

**MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE PLEASURE DRIVEWAY AND PARK DISTRICT OF PEORIA, ILLINOIS HELD AT 4:30 PM WEDNESDAY, JULY 12, 2023 AT THE NOBLE CENTER FOR PARK DISTRICT ADMINISTRATION, 1125 WEST LAKE AVENUE, PEORIA, ILLINOIS.**

**MEMBERS PRESENT:** Trustee and Chair Timothy Bertschy, Trustee Steve Montez, and Executive Director Emily Cahill

**MEMBERS ABSENT:** Trustee Reagan Leslie Hill

**TRUSTEES PRESENT:** Trustees Timothy Bertschy, Joyce Harant, Steve Montez, Alexander Sierra, Vice President Laurie Covington, and President Robert Johnson (in at 4:56 pm)

**STAFF PRESENT:** Executive Director Emily Cahill, Brent Wheeler, Matt Freeman, Scott Loftus, Shalessa Pie, Karrie Ross, Attorney Bill Streeter, Attorney Kevin Day, and Alicia Woodworth

**OTHERS PRESENT:** None

**1. CALL TO ORDER**

Trustee Bertschy presided and called the meeting to order at 4:34 pm.

**2. ROLL CALL**

**3. CALL FOR A MOTION TO PERMIT MEMBER TO ATTEND MEETING ELECTRONICALLY**

No request to attend meeting electronically was received.

**4. MINUTES**

**4.A. Approval of June 28, 2023 Finance Committee Meeting Minutes**

Trustee Montez MOVED TO APPROVE the minutes of the June 28, 2023 Finance Committee meeting. Motion seconded by Emily Cahill and carried by unanimous aye of members present.

**5. NEW BUSINESS**

None at this time.

**6. PENDING BUSINESS**

**6.A. Fund Balance and Reserve Policy Review and Discussion**

Trustee Bertschy stated that the Finance Committee recently reviewed and updated the Fund Balance and Reserve Policy, and that it was approved by the Board in April. In that, part of the concept was to determine how much money does the District need to save and hold back to make sure it is covered for unanticipated or unknown future expenses.

Karrie Ross stated that as part of its efforts to update and revise the District's Financial Policies, the Board of Trustees adopted a specific policy related to fund balance and reserve targets in April 2023 and that after application of the policy, the District has over-reserves in the net amount of \$3.1million across the General and Recreation Funds.

Emily Cahill presented staff's recommendation to allocate these dollars across three "buckets" that represent themes and are not submitted as individual, specific projects for approval. Staff provided examples for each bucket and how they could impact the Park District. Staff feels the three different buckets are essential and meet the criteria as outlined in the Over Reserve Policy, to help be transformational and have significant impact on the Park District by using the dollars on a one-time use.

The first bucket of \$1.5M "Advancement of Glen Oak Park Plan" would include things like replacing the PlayHouse roof. The dollars that were in the capital budget for the roof were previously transitioned to the inclusive playground project. The roof cost is estimated at \$1M as it is a special slate historic roof. With an annual \$5M capital bond issue, the roof would take a significant chunk of that budget where other important projects would not be funded or they would be postponed. Approximately \$500,000 would be allocated to the addition of an all accessible restroom nearby the new all-inclusive playground, as the current restroom is not fully accessible. The roof replacement and new restrooms would complete the transformational plan that was part of the State budget that has not yet been allocated to the District. When the District does receive those funds, the only "restriction" is that the funds be used to be transformational. Staff identified the reimagined elements at Glen Oak Park at the time, but the funds can be used wherever within the District to have a transformational impact.

