

**COMMITTEE OF THE WHOLE MINUTES**

**June 21, 2011 – 7:30pm**

**Mayor Rooney called the meeting to order at 7:30 pm.**

**COUNCIL IN ATTENDANCE: Mayor Rooney, Aldermen Mike Cannon, Jim Allen, Robert Banger, Jr., John D’Astice, Jim Larsen**

**Absent: Aldermen Larry Buske and Brad Judd**

**STAFF IN ATTENDANCE: City Manager Barry Krumstok, Deputy City Clerk Ginny Cotugno, Community Development Director Valerie Dehner, Fire Chief Ron Stewart, Police Chief Dave Scanlan, Public Works Director Fred Vogt, Assistant Public Works Director Bob Hartnett, Assistant Finance Director Melissa Gallagher, City Attorney Jim Macholl**

**1) Audit**

Mr. Krumstok introduced Mr. Ron Amen, partner from Lauterbach & Amen LLP, the auditors of record for the last 3 years for the City’s CAFR. Ron will go over the CAFR and answer any questions you might have.

Mr. Amen thanked both Barry and Melissa for providing us the opportunity to come tonight and to thank Mellissa for her professional approach and her cooperation to get through the Audit. Audits take a lot of time and prep work and we appreciate all the work that both Melissa and many others throughout the City provided us to get through the Audit process.

Mr. Allen went on to explain the Audit report. The first document we provide is the Management Letter. There are no new comments for the current year. There are four existing comments from the prior year that are rolling forward. The first is related to GASB 54. This is the new GASB that all governments are going to have to implement. The City has until December 31, 2011 to implement this GASB. We’ve worked with Melissa a lot both on the structure of what GASB 54 is and most importantly some fund balance policies that will need to be in place to make sure GASB 54 rolls forward into what is required.

Mayor Rooney: We have 3 new folks. Would you please take some time to explain GASB 54.

Mr. Amen: GASB is a Governmental Accounting Standards Board. It oversees anything that falls under the umbrella of government. Everybody else, non-profit, commercial, falls under FASB, those are Financial Accounting Standard Boards. The government has created their own because of the uniqueness of government. They go in number order. A bunch of them do not apply to local government in Illinois. Some of them apply very specifically to all governments like GASB 54. It is a new fund balance requirement, it’s changing the terminology. In a nutshell what it does is it doesn’t change your number that’s in fund balance, but it will change in what category and then back to a policy of what the board or management’s intention is related to what is in your fund

balance. The second comment in our Management Letter is the funding status of the Police & Fire Pension funds. The Police are 45.19% funded; the Fire is 39.52% funded. The third and fourth comment go together, they have negative fund equity or fund balance, the City has seven funds that have this negative fund balance and then in the deficit cash position there are nine funds that the City has that are in the negative. This will also be part of the work we have done with Melissa related to GASB 54 and fund structure and what this fund balance and negative cash and how it's related to GASB 54 of the number of funds you have and what the intent of those funds are.

Alderman Larsen: For the benefit of folks that might not be as familiar with these things, the pension fund status of the 45.19 and the 39.52, where's that put us with respect to where we're supposed to be? Someone might look at it and say aren't you supposed to be at 100%, therefore you're way, way, way off. I'm thinking we are not

Mr. Amen: Statewide there are almost 800 Police and or Fire pension funds. The funding status of all 800 of them on average is just about 60% right now. They used to be in the high 60's until we had an economic downturn and some issues with some of the pension bonds and it shifted down to the high 50's or 60% right now. So you're below the statewide average. Actuarially, what I can tell you is their calculations every year of what you are required to put into your pension bonds, look out there into the future and they go into the demographics of your police and or fire force and they look into the rate of returns of your investments. So two or three years ago when we had the stock market do what it did, and the recovery process, obviously impacted the funding percentage drastically across the state. You're a little below the ultimate in that the idea to me in a simple nutshell is to say as long as you're contributing what is your annual required contribution, you're actually going to get to what the State is requiring you to be at

Alderman Larsen: Which is what we're doing

Mr. Amen: Which is what you're doing, but you are below the State average

Alderman Larsen: It's not dramatically as low as it looks

Mr. Amen: That's fair. For the 24<sup>th</sup> consecutive year the City has received the Certification of Achievement. Your audit is submitted to the Government Finance Officer's Association and goes through a three-point review process and once again the '09 audit of the City earned this very prestigious – it's the highest award your audit can receive. The next two pages are 1 and 2 which is your audit opinion. All units of government by State statute are required to have an auditor's opinion. Our opinion is unqualified which is the highest level of opinion you can get from your auditors and the basis of that means that your financial statements are materially correct based on our auditing procedures. The next section is the Management Discussion and Analysis. This is prepared by Staff. There's an overview of the entire 170 some pages and covert it down into 10 pages that's condensed information that's management's ability to explain some of the numbers. I have a couple financial pages to point out, pages 5 and 6. On your entity wide financial statements, this is a government term where we do full accrual accounting. You can see that the net assets increase by \$1,642,000.00 for the year. Page 9 is a government income statement and this is on the basis of accounting that in the government world we call a modified accrual basis of accounting and your fund balance increased on that level of accounting by \$956,000.00. On page 12 under your proprietary fund types, your enterprise funds had a net increase in fund balance of 1.374 million and

your internal service funds had a decrease of \$2,256,000.00. On page 15 your two pension funds had a net increase in fund balance of just over 5million dollars. The last number for the night is on page 69, a lot of people focus on your general fund. In your general fund your net increase in fund balance for 12 months is \$486,000.00 so it's a positive general fund increase in fund balance of \$486,000.

