

COMMITTEE OF THE WHOLE MEETING
August 16, 2011

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

Council in Attendance: Aldermen Cannon, Allen, Buske, Judd, Banger, D' Astice, Larsen

Staff in Attendance: City Manager Barry Krumstok, Deputy City Clerk Ginny Cotugno, Community Development Director Valerie Dehner, Assistant Finance Director Melissa Gallagher, Fire Chief Ron Stewart, Deputy Fire Chief Scott Franzgrote, Police Chief Dave Scanlan, Public Works Director Fred Vogt, Assistant Public Works Director Bob Hartnett, Forrester Jim McFeggan, Assistant City Engineer Jason Souden, and City Attorney Jim Macholl

Mayor Rooney: Asked unanimous consent from the council to move agenda item chargebacks to the second item on the agenda and the D Plan to the fifth item on the agenda.

1) ComEd

James Dudek, External Affairs Manager, ComEd: Thanked Tom Rooney and the City of Rolling Meadows for having them here tonight. Introduced ComEd co-workers also present: Art Barsena, Director of External Affairs and Drew Zmolek, Reliability Engineer. Mr. Dudek presented their 2010 annual report and Mr. Barsena presented the 2011 storm responses.

Mayor Rooney: The first question I asked year's ago, when the stats go up that says Rolling Meadows customers are out more than the system wide average, and out longer than the system wide average under certain conditions, that says my community is not being well served. If you could provide a little more data about that 1.81 as opposed to the 1.853, puts you in the 61st percentile, maybe it's the 98th, I need a little bit more to be able to make an educated judgment. Is that something we could get in the future?

Mr. Barsena: That's something we'll take back and take a look at. I don't have the data here to say where it lies.

Mayor Rooney: I'm hoping you all are willing to work with us on information provisions as well. J D Power stated ComEd didn't fair well in their survey that they did. Everything that I have read in newspapers and trade journals says ComEd has yet to respond in any constructive way to the idea that stacking up nationwide, here in this area, you are all we have. Nationwide you have not faired very well. Has there been a ComEd response to that kind of ranking and what can be done without a three slide commercial for the new grid? Is there something that you have done as a company to actually respond to the findings that this area all considered as a whole is down low on the customer service satisfaction side of things?

Mr. Barsena: I am aware of the J D Power study. My understanding is that is done on customer perception of various attributes. In terms of reliability performance, ComEd is in the 4th percentile nationwide in terms of reliability performance. I wouldn't have any additional information I can share tonight on that.

Mayor Rooney: I'll be looking for a formal statement. I would appreciate a heads up when that is available.

Alderman Larsen: Last year Jeff came back and reported to us after the Annual Report. I'd like the lessons learned to be shared with us. You're targeting November to have that squared away.

Mr. Barsena: Targeting late September to pull the lessons learned piece together. Certainly we want to have initiatives in place before the next storm season. We want to keep our municipalities informed. That information does not have to wait for an annual report type of meeting. I certainly take your comment and value that and we want to work with municipalities and keep them informed as to where we are going and the initiatives we have instituted. We will work with City staff on that.

Alderman Larsen: I'd like more specifics on what your plans are to modernize the grid because I have no doubt it's going to cost a fortune. I realize it is not going to address all the outages.

Mr. Barsena: When you avoid those outages it allows you to take the resources you have and allocate them towards the damaged areas.

Alderman Larsen: Most people get that when there is a massive storm, there are outages everywhere. When you're sitting around on a Thursday evening and there is a blue sky event and suddenly the power goes out, you wonder what is happening. Why it happens to the same people, it's like they have a dark cloud hanging over their head. I'd like to have some understanding of what you're understanding is of those customers who seem to chronically have their power out.

Alderman D'Astice: I'm hoping when you come back you'll have some good information. The biggest concern that I heard was that when people call and say give me some indication on what we can expect, they didn't get any information. If you told people it's going to be four days, they'll go take the food out of their freezer and bring it to their mothers or sisters. But when they hear we're working on it and we don't have an estimate, tell them it's going to be four days. Don't sugar coat it, just tell them. How do I check your website when I don't have any power? You need to get your act together.

Alderman Buske: I don't see anything getting better since the last storm to the one before it. I don't see any progress being made. This system is completely junk. I don't see you doing the job. I don't appreciate you with your sales pitch for your grid. Other people

are going to make the decision on that. I hope you're not using these meetings to go into this grid selling thing because right now I'm saying let's get back to the normal thing and get things fixed here. We have residents here that have something called an island, it covers between Meadow Drive and Oriole, South Street both sides, Park Street both sides, they are constantly out of power. We talked about this several years ago. Why isn't it fixed?

Alderman Allen: It would be nice to have reliable power.

Alderman Cannon: I'm stunned that you talk about improvements, but I don't see any. When are you coming back to talk to us. Will you be back this year?

Mr. Barsena: We will work with staff to come back this calendar year.

Alderman Cannon: We are trying to remodel Golf Road. I hear there is a problem between the State of Illinois and ComEd. I was wondering why you can't cooperate with the State to get this done so we can rebuild the road.

Mr. Dudek: I'm aware of what's going on at Golf & New Wilke. There's a question of land acquisition. I'm new to the job. The attorneys for the State, for the City, and ComEd have collaborated on that. I believe there were some appraisals given to the State in terms of trying to determine how to bring this to closure. The appraisals were reviewed by the City and sent back to ComEd.

Alderman Judd: I think you're time has to do with you timestamp when someone calls you. I'm not going to call you when the power goes out, I'm going to wait. Most people will not call you right away. So 180 minutes, you have to tack on at least 60 minutes to that because the power's out for substantially longer. The 180 minutes is a ridiculous number. You're giving me these statistics of your system-wide numbers. I could care less. That's 100% irrelevant to me. I don't care what Carol Stream is doing, I don't care what Tinley Park's doing. What's happening here in Rolling Meadows? How long is the residents' power out? How long is it taking to get it back on? How many times is it going out? You're giving us numbers that make you look better. Tell me what's happening in Rolling Meadows and Rolling Meadows only. That's what I care about. Tell me what my times are out. Tell me what the average time it's out. Tell me the average time it's down. That's what's important to us. Nobody cares what's happening in Chicago or the south side. Help me understand the lightening strikes. You say its 18,000 strikes. What exactly is it striking? Is it striking the ground? Is it striking a house? Is it striking a light pole?

