

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Budget Amendment – Labor Relations

PURPOSE

During the past year, labor relations litigation has caused the Village to incur additional legal expenses that were not anticipated and therefore not budgeted for in the Fiscal Year 2023-24 Budget. A budget amendment is required to transfer dollars from the Contingency Funds line item (Finance Department) to the Labor Relations line item (Manager’s Office) for unplanned legal expenses during the fiscal year.

PROCESS

The Village contracts with the law firm Laner Muchin Ltd. of Chicago, IL to provide legal services to the Village in the areas of labor relations, employment law, and employee benefits. Most of the services provided are covered under the agreed upon retainer.

The retainer covers the following legal counsel services:

- General legal counsel
- Collective bargaining, strategy, and representation at negotiations
- Draft and revise employee handbooks, policies, and other personnel forms and documents
- Draft and review union correspondence
- Advise of changes to labor laws
- Contract interpretation
- Grievance administration and strategy
- Employment terminations, including strategy and severance agreements
- Employee benefit plans including draft and review of benefit plans and policies
- Management/supervisory training, including anti-harassment and discrimination, diversity, conducting investigations, discipline administration, hiring and recruitment, and compliance with FMLA and other employment benefits and laws

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The Village has had to utilize Laner Muchin’s services for litigation not covered under the retainer agreement during this fiscal year. The ongoing litigation has caused the Labor Relations line item in the Manager’s Office Department to be over budget by \$50,000.

The Village’s Contingency Fund policy was approved by the Village Board in April 2022. The policy was created to have funds available for expenses incurred that could not have been anticipated during the time of budget discussions and budget approval. The Village attempts to budget a contingency fund each year in the Finance Department budget that is equal to 1% of total general fund expenses (\$240,000 in Fiscal Year 2023-2024).

A list of expenses appropriate for use of this contingency fund are:

- Equipment failure
- Unplanned legal expenses
- Overtime costs due to community disruption, for example
- Spikes in fuel and energy costs
- Unexpected recruitment costs due to unforeseen position openings
- Information technology service over runs
- Risk management insurance (IRMA) over runs

Looking ahead to the 2024-2025 fiscal year, the Labor Relations budget has been increased by \$50,000 to cover the ongoing litigation and any other legal expenses outside of the retainer that may come up in the next fiscal year.

OUTCOME

Transferring funds from the Contingency Fund line item will supplement the Labor Relations line item that has been affected by ongoing litigation costs during the fiscal year.

FINANCIAL IMPACT

- **Funding Source:** General Fund
- **Budgeted Amount:** Contingency/Emergency Funds \$240,000 & Labor Relations \$40,000
- **Budget Amendment Amount:** \$50,000

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Approve a budget amendment transfer of \$50,000 from the Contingency Fund line item to the Labor Relations line item for ongoing litigation costs.

ATTACHMENT(S)

Contingency Fund Policy