Mayor Rooney: We know it's a lot to digest. As folks come up with questions as they process through, we can route them through Barry

Mr. Krumstok: That is correct. We're trying to bring this out so everyone understands where our numbers are, where we're going and the health of the community overall. With GASB 54 coming about we have to start complying with it. We are trying to deal with the funding issues and the funds themselves. If you have more questions, comments, just direct them to me and Ron will get back to you

Mayor Rooney: Ron, correct me if this would be an unfair characterization, but everybody's got rough times, everybody's not where they want to be. Jim's question was an example of that, but when we talk about for example negative fund equity and we talk about seven funds being negative, five of those seven are in better shape than they were before. Is it fair to say, in general, the answer to where we're trying to get with most of the City's finances is basically the same as we were saying to Jim, you're not where you want to be yet, but you're moving in the right direction? Is that a fair general statement to make?

Mr. Amen: From an audit perspective, our job is to make sure the numbers in this report are materially correct. When our firm does audit of about 50 municipalities, and they range in size from the City of Rockford to a town of 800 people, we always present the numbers and try to keep any bias, any policy out of what we do. As you dive into the numbers and want more information, you want to look at what you budgeted as opposed to what actually happened. Just because it is a negative or a decrease, maybe you planned that. It may not be as bad as what you thought. If I issue a management letter and say you have seven funds that have a negative fund balance, on the surface it sounds like it's not a good thing, but if they're better than they were a year ago and you're moving in the right direction, than obviously that's positive and what's the plan to ultimately get those out of the negative fund balance situation and if it's a one year, two year, five year plan and that's what the intent is, then that's fine and yes, I would agree with you. Here's where we're at and let's make sure we all know where we're at and where we're trying to get to. Is that kind of fair?

Mayor Rooney: That is fair. What you're saying is that after the game, you don't ask the umpire what he thought of your strategy

Mr. Amen: Correct

Mr. Krumstok: As the Auditor, they do look at our policies, they do look at our investments and who's actually handling each section and dealing with coverage. They do look at more than the numbers. He sits down with staff and specifically for the last few years, what is fraud, what is your perception of fraud, and also what is he looking for. He has a macro and micro look at the numbers.

Mr. Amen: That's very fair

## 2) CIP 5-Year Capital/3-Year Financial Plan

Mr. Krumstok: The 3-year financial and 5-year capital, this is phase 1 in formulating the budget. What you have in front of you is where we sit now, what can happen down the line if revenues don't change, if we have financial issues or if we're purchasing all the capital in place. It's a large document. It looks different than what you've seen before. What's happening with the rolling stock, where are we sitting with major capital projects? What is really does is try to start looking into what do we need to look at and where do we go from here. What revenues would need to be adjusted or what revenues do we need to discuss to take us into a better financial stability, a better financial look at the overall health of Rolling Meadows? Some of the fund balances you see continue to go negative, some go positive. That will be part of the discussion when we look into the budget with each of these items. Next year there will be another part of the five year capital, it will be 5+. Talking about the outside funding that we have, we try to bring that into where we might have available grants or where we need to go.

Alderman Banger: Thanks for the document. This struck me as another document that is going to take some digestion. My question is do we funnel questions and comments to you.

Mr. Krumstok: Yes

Alderman Banger: Ok. I do want to sit down with this. A lot of these are pie in the sky; some of them are partially completed. I think the impetus would be to complete them. One of the examples is the bike paths that are partially completed, or we've done a lot of work on. Our desire would be to finish what we started. Alderman Buske has stated his opinion for not doing them in the future because they cost money that we don't have. These are questions I'd like to mull over. I will funnel my questions to you.

Mr. Krumstok: This is a document that we use to discuss what's out there

Alderman Cannon: I'm looking at the Revenue Sheet; you have municipal sales tax; why do you project it to go down so much.

Mr. Krumstok: Part of that is the municipal sales tax that we had with Sam's Club. Taking the 2010 number, bring that down, and then when you look at where we're trying to stabilize that, that's why it goes from that larger number to the number you're looking at. Some of these are part of the financial forecasting that we are working on. As Alderman D'Astice says, we are getting better at that, but it's going to take some additional time until we work on forecasting. We are looking at where we are when we finalize our 2010 numbers. Some of these do look drastic, but it is a little more conservative at this point and time.

Mayor Rooney: I've noticed that as we've discussed over the past 40 days or so that I've been burned a couple of time on we always used to do it this way. My memory from the Capital Plan before was telling anyone new or coming back, if you have a project in mind, look here first. If you don't see it here, this document is your opportunity to ask the City Manager in the next five years, can I put this project in here. Is that the intention?

Mr. Krumstok: Yes, as you look at this document I can tell you the AV room equipment is not in any of the Capital items. We keep skipping along on it, but when that does, that's a major Capital

item. We don't want to plug in a number until we have everything else. Anyone that has a project, let us know, because this is what Staff has heard

Mayor Rooney: Just as a side note, the number of Council watchers who have related to me and other folks that they can hardly hear the meetings, the new equipment is not on the way soon and we'll have to find some other way of giving that a boost.

Ms. Gallagher: Alderman Cannon, on pages 71-80 of the Audit is a good place to look back and see where we landed with budget vs. actual. When you see our sales tax decline by \$300,000 + and most of that is related to Sam's Club, you can see where we looked at those trends and tried to build it into the forecast. Those are some good spots to start with and all funds go to a budget vs. actual in the audit.