In seeking clarification, Trustee Sierra stated that although staff is recommending capital expenditures, the Over Reserve Policy does not state that the funds have to be used for capital projects only, correct? Emily Cahill stated that it is recommended that they not be used for operational expenses, because those are ongoing and do not have a one-time only impact. Staff focused on capital projects that met the criteria as identified in the Over Reserve Policy. Karrie Ross read the portion of the policy "operating fund excess reserves should NOT be used for recurring annual operating costs." They can be used for one-time capital expenditure, debt reduction, or a one-time expenditure focused on improving the impact and/or sustainability of the District. As such, no, the policy does not require the over reserve funds be used only for capital expenses.

Emily Cahill stated that the second bucket of \$1M is "Commitment to Environmental Sustainability." This would be used to move forward elements of the Commitment to Environmental Sustainability document that this Board approved, that includes reducing the environmental impact of the Park District in general. Possible examples would be investments in alternate energy sources, purchase of electric vehicles and equipment, and project management necessary to advance identified initiatives. The District did apply for the Energy Transition grant of \$118,000. If received, those funds would be used to have an assessment done to identify projects that would have the greatest impact.

The third bucket of \$600,000 is "Revenue Generation-Capital." These funds would help to review projects that are either in the pipeline or are currently in-progress to give the District additional contingencies to make sure that it doesn't have to value-engineer them to the point that the ability to generate revenue is compromised. For example, the Golf Learning Center was reimagined in 2022. As costs have increased since then, any value-engineering would significantly impact the original reimagination and negatively impact its

revenue generating capabilities. If there are dollars remaining after the GLC reimagination is complete, staff recommends they be used towards something like the planning of Owens Recreation Center renovations. In order for staff to provide a strong recommendation about the amount needed for the full renovation, initial planning work has to occur first that would include outside planners, architects, etc. to help with the scope of the project.

Emily Cahill also noted that previously, there was a lot of conversation about the timing of this. The timing of this is impactful on how staff approaches the \$5M capital bond issue for 2024. That process is now happening where staff is working to develop their proposals and requests for how to allocate portions of the \$5M capital bond issue to 2024 projects. Because of their importance, some of the things in the three buckets may otherwise have to bump other capital projects currently noted for 2024. Of particular note is that the Board can choose to not designate these funds at any time. They would either change or go back into the designated bucket. It gives direction so staff can focus efforts on ensuring progress continues on projects.

Trustee Sierra asked if the capital improvements planned for Proctor Recreational Center have been completed. Emily Cahill stated that those funds will come from State of Illinois funds and so staff has not moved any of those projects forward, as identified in the transformation strategy. There have been improvements made and continue to be made at Proctor as part of the District's capital improvement plan. The \$2M from the State that was identified to be used at Proctor, would be focused on interior improvements that would help to support the programming that happens there out of school, things like having a dance studio, an e-gaming center, etc. Those are all things that have not yet been started but will be, once those State dollars are received. The difference between Glen Oak Park's needs and Proctor's needs that were both identified to be funded by the State of Illinois, is that Glen Oak Park will have a fully inclusive playground that does not have an accessible restroom next to it, whereas at Proctor, programming currently continues in that space now. The improvements that are awaiting the State funding do not impact the ability to provide quality programming.

Trustee Sierra stated that when this was discussed at the last meeting on 6.28.23, he left with the impression that Emily Cahill, Karrie Ross, and Trustee Bertschy had worked together to draft the three-bucket recommendation, and that previously, staff had a much longer list but they worked together to narrow it down to where it is now. What did that longer, expanded list contain and look like? Karrie Ross stated that yes, Trustee Bertschy did meet with Emily Cahill and herself to talk about finance and committee meeting planning for the year, and over reserve spending was an item in that conversation. Her recollection was that they did not have a specific conversation about the list as it hadn't even been developed at that time. Trustee Bertschy stated that they discussed a number of items, none in great detail. Primarily, what was discussed was conceptually. They talked about possible examples that would apply to the buckets. Emily Cahill stated that they talked about strategy around the idea that there are projects that the District takes on that take multiple years to fund in a bond issue, that become pinch points, and if there are ways to get some of those big projects moving, it changes the way the bond issue flows, and its effectiveness helps staff to remove some of the backlog. Trustee Bertschy

did ask about a larger commitment to IT needs. Staff did not allocate any dollars to IT because at the moment, staff is in the beginning stages of implementing a whole new payroll system. Currently, there are no staff resources if the District were to allocate over reserve dollars to another type of software/IT project. Karrie Ross stated that also, some IT software projects may be operational in nature, not capital, and may not necessarily meet what the intent of the three items noted in the policy.

