

## **MINUTES OF THE BUDGET MEETING BOARD OF PARK COMMISSIONERS November 27, 2023**

The Budget Meeting of the Board of Park Commissioners was called to order by President Caron at 6:30 p.m. in the Patty Turner Center. Executive Director Harvey called the roll, and the following were:

PRESENT: Brown, Caron, Cohen, Patinkin and Serota (5)

ABSENT: None (0)

Staff: Executive Director Jeff Harvey, Deputy Executive Director and Director of Recreation Laura McCarty, Director of Finance Mike Bonn, Finance Manager Sharon Sheehan, Superintendent of Recreation Tony Korzyniewski, Director of Golf Operations Jason Mannina, Director of Parks Jay Zahn and Superintendent of Marketing Deanna Musurlian

### **II. Matters of the Public, Visitors and Guests**

There were no members of the public present. Written communication that is addressed to the Board directly is also included in the Board packet as part of this agenda item which provides the Board the opportunity to address and formally acknowledge within the minutes that correspondence that has been received. There was no correspondence received.

### **III. Proposed Fiscal Year 2024 Budget**

The FY 2024 budget book begins with a brief narrative of Districtwide financial summaries, schedules, and charts. It then expands upon the following:

- Revenue and Expense Totals by Fund with Fund Balances;
- Property Tax EAV, Extension and Rate History;
- Projected 2023 Fund Balances;
- The District's 7-Year Capital Improvement Plan;
- The District's 3-Year Bond Dollar Spending Plan;
- The District's Organizational Chart;
- The District's Wage Scales.

The majority of the budget book is devoted to the District's three major funds – the Corporate Fund, the Golf Fund and the Recreation Fund. Each fund contains a high-level overview and financial summary in addition to a variance narrative for detailed context. The last tab contains information pertaining to the District's Special Funds.

Executive Director Harvey initiated the discussion by advising the proposed FY 2024 budget contains funding for a number of the District's Strategic Plans goals and objectives, reflects continually rising labor and commodity costs and the need to invest in capital equipment and projects. Similar to last year, variance reports were established at a \$20,000 and 20% threshold to help identify and explain significant differences. Director Harvey commended staff on their strong efforts in the budget development process.

Minimum wage will increase to \$14 an hour as of January 1, 2024. Seasonal and part-time wages have been adjusted to reflect not only the new minimum wage but levels necessary to hire and retain hundreds of positions within the District. A compensation study was completed in 2023 and presented at the August Board Workshop. As a result, the Board directed staff to incorporate the following into the proposed FY 2024 budget:

- Merit increases up to 4.5% depending on performance,
- An employee incentive of up to \$3,000 for opting out of the District health insurance and
- Three additional paid time off days.

Additionally, staff have updated the full-time salary and wage tables to reflect market data collected as a result of the compensation study. Staff retirements and turnover have allowed the District to reset many salaries to market as well. The organizational chart reflects a decrease in one full-time staff position at the golf course as the District intends to outsource the food and beverage operation.

Last year, operating expenses outpaced revenue. In an effort to reverse this trend, senior leadership communicated the importance of stretch revenue goals. As a result, total Districtwide revenues are budgeted to increase 7% in FYE 2024, with the majority of growth coming from lessons and programming (\$683,000) and property taxes (\$540,000). Operating expenses are only scheduled to increase by 4% through a focus on controlled spend. Staff is targeting a roughly \$4 million operating surplus before capital. Notwithstanding discretionary capital spend, annual recurring capital spend is about \$2.5 million dollars. This leaves the District with an estimated \$1.5 million net surplus. The minimum target fund balance necessary to maintain the District's strong Aaa credit rating is estimated to be around \$5.8 million dollars. Any money beyond this amount may be used to fund large scale discretionary capital expenditures without having to issue bonds or initiate a referendum. Staff projects that at the end of 2024, there will be over \$10 million in fund balances.