Mayor Rooney: Please remember you can always funnel them through Mr. Krumstok and we can get to any questions if you go through the detail and try to muddle your way through it

### **3) Recycling Collection Contract – Review of Groot Proposal/Bidding for FY 2012-2014**

Mr. Vogt: The proposal that I have before you tonight is regarded as a follow-up to previous discussions which City Council indicated the desire to go out for a request for proposals for our recycling service. Our current contract with Groot expires at the end of 2011. We met with a Groot representative Frank Hillegonds, who is here tonight if we have any questions or need him to get involved with the discussions. We talked with Mr. Hillegonds in regards to our intent to seek proposals to conclude the contract at the end of 2011. Mr. Hillegonds has indicated that Groot would have some desire potentially to offer a proposal to the City to extend the contract. As a courtesy we allowed him to do that. That was received and is dated April 28<sup>th</sup>. We felt given the years of Groot's service to us, there's a history on the first page of the report in terms of roughly 15 years that we've had an existing contract that several times has been renewed, negotiated by the City Managers, we have had some advantages in that regard and the ability over the years to stay below the rates that are set for other SWANCC members in regards to the recycling that Groot currently provides. If we advertise for bids as was directed earlier, we certainly are, from a Staff standpoint, ready to do that in the next couple of months. We would have that information back and ready for Council consideration later this fall. What Groot is offering us as an alternative to doing that would be at least a 2-year contract of consideration of which their indications are that ultimately we would be faced with needing to realize and pay roughly what the SWANCC's rate is for recycling, that's projected to be between 4.40 to 4.60 per unit, per month in 2012 and 2013. It was being presented we could realize a savings and pay roughly half of that difference. We are currently at the last year of our contract in 2011 at 3.88 per unit, per month. We believe, from a staff standpoint, if we go out for bids, we will see proposals come in that are very close to the SWANCC rate. That's pretty much what the industry is seeing at this point in terms of those costs. It's projected out at 4.56 per unit per the Groot proposal of 2013, using a SWANCC contractual maximum increase of 2.5% between 2012-2013. One other side note to point out, in terms of the SWANCC rebate program, in the 3 years that we have been receiving rebates as part of that program, we have seen it as high as 51,000, as low as 12,000, this past year was 34,000. There was some discussion, as I recall, many months ago about what we set in terms of refuse price. If there are ways to reduce costs, certainly one of the things that Council could consider looking at as part of the long-range planning is that those rebates could be used and rolled into setting the rates. We've never suggested that be done that year, even the following year, because we never know from year

to year what those rebates are going to be, but that could be built in at some point and time with some longer range planning. Recycling carts, for those that would recall, in 2008 when we changed over to the recycling carts, we included a 24 cents per unit, per month fee for the maintenance of the carts. Over the past 3 years we have seen that there has been some, not an overwhelming amount, of maintenance needs. We've had some cracked carts, we've had some problems with wheels, but given the cost that we have been expending as part of this current contract, we would propose that we seriously look at a future contract that we would take that cost out and pay that cost ourselves. We estimate that right now that would probably be 5 cents per month. Certainly as the carts do age we would have to plan accordingly for that and bump that up as we experience additional problems with the aging of the carts. One other thing to point out with the Groot proposals is that over the years we have rolled the cost of the drop off center at Central Road and collections at City Hall, Fire Station, Public Works, and the Library into the monthly fee. Groot's proposal breaks that out, which is a better cost accounting in terms of knowing what the true cost of that is. We just need to recognize that, and presume from a Staff's standpoint, that we would want to maintain those services, particularly maintain the drop off center. We toyed around with the idea of, well what if we didn't have a drop off center, or should we move the drop off center, or something else with the drop off center, could we try to start a program that's more impetus towards multi-family recycling. That's a tough and a large nut that we would consider in the future, but not for the short-term before 2012, so I think that's advantageous to save that. In summary we're looking at this, we could accept the Groot proposal as presented to us to extend the contract at least 2 more years, we can direct the City Manager's Staff to negotiate with Groot on the terms of that proposal, perhaps seeking a longer contract of 3, 4, or 5 years and set rates that way, or we can continue to do what was directed earlier and put it out for bids with all comers having the opportunity to bid on the services, but we wanted to extend this opportunity to Groot; we think it's a fair proposal and one worthy of the City's consideration

Mayor Rooney: Keeping in mind that there are two members that are not here tonight, we will take this as a two step process. First, any questions at all for Mr. Vogt or for Groot, and then are folks interested in accepting this as is, maybe negotiating certain parts, or saying blast this open to all kinds of comers. Part one would be any questions at all for Mr. Vogt or for Groot

Alderman Banger: Fred, this rebate that SWANCC provides us, Groot picks up our recycling, they don't feed it into their stream, they take it to SWANCC's stream of recycling. SWANCC then sells that on the commodities market, we get a rebate. What we're paying Groot for is simply the pickup service

Mr. Vogt: Correct

Alderman Larsen: I want to make sure I'm clear on these three choices. The one choice is to renew Groot for a two year contract at 4.56

Mr. Vogt: It would be as presented for 2012 a rate of 4.22 per unit, plus an additional cost of 15-16 per month for service at the City buildings and the recycling center. The 2013 price as projected by the SWANCC contract maximum increase of 2.5% would work out to \$4.56 in 2013, which if I understand it correctly, is very close to what the SWANCC contract agreement would be set at for communities that wish to use them

Alderman Larsen: Do you see any opportunity for us to go for...I mean, when you suggested the one alternative for possibly going with a 5-6 year contract. What do you anticipate our savings opportunity to be?

Mr. Vogt: I'm not really in a position to project that. I think that would be something we would have to work with the current vendor, Groot, to see what they would offer

Alderman Larsen: If we like Groot as a vendor, and we could lock in to a longer term contract and save money, why wouldn't you, but without knowing what the number is, how can we say

Mr. Vogt: Fair enough. We would have to have further discussions with Groot

Frank Hillegonds with Groot: What we're doing is trying to incorporate Rolling Meadows into the current SWANCC program which incorporates the rates and the recycling rebates. We're bringing you up to the SWANCC rates, recycling collection only, but then years 3, 4, and 5; let's say we did a 5 years extension, there would be a 1.5% - 2% minimum, 4% maximum, protection, it's not going to jump up this much every year, it's just we're splitting the difference with the City as a negotiating point. So instead of saying you want the SWANCC rebate, you need to pay the SWANCC rates, so you're going to go from \$3.88 to \$4.50 - \$4.45 this year. We're not saying that; we're saying you're a valued customer with Groot, we'd like to split that difference years 1 and 2, but then every year after that, you'd be following a very small minimum/max CPI increase, like I said I believe 2 min - 3 1/2 - 4 maximum, which would incorporate you into the agreement that we have with SWANCC for the recycling and recycling rebate program, which right now looks like we're looking toward a 2008 sort of rebate, \$40-50,000 this year because the markets have come back strong. So we're looking for a good year after 2 very poor years of the market. We're just bringing Rolling Meadows into the fold with the rest of the SWANCC communities with the signed contracts. My point is that I just want to...it's going to be hard to project years 3, 4 and 5 where you can say it's going to be 2 1/2%, with the way the economy is, the CPI's been low