Emily Cahill stated that another thing that was talked about was sustainability. Not just environmental sustainability but sustainability of the organization utilizing the workforce. Staff looked at the possibility of a Shark Tank-type idea where seed money is provided for pilot projects and things like that that would support innovation. The more that type of concept was discussed, it was found that many of those items could be funded operationally and immediately for greater impact. Therefore, it was not needed to be placed in one of the recommended over reserve buckets.

Trustee Bertschy asked Trustee Sierra if he had any concerns about the over reserve fund dollars not allocated for Proctor or the dollars allocated once the State funding is received. Trustee Sierra stated no, not for Proctor specifically, he would just like to see more options. Trustee Montez stated that it sounds like there wasn't a specific list that was discussed, but more about possibilities. Karrie Ross stated that there's no formal written list. For her, she approached the over reserves by thinking about what initiatives and things the Board has articulated are of value for the Park District moving forward and how to use the dollars to target and move them in a more meaningful way, more quickly. Trustee Sierra stated he appreciated all that but it is his interest to see more options. If there isn't a list, maybe staff could develop that list. Emily Cahill stated that the one challenge of a long list, is that they're not transformational. A long list could definitely be developed but the challenge is that they should be transformational. The target is to remove those big challenging items that clog up the system, out of the way.

Trustee Bertschy asked that letting the over reserve funds just sit there is also an option isn't it? Emily Cahill stated yes, absolutely.

Vice President Covington stated that she believes the accessible restroom is the highest priority item on the list. Emily Cahill stated that within each bucket concept, there is flexibility. With the three buckets presented, staff is merely asking the Board for direction. Once direction is given, then staff will come back with specific projects within that bucket's concepts that the Board had already given the direction to do so by approving that bucket.

Addressing Trustee Sierra, Trustee Bertschy stated that concerning his request for more specific options, the three buckets presented are a start in that direction. Once a bucket is approved, then staff would provide a list of the specific options within that bucket. The buckets represent priorities already identified by the Board. Trustee Sierra stated that at the moment, only three general buckets are being presented. He would like more general buckets presented.

Trustee Harant and Vice President Covington stated they do not want more general buckets as more buckets defeats the whole purpose and would necessitate staff to develop a specific, lengthy list of items that would make it very difficult for the Board to agree upon in a timely manner. Vice President Covington stated that if it were to include pet projects, she would like to see improvements occur at Donovan. There's no splash pads or pools in North Peoria. There are no new or accessible playgrounds in North Peoria either. Everyone has something they'd like to see done. However, an accessible restroom at Glen Oak Park should be a priority in her opinion, in addition to the funds that may be needed for the Golf Learning Center. The State is providing the \$4M and the Park District should have some "skin in the game" as well so that it is a quality, revenue-generating facility to be enjoyed by the Peoria and regional communities. While there are things she would like to see be done in North Peoria, there's nothing noted in the three buckets that she would want to take away as they are all priorities.

Trustee Harant stated she wholeheartedly agrees with buckets one and three. When the District receives the State funds, there will be additional funds to allocate to transformational projects. Concerning the third bucket however, in her view when thinking about long term investment, it doesn't have to be millions of dollars. There is no long-term strategy for the fastest growing sport in the country – pickleball - where the Park District is behind and the current offerings are not ideal. There is no long-term strategy to have conversations with the community and there are no venues with the sport in mind. Also, could some of the money in bucket three go toward planning for senior programming to assess what is currently offered and what could and should be offered.

