

**KENDALL COUNTY FOREST PRESERVE DISTRICT
FINANCE COMMITTEE MEETING MINUTES**

SEPTEMBER 28, 2017

I. Call to Order

Finance Committee Chair Cullick called the Finance Committee meeting to order at 5:44 pm in the Kendall County Board Room.

II. Roll Call

Commissioners Davidson, Gilmour, Kellogg, and Cullick all were present.

III. Approval of Agenda

Commissioner Gilmour made a motion to approve the agenda as presented. Seconded by Commissioner Kellogg. Aye, all. Opposed, none.

IV. Citizens to be Heard

There were no citizens apart from District staff and elected officials present the meeting.

V. Approval to Forward Claims in an Amount Not-to-Exceed \$11,308.81.

Commissioner Davidson made a motion to forward claims to Commission in the amount of \$11,308.81. Seconded by Commissioner Gilmour.

The Finance Committee reviewed the claims list.

Commissioner Davidson asked how the ComEd bills for Hoover Forest Preserve compared to previous year billing statements. Director Guritz reported that consumption remains relatively unchanged (Claim #210); with the District incurring a \$250.00 non-standard facility charge each month that ComEd stated would not be removed from the monthly billing statements.

Director Guritz stated that the proposed rail crossing improvements will need to be examined as far as electricity consumption and non-standard facility charges.

Chairman Cullick called the question. All, aye. Opposed, none.

VI. FY 17-18 Preliminary Operating Fund (Fund 270) Budget Review and Discussion

Director Guritz presented an overview of the FY 17-18 preliminary Operating Fund budget.

Director Guritz stated that the preliminary budget anticipates a 21% increase in costs for medical insurance, 2% increase in costs for dental insurance, and includes salary calculations for the additional pay period that will impact the FY 17-18 budget on a cash-basis for accounting. Director Guritz stated that incurring these costs within the budget will better prepare the District for the \$30,000.00 operational income loss anticipated from the cropland conversion within the Fox River Bluffs Forest Preserve scheduled for FY 19-20.

The preliminary budget anticipates staff restructuring of the environmental education department to establish a Manager of Environmental Education services (excluding Natural Beginnings), eliminates the second Equestrian Center Coordinator position, and anticipates that Ellis House rental events will be coordinated by the Ellis House and Equestrian Center Manager based on current bookings for 2018. These steps are recommended in order to address the imbalances with part time support staff salary expenditures experienced for these programs within the current fiscal year.

Commissioner Kellogg asked about the reduction in anticipated program revenues for Natural Beginnings for the upcoming year. Director Guritz stated that the figures are reduced based on current year enrollment which is down five students compared to the past year.

Commissioner Kellogg asked about the reduction in Farm License revenue for the upcoming year. Director Guritz stated that the reduction is based on the cropland conversion of 45-acres at Henneberry Forest Preserve based on current the base rent and yield calculations formulas for the current contracts. Commissioner Kellogg suggested that the amount of anticipated revenue may not be achieved; citing reports from the Chicago Farmers Conference and the University of Illinois indicating a statewide reduction of 5% for farmland rent. Director Guritz stated that the current farm operators will be contacted to discuss renewal under the current terms for next year.

Director Guritz reported that overall, the preliminary budget is in good shape showing a projected surplus similar to the FY 16-17 budget.

Director Guritz stated that the number of wedding contracts for 2018 is down significantly from last year at this time (7 in the prior year compared to 3 in the current year). This situation is being carefully monitored for possible budget impacts either way going into next year, with a marked reduction in anticipated revenues within the preliminary budget for the upcoming fiscal year. Because of the significant reduction in anticipated revenues, restructuring of work flow, staff assignments, and personnel will need to be examined to achieve the figures presented in the preliminary budget. The budget assumes a reduced cost for security deposit returns based on the current contract count, and a \$15,000 gain in security deposit revenue for additional 2018 and 2019 wedding events. Director Guritz stated that there may or may not need to be a reduction in force decision made for the upcoming fiscal year, understanding that all initial client communications and work assignments will be rerouted through the main office to insure responsiveness to potential

clients and fiscal accountability due to the proposed budget restrictions. Because all wedding support staff members are hourly part time staff, headcount can remain unchanged, with all assigned hours reduced based on the number of scheduled events in order to achieve the net projections for the program. This proposed restructure would provide an opportunity to shift marketing strategies to determine whether or not the service is sustainable beyond the 2019 program year. House rental functions can continue to help offset operational costs.

