page 116, Finance Department, asked why there was a difference of \$257,000. Ms. Carroll said there were two accounts. One is Citation Collection software \$188,200 (would be made up by revenues) and the other was postage charge backs, which was a correction. Most accounts have gone down. Ms. Carroll stated that staff has cut \$1 million and other cuts have been made to the extent possible.

Alderman Wollin moved that Resolution 14-R-08, the operating budget be approved. Seconded by Alderman Wynne.

Voting aye – Tisdahl, Hansen, Wollin, Jean-Baptiste, Wynne, Bernstein, Holmes, Moran. Voting nay – Rainey. Motion carried. (8-1)

There being no further business to come before the Council, Mayor Morton asked for a motion to adjourn and the Council so moved at 10:40 p.m.

Mary P. Morris,
City Clerk

A videotape recording of this meeting has been made part of the permanent record and is available in the City Clerk's office.