

**MINUTES OF BUDGET HEARING #2
OF THE GURNEE VILLAGE BOARD**

**GURNEE VILLAGE HALL
MARCH 11, 2013**

Call to Order

Mayor Kovarik called Budget Hearing #2 to order at 6:31 p.m.

Other Officials in Attendance

Patrick Muetz, Village Administrator; David Ziegler, Assistant Village Administrator/Community Development Director; Bryan Winter, Village Attorney; Scott Drabicki, Village Engineer; Erik Jensen, Management Analyst; Diane Lembesis, Finance Director; Christine Palmieri, Director of Human Resources; Chris Velkover, Information Systems Director; Tom Rigwood, Director of Public Works; Fred Friedl, Fire Chief; Kevin Woodside, Police Chief

Roll Call

PRESENT: 5- Balmes, Morris, Schwarz, Ross, Park
ABSENT: 1- Garner

1. General Fund

a) Administration & Contractual Obligations

Departmental Focus FY 13/14

- Improve Village Communications –quality and available mediums.
- Improve Outstanding Debt Collection - seek ways to improve percentage collected and shorten turnaround time.
- Improve both Pace of Project Completion & Turnaround Time for Departmental Requests

To put things in Perspective:
Administration accounts for 6.0% of the General Fund

Administration
FY 12/13 Review

The Administration cost center is expected to be slightly under budget for FY 12/13. All categories, with the exception of Professional Services (30), are expected to end at or under budget. The Professional Services (30) category will end over budget due to the Other Legal Services line item. This line item covers legal costs related to the Civil Service Commission. In FY 12/13, a number of unanticipated issues went before the Commission that resulted in additional legal expenses.

Administration
12/13 vs. 13/14 Budget

The majority of the Administration's costs are allocated to personnel.

The budget proposal for Fiscal Year 13/14 is 1.6% higher than the prior year.

There are increases in the Salaries & Wages (10), Personnel Expense (25), Professional Services (30) and Contractual (32) categories.

Information Systems
FY 12/13 Review

The Information Systems cost center is expected to be under budget for FY 12/13 by approximately \$16,000. All categories are expected to end at or under budget.

Information Systems
12/13 vs. 13/14 Budget

The IS Budget has increased compared to FY 12/13. This is mainly a result of the Contractual category. \$85,000 was included in the FY 13/14 budget to hire a contractual employee to assist with an ever-increasing workload in the Division. Contractual assistance is aimed directly at requests for end user and system support. In addition, \$12,000 was added to FY 13/14 to be used in conjunction with contractual employee funds to address back log of work orders.

Public Information
FY 12/13 Review

The Public Information cost center is expected to come in 1.1% under budget.

Public Information
12/13 vs. 13/14 Budget

The Public Information budget is 2.0% higher than the prior fiscal year. This is mainly a result of the Public Relations line item in the Contractual (32) category.

Municipal Building
FY 12/13 Review

The FY 12/13 is expected to end on budget.

Municipal Building
12/13 vs. 13/14 Budget

The Municipal Building budget is 1.6% higher than the prior fiscal year. The FY 13/14 Municipal Building budget has shifted funding from the Contractual and Commodities categories to Maintenance and Capital to allow continued needed improvements

Village-wide Obligations
FY 12/13 Review

We expect this cost center to finish 65% over budget for FY 12/13. This is a result of the \$2.5 million transfer of General Fund surplus to the Capital Improvement Fund to assist with capital improvement funding. This transfer consisted of the \$400k that the Village Board authorized at the beginning of the fiscal year plus the \$2.1 million that staff included in the proposed budget. All other line items are finishing at or below budget.

Village-wide Obligations
12/13 vs. 13/14 Budget

The FY 13/14 Village-wide Obligations budget is proposed for \$3.32 million, which is down from FY 12/13. Included in this cost center are debt service transfers, Gurnee Days Fireworks, the marketing campaign expense and payment for the Hunt Club Pool.

Questions / Discussion:

Trustee Schwarz asked how the contractual employee within Information Systems would work.

Information Systems Director Velkover summarized how he envisioned the contract agreement would function, highlighting the past experience the Division had from a prior agreement.

Trustee Park asked about the Professional Service and Contractual increases, specifically if they were temporary and what the increase in demand has been to justify those increases.