Alderman Larsen: Does Groot have an exclusive with SWANCC as far as that goes

Mr. Hillegonds: No. Our material goes back to our facility in Elk Grove Village. Let's say Elk Grove Village is serviced by another provider, they bring their recycling to our facility under the SWANCC guidelines. We would rebate back to Elk Grove Village the value of it, even though I'm not collecting it. There are actually two separate contracts, but with Groot being the hauler and the operator at SWANCC, there are two separate contracts here. We're just incorporating and bringing you up to where everyone else is. We don't have an exclusive recycling collection for all the SWANCC communities, absolutely not.

Alderman Larsen: If we were to re-up with Groot, we would be at that standard SWANCC's rate.

Mr. Hillegonds: Not necessarily and neither would you be able...

Alderman Larsen: I was wondering whether we went with Groot or some other vendor, if we're going to be at that, if in fact we're...any vendor would want to have us up at the regular SWANCC rate and then incorporate the rebate into it. What difference does it make what vendor we use?

Mr. Hillegonds: I haven't seen a vendor yet agree to the rebate formula that we're offering. It's a very lucrative formula

Alderman Larsen: This is a Groot rebate, not a SWANCC rebate

Mr. Hillegonds: Well it's our contract. It's part of our agreement for operating SWANCC, but I haven't seen anyone use the same formula that we offer. We're trying to give the members the most and it's all incorporated as a member of SWANCC for the City of Rolling Meadows. We're trying to give you the best of all worlds.

Alderman Larsen: Fair enough

Alderman Cannon: It sounds to me like we've been getting charged less than what is normal, why is that?

Mr. Vogt: That's how the existing and previous contracts have been negotiated or renegotiated and extended

Alderman Cannon: So even though we've been getting that treatment in the past, that treatment wouldn't change

Mr. Vogt: That's what we're looking at, yes

Alderman Cannon: The numbers you're showing are 10% increases in the next two years.

Mr. Vogt: If we were to.....

Alderman Cannon: I'm not trying to be critical of anybody. It just seems like the numbers I'm looking at going from 3.88 to 4.22, 4.56 is two 10% raises in a row

Mr. Vogt: The opportunity to maintain a rate schedule as we've had for the past five years is going away. We were able to back in 2008 extend that in part because it was combined in with the change over to the recycling carts and that was a contract that was negotiated and extended by the City Council at that time. It was very favorable to the City in terms of the monthly rates to do that extension. We don't have anything like carts to changeover or anything else that would cause this vendor or others to have an incentive for us. In essence what we're being told is that we will be experiencing and need to be closer or at those SWANCC established rates like other communities

Alderman Cannon: This is a proposal on Groot's part, but they're still negotiable

Mr. Vogt: Absolutely

Alderman D'Astice: I believe I was one of the individuals that said we've been with Groot for 9-10 years and they have served us well. We don't know what we don't know. We don't know what's out there. We still don't know what's out there if we renew for 2 years or 5 years. It's a free market. There might be another hauler out there who wants to give us a better deal, once again. I think my vote would be to take more and explore the options and then make a decision based on the information we have at hand, which would be 2, 3, 4, or 5 different haulers. Maybe Groot wins and maybe they don't. We don't know what we don't know unless we get the facts in front of us

Alderman Banger: I will say I echo Mr. D'Astice's sentiments. I will be angling towards doing RFP's, because I do want to know what's out there. There is something to say for the value of a

relationship with suppliers. It would have to be a compelling difference for other players, also sometimes people come in and low ball to get a contract, and then we have service disruptions, the products not as good, so those are things we also have to take into consideration. My assumption would be that as we consider these outside other vendors, we would vet them in terms of feedback from other city clients or municipalities to make sure they could handle the increase of flow and then once the results came back, I would be more than willing to take a look at those results and then, again, as I say, you have to put value on a relationship you've had for several years. That being said, I'm going to shoot for the RFP's

Mayor Rooney: Remembering that we have a couple absent members, we're used to doing the straw poll type of looking at things. If you're choices are A, B, C, A being accepting the proposal as it is here, meaning just the two years; B meaning maybe move it out to 5 or negotiate anything else that's in here, or C being saying thank you for the proposal, we'll put it on file and it will be the first in a file of a number that come from RFP's, those are the A, B, and C choices, how many folks would say that they stand in favor of A, accepting the proposal as it stands – none; how many say B, perhaps nip and tucking some of the details – none; I am assuming there will be 5 for C. Even with some absent members, 5 would carry the day on any given night so Mr. Vogt I believe that is the direction. Is that sufficient for you?

Mr. Vogt: Yes, Sir, we will proceed

#### **4) News & Views Survey Results**

Mr. Krumstok: In summary, there were 1586 surveys returned out of the 9756 sent out. That's over a 16% response rate and for surveys that's pretty good. The first question was Do you read the City's News & Views newsletter and over 96% said they did; Do you still want a printed Newsletter sent to your household, over 73% said yes; If the City stopped mailing out the newsletter and made a limited number of hard copies available at City Hall, Public Works, Senior Center, and/or the Library, would you pick it up, only a little over 29% said they would do that. There were roughly 163 comments. They varied on items. We will keep the comments in mind when we do the budget. Staff recommends continue printing the News & Views as we do now and mailing them. We're going to have a staff recommendation at a later date that says that we would stop sending News & Views and reducing the amount we are producing potentially to the apartments and that was one comment that people stated is that if they were in apartments, we're getting a lot of those returned to us. They are actually reading it on the web. It was a positive response that people are reading the newsletter and from the people that responded it was a positive response to continue with the News & Views in the format that we have now.

