



## Village Manager's Office

**SUBJECT:** Report on 2020 Engineering Program- Potential Cost Reductions

**MEETING DATE:** July 14, 2020

**FROM:** [Michael Braiman](#), Village Manager

**BUDGET IMPACT:** See Budget Impact Section

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### **Recommendation**

Staff is seeking the concurrence of the Village Board to proceed with the engineering program as originally contemplated in the FY 2020 Budget (no reductions in planned work).

### **Background**

At the April 14, 2020 Village Board meeting, staff presented a number of engineering program cost savings options for consideration by the Village Board. Given the financial uncertainty of COVID-19, the Village Board planned to review components of the engineering program to determine whether or not to proceed with the work based on the Village's financial position. These reviews would take place on June 9 and July 14 based on construction timelines for the impacted programs.

For background, three of the Village's engineering programs realized savings as part of the bids for work. The savings will not impact the Village's planned work for 2020.

- Road Program: \$51,000
- Alley Program: \$40,000
- Brick Street Maintenance: \$38,000

One of the Village's engineering projects realized savings due to a shift in the timing of the project. Savings will be realized in 2020 but will be budgeted in future years.

- Skokie Valley Trail Eng.: \$20,000

The overall engineering program savings for 2020 is \$149,000.

## **Discussion**

### **June 9- Road and Alley Programs**

At the June 9, 2020 Village Board meeting, the Board considered additional savings to the road and alley programs that would reduce the amount of planned work for the year. Based on the Village's strong financial position, and current infrastructure needs, the Board elected to proceed with these programs as budgeted. At this meeting, the Board discussed also proceeding with the engineering maintenance programs (discussed in more detail below) and as such, directed staff to place the July 14 memorandum on these programs on the Consent Agenda.

### **July 14- General Maintenance Programs**

The July 14 Village Board meeting is the last opportunity to reduce engineering program expenses for the year. Projects that could be reduced include:

<b>Program</b>	<b>Budget</b>	<b>Potential Revised Budget</b>	<b>Potential Savings</b>	<b>Comment</b>
Street Patching	92,000	69,000	23,000	25% contract reduction
Sidewalk Replmt.	70,000	45,000	25,000	35% contract reduction
Pavement Marking	50,000	37,000	13,000	25% contract reduction
Curb Replacement	25,000	5,000	25,000	80% contract reduction
Pavement Rejuv.	19,000	-	19,000	Defer until future years
Traffic Calming	25,000	1,000	24,000	Defer until future years
<b>Total</b>	<b>\$281,000</b>	<b>\$157,000</b>	<b>\$124,000</b>	

## **Budget Impact**

As discussed at the June 28 Village Board meeting, May financial performance was below expectations. However, when considered in the aggregate, April/May performance is still consistent with the Village's initial COVID financial impact scenarios. As such, year-end projections, even under the worst -case scenario, continue to project a General Fund reserve level of approximately 30%.

In addition, the Village received in May an unbudgeted allocation of Motor Fuel Tax (MFT) type funds from the State of Illinois in the amount of \$285,000- these monies must be used on long-term assets such as alley reconstruction or brick street overlays (municipalities have been informed that five additional MFT type payments in the same amount are expected over the next 2.5 years). These funds essentially result in a 'savings' of \$285,000 to the Village as they can be leveraged to offset a portion of the 2020 engineering program cost.

As staff prepares the FY 2021 CIP and Budget, all of the engineering programs will be reviewed in detail given the financial impact of COVID-19.

## **Documents Attached**

1. Memo from the June 9, 2020 Village Board meeting regarding engineering programs savings



**Meeting Date:** June 9, 2020  
**To:** Village President & Board of Trustees  
**From:** Michael Braiman, Village Manager  
**Subject:** Engineering Program Analysis- Cost Savings for Consideration

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*Note: This item is of an immediate and critical nature as decisions regarding reductions in the road and alley programs must be made by June 9 in order for the construction to be completed this year.*

At the April 14, 2020 Village Board meeting, staff presented a number of engineering program cost savings options for consideration by the Village Board.

Three of the Village's engineering programs realized savings as part of the bids for work. The savings will not impact the Village's planned work for 2020.

- Road Program: \$51,000
- Alley Program: \$40,000
- Brick Street Maintenance: \$38,000

One of the Village's engineering projects realized savings due to a shift in the timing of the project. Savings will be realized in 2020 but will be budgeted in future years.

- Skokie Valley Trail Eng.: \$20,000

**The overall engineering program savings for 2020 is \$149,000.**

In addition to the above savings, cost reductions that would reduce the amount of planned construction work were previously presented to the Board for consideration depending on the Village's financial outlook and status of COVID-19. The programs identified for potential reductions are listed on the following page.

### **Staff Recommendation**

At this time, staff does not recommend any reductions to the engineering program (road, alley or the maintenance programs). The Village's financial outlook remains in-line with the projected COVID scenarios and the movement to Phase 3 of the Governor's Restore Illinois Plan on May 29 is consistent with the Village's COVID financial scenario #1 (the more optimistic scenario) that assumed economic recovery starting in the third quarter of 2020.

In addition, the Village received in May an unbudgeted allocation of Motor Fuel Tax (MFT) type funds from the State of Illinois in the amount of \$285,000- these monies must be used on long-term assets such as alley reconstruction or brick street overlays (municipalities have been informed that five additional MFT type payments in the same amount are expected over the

next 2.5 years). These funds essentially result in a 'savings' of \$285,000 to the Village as they can be leveraged to offset a portion of the 2020 engineering program cost.

For the June 9 Village Board meeting, staff is seeking the concurrence of the Village Board to proceed with the road and alley programs as originally contemplated in the FY 2020 Budget (no reductions in planned work).

On July 14, the Village Board will consider whether to reduce funding of the remaining engineering maintenance programs (no recommended reductions at the time).

As staff prepares the FY 2021 CIP and Budget, all of the engineering programs will be reviewed in detail given the financial impact of COVID-19.

### Engineering Program- Potential Savings

Description	Budget	Savings Realized	Potential Add'l Savings	Comment Regarding Additional Savings	Decision Dates
Street Resurfacing	2,750,000	51,000	215,000	Reduce by up to 3 blocks	June 9
Alley Maintenance	450,000	40,000	172,000	Reduce by up to 1.5 alleys	June 9
Brick Maintenance	110,000	38,000	18,000	25% contract reduction	July 14
Skokie Valley Trail <sup>1</sup>	20,000	20,000	-	Deferred to 2021 due to grant timing	N/A
Street Patching	92,000	-	23,000	25% contract reduction	July 14
Sidewalk Replcmt.	70,000	-	25,000	35% contract reduction	July 14
Pavement Marking	50,000	-	13,000	25% contract reduction	July 14
Curb Replacement	25,000	-	20,000	80% contract reduction	July 14
Pavement Rejuv.	19,000	-	19,000	Defer until future years	July 14
Traffic Calming	25,000	-	24,000	Defer until future years	N/A
Road Engineering	170,000	-	-	Necessary for road program	N/A
Crack Sealing	25,000	-	-	No reduction recommended	N/A
<b>Totals</b>	<b>3,806,000</b>	<b>149,000</b>	<b>529,000</b>		

<sup>1</sup> \*The Skokie Valley Trail project is predominantly grant funded and the net cost to the Village in 2020 was to be \$20,000; the project has been deferred to 2021