Mr. Velkover provided the history on the professional services line item. He stated the projects included in this line item are a telephone software upgrade, financial system operating software upgrades and finally, security evaluation assistance. He continued to say the contractual funds relate to a support role. He stated these duties have shifted to the network administrator and himself, and this is not the best use of these resources. He concluded by stating the contractual position will be full-time in FY 13/14 and then will be reevaluated.

b) Community Development

Departmental Focus FY 13/14

- Increase the Use of the Building Permit Software System by Our Customers and Residents

- Finalize the Update of the Zoning Ordinance and Begin Work on Comprehensive Land Use Plan
- Continue to Maintain Village's Infrastructure within Budget Limitations

To put things in Perspective:

Community Development accounts for 6.3% of the General Fund, Planning accounts for 60%, with the remaining 40% being Engineering. CD – Planning/Building Safety
FY 12/13 Review

The Community Development Planning/Building Safety budget is expected to end the year 10% under budget with all expenditure categories ending below budget.

CD – Planning/Building Safety
12/13 vs. 13/14 Budget

The FY 12/13 budget is 0.6% higher than FY 12/13. The majority of the increase is a result of the salaries and benefits categories. This is a result of budget assumptions related to compensation and other benefits. The Division also budgeted for an intern to help with scanning documents. The Professional Services category decreased based on the upcoming workload for the Zoning Consultant. The budget also includes software maintenance expenses related to the LAMA building permit software. This will be an annual expense going forward.

CD – Engineering
FY 12/13 Review

The Community Development Engineering budget is expected to end the year 4% under budget with the majority of expenditure categories ending below budget.

CD – Engineering
12/13 vs. 13/14 Budget

The Community Development Engineering 13/14 budget is expected to be 3.2% over the FY 12/13 budget. This mainly relates to general personnel assumptions. In addition, funds have been included for the National APWA Conference which will be held in Chicago.

Questions / Discussion:

Trustee Park asked how the implementation of the building permit software is progressing.

Community Development Director David Ziegler gave an update.

Trustee Park then asked what was included in the budget for the Economic Development Committee and if funding was included for customer service improvements.

Mr. Muetz stated contingency funding has been included for the Economic Development Committee. He continued to say training should be available in Community Development for customer service training.

Mayor Kovarik asked what metrics the Village would be able to obtain from the building permit software. Community Development Director Ziegler said targets can be set and adjusted. Mayor Kovarik then asked what was the issue with opening up the web portal to the public.

Trustee Balmes asked if they are currently able to tracking a project throughout the process. Community Development Director Ziegler responded yes.

c) Fire & Foreign Fire Insurance

Departmental Focus FY 13/14

- Create and implement appropriate risk management, personal safety and wellness strategies to reduce on the job injuries.
- Sustain the Village's partnership with the Warren Waukegan Fire Protection District.

- Promote Public Safety Initiatives throughout the Village and Fire District.

To put things in Perspective:
Fire accounts for 26.1% of the General Fund

Fire
FY 12/13 Review

The Fire Department budget is expected to end the year 3.7% under budget. This equates to nearly \$331,000. Significant savings were realized in the benefits, personnel, contractual and commodities categories. Chief Friedl stated the salaries line item has been updated accordingly since the proposed budget was released.

Fire
12/13 vs. 13/14 Budget

The Fire Department 13/14 budget is expected to be 2% above the FY 12/13 budget. This is mainly a result of budget assumptions used related to salaries and benefits, more specifically overtime to cover shift vacancies. Funding has also been included for required promotional testing.

Foreign Fire Insurance
FY 12/13 Review

The Foreign Fire Insurance budget is expected to end the year 4.8% over budget due to the maintenance category.

Foreign Fire Insurance
FY 13/14 Review

The Foreign Fire Insurance budget has been increased by \$6,000 compared to FY 12/13 based on revenue assumptions.

Questions / Discussion:

Trustee Schwarz asked about the Village cancelling the NIPSTA membership.

Administrator Muetz provided the rationale behind the Village withdrawing its membership.

Trustee Park asked about the maintenance costs related to vehicles.

Deputy Chief Kavanagh stated, despite the purchase of some new equipment, they are still playing catch up with some of the older vehicles, which impact maintenance costs.

Trustee Park then requested a summary of how overtime has been used historically.

d) Police & Communications

Departmental Focus FY 13/14

- School Resource Officers: Increasing school safety in partnership with each school district.
- Visitor Oriented Policing: Strengthening the partnership with our major venues.
- Promotion of Patrol Supervisors: Improving patrol support by increasing leadership.

Chief Woodside stated the most significant request in FY 13/14 was the addition of 2 Police Officers to allow the addition of two additional School Resource Officers (SROs). He then discussed the current layout of SROs and their job duties.

He then summarized the Visitor Oriented Policing Unit and the benefit it provides the Village.