Mr. Dudek: There is a service that measures this, the lightening strikes. It could be anywhere.

Mr. Zmolek: We record outages and causes. The major causes for the last two months were really all tree limbs falling on our wires. Second was lightening strikes. If lightening hits the wires, it may cause instantaneously the circuit breaker to trip.

Alderman Judd: So 18,000 strikes is 18,000 types of hits?

Mr. Zmolek: This population of lightening strokes that are going on, and they're hitting all sorts of things. If they hit the wires, they can cause an outage. Sometimes they don't cause an outage but they'll damage the equipment up there and cause an outage in the future. When we talk about blue sky day outages, a lot of times it could be a previous lightening stroke that damaged the wire and it came down later. It also could be the tree limbs, which is the biggest problem.

Alderman Judd: I understand what you're saying, but you're not answering the question. What percentage of 18,000 strikes is doing something to your lines?

Mr. Zmolek: I could get you that number.

Alderman Judd: That's more pertinent than telling me there's 18,000 strikes. I've heard the same dog and pony show numerous times. This is getting old for a lot of residents. Why aren't you burying these lines?

Mr. Barsena: Undergrounding is an extremely expensive proposition.

Alderman Judd: There are a lot of electric companies out there due to deregulations. The problem is you still own the lines. Are you planning to or are you going to be forced to divest those lines?

Mr. Barsena: The energy supply is on the open market place. The model is that ComEd is the distribution company so we will continue to distribute the power.

Alderman Judd: So we're stuck with you. Are you willing to commit to getting numbers that are reasonable or start paying fines to the City or start making donations to charitable organizations, so when we come back next year and get the same numbers from you and there's no improvement, you guys are paying heavy fines. Why is it that you can continue to provide what doesn't seem to be the best service with no penalty. Mr. Macholl, is there any way we can fine these guys moving forward?

Mr. Macholl: First, we have a franchise agreement with ComEd and secondly they are largely and universally controlled, and exclusively controlled by the Interstate Commerce Commission so we wouldn't be able to fine them.

Alderman Judd: Are you willing to make a commitment for donations then?

Mr. Barsena: I certainly want to work in areas that we have identified pocket reliability issues to understand them, evaluate them, and determine that there are steps that need to be taken. I would like to point out some of the proposals that we have out there with the State legislature and actually that proposal does include performance measurements in terms of going forward with modernizing and hardening the grid over a 10 year program, and does include performance metrics in terms of performance improvements in terms of frequency and performance improvements in terms of duration. If we don't meet those performance metrics, there are financial consequences from that.

Mayor Rooney: We appreciate your willingness to listen to us. We will open the floor to folks that would like to speak. They are limited to 5 minutes.

William Olney, 2402 South Street: I'm tired of this. Every time we get a flicker, every time we get a breeze, I'm in the yard, 90 degrees, no wind, I go in to get a drink, I come out and tell my wife our power is out. We go out, we go on. I call up, it's a change over. What is a changeover? They don't tell you. What is an island? If you happen to know why I'm out, fix it. I'm tired of calling you. I thank the Council for saying something.

Karin Olney, 2402 South Street: I want to thank every Ward member for their support. I wrote a letter to ComEd and did get a reply. In 2010 on August 10th, we lost the power for two minutes. We had other power outages after that. This year, on May 18th we lost the power for six minutes, a switch over we were told. There has to be a resolution to get this fixed. To make promises and not do it is not helping us. I'm hoping we'll come to a solution soon.

Brian Lahl, 2707 Rohlwing, Apartment 102: Thank you for letting me address the council once again. We are frustrated. Two things is getting good information out of ComEd, you get the feeling no one there really knows what's really happening. Who is managing this outage? The people who answer the phone don't know anything. I have to drive around the area telling you what's going on out there. The houses across the street are out for hours. I'm out for days. I don't feel like I'm being treated fairly. When I call to find out how I get this corrected they don't know anything. I can't help you with that. I don't know anything about that. I hope going forward we will get some results from ComEd.

Mr. Walters, 3108 Swallow Lane: We were out for 4 days. We knew there were two broken wires. By hearsay I hear that they couldn't get together because two different groups were going to pay. Who was going to pay to repair those wires? Five hours later a big truck shows up and within a couple of hours we got power. Why didn't they come to the resident? They would have chipped in and paid for someone to fix this. If that isn't the stupidest thing, that you've got wires laying there and nobody wants to fix it because who's going to pay for it. They didn't know.

William Olney, 2402 South Street: What is the island?

Mr. Barsena: That is not in my vocabulary. We need to look at what that is. Regardless of what the terminology is, we need to investigate that area. We appreciate all your comments. We understand the frustration. We will work with staff and keep staff apprised of our progress.

Mayor Rooney: If you might make yourself available to some of the folks leaving. We are now an hour 40 into the meeting so what I intend to do without objection is chargebacks will be next, that will probably get into the neighborhood of when we take a recess. I would suggest we take one after chargebacks. The term micromanagement is the one that is there at my request. I don't see it as time sensitive, I see it as important but not time sensitive, so I will pull that and ask that it be moved to September.

Alderman Buske: Mr. Mayor, you can also pull signs for contractors – “right to know”.

Mayor Rooney: Items 3 and 9 will be moved to September.

2) Chargebacks

Ms. Gallagher: The focus tonight will be reviewing and defining chargebacks, also known as inter-fund transfers. We will cover an overview, benefits and chargebacks and then Barry will give some further details and then Bob Hartnett and Fred Vogt will go over vehicle, equipment and vehicle replacement and vehicle maintenance chargebacks which will really be the bulk of this discussion tonight. We are trying to gather some feedback, review certain trends and to discuss and prepare for the 2012 budget. This is only an overview of how it's been budgeted in the past. This is not a budget, it's not a complete solution, and with your feedback tonight we are going to be moving forward to include this within the 2012 budget. Going back to the 1990's, chargebacks have been used as cost centers within the budget. It's just a basic way to reflect costs in the internal service funds, it's a cost allocation method and for the most part, essentially it's allocating these costs across these funds. For audit purposes within the audit, chargebacks are known as inter-fund transfers. The five internal service funds that we have are the garage fund, vehicle maintenance fund, vehicle and equipment replacement fund, building and land fund, and liability and health insurance fund. A couple of goals for chargebacks are fund sustainability, cost recovery, and equitable sharing cost.

