Monday, July 10, 2023

I. Call to Order
The Wheaton City Council Planning Session was called to order at 7:00 p.m. by Mayor Suess. The following were:

Physically Present: Mayor Suess
                     Councilman Barbier
                     Councilwoman Bray-Parker
                     Councilman Brown
                     Councilman Clousing
                     Councilwoman Robbins
                     Councilman Weller

Absent: None

City Staff Present: Michael Dzugan, City Manager
                   John Duguay, Assistant City Manager
                   Dawn Didier, City Attorney
                   Patrick Keegan, Director of Information Technology
                   Holly Schulz, Director of Human Resources
                   Halie Cardinal, Public Relations Coordinator

II. Public Comment
There were no public comments.

III. Approval of Planning Session Minutes – June 12, 2023
The City Council approved the June 12, 2023 City Council Planning Session Minutes.

IV. Employer-Sponsored 457 Defined Contribution Plans
Director of Human Resources Schulz stated that as part of the City of Wheaton’s comprehensive benefits package, employees have the ability to contribute to a 457 retirement plan, which is similar to a 401(k). The City has two options through Nationwide and MissionSquare, and assets total approximately $35 million. She stated that recent changes in regulations, customer service issues, and high administrative fees have prompted a detailed review of the 457 benefit.

Most municipalities offer a 457 benefit to employees, and often the municipalities themselves do not contribute to the plan. With the growing number of City of Wheaton employees who are part of the Tier II pension system, the 457 plan is a valuable benefit to ensure financial health in retirement. There are 153 active participants. She stated that three out of the four current collective bargaining agreements require the City to sponsor a 457 account.

In response to a Council question, Director of Human Resources Schulz stated Local 150 does not require the City to sponsor a 457 account, and they participate in the plan.
Regarding the risk of offering a 457 plan, there is no cost to the City to sponsor plans, and it reduces employer tax obligations due to lower taxable wages. However, the City takes on a fiduciary risk by sponsoring a 457 retirement plan. Director of Human Resources Schulz stated that the plans have been passively managed over the years, have high fees for participants, and staff believes the investment options need more oversight than current staffing levels and expertise allow. Should the City Council choose to continue with offering the 457 benefit, staff recommend enlisting assistance from experts who possess extensive knowledge of relevant laws, regulations, and best practices. Experts could also provide assistance related to employee financial education, executing plan optimizations and implementing improvements to increase plan effectiveness.

Director of Human Resources Schulz stated that to properly assess the ways in which a consultant can assist the City and to evaluate cost, staff issued a Request for Proposal for 457 Consulting Services. The consultant would provide an evaluation of our plan; give guidance on investment options; assist the City in developing an employee-based 457 Investment Committee and Investment Policy Statement; and provide training to the committee. The City received nine responses to the RFP, with costs ranging from $20,000 per year to $45,000 per year. She stated that if the City moves forward with a consultant, then the costs can either be allocated to the participants or the City.

In response to a Council question, Director of Human Resources Schulz stated that the City has never conducted a bid for the 457 plan.

In response to a Council question, Assistant City Manager Duguay stated that the City has had a relationship with Nationwide for at least 30 years and with MissionSquare for at least 20 years.

Some Council members expressed support for enlisting a consultant, with selection especially focusing on account fees charged and which organization can best assist the City in a fiduciary manner.

In response to a Council question, Director of Human Resources Schulz stated that Tier II employees have benefits that are not as robust as Tier I employees. Therefore, the 457 plan is a major benefit especially for Tier II employees.

Some Council members expressed an interest in seeing the participants’ cost breakdown of the current 457 plan compared to the potential new options City staff are evaluating.

In response to a Council question, Director of Human Resources Schulz stated that MissionSquare and Nationwide are recordkeepers. Through the RFP process, City staff will choose a new recordkeeper that will provide the best service for employees in conjunction with the best fees. Director of Human Resources Schulz stated the nine RFP responses the City received were from local and national organizations.

In response to a Council question, Director of Human Resources Schulz stated that there is not a 457 option through the IMRF but there is a Voluntary Additional Contributions (VAC) option.

The Council expressed support for continuing to offer the 457 benefit and evaluating consultants to provide assistance.

V. Information Technology Security Risk Assessment
Director of Information Technology Keegan stated that in 2016 the City Council adopted an Information Security Policy. The policy specifies conducting a Security Risk Assessment at least every 5 years, and the City hires a security consultant to guide City staff through the process. The assessment involves reviewing the City’s security program (standards, procedures, and policies) and interviews with key staff.

