

**Finance & Administration Committee**  
**Minutes and Report to City Council**  
**4:00 p.m., March 12, 2019**

Roll Call:

Phyllis Truitt  
Terra Waldrop  
Mayor Dan Kleiss  
Drew Hoel  
Alta Long

- FY2020 Budget. Hoel noted that the other committee meetings had been completed, and that the budget generally reflects an attempt to keep expenditures flat. However, notable exceptions for the 50% match requirement for the OSLAD grant and full staffing in Streets and Police produce a fairly significant increase in overall spending. Sales tax revenues are down significantly and are somewhat, but not completely, offset by increases in income tax, gaming tax, and interest income. Overall, Hoel suggested that the City remains in a very strong cash position in the short-term, but that mid-to-long-term economic factors (minimum wage increase, decreased sales tax trend) suggest caution. Long reviewed the prepared draft budgets for each department and fund, which have been detailed in other committee reports. Specific comments for the Administrative Department were as follows:
  - Administrative Department.
    - Revenue projections have been updated to reflect the most current Illinois Municipal League projections for state shared revenues. Property tax revenues are based on the current tax levy. Sales Tax has been decreased and Gaming Tax has been increased to reflect current trends.
    - Reserve allocations are unchanged.
    - It was noted that there has been insufficient interest income in the Cashford Fund to consider a distribution this year. Additionally, committee members discussed the possibility of using the \$50,000 endowment for a capital project. In the past, interest proceeds have been used to fund youth programs, but there have been insufficient interest earnings for several years to make even small distributions. Hoel and Long will research the original endowment instructions and present options to the Council at a later date.
    - Interest income projections have been increased to reflect larger cash balances and slightly better rates.
    - Computer Support is increased from \$8,500 to \$10,000.
    - Travel, training and Education is decreased from \$2,500 to \$1,500.
    - Vehicle Fuel is increased from \$2,750 to \$3,200.
- Capital Replacement Plan. Committee members reviewed the overall Capital Plan, as recommended by other committees. There is no planned capital replacement within the Administrative Department.

- **Minimum Wage Increase.** Committee members discussed the impact of the recently enacted minimum wage law. Impacts will begin in January, 2020 and will initially affect library and pool employees. However, the phase-in occurs over a 5-year period and will begin to impact other employees, both directly and by altering the proportionality of our pay scale. Long presented analysis showing that the minimum impact to our payroll expense over the phase-in period exceeds \$400,000 (if we were only to increase those wages below the minimum and not others.) Assuming that other wages will necessarily be adjusted to maintain some progression in our pay scale, the impact will likely exceed \$1million for the five-year phase-in period. Committee members agreed that we will need to develop a phase-in plan no later than budget discussions next year, and that a Human Resources consultant may be beneficial to help develop a revised wage and salary scale for all employees given these changes. There are also needed updates to our personnel policy that could be accomplished as part of that same effort.
  
- **Wage and Salary.** Committee members recommend a 3% increase in the wage and salary scale, effective with the new budget year. A potential study to review our pay structure, overall wage strategy, and impact of the minimum wage, as discussed above, may be conducted during the year for consideration at next year's budget. Long will publish a detailed schedule of wages and salaries for review at the budget study session, which will likely be held immediately prior to the April 11<sup>th</sup> City Council meeting.

Meeting adjourned at 5:15 p.m.