Mr. Krumstok: Specifically, in the report, you see how we create the administrative fee, and specifically where people are based and where they're actually being paid out of. How each of the utilities and each of the TIF's and everybody else's is attributed back to the general fund for where staff is actually doing work. Building and Land chargeback actually deals with how much square footage for City owned property. The Building and Land fund is to repair, restore, and renovate City property. The Liability Insurance Fund, the liability chargeback is determined by three vendors. Part of your City's revenues into the liability insurance from prior year City salaries and a number of City owned vehicles. Typically what happens is we get one amount from IRMA but we're going to be charged,

and then those calculations are done. We also have the health insurance chargeback and that is our true cost, so it's a true cost health insurance chargeback that we attribute everything into.

Mr. Vogt: The garage fund is really important. Prior to 1998, garage fund took care of the vehicles in Public Works, Police Department, Fire Department, and Administration. It was paid for out of the general fund. At that time there were efforts made and we frequently use the term "run it like a business", the garage fund was set up at that time with a budget of about 800,000 which was to cover all the costs for labor, parts, and for fuel for the garage operation. We set that up the first couple of years, one year we made a little bit of money, one year we lost some money in terms of the bottom line internal accounting of that fund, which led us, I believe at that time the labor rate was set at about 70.00 or 75.00 an hour. In 2002 we made adjustments to the system, by which we set it up where we charged rather than per each specific vehicle repair and maintenance operation, a system where 1/12th of the annual estimated costs were charged to each of the operation departments that had vehicles. That is to cover the labor cost, the parts costs, which we don't make any profit on any of this, it's simply accounting internally, and the fuel costs. Based on five year averages we adjust those every year based on what the history has been and as best as we can project. In 2002 we re-established the labor rate at 60.00 per hour. That's something we still use in 2011, 60.00 an hour. Doesn't matter whether that's for an oil change, hydraulic repairs, engine repairs, electrical diagnosis, repairs to fire engines and other more technical equipment, it's 60.00 an hour. We've talked over the years as to whether or not we should consider at some point adjusting that so that the lesser intense labor costs are charged less, greater ones are charged more. We can really do it a number of ways. This is something that we have done for the past 9 years. From a Public Works standpoint we think it works rather well. When we first implemented it there was some confusion on the part of the operating departments as to well if you're going to run it as a business, does that mean I can take my business elsewhere. No, because the garage staff operates on relying on that business. Again, this is an internal accounting fund, not something that we're competing with the outside sector at this point.

Vehicle replacement historically in 1998 the city set up a fund specific for using monies to replace vehicles and then accounting for the income needed to replace the vehicles. The Public Works Department works annually with all the other departments, as well as our internal Public Works supervisors to look at vehicles conditions, vehicle needs, whether vehicles can leave the fleet, whether new vehicles need to be considered and we establish formulas by which we then take the life expectant number of years for each vehicle and spread that out and internally charge for the equipment. If a dump truck costs 100,000 and has a 10 year life expectancy, we would charge 10,000 per year so that at the end of that expected life of the vehicle we would have the money in the vehicle replacement fund to provide for purchase and replacement of the vehicle. Every year we take a look at the inflation costs of vehicles that increase and do our best to project that so what we're setting aside, or putting internally into the vehicle replacement fund, will provide the revenues and resources necessary to do the vehicle replacements. Obviously

we have everything in our 121 vehicle fleet right now from small cars to fire engines and costs vary from 18-20,000 up to 5 and 600,000 dollars. It's very important that we forecast things accurately. We've had some discussions in recent weeks and months with the vehicle replacement committee. Aldermen Buske and Larson not only thought specific vehicles and when they should be replaced, but also the need to forecast as best as we can. From a maintenance standpoint, we can keep anything forever if we're willing to put the money into it as long as parts are available for things, but when it reaches diminishing returns at points in time in terms of whether vehicles should be kept, and to put a lot of money into them to keep them just to further replacement, or whether or not and when vehicles should be replaced. We look at the initial cost of the vehicle, life expectancy, projected increase in costs for replacements, salvage values, upgrades, enhancements to the vehicles in terms of anticipated replacements, and the specialized or required equipment that might be included with the purchase such as computers in police cars, that type of thing, equipment for ambulances and squads and fire engines. When we look at the life expectancy, we analyze body type, assigned duty, the mileage, potential for re-assignment, if there are other places that a vehicle can go and provide service, such as our mail runs, some of our administrative cars, those vehicle whether they are from the police department or other sources, we'll use them where appropriate. If we can keep the vehicle for a few more years and know that we'll put low miles on it, that's something we look at every year in terms of our fleet. We won't get rid of something if we have another use for it. We kind of are calling that going from front-line into a more of a reserve type of service. We do the same with dump trucks for snowplowing where we have the main front-line and then have a reserve for that, much the same as the fire department does and police department does to some extent as well. What we said at our last meeting with the vehicle replacement committee is the need for planning is very important in terms of setting those life expectancy targets on vehicles, to set funding need, identify the funding needs, so that the budgets can be planned and acted on accordingly with the long range needs. It's an internal operation by which money is put into the fund from the various general fund, refuse fund, utilities fund, to provide for the monies to be available when the vehicles are in for replacement or they're needed for replacement.

Alderman Allen: When vehicles are replaced, and there is special equipment on the old one, is it transferred to the new one or is everything brand new?

Mr. Vogt: It depends on what equipment is on that vehicle. If we can move it, we will. It depends on the condition, the age, the relevancy of it to the new vehicle.

Mr. Krumstok: We actually try keeping it as a backup.

Mr. Vogt: I think bodies and chassis may be a good example. There are times where we've replaced the body of a dump truck and keep the chassis of it based on its condition, so we look at all that every year in terms of trying to project what our needs are.

Alderman Judd: For the health and liability it seems fairly straightforward and to some degree so does Building and Land. One question I have on the health, it's got the retiree, as well as those retired employees. If there is a retired firefighter, does that come out of the firefighter fund, I should say that portion of that.

Mr. Krumstok: Retirees are pre-paying for their health insurance. The ones who are taking our health insurance, they're pre-paid up to a certain number of months. We have that money that we're using over the time period. If someone is buying 39 months worth of health insurance, they're paying 39 months of health insurance to us in advance.

Alderman Judd: Are they actually giving us dollars?