Alderman Larsen: I don't know from survey response rates that 16% is a good response rate. What is a bad response rate?

Mr. Krumstok: Anything under 10% is what many response groups state that is a bad response, so we were well over that 10%

Alderman Larsen: To me that's 84% not responding

Mayor Rooney: If I might, Mr. Larsen, I took the same survey classes and the 10% response rate is for random and representative samples, not mailing to everybody that gets a water bill. I would also

from the survey scientific standpoint, take issue with the statement that 16% is good. 10% yardstick is for an entirely different kind of survey and I would say that this is also a disappointing rate, not a good one.

Alderman Larsen: Thank you for that qualifier. I read it as an 84% non-response rate. I have been of the opinion that the electronic delivery of this sort of thing is preferred. My interpretation of this filtered through my own predisposition that I would rather do away with the printed newsletter. Of those few people who did respond, these are the people that read the News & Views anyhow and took the time to do something, so to me I think it is a skewed response. 97% of these folks said I read the newsletter and I also respond to surveys, of the very few people that actually responded.

Mayor Rooney: Let's be fair on both sides. 16% is a very small percentage. Over 1000 people, that's a large number of people when you consider a lot of this stuff that we talk about. WE had 300 responses to something and we had 150 signatures on a petition. Let's not sneeze at 1200 people as a small number. Let's be fair on both sides.

Alderman Larsen: I'm qualifying my comments based on my own predisposition for electronic. I still have serious misgivings about continuing the printed copy. I think once they didn't get it, they would pick them up and read them

Alderman D'Astice: Over 1500 households responded and they said they wanted it. I use the computer all day long and I would neither pull the computer out to read News & Views nor would I come to City Hall to pick it up. I love getting the printed copy. Jim and I are on opposite sides of the fence on this one, but to me that's a big number. That's 1537 households that said they read it and just under 1200 said they want to keep it. I think we continue to print it, but there may be an opt-in or an opt-out in the future that says do you want to continue getting the printed form opt-in, check this and mail it back to us. That might reduce it, so the other 9000 total that we sent out, of the 9700 we sent out, maybe the other 7000 who don't respond then they'll get it, but maybe it's an opt-in, opt-out kind of thing and we use that moving ahead. I like getting a piece of paper and reading it.

Alderman Banger: The history of this is a cost savings. We are spending 12,000 to 15,000 on publishing each year

Mayor Rooney: I believe 18 even

Mr. Krumstok: Total budget for mailing and printing was around 28,000, but I would have to relook at it

Alderman Banger: I'm just like John, I like to read things. One of the household's I visited, I imagine this senior citizen took a few minutes to get to the door, she commented on the fact that she had read the survey, she went over the options, and going somewhere else wasn't an option for her. She was very passionate about this. I'm not saying one person out of 24,000 is that significant, but those are the types of stories that you have to look at before you make a decision. In this day and age, how hard would it be to get a response card back that says I'm opting out? If we could pair down, I'm assuming it's a piece meal rate, the reduction in flyers is a lateral reduction in expenses, so how hard would it be to simply ask people if they want to opt-out. You mentioned apartments, and I think that sounds perfectly fine, maybe just void those whole sections and I imagine that's because of turnover and people aren't as plugged into the City as the homeowners

Mr. Krumstok: A few comments stated they're used to using the comforts of the computer to look up what happens in the community. We can send out a card and ask people to opt-out. That goes back to the discussion we had last December about the reprogramming before we send it out and some of the additional work, but that would just be another mailer that we're sending out, another addition, but we can move on that if that's the direction that we're talking about.

Alderman Banger: The other thing would be maintenance. You would have another database to maintain in terms of any turnover of residents. You would have to extend that question to them again, the new people.

Alderman Cannon: Either way, if we do it electronically or sent out this piece of paper, we have to produce it.

Mr. Krumstok: We would still be producing it, we would not be doing the mailing portion, and we would not be doing the printing of it. If it was a pdf it would just go onto our website

Alderman Cannon: We actually stuff them, do we do that ourselves or do we have a vendor do that

Mr. Krumstok: No, that's actually part of the mail service

Alderman Cannon: It seems like we're spending an inordinate amount of time on this. I'm all for saving money, but I see you taking more work on for something that seems trivial to me. We need to produce this. Older citizens are going to want a hard copy; younger people are going to want an electronic copy. One thing bad about electronic is people read it once and it's gone, or they don't read it at all, they just delete it. The same thing can be said for the physical one, some just throw it in the garbage and other people read it. I would ask you, I don't know, I'm just looking at it from my selfish perspective trying to think through your eyes. Don't overload yourself on something that's not that important to me. I think we're making a mountain out of this thing. We are saving some money, but is it really worth it to spend this kind of time and effort; it just seems it's not worth it to me.

Alderman Larsen: My final comments on this at the risk of sounding like I'm beating a dead horse, I think to Alderman Cannon's point, it's not the biggest thing in the world. The annual budget for the newsletter in 2008 was 76,083; 2009 72,535; 2010 significant reduction 43,500; 2011 adopted budget 30,300, of that professional services the production is 15,000, postage 3,800, printing and duplicating 10,000, so and other services special events which I don't know what that really means, it's 1,500, so if we were to go electronically, based on the numbers we're looking at here we stand to save 13,800.00. Not the biggest thing in the world, however, one of the things I talked about when I campaigned for re-election was differentiating between nice to have and must haves. A hardcopy newsletter is not a must have. I can understand how some folks might view it differently. If we are talking about tightening our belts, and reducing costs somewhere, if not here, then where

Alderman D'Astice: Back in 1993, I think we did twice a year, maybe four times a year