Commissioner Davidson questioned the ability of the District to achieve the projected revenues of \$1,086,701 for FY 17-18 when compared to the year-end projection of \$1,049,717, and expressed further concern regarding staff salary projection increases from \$586,064 in FY 16-17 to \$612,062 in FY 17-18. Director Guritz stated that all District program services work to achieve the overall net gains projected within each program cost center. Revenues and expenditures are scheduled to provide sufficient appropriations if the target revenues are achieved. While there were some issues this year with salary imbalances, these issues are being addressed moving forward. Separately, the District's preliminary budget includes a 2.0% (average) salary increase, and also includes payment of those salaries for the additional pay period. The bulk of the overall salary increase projection is the result of factoring in the additional pay period.

Commissioner Davidson expressed concerns with the projected increase in employee salaries of \$35,000, and the projected benefits increase of \$37,000, stating that these budgets are going the wrong way and need to get tighter. Director Guritz stated that Commissioner Davidson was correct in his observations, citing the primary causes of the additional pay period for staff salaries, and 21% increase in the health insurance premiums. Despite these increases, the District is projecting a FY 17-18 surplus within the preliminary budget which is on track with the previous projections for the past two years, with the District achieving a budget surplus over projections within each of the past two fiscal years. Director Guritz stated that with the support of the Board, the District has established a positive fund balance and policy following the audited (\$34,000) operating budget fund balance deficit, and successfully addressed the (\$150,000) on average budget deficit posted for each of the five years prior to FY 14-15.

Commissioner Kellogg asked Director Guritz why the preliminary budget includes salary projections for 27 pay periods. Director Guritz stated that absent a decision on how the Board will handle this, the preliminary budget was drafted to take these additional costs into account to insure that the budget is able to carry these costs. Director Guritz stated that the District's personnel policy, which is the Kendall County personnel policy, states that annualized salaries are based on a 37.5 standard work week. Salary amounts were adjusted to account for 54 work weeks of pay for all District full time staff members, and that portion of the part time staff that work a regular weekly schedule year round.

Commissioner Kellogg asked what the District's staff contracts state as far as salary considerations. Director Guritz stated that all District staff members are considered

employees-at-will. There are no contracts in place, and no union employees, with each FLSA non-exempt full time staff member's salary annualized based on a 37.5 hour work week. Three of the six full time staff members are FLSA exempt including the District's Director, Superintendent, and Hoover Supervisor and Resident.

Commissioner Kellogg requested a follow-up report detailing the difference in cost associated with the additional pay period versus the increase in overall staff costs based on staff salary increases in order to fully consider personnel budget for the upcoming year. Director Guritz stated that the drafted staff salary spreadsheet is tied to the preliminary budget figures, and will be sent out to the Board for review once department head reviews have been completed. A supplemental report will be provided to present the requested calculations.

Director Guritz stated that there are two proposed salary increase requests that will be presented for consideration for a promotional increase and market-based adjustment for the District's Natural Resources Technician position.

Commissioner Davidson concurred with Commissioner Kellogg's assessment that the farm lease agreement base rent projections will need to be examined. While bushel yield for corn is between 180-200 bushels per acre, and soybean yield is between 60-80 bushels per acre, commodity prices are lower than the previous year.

The Finance Committee discussed the contract renewal cycle for the farm license agreements, and possible restructure of the farm lease program for the upcoming year. Commissioner Kellogg stated that bidding of farmland is best accomplished in October of the preceding crop year.

Director Guritz stated that additional considerations for the FY 17-18 operating budget includes the possible addition of a Pickerill-Pigott Forest Preserve Grounds Maintenance Worker, with this position's salary and benefit costs offset by a short term lease agreement of the Pickerill house. Separately, the capital budget does not currently include possible expenditures associated with the Hoover Forest Preserve negotiated crossing agreement with OmniTRAX.

The Finance Committee discussed the possible addition of a Pickerill-Pigott Forest Preserve Grounds Maintenance Worker and associated lease agreement to provide a temporary presence and maintenance support of the Pickerill house and grounds. Commissioners Davidson and Kellogg expressed concerns with expanding District employee-lease arrangements. Director Guritz stated that in addition to this position, the Board will need to consider transition of the Ellis House Caretaker volunteer position to a paid staff position with lease payments offsetting part time salary and benefit costs, as recommended by the State's Attorney's Office. This position's costs and associated lease payment revenues have been included within the preliminary budget for consideration.

These arrangements help to maintain District facilities and programs by extending staff resources while offsetting the increased costs associated with maintaining these additional preserve areas and facilities.

The Finance Committee discussed the immediate needs for securing the house at Pickerill-Pigott Forest Preserve.

VII. FY 17-18 Preliminary Capital Fund (Fund 950) Budget Review and Discussion

Director Guritz presented an overview of the FY 17-18 preliminary capital fund budget.

The capital fund budget includes revenues from interest earnings, the LWCF grant reimbursement total of \$748,250, a \$50,000 place holder for possible donations and related expenditures for the Hoover Forest Preserve Nature Play Space project, and \$23,177 to account for the possible release of a bond held for trail improvements that were not completed by Jericho Builders at Blackberry Creek Forest Preserve.