Mr. Krumstok: Yes

Alderman Judd: What about all the money that's set aside where they get vacation and sick carryover that they utilize for that purpose?

Mr. Krumstok: That is actually coming out of the health insurance too because hopefully what we're paying out, some of that does get back into our health insurance. Yes it is an in and out many times, and many times because that's vacation, sick, and comp time, there's actually more being paid out than coming back in. That's why we made the comment for retirees, they are already pre-paying.

Alderman Judd: One of my concerns is when you look to purchase a vehicle, do you take into consideration at what you define as repairs?

Mr. Vogt: Repairs, the previous repairs or anticipated?

Alderman Judd: Previous

Mr. Vogt: Yes

Alderman Judd: When we were discussing the dump truck, one of the first things you brought up was 103,000 in repairs on that garbage truck. But when we actually get the itemized detail, which you sent me which I thank you for, an oil change, you're going to have that with any vehicle, you take the snowplow off and put it back on, so those aren't really things that need to be considered when you say 103,000 on this vehicle, not really, because you buying any vehicle you're going to change the oil, so if it costs 275.00 to change the oil and you do it four or five times a year, 1,000 dollars, that's not a cost in the sense that to determine to buy a new vehicle, well I've changed the oil 50 times because that's a maintenance issue. You don't say I've replaced the tires, you don't say I've taken the snowplow off and put the snowplow back on, because that's not really a reason to replace that vehicle. If you want to show exact costs and you say the transaxle broke, ok, that's something that needs to be replaced. The frontend got damaged because of snowplowing, we had to replace the tie rods, then that makes sense. When you tell me

you just changed the oil and that's 100,000 and I need to replace the vehicle, that makes absolutely zero sense to me. While it needs to be accounted for in transfer pricing because, yes, you have to figure out who's going to pay for that or how it's going to be paid for, that should never be considered when it comes to purchasing a new vehicle. If you take a police car and you drive 25,000 miles a year and you change the oil every 3000 miles, you change it eight times, that's not any reason to purchase a new vehicle. If you put new tires on or new brakes on, all that's typical maintenance that if you buy a new vehicle you still have all those maintenance costs, so I think that needs to be brought into this picture to when you are going to look to purchase vehicles and look for replacement, the vehicle costs, that needs to be separated. We charge the police department x amount of dollars and then we say you're going to buy three vehicles, so we say we're going to charge 75,000. If we know we're on kind of a constant rollover and it's basically a commoditized product, why don't we just leave the money in the police fund and not transfer it in, because if they are going to buy new vehicles every year, there's no reason to put 100,000 in and only get 75,000 worth of vehicles. If you put 75,000 in, I think, Chief maybe you can help me, we deferred costs of all vehicles last year, we didn't buy any, right?

Chief Scanlan: Last year, in 11 we brought three

Alderman Judd: So you put 75,000 in and it's coming out, you're not getting I think some of these things are very good, the Admin fees I don't like the way they were structured in the past. Was that just a 10% deal? I'm not opposed to these things; they just need to be defined better.

Alderman Buske: Alderman Larsen and myself are on the vehicle replacement committee. We are going to meet with Mr. Vogt and look at some of these guidelines with the equipment. That dump truck that was to be replaced, I believe Mr. Larsen and myself both agreed that there just wasn't enough there to say let's replace it. I agree with Mr. Judd on some of these cases. My question was basically that truck was costing us 7,000 a year and to put it back on the road again or fix anything that's physically wrong with it is 7,000. \$60.00 per hour to put a snow plow on and take it for an inspection, which you have to do every six months, this is going for maintenance on this truck like it cost us something. It didn't cost us anything to drive it over there except fuel. To chargeback 60.00 dollars is just not real. We have to correct it. When is this meeting scheduled?

Mr. Vogt: Mid to late September

Alderman Buske: Ok. I just wanted to mention that we will be going across that again. I recall when we took a million dollars out of this fund and we put that back against the police and fire retirement funds, we had saved that money by the squad cars were three years, they weren't four, we held back on some other equipment we didn't buy. The Fire Chief command car we held back three years. That's how that money got established back in there so we had more money.

Alderman Banger: When we're talking about tearing apart the flat \$60.00 fee, I just wouldn't be a big fan of that. I think that sounds complicated. When we're talking about running this like a business, you had mentioned that someone questioned if they could take their business elsewhere, you're chart, repairs by location and type of work, it looks like we take things, 2008 outside vendor 3%, 2009 outside vendor 3%, 2010 outside vendor 9%, does that mean we're actually taking our business elsewhere? We've tripled the count of vehicles we're taking to another business.

Mr. Vogt: It's the percentage of the work, not the number of times the vehicles are taken in. We will outsource if the repairs are beyond our capabilities or warranties as well.

Alderman Banger: Why the big increase, both % and the number of instances? Would there be a spike in warranties for some reason?

Mr. Krumstok: 2009 we had some warranty calls and we had an emergency vehicle that had to be taken out to get it repaired correctly.

Mayor Rooney: That's three, there's a difference of 90.

Mr. Hartnett: I will have to get back to you on that.

Alderman Banger: That was something I was curious about.

Mr. Vogt: It's not a conscious effort on our part to outsource more. We can get you some info on that.

Alderman Banger: This whole shifting of fundage from vehicle replacement fund to pensions, to general fund. It was my understanding that the vehicle replacement fund was police cars, maybe the last four, five years, the police car costs 20,000 dollars. The police department would chip in 4,000 per year for five years because at the end of that fifth year we plan on retiring the police car and buying a new one with the money we had stashed away. If we gutted the vehicle replacement fund, my concern would be that when you're getting together to recalculate, are you going to be able to report back on the vehicle fund.

Alderman Buske: No, they take a car, if the squad car is 25,000 and you take it for four years, you divide the 25,000 four times and that is what you need each year. The squad cars used to be replaced in three years. That squad car was 25,000 and another 25,000 for your lights and all your police stuff in there. So that squad car was actually 50,000. Mr. Scanlan is using the equipment back wherever he can, so he's brought that back 4,000.

Chief Scanlan: Cars are costing about 21,000 and the additional costs of any upgrades are usually about 4,000 per car.

Alderman Buske: What we had is when we took that million dollars out, that was excess money in there. That didn't go against anyone else. Now when you turn around with this dump truck, those get replaced, if they say the money will still be there. If the money is in there already, they do not have to put again one part of that money in the 2012 budget. The money is there already.