Mr. Krumstok: We did a larger production, full gloss

Alderman D'Astice: But it was minimal; once to twice a year. It wasn't monthly; it wasn't quarterly

Mr. Krumstok: I know it was a large production

Alderman D'Astice: Back then it was the only method council had to communicate with people. One of the big things that residents said was that we need more communication; we need to know what's going on. It went to a monthly publication. That was how the City communicated to the residents. Now we are on TV if you have cable. We're back to a lot of the seniors who don't have computers, or don't want one, or don't use them, or don't know how to use them, or choose not to use them, and rather read the newspaper. How do we communicate with them? 13,000, Mr. Larsen, may not seem to be a lot, but 28% of our population is seniors, it could be a big deal for them. We need to give everyone an opportunity; the younger folks love the computer, give it to them there; the older folks like the comfort of having a piece of paper, let's give it to them there. I am sure we can find other places that we can make this up. If not, then we have to suck it up, because this is something that we need to provide to everybody.

Mr. Krumstok: In 2008 and 2009 it was monthly. In 2010 we went to bi-monthly. We have changed paper and print so we are looking at that.

Alderman Allen: If there is an opt-in or opt-out choice, how difficult will it be to separate water bills? If I wanted it, my neighbor doesn't, is that going to cause even more problems

Ms. Gallagher: That would not be a difficult thing to do; to opt-in or opt-out. To minimize, because there is a cost to doing that with our vendor, we would probably do it once a year and have people opt-in or opt-out

Alderman Allen: You have water bills to each resident, what if half don't want it and half of them do. You would have to physically go through and pull the ones.....

Ms. Gallagher: No, it would be a matter of a check box within our utility billing system and that's all computer uploaded to our vendor

Mr. Krumstok: Our vendor would have that responsibility. Once we told them who gets what, they're supposed to have the ability to do what we're telling them from those checkboxes

Alderman Allen: So it's not going to cause more problems

Ms. Gallagher: No

Alderman Cannon: Right now we have 500 or 300 people that do their bill online. Those people don't get hard copies from us, correct

Mr. Krumstok: They do not get anything from us

Alderman Cannon: We should encourage that system; this thing might take care of itself

Mr. Krumstok: That's a good assumption

Mayor Rooney: I do know that at least one of the thoughts that were part of this discussion was maybe getting rid of paper in general. How many folks are of the opinion that there seems to be enough interest in paper; that are in favor of keeping some form of paper newsletter, how many

folks would agree with that statement. That's 3 of the 5. What if I asked, I do believe that would be my own preference as well, I think that the point of surveys is that we don't read them through our own personal filters, I think that the survey was sufficient to me that there's also an interest in paper, how many folks are interested in pursuing the idea of an annual opportunity to opt-out at another Committee of the Whole down the road, rather than...then how about we take that direction for now to say for this evening we'll keep paper printing in some form in the budget so the folks who did take the time to answer know that that can is not being kicked down the road, that the paper will continue for the folks that want it, but we'll find a way to identify the folks that say they can do without and if we can do it cost effectively, we'll move on that way.

### **5) Agenda Setting Criteria**

Mayor Rooney: This seems fairly minor; this seems fairly detailish in terms of setting City Council agendas. It seems so minor that even to some folks sitting at this table it might just be why don't we just do this. The bottom line answer is although the Chairman of any group is given agenda powers by most rules, the City Code gives the agenda power to City Manager. It does take some form of action by the Council to be able to say these are going to be the rules we go by. In general, the standard way of setting the City Council agenda is to take ideas as they were submitted. I don't think I'm alone in having seen a number of disconnects that come; when I was taught the idea of agenda setting, it's supposed to be idea based, it's supposed to be taking more important things first when people are fresher and leaving smaller detail things to the end when people just want to sit back and listen. We did already get to take one of those steps because of a power that the Mayor's chair does have. The best example I can think of was back in January when the new guys and myself were all sitting in the audience and the first 35 minutes of a Committee of the Whole meeting was done from the podium by representatives of a department and when it got to the end of that item, the question from Mayor Nelson was in exactly what direction do we need from Council on this and the answer was we don't, this is for information purposes only. You're going to see all that stuff moved to the Report section of the meetings and you might remember the discussion of that the first night I was in the Chair. All that stuff that doesn't need any City Council feedback will be done there and hopefully free up some room in these Committee of the Whole meetings. For the Council meetings and Committee of the Whole meetings, I think a simple change of saying let's put subjects together, that should be a no brainer. We were all, except for Mr. Allen, part of a process where we approved the contract for observation services on New Wilke construction five items before there technically was any construction planned and you sit back and you go why didn't we put these together. We were all, including Mr. Allen, just last week, we hit an Item H where I felt the need to say this goes back to item F that we passed three items ago. I think that could be a bit of a no brainer to just try to put like subjects together when we can. The other two bits are stuff that's expected to be a bigger discussion should come first and also I would like us to make some form of informal policy statement that if we're expecting folks are going to be in the audience, we don't make them sit there all night just waiting for their agenda item. Something we can take into account if we expect residents who are there for their issue, if we expect some form of interest group to be here, and they want to see what happens to their item, let's not leave them at the mercy of all kinds of things that really only the Council needs to deal with. In terms of that part of the presentation, I'll just say are there any questions and if not, does anyone object to doing this. Unless there is something here that someone says no I really don't think that's a good idea, we literally can just informally say to Mr. Krumstok this is our action we want you to take it this way and we'll see how it goes. I've offered to help with the upcoming agendas and this is the kind of thing I'm talking about so that the wheels get up and running. Does anyone have questions or comments?