Trustee Montez asked if at the last meeting it was stated that funds that were originally appropriated to the PlayHouse roof replacement were diverted to the all-inclusive playground? Emily Cahill stated yes. Trustee Montez then asked how often does that roof get replaced? Wasn't work done on it 20 years ago? Karrie Ross stated that the full roof wasn't replaced at that time but there was some patchwork done. Emily Cahill stated that the roof is leaking and at a point where patching is no longer an option and the entire roof needs replaced. The \$4M grant from the State that the District is still awaiting, did not include funds for the PlayHouse roof replacement.

Trustee Montez stated that the word "transformational" has been used a lot but aren't these projects noted in the three buckets just capital projects that need completed? He has a different definition of transformational. Transformational is something that prepares the District for the future, for example, planning for a big recreational trend that the District is currently not prepared for but could be provided by the District. Bucket one lists projects that are necessary, but they are bonded projects that he's not sure would be considered transformational. He does however, believe that bucket two does contain things that are transformational where environmental sustainability efforts would prepare the District for the future and ties into the fact that the Park District is to be an environmental leader for the community.

In reference to bucket three, Emily Cahill stated that currently, Owens Center is using freon and it isn't allowed to be sold anymore and has to be transitioned into a whole new

cooling system. It is anticipated that that a new cooling system alone will cost approximately \$3-5M. While Owens is out of operation for that replacement, staff's recommendation is that all the other issues in that building should be addressed at the same time so that it is not out of operation for a length time, twice. The Owens funds in bucket three is only for the planning to get the ground work done with architects and engineers to determine the full scope of the project. In order to complete the entire project, additional debt bonds would have to be issued. Trustee Montez agreed that Owens Center needs upgrades. It's a 40-year-old facility that receives over 200,000 visitors each year.

Trustee Montez stated that to him, the \$4M grand funds for Golf Learning Center upgrades seem like an example of "those who have, get," when there are so many other possible locations where the funds could be used. Emily Cahill stated that that particular grant is specific to the Golf Learning Center only and does not have the flexibility that the others have. Trustee Montez stated he understands that, but to him it is still an example of "those who have, get." He believes Owens Center should have priority over GLC and he wishes there would be a similar talk about Proctor Recreational Center.

Trustee Bertschy stated that if everyone's preferred items were noted in the three buckets, they would cost many times more than the \$3.1M in over reserve funds. He does agree with staff's recommendation for the three buckets. In reference to the PlayHouse roof replacement in bucket one, when the Board voted to move the funds for the roof to the all-inclusive playground, it was understood that the roof would be taken care of soon after. The Glen Oak Park pavilion is a beautiful facility and the hallmark building of the Peoria Park District and should be maintained accordingly. In regards to the accessible restroom near the playground as noted in bucket one, why would we build an all-inclusive playground and not have an accessible restroom? The community would be outraged and rightfully so. To him, the PlayHouse roof and accessible restrooms are priority.

Trustee Sierra stated that to be fair on that point, when the decision to move the funds from the roof to the playground was made, it was done so before the Board knew there would be an opportunity to use over reserve funds for the roof. Trustee Bertschy stated that while that may be true, at the time the decision was made, it was noted that there were funds sitting in the reserves that would be reviewed and considered for use on the roof. This is what's happening now with the roof being recommended in bucket one.

In regards to bucket two, Trustee Bertschy stated that if any funds should be taken away, they should be taken away from bucket two as the funds are not tied to a specific project or need. He's not in favor of doing that because ultimately, the Park District has to be the leader in the community on environmental issues. In regards to bucket three, Trustee Bertschy stated that Owens Center desperately needs upgrades. It is heavily, regularly used by the community and if the Park District lets that facility go, they are abandoning the hockey program in the community that the Park District helped build in the first place. He's very proud of the fact that although he wasn't a Trustee at the time, that the Peoria Park District helped build hockey to what it is today in the community and it cannot be lost.