Mr. Vogt: That is one way to look at. We will need discussion on that in terms if a vehicle has in essence paid for itself, what do we do at that point if we then are going to extend the life?

Alderman Buske: Don't make the mistake of thinking we took money out and now there's nothing in there for the equipment. There is plenty of money in there for the equipment.

Alderman Banger: It sounds like you're going to be picking it apart on a per vehicle basis. Will you be resetting it at some point?

Alderman Buske: That is what we'll be discussing. We have to make sure there is enough money that's charged back into that fund for that replacement time. I'm very interested in getting rid of equipment before it's used up. What do you get from auction if you keep it too long? That's why we have to discuss this. What did you put into coming up with this figure that this truck should be replaced at this time? That's what I'm interested in.

Mr. Krumstok: When it was created, we were already replacing vehicles. With the deferral that we did this year of not doing vehicle replacement, that's why when we gave you the three year financial, five-year capital, we're showing what we're thinking about in replacing, but also being conscious of the general fund of what we're trying to do. Yes, we do evaluate each of the vehicles and how much is in, but unfortunately when we sell a vehicle, it might not go back to that vehicle like it's supposed to, but it does go back to the fund. As long as we have continuous money going into those vehicles, then we should be looking at it. The fund continuously is getting reevaluated on how much money we actually have. If we keep deferring money, or not sending money from the general fund to the vehicle replacement, then we will start replacing vehicles that have not attributed all their money that they should be doing. That's a caveat that I put out there because it's great that we're trying to be conscious on both sides but we are going to have, at some point, if you do not attribute and contribute enough money into that, then we are replacing different from what we actually call chargeback on that vehicle.

Mayor Rooney: Mr. Buske is right that with the million dollars that came out of the vehicle replacement fund, that has not stopped the idea of rolling purchases. That there's still enough there that we can move forward with the immediate things. Mr. Banger's main point still does stand. That's not something you can just take out and never put back without having real implications as far as how soon you can replace the vehicles. Both points are exactly right, that the shorting of the money is not so short that we can't

keep the rolling stock for a lack of a better term going, but it's not a pain free thing. It's not an immediate concern, but it is a mid-term and long-range concern. Does anyone have a problem with taking a brief break? Without objection we'll recess.

Recessed at 9:48pm

Reconvened meeting at 10:04pm

3) The Term Micromanagement

Item moved to September COW

4) Fire Station 15

Alderman Cannon: I've made a proposal that we look at replacing Station 15 or possibly moving it. It has served us well, but the needs and wants are different than it was 55 years ago. Can we keep band aiding that building, sure we can. It's like throwing good money after bad. I think it would be prudent to look at a newer and more modern one. I toured Palatine's new Fire Station and it's very impressive. They kept their costs under control. They designed it so well they only had 4 change orders. They brought that station in for under 3 million dollars. The property was 900,000. I know we will not get this in in another year or two. No one will know what the numbers are until we pick a place. We need to move forward to give our Fire Department a better building than what they are in right now.

Alderman Banger: What's the mechanism we use for gigantic capital improvement? Would we float a bond issue?

Mr. Krumstok: If we had reserves, we would use the reserves, which we don't. We could do bonds. There are all kinds of mechanisms, but right now with our cash flow and what we actually have, you would have to look at a bond for capital improvement.

Alderman Banger: The cost to the City for a bond would be, that would pay for the construction and then the cost to the City would be to pay interest on the bond.

Mr. Krumstok: That is correct.

Alderman Banger: This is a good conversation to get started.

Alderman Buske: We were looking to cut time on the south side. The property we brought could have been a jump station. It wound up being a complete blown out, grandeur and everything. We just turned down over a million dollars in a grant because we couldn't afford doing the balance of it. All of a sudden you have three stations, and

that's going to mean your going to be replacing one whole set of equipment. Once you put a station up, if you want to rebuild it, you rebuild it in the same spot. I can't see where we're talking four million dollars to building a station. You talk bonds; you need a revenue stream to float a bond. Where is the revenue stream? It's just not here. I can see re-doing the station. I don't want to look at something grandeur. I'd like to see what the building really costs to put it up. That building is still livable. I can't see talking about 3-4 million for another station.

Alderman Judd: This is something I've talked about for the last 1 ½ years when we had the million dollars that we "turned down". We couldn't afford a third station. I have zero desire to put money into the station we have now. I think it's silly, I think it's foolish. I've suggested to look at the Old Public Works building to tear it down and put it there. We could purchase two houses on Central Road or three houses on Central Road, not too far from the high school and put it in a residential spot. Ultimately what you do is sell the property on Meadow, sell the property on Algonquin Road, use that money to pay for the station. If you can sell the property for a million bucks, or probably more, we were going to build that station for around 2 million dollars. If you got a million you're only going to float a bond for a million dollars. Whether you float a bond for a million dollars or you dump a million dollars into this building, there's no difference. Where are you going to find the million to put in this building? Where's the revenue stream? We don't have it. I'm not disagreeing with the fact that we have a time issue down there. I believe we do. To make a smart, intelligent, long-term decision on what you're going to do with the station, I think is you tear it down, sell the property, and put something on Central Road, whether its at Public Works, or you could put it at the corner of Jay or Meadow where St. Colette's is, buy some property from them. You got to move that station farther south.

Alderman D'Astice: I think the council needs to be forward looking. Mr. Cannon, Mr. Judd, and Mr. Buske have all brought up good points. As policy makers we have to defer to the Fire Chief and say if we keep station 16, that's west of 53, where it is, then what would be the most ideal spot to put a station to cover the rest of the city. The first thing is the chief has to find where and if there is that perfect location. The debate as to whether we should invest more money into the station is kind of moot. If he says there is a spot, then that's where the discussion starts. If he says there is not a spot, and that is the best spot, then the discussion is do we invest money into it or not. I think I would defer back to the Fire Chief and say find the best location to replace the one that's there. If there is such a thing. If that location exists, then we can have further discussions of whether or not we're going to put a half million bucks into the old station, or whether we aren't going to. If a location doesn't exist, then maybe that's our alternative. If the location does exist, then that needs to be discussed.

Alderman Larsen: I'm confused about this conversation. When we talked about Fire Station 17 the cost to the City was about 800,000, and at that point it was deemed by the majority of the Council members, myself not included, that we were not in a position to take on that financial responsibility. The concern was about the money, not the location.