## 6) Opt-Out Health Insurance

Mr. Krumstok: This deals with why it was set up, the history of how the payments have gotten up to \$6,000, how the payments are done for union and non-union individuals, and the reason behind why that \$6,000 number was created. The opt-out analysis shows how many employees are currently participating and have done it in the past. People can opt-out and then they can opt-in if some change occurs. That's why some of the numbers might look different. The total cost where it stands right now estimated and then if we had the opt-out, showing if it was HMO single how it was created, but if you used the 2011 rates if the employees went to the PPO white family, what that number would be to the City Cost, or if they went to the PPO blue for employee plus one where that would actually stand. Staff recommendation is we understand where the Council is going with this. Our recommendation is we have union negotiations that will be starting, please hold for the non-union, but at the same time, that's why we're bringing it for discussion.

Alderman D'Astice: This was something that we started some time ago. I don't know how far back this goes, you have 2000

Mr. Krumstok: 2000 was \$2,200; 2003 was \$2,600

Alderman D'Astice: My question is, if a married couple and both individuals are working, can they both get insurance from each of their employers and can they both claim the same thing, in other words

Mr. Krumstok: With the Health care reform that was one of the restrictions that was created. That's the tightening of the noose of health care

Alderman D'Astice: We did this a long time ago when a husband and wife could get both insurance. The husband can claim it on his and whatever the insurance doesn't pay the wife can claim it on hers. Let's save the City some money; it was significant savings. If they can't do that anymore, it seems like this may have outlived its useful life. It may be time to change this, because the opt-out, they get one now, and maybe the spouse has a better insurance policy and that's probably why they're opting out of this one. So maybe it's something we have to look at. The laws have changed and maybe it's time for this to change as well.

Mayor Rooney: I would point out it does still leave the item open that some folks might be opting out because the private employment doesn't have a payout and ours does. It is conceivable that we might pick up some, but I completely agree that I don't see a condition under which it could be all, and that's exactly the kind of thing we always need to be thinking about. Lots of times things get put in place for perfectly good reasons and people seem to have forgotten why they're there and so then when the reason for it vanishes nobody stops to think, well then everything that was based on this should vanish too. That's an unfortunate way to put it, but it is. Let's just say we've seen it before. I don't want to throw the topic out because I'm sure it would be a fireball, but the Council proceeded with a very big idea not too long ago that was predicated on something else being in place and when the something else vanished the other thing stayed on its merry way, on its course, and we didn't stop to say, wait a minute the reason for it isn't there anymore and so in a case like this, I'm sure that that's a meaningful dollar amount to some of our folks and I get that, but the rules change and maybe that's something we really need to take a serious look at

Alderman Cannon: Barry, do you have any idea how Obama Care is going to affect this, in general. Are you talking about this at any Municipal Conferences that you go to?

Mr. Krumstok: I wish I had the crystal ball on health care reform. I wish that I would know if they're rolling back parts. The best answer I can tell you is, I don't know, and while we do talk about it, we talk about it with the vendors specifically, if they're moving to the 2014, 2018 thresholds, but I wish I had a crystal ball.

Alderman Cannon: When people who are currently on this program are getting this bonus, they're taxed on it

Mr. Krumstok: That is correct, so the \$6,000 is reduced by taxes

Alderman Cannon: Does this affect their pension at all

Mr. Krumstok: No, it's considered a bonus so they cannot attribute it the Police & Fire pensions.

Alderman Cannon: So it's a straight payment, we don't have any extra cost other than the normal - they'll be paying FICA and everything on it

Mr. Krumstok: That is correct

Alderman Cannon: So when we pay \$6,000 we pay \$7,000.

Mr. Krumstok: No, the \$6,000 minus, so the \$6,000 threshold is minus the applicable taxes. The employee would be getting \$5,000 or...

Alderman Cannon: But we have to pay the 6.2% of it

Mr. Krumstok: That's part of the whole thing

Alderman Larsen: I've communicated with you and Barry about this. The concern that I have is that Staff recommendation to wait until union negotiations are complete to address the item, then what. Is the thought that we want to make sure that everything is exactly equal? We've had things come up in the past where, well we can't really change this, we can't really change the non-union health care contribution because it wouldn't be fair to them because we're not changing it for the union people and it's like we're in gridlock because we're so concerned with making things equal or fair for everyone that its virtually impossible for us to ever get off the dime on these things. That's my concern with that.

Alderman D'Astice: I don't recall that this is a part of any of the labor contracts.

Mr. Krumstok: This is part of both contracts

Alderman D'Astice: It is a part of both contracts?

Mr. Krumstok: Yes, and that's why the union members right now have \$6,000 that's paid to them by August 1<sup>st</sup>, the \$6,000 minus applicable taxes. The non-union employees are paid monthly at \$500, minus applicable taxes and it is part of each of the contracts

Alderman D'Astice: If we wait until negotiations are complete, we can't do anything with this

Mayor Rooney: Once those are done, this may not be in place in its current form. This should be a negotiation item rather than an action item for the Council at this point, and I didn't object to that

Alderman D'Astice: If that's the case, then I'm fine

Alderman Larsen: Ultimately I'm ok with it too; I just want to express my concerns along those lines because one of the things we considered was increasing the health care contribution level for non-union personnel, which was voted down twice. Had we approved that, potentially there would be less reason for people, they would be more inclined to just not take the insurance because it's costing them more. Now they have a really sweet deal getting it from the City. I can get \$6,000 to opt out of it, why wouldn't I, where as if they are effectively priced out of it, that's a different ballgame

## **7) Meacham Road Project**

Mayor Rooney: Let's make sure that everyone who has gone through the packet has seen the bits that say Schaumburg is having a decision, a discussion about this on how to decide. There are lots of pieces left in this. There's nothing that needs to be decided tonight. It's more of a here's where we are, if you have anything that you want to add into the discussion right now, feel free to do so. It's a chance for us to get our comments in before the discussions go too far. There's not really firm decision type things that we need to make tonight. It's your chance before the public meetings to speak for your residents. The Wards that are closer to this might do that. We don't need to feel the need to solve this problem tonight. This is mostly informational and if you have anything that's on your mind right now, we will try to make it a part of the package.