Pricing and availability of materials has significantly affected capital spend. The District's 7-year Capital Plan (CP) has been updated to reflect current estimated costs and deferrals of discretionary capital spend as a result of price increases. The remaining bond dollars from the 2022 bond issuance will be spent in 2024 on the Jewett Park Phase II Renovation and the Jewett Park Community Center interior renovation. Tab Three of the budget book contains an in-depth analysis of the CP, prioritization, and funding sources that provide additional clarity to the public with respect to the District's future investment intentions. Commissioner Serota noted reimbursements the District receives from the Village at Floral Park as indicated in the CP. Parks Director Zahn advised that this reimbursement is received due to an agreement which allowed the Village to install underground water reservoirs at Floral Park. There was a brief discussion regarding the District's existing IGA with School District 109 and the current split payment structure for school parks. Treasurer Patinkin asked if staff are exploring the implementation of solar panels. Executive Director Harvey advised that staff has not revisited this topic since former Director Nehila obtained rough cost estimates but will continue to look into solar opportunities.

Interest rates remain highly favorable to the District. As such, the District has roughly \$1 million more in cash and investments as compared to this time last year. The total property tax levy for 2023 is \$9,260,454, a 5.6% increase from the previous year. The Park District's percentage of the household property tax bill will remain at 6.5%. This is relatively modest in comparison to other taxing bodies and represents less than \$1,000 in property taxes for a hypothetical \$500,000 FMV home. EAV is projected increase as much as 7.6% in 2023 which will also benefit the District to some degree.

Finance Director Bonn reviewed the District's Organizational Chart and wage ranges. One noteworthy change is that staff are exploring eliminating the IT Manager position due to a lack of candidate applications and an urgency to secure appropriate IT support. Staff believe that outsourcing IT services may be the best option for the District at this time. The chosen contracted party would work directly

with the IT Support Specialist to satisfy District IT needs. The Board agreed with staff recommendation and directed staff to adjust the budget book as necessary.

### **General Fund**

The Corporate Fund, commonly referred to as the General Fund, covers the majority of the District's administrative costs including administrative personnel, legal fees, office supplies, training, marketing and promotion and information technology. The fund also covers the District's Parks Department operations. Other expenditures have historically included some capital projects for the entire District's parks and facilities, facility repairs and maintenance, capital project support for the golf club and the park's fleet replacement. Revenues received for this fund are primarily tax dollars, grants and local reimbursements for joint projects and services. This fund has very few restrictions in its use of tax dollars as it is viewed as the fund that covers operations. Within the proposed 2024 budget, there are the following expenses:

- The continuation of the Park District's Intergovernmental Agreement (IGA) with School District 109 for financial contribution towards the Caruso Theater renovation project and joint playground replacements. 2024 will be the fourth year of the five-year IGA. The auditorium renovation has since been completed and is available for staff use.
- Capital projects and purchases proposed for 2024 which include fleet replacement, Brickyards Park LED field lighting upgrades, and joint Village and District projects including the Maintenance Facility Salt Storage Building Roof Replacement.
- The proposed budget includes several security and safety facility improvements.
- Several Strategic Plan related expenditures within the budget which include staff incentives for receiving professional certifications above their position requirement and the continuance of funding for professional training and education.

With respect to the General Fund Summary Sheet, Finance Director Bonn noted a substantial increase in interest income due to favorable rates as mentioned previously. Due to personnel changes, salary and wages within the General Fund have decreased by roughly \$180,000. Parks Maintenance Wage Allocation has also decreased by an estimated \$100,000 in large part because the District has opted to directly charge the Village for work performed at the PTC. Rental house income, interest income the District receives and purchase card rebates are housed in the Other Revenue general ledger allocation line item. There was a brief discussion about variances present within the administrative portion of the general fund.

Parks Director Zahn reviewed his portion of the 2024 budget. Noteworthy items include:

- \$20,000 for fencing upgrades at Woodland Park and Kipling School ball fields.
- \$35,000 for a 2023 4x4 Pick-up Truck and \$55,000 for purchase of a 1 Ton Dump Truck with a Snowplow.
- \$18,000 for a concrete block retaining wall around electrical boxes at Clavey Park.
- \$25,000 for the Parks Department portion of the purchase of a tow behind turf aerator. This equipment and cost will be split with the DGC.
- \$120,000 for the Parks Department portion (50%) of a new roof on the shared Village Public Works salt shed building.
- \$20,000 for the replacement of a garage floor drain basin in the Parks Maintenance Building.
- \$7,000 for the replacement of overhead garage door openers in the Parks Maintenance Building.