The Chief at that time endorsed the idea of building Station 17 on Algonquin Road where we had the property set aside for that. I don't understand why we would ask the chief what he thinks when we got his input and rejected it. If we said we weren't in a position to take on an 800,000 commitment, why in the world are we even having a conversation about taking on a 4 million commitment? I'm lost as to why we are having this conversation.

Alderman D'Astice: I think you have missed some of the conversation. Alderman Cannon doesn't think we should spend a lot of money on an old building. We're not talking about building a third station. The question is do we put a million dollars into an old building or do we try to find a better location, another location, or the same location, for a second station. Mr. Judd suggested we could sell two pieces of land and come up with enough money. Does the council want to spend, can we spend, and do we have the ability and financial wherewithal to spend a ½ to million dollars renovating an old station? If the Council says yes we do, yes we can, yes we will, then this whole thing is moot. Mr. Buske said let's take a hard look at the station and see is it really a million or ½ million, or can that be paired down, that's another good point. I don't think it has anything to do with should we build a full blown third station. It's just the start of a conversation.

Alderman Cannon: The Palatine station cost a little under 2.8 million dollars to build. In conjunction with the 2.8, they spent a little over 900,000 to buy two houses and knock them down to build the station. It's a large station. It's a full three bay station. They're using that station as a jump station. They have an ambulance in there and a fire truck. They are staffing it with three guys. Work with me on the numbers. I put the 4 and 4 ½ million out there. I have no idea if we brought another piece of property what that would cost. My numbers were just guesstimate numbers.

Alderman Larsen: In my mind, had we moved forward with 17, station 15 would be going away.

Alderman Buske: The biggest problem we have here, 17 would have been perfect for taking care of the south side, 15 would have taken care of the north side and 16 would have stayed where it was. If you're looking at 15 and 16, they are in the wrong spots. When we talked about putting that station in by Public Works on Central Road, we would still have a problem with getting up here then. It would not be in the right place to come up to serve the north side.

Chief Stewart: That's correct. Council looked at two Central Road locations. Certainly moving that station to Central Road would decrease the response times to the southern area, but it would proportionately increase the response times to areas north of Kirchoff. You're virtually flip flopping the delay and response between the southern area and the northern area of the City. The reality is you're shifting the problem from one area to another area.

Alderman Buske: The idea that I had was that all three stations would have been kept alive and you would have had the complete city covered. There was no intention of taking 15 down if we put 17, that's why we needed the three stations, that would have covered the City properly.

Chief Stewart: No, the original proposal was to go with three stations which would have provided the best response coverage to the City. The plan to do that was with existing staffing. There was never a presentation from the Fire Department to increase the staffing at all. We were going to divide staffing between the three stations. That was the change in conception that I took as opposed to the Fire Services Committee presentation that included more staffing at that time.

Alderman Buske: We turned that down.

Chief Stewart: We turned that down and I took a modified approach to redeploy our current staffing, but provide for more adequate coverage across the City. Certainly looking toward the future an opportunity would have existed then to reanalyze the response times and if we found that it made sense to go to two stations, that would have been an option in the future, but there was no definite plan, but certainly we would look at that data as we moved forward in terms of cost savings and looking at facilities in general.

Alderman Buske: A lot of people got the wrong impression here. Station 17 was basically, had nothing to do with what was supposed to happen over at Woodfield Gardens. Was it the station or the manpower?

Mr. Krumstok: When Pinetree was here, the whole idea was to have a lot of shopping and new residents. 17 was to pick up that new growth plus the daytime population. It was attributed, a small part, to that new development.

Alderman Buske: One was supposed to be contributed to that development. Was it the manpower or was it the building

Chief Stewart: When we were talking about that Special Service Area that involved three additional firefighters. When that Special Service Area didn't come to fruition we applied for the Safer Grant as an alternate funding source, which we did secure. In terms of population, with the multi-family residents that we have in the southern portion of the City, there's just as much of a residential population south of Central as there is north of Central, and a lot of times we tend to get that confused with the daytime population which increases dramatically there.

Alderman Buske: In order to cover the entire city because of where 15 and 16 are, 17 would have done that, so we're talking three stations. There was never a question about tearing 15 down.

Alderman Judd: The 800,000 was in the fire station fund. It was 1.1 million dollars in the fire station fund. We had the cash to build it. That was never even brought up in the whole process. I never once questioned that. That 1.1 million dollars is gone. We stole it and put it in another fund. So now we don't have that 1.1 million dollars. It was always a staffing issue. I've always stated that we should build a new fire station. I'd like to give direction to Chief Stewart to determine whether or not he can position one station that would do the most benefit for him to cover as much of the city as possible. Before we start dumping money into this one, if we can find that spot, let's build a new station and not dump money into an old one. Before we make the commitment to keep 15, we need to look at whether or not we can re-position Station where it would do the most good for the residents of the City east of 53. That's the direction I want to take and give Ron and say can you put a station somewhere that would make logical sense. Not two stations, just one and 15, we can't support three stations.

Mayor Rooney: I don't agree that that's the first step. I think that's the second step. If council says, by majority vote or otherwise, I don't want to put money into the station that exists, then the next step is to say to the Chief that we're thinking about a new station. If I'm the Chief, why in the world do I want to spend all that time, energy, and effort into looking for a spot if just at the end of that process a majority of the people here are going to say we can't afford it under any circumstances. I'm not saying the two issues are not connected, they are connected. I would agree that that's the second step, but the first step I'd like to do a straw poll. I heard at least one opinion that said that's where they would come down. If there are four of those opinions, I'm not going to waste Chief Stewart's time on doing a project. I think we are oversimplifying it as well. This whole is there a place in the City where we can do this, yes there is, there are probably a dozen. They will all have different price tags depending on are there houses there right now. If there was a spot with houses, we would buy up those properties, just to knock them down and build a station. I only want to make him do that work if it's not going to come to four votes that say I just think we can only afford to band aide the building. What I want to ask is for a show of hands....

Alderman Buske: How much is it going to cost us to fix that building?

Mayor Rooney: The ballpark I heard is 500,000 to a million. If somebody wants to say I don't think it's towards the million side, I get that. 500,000 still passes a threshold for at least Mr. Judd, where he says I don't want to be throwing that kind of money into the building. I don't know that that's reasonable to say I can't make a decision at all without having a solid figure. We know the figure is ½ million dollars or more.