To provide context for the current state of online security, Director of Information Technology Keegan stated that stolen or compromised credentials were the most likely cause of malicious data breaches; 46% of all cyber breaches are done on companies with fewer than 1,000 employees; 90% of data breaches are the result of phishing attacks; and 75% of local governments are attacked at a “near constant” rate.

Director of Information Technology Keegan stated that the City’s current security program has several policies and standards that every City employee must review and acknowledge upon onboarding, and City staff complete annual security awareness training. IT staff perform a daily log review that involves searching for threats against the system and indicators of comprise. Additionally, every computer deployed by IT staff has a software agent that scans for malicious activity. Other security measures include a subscription to a 24/7 security operation center operated by the Federal Center for Internet Security Agency; vulnerability management for external networks, internal networks, and software; email protection and more.

Within the overall risk assessment, the City of Wheaton is considered a low risk. Recommended controls include data loss prevention, disaster recovery procedures, and vulnerability assessments. In response to the risk assessment, the IT staff intend to have new security awareness training and phishing testing; monitor for data exfiltration; restrict external sharing; review Disaster Recovery and Incident Response Plans; increase vulnerability assessment; acquire an external virtual Chief Information Security Officer; perform more frequent risk assessments; and continually improve the Security Program.

In response to a Council question, Director of Information Technology Keegan stated that the City will have cloud-based disaster recovery services within the next month in addition to already having a robust recovery plan that involves daily backups and offline backups to external media.

VI. **Procurement Policy**

City Manager Dzugan stated that City staff performed a comprehensive review of the City’s Procurement Policy. The policy was last formally updated in 2004 with minor changes to reflect current practices and compliance with state and federal regulations. During this review process, City staff reviewed policies from other communities and industry best practices. Two key modifications are being recommended for the Procurement Policy: the purchasing amount that would require City Council approval, and adjustment of quantities, additions or deletions that do not change the scope of work.

The goals are to: obtain cost-effective and responsive goods, services and construction required by City to best serve the public; provide for a fair and equitable process for those who wish to do business with the City; maximize the purchasing value of public funds; provide safeguards for maintaining a process of quality and integrity; and comply with all legal requirements.

He stated that for the spending authority as it relates to the procurement process, the following factors are outlined: the costs of the purchases, the method of procurement, the responsible party, and the approver. City staff recommend purchases that surpass $25,000 should require City Council approval. The $25,000 amount is generated from the Illinois Competitive Bidding Statute. Current City Code sets this amount at $20,000, which was based upon the State Statutes at the time of the last formal update.
The second key modification is for change orders related to adjusting quantities, additions, or deletions to a purchase that do not change the scope of work. The proposed change would establish a contract contingency for covering change orders. Also included would be a provision for exceptional change orders where there is a risk of unacceptable delay and/or higher costs, which would require approval by the City Manager with ratification by the City Council. Staff also reviewed change orders related to time of completion with extended time less than 90 days requiring the City Manager’s approval, and any time greater than 90 days requiring the City Council’s approval. Change orders related to a change in the scope of work would require City Council approval and are referred to as “Cardinal Changes.”

In response to a Council question, City Manager Dzugan stated that change orders are not only related to infrastructure projects but also professional service departments.

City staff sought feedback on the proposed Procurement Policy. Once comments are received, City staff will prepare the Procurement Policy for a City Council Meeting Agenda to be approved by Resolution. Additionally, the City Code would need to be updated to be consistent with the Procurement Policy.

Some Council members expressed support for the spending authority’s purchase threshold of $25,000, as it is generated from the Illinois Competitive Bidding Statute.

In response to a Council question, City Manager Dzugan stated that joint purchases and using cooperatives would make the procurement process more simplified.

In response to a Council question, City Attorney Didier stated that City Council decisions are not only based on cost but must consider a total of 10 factors including, but not limited to: past performance, timeliness of work performed, and references.

VII. City Council/Staff Comments
Assistant City Manager Duguay presented the City Council with bricks that were collected from under the current streets in downtown Wheaton, which were unearthed during the Downtown Streetscape improvements. The bricks are from Main, Hale, and Front Street, and date back to 1908.

Councilman Weller stated that the City has had a great start to summer with many activities and thanked community partners for making these events and happenings possible within Wheaton.

Councilman Barbier stated that the Fourth of July Parade was excellent and thanked the Wheaton Police Department.

Mayor Suess thanked the Wheaton Park District for their efforts with the Fourth of July Parade and Fireworks Display.

VIII. Adjournment
The meeting was adjourned at 7:59 p.m.

Respectfully submitted,
Halie Cardinal