He concluded the focus discussion by highlighting his request to increase the number of Sergeants from five to seven in FY 13/14.

To put things in Perspective:
Police accounts for 40.8% of the General Fund.

Police
FY 12/13 Review

The Police Department expects to end the fiscal year 7.7% below budget. This is a result of savings related to vacancies, training, fuel and utilities.

Police
12/13 vs. 13/14 Budget

The Police Department 12/13 budget is expected to be 2.6% above the FY 12/13 budget. This is mainly a result of budget assumptions used related to salaries and benefits, as well as the addition of the 2 SRO positions.

Communications
FY 12/13 Review

The Communications Budget is expected to end 11.3% under budget. This Division expects savings in nearly every category, most notably salaries, benefits and personnel.

Communications
12/13 vs. 13/14 Budget

The Communications 13/14 budget is expected to be 4.0% higher than the FY 12/13 budget. The largest change was the salaries line item based on budget assumptions. This is a result of adopting a salary model similar to the Village's union groups. This would be based on the Consumer Price Index and a market adjustment if justified.

Questions / Discussion:

Trustee Balmes asked how the sergeant promotion will impact the remainder of the force and how the SROs will impact overtime.

Chief Woodside the department is not requesting to backfill these 2 positions. He continued to say that during the summer the SROs will supplement existing staff which should help curb overtime costs.

Trustee Park asked the breakdown of the cost sharing agreement related to the SRO positions.

Chief Woodside stated it was a 50/50 split on all salaries and benefits.

Trustee Park then asked what other positions we provide the schools and if the cost is shared.

Chief Woodside stated the DARE Officers and Crossing Guards are provided to the school, but the cost is not shared.

Administrator Muetz stated the Police Department did explore privatizing the crossing guards, and it was cost prohibitive.

Chief Woodside stated he also surveyed other communities and most Police Departments in the area provide crossing guards.

Trustee Park asked about additional tasks could be accomplished by adding 2 SROs.

Chief Woodside provided a summary of the benefits he envisions from the additional SROs.

Trustee Morris asked how many positions are currently vacant in the Police Department.

Chief Woodside stated there is currently one vacancy.

Mayor Kovarik asked when the next testing session to create an eligibility list would take place.

Trustee Ross asked what schools the SROs are located.

Chief Woodside stated they are primarily in the middle schools, but also spend time in the other schools.

e) Public Works & Utility Operating Fund

Departmental Focus FY 13/14

- Improve and maintain Village streets and right-of-ways.
- Improve and maintain the storm sewer conveyance system to reduce flooding potential.
- Improve efficiency of vehicles and equipment through preventative maintenance.
- Improve and maintain the water distribution and sanitary sewer conveyance systems.
- Sustain a healthy and well maintained urban forest.
- Upgrade traffic control signs per the MUTCD manual.
- Upgrade street lighting system to include LED lighting and underground electrical and light pole replacements.
- Review, improve and implement new methods for Snow/Ice Control Operations.

To put things in perspective:

Public Works accounts for 11% of the General Fund

Public Works Administration
FY 12/13 Review

The Public Works Department is anticipating to finish the year 6.6% under budget. This is mainly a result of saving due to a mild winter resulting in a surplus of salt.

Public Works Administration
12/13 vs. 13/14 Budget

Overall, the Public Works budget is flat compared to FY 12/13. Salaries are up due to budget assumptions and the addition of Lead Maintenance Worker positions. These positions will not be backfilled. The budget also includes funding for Asset Management Software that was not purchased in FY 12/13.

Public Works Vehicle Maintenance
FY 12/13 Review

The Vehicle Maintenance Division is expecting to end approximately 11.5% below budget. This can be attributed to the salaries and benefits categories due to vacancies.

Public Works Vehicle Maintenance
12/13 vs. 13/14 Budget

Overall, the FY 13/14 Vehicle Maintenance budget is 5.0% lower than FY 12/13. This is mainly a result of internal changes related to how the inter/intrafund functions. This fund accounts for charge backs to internal departments.

Public Works Utility Operating
FY 12/13 Review

The Utility Operating budget is expected to end the fiscal year 3.7% under budget. This is mainly a result of departmental vacancies. In addition, the first payment on the HeatherRidge water tower will not take place until FY 13/14 as work on the tower will not be completed before April 30, 2013.

Public Works Utility Operating
12/13 vs. 13/14 Budget

The overall budget is increasing by 1.4% due to salary and benefit assumptions, as well as new low lead/no brass federal requirements. The Department also budget to sandblast and repaint 20% of the Village's fire hydrants.