Alderman Buske: I don't think so. I want to see if ½ million goes in there, I want to see what's going into that building.

Mayor Rooney: I want to know how many folks would be in the position and say I would love the opportunity to move the station, I would love the opportunity to have a new station, I would love the opportunity to combine the two, but we can't afford it right

now. How many folks say I think we need to repair the current building because of our financial situation? That's two. How many folks say no I don't want to spend the money to repair this building...that's a majority. Let's stop the conversation and say give it to the Chief and that if he comes up with something that is workable, there is a majority vote here that says they would consider it. Does anyone object to doing that?

5) Cottonwood Park

Mr. Vogt: The Palatine Park District is interested in doing the shoreline or stream bank stabilization at Kennedy Pond and Salt Creek where it converges, but they don't want to pursue that because it's technically on City property and not on park district property. We were looking into seeing if there was an interest from council to sell or donate it to the Park District by which the park district would then be responsible for maintenance and the stream bank stabilization. If the City would be interested in selling it, donating it, I believe there would be procedures that needed to be done, specifically an appraisal. We are at this point just looking for direction from Council to have an appraisal made, not have an appraisal made, have discussions with the park district staff for other considerations. We do have a 90 day lease extension that was approved which would carry us to the end of September.

Mr. Macholl: There's a possibility that if the council chose to donate it to the park district, we could just do an intergovernmental agreement or intergovernmental transfer which will eliminate the need for an appraisal, which would probably cost about 2,000 - 2,500 dollars. We are looking to save that money, yet certainly if the Council is looking to, or willing to just donate it to the Park District.

Mayor Rooney: As far as the easements, that can be done in the context of a straight donation

Mr. Macholl: Absolutely. I would provide for the City to retain those areas where easements are required and there would be a plat of easement for the City's benefit.

Mayor Rooney: Would anyone object?

Alderman Cannon: The property as it sits right now has no financial value to us. We can't do anything with it. The downside of us not giving this property to them if Palatine Park District wanted to dig their heels in a bit, there is a bike path that goes along there right now. It's not in the best of shape. That would be our responsibility. For now the Palatine Park District has been pretty generous in taking care of our portion. In conjunction with that, this area that we're talking about is probably the only area around Kennedy Pond that doesn't have a stabilization of the shoreline.

Mr. Vogt: The area is deemed most in need for stabilization.

Alderman Cannon: If we decide we don't want to do this, we can't build a house on this. We can spend 2,000 for an appraisal but I don't know how they would do that. I don't know what you would compare it to. There would be a cost involved if we keep it the way it is.

Alderman D'Astice: We should donate the property and keep the easements that we need for utilities. I would agree with that.

Alderman Judd: Can we put in the covenant that they have to maintain the stream bank stabilization for 100 years.

Mr. Macholl: As I understand it, they would own it so they would have the obligation to maintain the stream bank.

Alderman Judd: Can we put that as a rider on there that they have to maintain it for 100 years.

Mr. Macholl: You would have to attach some sort of covenant that would provide that the subsequent owner would need to maintain it, but as the owner they are responsible for maintaining it anyways. You would need to have the ability to enforce the covenant. I don't know that you would want to do that.

Mr. Vogt: That's a good discussion point to have with the Park District in terms of how to address that, whether they would be willing to do that or they would be willing to partner that, how long the commitment would be. That's something we would need to discuss with them.

Alderman Judd: I'm in favor of giving it up.

Alderman Cannon: Just for them to keep the bike path functioning they would have to maintain it.

Mayor Rooney: Would anyone object for staff pursuing the donation of the property that would take care of reserving the easements and bring up discussion with the park district as to what is going to assure us that they will maintain it and maybe ask them for what they would agree to in the agreement without necessarily mandating a covenant of some kind.

Alderman Judd: That would relieve us of the 13,200. We wouldn't have to pay that, that would be the park district's responsibility.

Mr. Vogt: You're referring to the engineering design. That would be their cost.

Alderman Judd: If we can eliminate the cost, I would give it up.

Mr. Vogt: That is the way the discussion has taken place so far.

Mayor Rooney: That is direction, gentlemen.

6) The D Plan – Economic Development Incentive

Mayor Rooney: There has been a lot of work done on this. There have been a number of meetings with the Economic Development Committee. When anything comes out of a Committee, it automatically gets reported to the Committee of the Whole.

Alderman D’Astice: Several months ago I presented what we call the D Plan, an economic development incentive plan. I gave it to the Council in its raw state and at that time we brought it to the Economic Development Committee. We have reviewed it and revised it and refined it. It’s a financial compensation incentive plan that the City can use to attract new business into the City.

Mr. Krumstok: This is one incentive tool we can use and it is only for three years.

Alderman D’Astice: It’s a tool the city could use. It could be put on our website. It could be handed to people. It’s really designed to promote small to mid-size businesses.

Alderman Banger: It’s foregone revenue. It’s money that we had in hand and gave away. Whenever the government meddles in the private market, people suffer. I don’t think I’d be a fan of government involving itself in the free market and the result of this could be an unfair competitive advantage for those companies who take advantage of this. Other companies might not want to or they might not be able to and they will be at an unfair competitive advantage so while I give much credit to Aldermen Buske and D’Astice’s efforts, I don’t think I’d ever be a fan of overall government involving itself with the private market.

Alderman Buske: Government always gets involved with businesses. We set up TIFs, we give them tax incentives. We are trying to get any tools we can to get businesses to come to the city. I think it is an excellent tool.

Alderman Cannon: Congratulations on bringing this to council. The biggest problem small/medium businesses have is cash flow. If we could increase their cash flow at the early stage, that would be good. I think it’s a great step forward.

Mayor Rooney: How many are in favor of the D Plan and turning it into Ordinance form. That is a majority. Staff is directed to bring forth an ordinance.

7) Owl Drive – Traffic Review Committee Recommendations

Mr. Vogt: We put in two temporary stop signs last fall. We've looked at further measures that could be taken in regards to speed control. At this time the Traffic Review Committee recommends option A that would limit our efforts to striping, which is far less costly than to take measures that would involve curb removal, replacement, parkway expansion, pavement patching, and the like to further analyze the effectiveness. We don't have funds available this year for striping. We have allocated our street operations and maintenance monies for thermal plastic and paint striping, other than if there was a desire to simply do the center line yellow striping yet this year, we could find roughly 550 dollars that we are estimating to do that. It may be better served to plan for this as a 2012 operation and budget accordingly for it if so desired by the council.