The capital fund budget expenditures includes administrative fees for debt-service fund escrow account management (Amalgamated Bank) and continuing disclosure services (Speer Financial), and \$26,434 for consulting fees for Millbrook Bridge permitting (HLR Engineering) and grant project support (Laura Stuart – Charles Shrader & Associates).

Capital fund contingencies include \$50,000 for equipment purchases, \$21,000 for trail improvements, and \$20,000 for road improvements.

Capital fund project priorities include improvements and equipment replacements for Hoover Forest Preserve (\$47,450); Ellis house roof and exterior improvements (\$50,000); master planning for Fox River Bluffs (\$7,500), Little Rock Creek (\$10,000 including funds for a phase I archaeological survey), Pickerill-Piggott (\$45,199 which includes payment of the 2017 prorated tax bill); \$50,000 for land acquisition at Henneberry Forest Preserve; \$17,950 representing the remaining contract amount owed to SemperFi Land, Inc., \$748,250 for land acquisition of the Little Rock Creek Forest Preserve, \$15,000 for a phase II archaeological survey of Millbrook South Forest Preserve; \$400,000 for addressing Millbrook Bridge and \$15,000 for grant-funded natural area restoration projects.

Director Guritz stated that the preliminary capital budget spreadsheet will be distributed to the Board of Commissioners electronically.

Director Guritz stated that he needed to review the status of the trail improvements contract for completion of the Route 34 trail, including the approved Kendall County trail grant reimbursement.

VIII. Pickerill-Pigott Forest Preserve – Part Time Caretaker Position

Description

Director Guritz presented a proposed position description for a part-time Resident – Grounds Maintenance Worker for Pickerill-Pigott Forest Preserve. Director Guritz stated that this would be a temporary position pending the development of a formal master plan for the preserve in order to secure the house and provide time for Commission to deliberate possible adaptive reuse of the home site and timeframe for opening of the preserve to the public.

The Finance Committee provided direction to forward the position description to the Operations Committee for review and discussion.

IX. Baker Woods Forest Preserve – Ellis House and Equestrian Center Part Time Caretaker Position

Director Guritz presented a draft Ellis House Caretaker position description and draft lease agreement to restructure the volunteer caretaker role into a paid position, with salary costs offset by monthly lease payments. Lease payments and salary and associated benefit costs will be coded to the Sunrise Center cost center for both ease of tracking, based on primary duties to be performed.

The Finance Committee discussed the lease agreement and position description.

Director Guritz stated that the transition of the volunteer position to an employer-employee relationship with an associated lease agreement is the recommended best-practice from the State's Attorney's Office.

Commissioner Kellogg suggested adjusting the monthly lease payment to \$346.67 based on projecting out the proposed \$80 weekly rent multiplied by 52-weeks, divided by 12-months.

The Finance Committee discussed the amount of the security deposit, recommending that the amount be increased from \$250 to \$500 based on the number of pets (3-cats) that will continue to reside in the apartment.

The Finance Committee provided direction to forward the lease agreement as amended and position description to the Operations Committee for further review and discussion.

X. Hoover Supervisor and Resident – Hoover Residence Lease Agreement Renewal

Director Guritz presented a revised lease agreement for the Hoover Supervisor and Resident.

The lease terms presented remain unchanged from the prior year's agreement, with the exception of a proposed pet addendum based on a request received from Jay Teckenbrock who expressed interest in owning a canine companion.

The Finance Committee discussed the pet addendum, recommending that the security deposit be increased by \$1,000.00, based on the potential cleanup costs that would be required to prepare the facility for the next employee. The Finance Committee provided direction to forward the draft lease agreement and pet addendum to the Operations Committee for review and discussion.

The Finance Committee strongly encouraged adding language related to the prohibition of public interaction with the employee's dog at all times the Hoover Supervisor and Resident is on duty.

XI. Executive Session

None.

XII. Other Items of Business

Finance Committee Chair Cullick reported that the Finance Committee meeting scheduled for Wednesday, October 11, 2017 will be cancelled, with claims reviewed during the October 11, 2017 Committee of the Whole meeting.

Director Guritz reported that the Henneberry Forest Preserve temporary access agreement, which will include an option to consider a future land or easement purchase, has not been received from Attorney Dan Kramer for review. The agenda title for the October 3, 2017 Commission meeting will be crafted accordingly based on the content of the draft access agreement once received.

XIII. Citizens to be Heard

No public comments were offered by those in attendance.

XIV. Adjournment

Commissioner Davidson made a motion to adjourn. Seconded by Commissioner Kellogg. Aye, all. Opposed, none. Meeting adjourned at 6:53 pm.

Respectfully submitted,

David Guritz
Executive Director, Kendall County Forest Preserve District