- \$7,000 for the Parks Department portion (50%) of perimeter fence replacement at the shared Village Public Works and Parks Maintenance Building.
- \$10,000 for ice rink lighting upgrades at Briarwood Park and Nature Area.
- \$14,000 for contractual landscaping and misc. services and repairs at the District’s rental properties.

Staff also included a detailed description of 2023 budget changes often the result of inventory delays and unforeseen expenses such as the field renovation requested by DYBSA, which the District will be reimbursed partially for. DYBSA requested this renovation so the field may be modified and used for girls’ softball.

Vice President Cohen asked for clarification with respect to the lighting upgrades at Briarwood. Parks Director Zahn advised that the existing light fixture for the ice rink at Briarwood Park is in poor condition and were slated to be replaced in 2024. The fixtures will be permanent as well as the upgrades at Jaycee Park.

Superintendent Musurlian reviewed her portion of the 2024 budget. Noteworthy items include decreased printing costs due to the migration towards a predominantly online program guide. Staff will continue to print postcards as well as limited physical program guides to be kept at each facility. This change will be communicated to residents in the spring/summer brochure. Additionally, staff have included \$50,000 in the 2024 budget for a redesign of the website to better integrate with existing program registration software (RecTrac). There was a brief discussion about the existing app capabilities and limitations.

### **Golf Course Fund**

The Deerfield Golf Club offers many amenities which include an 18-hole course, a Learning Center/Driving Range, a Pro Shop and a Restaurant. The course is dependent on revenues generated to cover its operational expenses and the majority of its capital projects and equipment. The District’s General Fund has also contributed towards significant capital projects which have centered around renovating 1-2 holes per year for improved drainage and playability. In 2020, the irrigation pump system was replaced with funding assistance from the General Fund in lieu of hole renovations. In 2021, no renovations were budgeted from the General Fund due to Districtwide capital project deferral. In 2022, funds were provided from the General Fund to complete the bunker renovation project. The District’s General Fund began contributing towards the replacement of three cart paths starting in 2023.

New and noteworthy items within the 2024 budget include:

- The golf club has realized an increase in play and revenue since 2021 and has been able to cover all of its expenses including capital equipment and fleet purchases. This is projected to be the case in 2024 as well.
- The projected budget is a conservative approach to revenue projection, which is bolstered by fee increases for golf passes, green fees, programming and range balls.
- The golf course budget reflects the receipt of a new rough mower, a 50% payment towards an aerifier, a toro sidewinder and an electric utility cart.
- The budget reflects the condensing of various green fees to four (4) new GL code’s for improved accounting practices. The details removed from the old fees will continue to be shared via point-of-sale reports found in the monthly Board financial reports.
- The continued support from the General Fund will allow for the replacement of three (3) additional cart paths in 2024. This is reflected in the updated Capital Plan as well. DGC will

utilize their own funds for one additional cart path replacement in 2024 for a total of four (4) cart path replacements.

- The 2024 budget includes a food and beverage property rental agreement with a F&B service provider who will assume all food and beverage operations.

Director Mannina highlighted a \$25,000 cost savings for labor at the range as a result of the new F&B operation since integral staff now have more time to devote towards course operations. There was a brief discussion regarding what the general fund contributes to DGC.

### **Recreation Fund**

The Recreation Fund covers the majority of the Recreation Department's administrative costs including administrative personnel, program supplies and equipment, training, education and contractual agreements. The fund also covers the operational costs of both outdoor pools including some capital projects, the Sachs Recreation Center operations, the District Preschool program and the Patty Turner Center operations. In addition, the fund covers all general recreation, athletics, summer camps, arts and enrichment and sponsored organizations such as the community band and Coho Swim Club. Revenues received for this fund are generated from tax dollars, program, facility and user fees and contractual programs.