Alderman D'Astice: The whole object of this was to slow traffic down. Has that one stop sign slowed down traffic enough?

Chief Scanlan: It slowed traffic down about 2 mph.

Alderman D'Astice: Are we still hearing residents complain about speeders up and down Owl.

Alderman Larsen: Some residents were quite vocal about speeding on Owl. Since we finalized having the single stop sign placed, those folks haven't continually called me back to complain.

Alderman D'Astice: Have we resolved the concern. If we haven't, we should look at putting this in next year's budget and if you can find 500 bucks to do the center line, I don't know how that's going to slow traffic down, other than you belong on this side and you belong on that side when you're racing.

Alderman Larsen: It's premature to say all the residents concerns have been addressed. Some kind of additional guidance on the street, possibly reflectors or striping would be useful. It would be an improvement on the street for 555.00, I could live with that. If we go with option A at this time I don't see why not. It doesn't prevent us from revisiting additional signage or speed humps at a later date.

Mr. Krumstok: People have actually liked the traffic flow when walking across the street by having the stop sign.

Mayor Rooney: Is there no objection to A.

Alderman Banger: I don't want to spend any money now. Striping the center line is not going to solve our complaints about speeders.

Alderman Judd: Let's give it to March 1st and see if anyone has objections from the residents. There's no reason to do anything right now.

Mayor Rooney: How many folks would be in favor of pursuing Option A now? With only one now, is it safe to say this would be in the 2012 budget? Is that acceptable for now?

Alderman Judd: Let it go 6 months. I wouldn't support it.

Mayor Rooney: How many folks are ok with this being part of the budget discussion for 2012. That's only two. Is everyone else in agreement with Mr. Judd, let's not talk about it until next March? How many folks would say let's not talk about this until next spring. That's the direction.

8) Tree Issues

Mr. Vogt: Three things that we wanted to cover. An update regarding emerald ash borers, we ended up with eight trees that were in parkways that were confirmed with the pest and those trees have been removed. We have 1600 ash trees in parkways. We are predicting that we anticipate 50 trees plus or minus to be infected and affected enough to be removed in 2012. The 2012 budget shall not have an adverse impact to that and we believe that for the most part we can handle those in house. We do point out that once emerald ash borer is detected, the third or fourth year they have to be removed. We're counting on a low exposure in 2012, but that will likely increase in the future.

Parkway tree replacements – we've had a couple of inquiries as to how come my parkway tree hasn't been replaced. 2009 and 2010 at the end of the year, we reduced our operating costs by deferring replacing parkway trees. We would have done 30 or 40 of them. We have a waiting list for about 80 and have enough funding in this year's budget to replace about 30 – 35 of them at the standard 2 ½ inch diameter that we use. Should we look at alternatives this year such as planting a smaller diameter size tree? We can reduce the cost by roughly 30% and in that regard could do some catch up and get most of the backlog handled this fall. That presumes we are not going to need to defer replacements again by October when we look at our budget status, but something we wanted to consider. As a future alternate, we could plant the trees in-house, but we would not have a one-year warranty as we typically get with the nurseries where we have purchased them from and have them plant them.

Alderman Buske: On these ash trees, do we remove these ourselves.

Mr. Vogt: If the number of trees don't exceed our capabilities we would do that in-house

Alderman Buske: Do we grind it up or send that out?

Mr. McFeggan: The State of Agriculture rules say it has to be ground to a certain size. Most chippers don't do that. The whole northeastern part of Illinois is in a quarantined area. The places we have available to dispose of our raw chips can go to a facility that will grind them. It would not be up to us to ensure that our chips are processed properly. We cannot move our unprocessed chips or wood outside of the quarantined area. A bigger concern is how much it is going to cost us to dispose of the material.

Alderman Buske: Are you talking about the logs also

Mr. McFeggan: Logs, chips, yes. Most commercial chippers don't grind them to the size requirements put out by the Department of Agriculture.

Alderman Buske: Are those places close? Where is the closest one we go to?

Mr. McFeggan: Closest one would be SWANCC. They are an approved handler. Midwest Forestry out in West Dundee, we've taken some of our stuff there.

Alderman Buske: How many did we take down and how many look like we have to take down?

Mr. Vogt: We removed eight trees this spring. By projection we're looking at roughly 50 next year

Alderman Buske: Where did the six come down?

Mr. Vogt: The first ones were at Campbell and Flicker. The other ones were somewhere on Deepwood.

Mr. McFeggan: We have a pretty good infestation right in the center island of Deepwood Lane. The people on Deepwood were notified via letter that I didn't see anything but one, but they should treat their trees now. It spreads pretty fast.

Alderman Cannon: Are there treatments people can use to try to stop them or slow them down. Is there a solution to it?

Mr. Vogt: There are treatments.

Mr. McFeggan: There are treatments approved by the Illinois Department of Agriculture. One is an every year treatment; one is an every other year. Anyone who wants to do an Ash saving program is advised to treat now. Don't wait until you see woodpecker damage up in your tree. A homeowner can call a certified arborist. The cost is around 10 – 15.00 per inch.

Alderman Cannon: Your replacement tree program, I assume we use different species.

Mr. McFeggan: Yes. Nurseries won't even sell ash trees.

Alderman Cannon: Is there any downside to us using smaller trees?

Mr. McFeggan: If it's hardy nursery stock, I don't think there's any downside to it.

Alderman D'Astice: I would say go for the smaller tree and a cost sharing program for a larger tree.

Mr. Vogt: Need to point out one other thing and that is the parkway tree trimming needs. We will be submitting with regards to budget tree trimming cycles. We are recommending every seven years. Historically the number of trees we have had trimmed by contract services has been roughly 200. In order for us to share the load and do roughly half of them or perhaps a little more than half in house, given our staffing and schedule, we would like to look at upwards of 400 trees to be trimmed by contractors. That would be about a 20,000 budget request submitted for 2012.

Mayor Rooney: Then we'll see that during the budget cycle.

9) Signs for Contractor – “Right to Know”

Moved to September COW

Meeting Adjourned: 11:33pm

Respectfully submitted by Ginny Cotugno, Deputy City Clerk

August 16, 2011 Committee of the Whole Minutes approve by Council September 13, 2011

Ginny Cotugno, Deputy City Clerk