Trustee Bertschy stated that in regards to the Golf Learning Center that is noted in bucket three, the District should not want to take, what appears to the golfing public which is a substantial number in this community, an upgraded facility and experience where corners were cut and ultimately affects its revenue generation abilities. The new GLC will be a huge draw for not only golfers but also for the Peoria and regional communities. There will be huge issues if the facility is not completed by next summer and that is why he's in favor of allocating funds to that project. He does agree with Vice President Covington that the Northern district needs a pool or a splash pad. Pickleball accommodations are also important as was discussed by Trustee Harant.

Having said that, Trustee Bertschy emphasized the need for a long-range plan for the District that would detail amongst other things, whether or not splashpads, pools or pickleball courts would be built. This would be a current District-wide long-range plan that the Board would approve to help make funding decisions according to what is detailed in the plan.

Emily Cahill stated that it's important to note that the items being discussed today are focused on taking care of what the District currently has and not about creating new facilities. These three buckets are a result of conversations that have been had about where the District is operationally and what the challenges are for maintaining and taking care of what we have. With its operational budget, the District struggles to take care of what it has. In preparing for the 2024 budget, staff is telling their team leaders they have to budget based upon a flat subsidy. Staff knows that with the tax subsidy alone, the increased EAV will be eaten up just by the approved union contract increases and increased health benefit costs. This is not presented today as a growth strategy. It is only to help try to help catch up some of the deferred maintenance items that need to happen.

President Johnson stated that he has been on the Board for a long time and he remembers when the District did not have these funds to use. He agrees with Emily Cahill on using a conservative approach to the funds and using them as outlined in all three buckets.

In response to Trustee Montez's comment concerning the \$4M grand funds for Golf Learning Center upgrades seem like an example of "those who have, get," Brent Wheeler stated that that particular project is unique to the Park District in that it has the potential to be not just a revenue generator, but a profit generator. Currently, staff does not know the exact construction timeline and what the cost of inflation will be. However, staff wants to be sure that the project doesn't get "dumbed down" to the point that it doesn't meet the potential to be a profit generator, which of course those funds would go right back to the District. As such, spending funds on GLC is not giving those who have more, it is ensuring that it performs the way it potentially could so that the Park District as a whole has more.

Trustee Montez stated that the GLC project already has a budget of \$4.1M from State funds. He would like to know exactly what the potential extra \$600,000 from the District would be used for. Emily Cahill stated that the original request was for the project was \$6M. The District received \$4M. The \$4M scope of the project also includes some

maintenance required in the existing facility and grounds, which needs a lot of work. It is at an age where it needs some significant supports. That would include things like retooling the pitch n putt which has seen more use due to the growth of the game, installing netting to keep balls out of the creek and reduce operating costs, installing lights that would allow for extended hours and generate more revenue, and increasing the size of the parking lot that currently doesn't meet the needs of the facility. If all of those pieces have to go away, it is severely limiting the full potential of the new facility. Potentially, not all of those things will cost a total of \$600,000. There just has to be some cushion from Park District funds to ensure those items get completed along with the total transformation of GLC. If value engineering is done when before requests for bids and quotes are started, the quality of the facility will be sacrificed, and the facility has to feel like a private sector facility.

Trustee Sierra stated that he appreciates the conversation and the logic expressed surrounding the GLC project. However, he does not think it is fair to say that if we do not invest in the GLC, that the Park District has not shown a commitment to or value the investment from State Representative Gordon-Booth. He just wants to see more options. Then after seeing all the options that were a result of the expertise and strategy used by the District's professional staff, and the three buckets are what the decision ends up being, he's fine with that.