The proposed 2024 budget includes no new positions. Current staff will be creating and offering new programs as well as growing current programs to meet the needs of the community. The budget reflects a slight decrease in some program areas at the Jewett Park Community Center due to the lower-level renovation. Once the renovation is completed, staff looks forward to growing programs in the new and enhanced programming spaces. The budget also includes an annual increase in seasonal and part-time staff wages for recruitment and retention. It is important to note that these wage increases have a significant effect on camp and pool operations.

The 2024 pool budget was prepared based on staff recommendation made at the October 5, 2023, Special Meeting to keep the 2024 pool operational hours consistent with the 2023 operational hours. Staff felt the proposed hours will offer the most efficient structure in meeting the demands of all pool user groups. Since the addition of the spray ground at Deerspring Pool, the demand for rentals has increased and the proposed hour structure will allow for maximization of rental opportunities generating additional revenue resulting in less of a deficit.

Highlights of the 2024 recreation budget include:

- The Patty Turner Center will continue to explore new ways to generate additional revenue by expanding night and evening programs as well as rental opportunities.
- The preschool program will undergo a rebranding process for enhanced marketing and promotional purposes to increase enrollment numbers.
- The Sachs Recreation Center has undergone significant interior finishes updates and is expecting increased interest in memberships and racquet sports to continue. The Chicago Sky and Rush Physical Therapy partnership/licensing agreements will continue through 2024. The North Shore Rhythmic Gymnastics partnership will end September 30, 2024, making way for expanded racquet sports opportunities.

Deputy Executive Director McCarty and Superintendent of Recreation/SRC General Manager Tony Korzyniewski provided an in-depth overview of the recreation variance report as it relates to Sachs Recreation Center. Notable highlights include:

- A membership price increase projected in April of 2024 from 5-7%.
- Ongoing capital improvement projects to include the purchase of new indoor cycling bicycles, a floor scrubber, swimming pool lane lines, the resurfacing of a tennis court and the renovation of single user bathrooms and 1<sup>st</sup> floor staff offices.
- Cosmetic upgrades for beautification such as a new outside awning.
- Revenue increases attributed to growing racquet sport popularity.

There was a brief discussion regarding the proposed apartment complex behind the SRC and possible benefits as a result of the new housing.

Commissioner Serota asked if staff has a plan to increase girls basketball league play. Superintendent Korzyniewski advised that there were less than 30 girls registered for basketball this past fall season and not enough to make teams. While staff has budgeted for league play in 2024, if participation remains low, staff will reevaluate this offering in 2025.

Commissioner Serota noted an \$800 increase (400%) in program supplies for ballet lessons as well as a \$2,920 (1,460%) increase in theater concessions. Deputy Executive Director McCarty advised staff are purchasing new dance supplies in tandem with the JPCC lower-level renovation. With respect to the increased theater concessions, staff intend to sell themed merchandise as well as food. It was agreed that the GL be renamed Concession/Merchandise to adequately reflect its transactions.

### **Special Funds**

The Special Recreation Fund allows for a separate property tax levy to be used towards ADA related capital projects outlined in the District's ADA Transition Plan. This amount is between \$250,000 and \$300,000.

The Social Security Fund, the IMRF Fund and the Liability Fund are the District's legal obligation funds. The Debt Service Fund is tax supported and covers the debt service on outstanding bonds. The Capital Projects Fund is an accounting fund for the District's largescale capital projects. There are no discretionary capital projects planned for 2024, only bond projects. The District makes two semi-annual estimated installment payments to NSSRA for inclusion expenses. Actual inclusion expenses are then charged against the payments which results in a running balance.

### **IV. Other Matters**

There were no other matters to discuss.

### **V. ADJOURNMENT**

**Motion made by Vice President Cohen, seconded by Commissioner Serota, to adjourn the Budget Board Meeting at 8:35 p.m. Voice vote carried as follows:**

AYES: Brown, Caron, Cohen, Patinkin and Serota (5)  
NAYS: None (0)

Respectfully Submitted,

*Jeff S. Harvey*

Jeff Harvey, Secretary