Mr. Vogt: We have had discussions at our City of Rolling Meadows' staff level with the Village of Schaumburg engineering and Public Works Departments. I did provide the 3 proposals on what the 3 different engineering firms are offering and what they are suggesting as the approach to this project at this time, which is what we call concept engineering or pre-preliminary engineering and we believe that that's important to take that step and we touched on this a little back in October/November's budget review meetings to have a certain level of engineering completed before we do the public information meetings. It's something that is very engineering in terms of the decisions that are going to have to be made and we want to make sure the residents that are interested in this project, albeit whether they live on the road or whether they live near the road or whether their streets provide access from Meacham Road, or whether they commute from it, can all be heard and understand what the options are that we're looking at. We expect that perhaps as early as next month, no later than August, once Schaumburg and the Rolling Meadows staffs have gotten together and selected an engineering vendor as well as narrow down the scopes, because if you look at these the vendors scopes are considerably different in terms of the amount of planning, the amount of planned design that would go into it. That we would have an agreeable engineering scope of services and the City Council would get the opportunity to approve that. It is in our budget, and as such we would have to, and expect to, have an agreement with Schaumburg in place to participate equally in costs of those engineering services. Some other considerations that need to be looked at in terms of the Meacham Road corridor, first of all we did several years ago receive programming of up to 3.5 million dollars of Federal Service Transportation Program funds through this, through the NWMC that manages that. We also would expect to get a considerable portion of

the local share funded from IDOT because what this would be would be very similar to what we did years ago on Kirchoff Road, what we did on Plum Grove Road, which is a jurisdictional transfer. The road is currently a state road, ultimately the City of Rolling Meadows would maintain the road down to the Salt Creek Bridge and the Village of Schaumburg would take it from Salt Creek south to Algonquin Road. The State historically has looked very favorably at funding construction costs and a portion of the engineering costs for that and that will be part of our negotiations as well. There's a lot of vegetation along the roadway corridor, both trees, shrubs, that provides for streaming for residents. Our initial objective would be to do what we can to maintain as much of that as possible, or to replace as much of that as possible. There generally appears to be 100ft of right-of-way, that's both good news and bad news, in terms what a final decided configuration is of the road. Given the traffic volumes, both current and projected, a 5 lane configuration is appropriate; two lanes in each direction with either separate left turn lanes or a combined, shared left turn lane for the various streets that intersect with Meacham Road. Schaumburg staff discussions have indicated a desire to look at a landscaped center median, the long and short of that is that will require more right-of-way to be available for that. The Village of Schaumburg has also indicated they want to look at the possibility of a bike path. While we don't disagree, we do agree that at least a sidewalk would be appropriate. At some locations there is sidewalk now, at some locations there is not. At minimum we would want to do a sidewalk at the location. There is some localized drainage problems along Meacham Road. We will need to determine whether a storm sewer system is appropriate, whether we can design it within the right-of-way restraints that we have or whether an open drainage system would be considered. This is very similar to what we deliberated with Old Plum Grove Road several years ago. A 3 lane cross section is probably one that is more desirable, however we may not be allowed to use Federal funds or even State funds if we are not addressing the traffic volumes and capacities, so that's something that will have to be discussed with the Staff at a future date. The existing bridge over Salt Creek is likely to be insufficient even for a 3-lane cross section at this point, so that's another matter that will have to be addressed. We would hope that later this year we would be able to be in a position where we would be able to have a public information meeting. We would want to do that primarily before we finalize anything with IDOT, but certainly we are going to need to have discussions with IDOT before public information meetings to find out what their parameters are. If anybody has questions, comments, concerns now or in the upcoming weeks, it would be great to hear about that

Alderman Cannon: I'm really glad to hear about the sidewalk. How much of that road would be ours, going forward, would it be 50/50

Mr. Vogt: We're going into this looking to make it as much 50/50 as possible. Given that our corporate limits extend down to Salt Creek where the bridge is, that seems to be the logical area that I have determined to be our responsibility. There are a few pockets that are unincorporated, but really wouldn't be appropriate for Schaumburg to take that or south of Salt Creek it's either unincorporated or Schaumburg and that's seems to be the logical split. It's about 50/50 in terms of footage.

Alderman Cannon: I have ongoing concerns with us accepting these roads as part of our program going forward. It's great now, but we're going to have to replace all these things and we have no financial mechanism in place to do that and it concerns me. I would strongly suggest that we get this road done in concrete, if at all possible

Mr. Vogt: So noted and I would add to that, Mr. Cannon, that certainly as we head into capital improvement planning, the long range planning for our utilities for our roadways, that we do need

to take into account those roads that we inherit by jurisdictional transfer, because, yes, whether its 15-20-25 years down the road, the maintenance is local

Mayor Rooney: Mr. Vogt, we appreciate the update and if anybody thinks of anything, we could route directly through you. I do want to make reference to one quick item before we're done. There's been an idea floating around that we might take a Special Committee of the Whole meeting sometime in the very near future. Based on feedback that I've gotten from the alderman, is there an objection to asking Mr. Macholl and Mrs. Cotugno to put forth proper actions that they would need to that at the meeting one week from tonight on June 28<sup>th</sup> we will put forth whatever we need to in order to have a special COW meeting specifically to deal with pay issues and pay issues alone, for July 5<sup>th</sup>. I am unaware of anybody who has said that that date would not be workable for them. Is there any objection to asking that the paperwork be put forward and if we pass it next week as an official action that's still plenty of time for the proper announcements we need to make and the publishing to the paper. Does anyone object to asking for that Special Committee of the Whole meeting on July 5<sup>th</sup>? Gentlemen, please mark your calendars. With no further business the Committee of the Whole meeting adjourned at 9:02pm.

Respectfully submitted by Ginny Cotugno, Deputy City Clerk

Minutes of the June 21, 2011 Committee of the Whole meeting approved at the July 12, 2011 Council Meeting

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Ginny Cotugno, Deputy City Clerk