Trustee Bertschy stated that the options would absolutely be endless. Staff has already identified three very important buckets of funding with several options noted within each. He's not sure that as a group, they can negotiate enough to recreate what's going to be on each list, which is what he hears Trustee Sierra is asking be done. Trustee Sierra stated that's not his intent. His intent is to say that when staff was originally talking about these buckets, he does not believe that they only came up with three buckets and these three buckets only. It was probably a list of ten or so buckets, and it was narrowed down to these three. He wants to see what the other buckets included so that the group can see more insight as to how staff prioritized these three buckets and see the full picture of what the options are. Emily Cahill stated that staff looked at emergent things and things that would not impact operational subsidy. The items proposed have either neutral or positive operational impact, like large projects that couldn't wait like the roof and restroom. When discussing possible projects, the criteria/guardrails used included having a net or positive income and things that are stuck that the District can't do but knows need to be done. After that, there's not much else left.

Trustee Sierra stated he just wants options. Trustee Harant stated that what she thinks staff is saying is that he may think there are other options but staff is saying there aren't any others that meet these criteria. They can't show something that doesn't exist. Trustee Sierra stated then show him why the other options didn't work to meet that criteria.

Karris Ross stated that when developing the list, she was thinking about those things that staff has heard from the Board-level, because ultimately, it is the Board that would approve the commitment of the funds. To her, it was staff's job to balance what has been heard from the majority of Board members in prior meetings and votes on other issues.



Of course, it is still up to the Board to determine the list and to her, staff was providing those items that were high priority and met the criteria, rather than an extremely long list of endless possibilities.

Trustee Sierra stated that he does not believe that there are only three buckets of options. He stated that he was just at Proctor Rec Center and all the showers are flooding. He believes that upgrade could be a capital investment option that could be funded by the over reserves. Brent Wheeler stated that there is truly an endless list of potential items to be funded by the over reserves. With that, staff has done their best in narrowing down that massive list that is currently represented in the three buckets. If Trustees feel differently, of course that's their prerogative. Emily Cahill stated that staff needs some direction on this as staff feels that the items listed in the three buckets have the most one-time impact. Things like the showers flooding at Proctor, which she was unaware of, will be fixed. That is an operational issue that staff can address that doesn't require over reserve funds.

Trustee Montez stated that if the three buckets are approved, he would like to see a commitment to use some of the state grant funds towards creative and imaginative uses that would move the Park District forward for years to come. It is his concern that Logan Center does not appear to be as well-kept a facility as that like the Franciscan Recreational Center. He feels that they're doing their job as a Park District when those buildings look similar. Trustee Montez stated that until then, there's a lot to catch up on in the Park District and projects like Logan Center is how he feels should be considered for funding from the over reserves. Emily Cahill stated that the District is investing in projects at Logan with the City of Peoria's help and Park District funds which will be completed by the end of this year. Approximately \$350,000 is being invested in Logan Center for both the building and park. Trustee Montez stated he understands that, but the day that you can look at both facilities on the same day and can see the similarity on how the building and grounds are kept, it will no longer be an issue.

Trustee Bertschy stated that it does not appear there is committee consensus on spending the over reserve funds as recommended by staff in the three buckets and recommends it be taken to the full Board at its next meeting. Trustee Harant stated that there seems to be agreement on buckets one and two. President Johnson stated no, there's not and all three staff recommended buckets should go to the full Board. Trustee Sierra stated that he agreed with President Johnson.

To summarize, Trustee Bertschy stated that per his recommendation and President Johnson's and Trustee Sierra's agreement, the recommended use of the over reserve funds will go to the full Board for discussion and consideration. Trustee Bertschy went on to say that to him, this discussion points out the fact that they as a Board, need to have a full discussion about what it believes are the priorities for the District.

## **7. OTHER BUSINESS**

None noted at this time.

**8. ACTION STEPS REVIEW**

None noted at this time.

**9. ADJOURNMENT**

At 5:59 p.m., Executive Director Cahill MOVED TO ADJOURN. Motion seconded by Trustee Montez and carried on a unanimous aye of those present.

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Respectfully Submitted by Alicia Woodworth  
Executive Assistant and Secretary to the Board