Questions / Discussion:

Mayor Kovarik asked if another water tower was in the FY 13/14 budget for maintenance.

Administrator Muetz said the Pembroke Tower is the last one to add to the program and that will probably be FY 14/15. He said the focus in 13/14 will be removing the tower at Fire Station #1.

2. Capital Funds

Scott Drabicki, Village Engineer presented the Capital Fund overview.

a) Motor Fuel Tax Fund

Fuel taxes are earned through sales at the gasoline pump at a rate of \$.19 per gallon, which is collected by the State. The State distributes a portion to local agencies, including counties, townships and municipalities based on populations. Funds must be used in accordance with the Illinois compiled statutes.

Revenues for the upcoming year are projected at \$762,000 with expenses at \$1,785,000. This will be a purposeful spend down and result in a year-end balance of \$493,000.

The FY 13/14 budget includes funds to close out the Cemetery Road project. The Village is currently waiting for an invoice from the State.

The proposed FY 13/14 funding for roadway rehabilitation includes \$2.1 million total, leveraging \$1.1 million from the Capital Improvement Fund. This should complete approximately 3.3 miles of roadway. Funding has also been included for pavement striping and pavement evaluation which can be used for the next 5+ years to give the Village a baseline of street conditions.

Questions / Discussion:

Trustee Park stated, through his membership on the Lake County Transportation Alliance, he has heard the State will be discussing a new capital bill of 5 or more years, which may include a local component.

Mayor Kovarik then asked if we have other roads that need to be widened.

Village Engineer Drabicki stated no.

Mayor Kovarik then asked if the Village has shovel ready projects ready to go if the State does come up with funding.

Village Engineer Drabicki stated that there were not any.

The consensus of the Board was staff should work to identify projects that could be transformed into shovel ready.

Village Engineer Drabicki stated that there is a cost to make projects shovel ready, and therefore, there is a risk that funds may be expended to get a project shovel ready that may never proceed due to a lack of further funding.

b) Capital Improvement Fund

Village Engineer Drabicki stated the Capital Improvement Fund has no dedicated source of funding. He continued to state historical sources of funding have been General Fund surplus, reimbursements from other agencies, impact fees and grants.

The proposed budget includes an additional \$2.1M to be transferred from General Fund at the end of FY 12/13 for use in FY 13/14.

Specific projects proposed from FY 13/14 include:

- Engineering Consultant: \$10,000
- Cemetery Road Engineering: \$10,000
- Greenleaf Street Engineering: \$15,000
- Pavement Resurfacing: \$1,100,000 (Leveraged with MFT \$1M)
- Public Sidewalk: \$50,000
- Detention Improvements: \$275,000
- Drainage Improvements: \$30,000

- Washington Street: \$10,000
- Inter / Intra Network: \$64,000
- Public Works Software: \$35,000 (50% with Utility)
- Public Works Lift Control Modifications: \$30,500
- Fuel Dispenser System: \$35,000
- Street Division Public Works Department: \$290,000
 - \$195k for new 36k GVW hook lift replacing '96 model
 - \$95k for new small dump replacing '99 model
- Police Department: \$259,000
 - 5 marked squads, 1 unmarked squad, 1 CSO vehicle
- Fire Department: \$251,000
 - Fire Prevention vehicle \$26,000
 - Ambulance \$225,000
- Street Division Public Works Department: \$70,500
 - Split with Utility for new skid steer and forklift
- Fire Department: \$146,000
 - Applying for grants to cover \$124,500
 - Public information programs
 - Duty coats
 - Vehicle exhaust system upgrade in both houses – deferred from 2012-2013
- Opticom Improvements: \$5,000
- Flood plain land acquisition: \$100,000
- Miscellaneous land acquisition: \$50,000
- Property taxes: \$3,000
- Appraisal fees: \$1,000

Questions / Discussion:

Mayor Kovarik asked if Belle Plaine Avenue is marked for federal and then ask what it would cost to get that project shovel ready.

Mr. Drabicki said the general rule for estimating Phase 1 Engineering is roughly 15% of the total project cost.

Trustee Park stated the County estimates projects at \$1 million per lane mile.

Mayor Kovarik stated she would like to know what streets have federal designation and what projects make sense to get shovel ready.

Trustee Balmes asked about the fuel dispensers and if the school districts use the Village's facility.

Fleet Administrator Dunn stated both Districts 56 and 121 as well as and the Park District purchase fuel at a slight mark-up.

Trustee Park stated the Village needs to be cognizant of the financial assistance we provide to other taxing bodies. He continued to ask if the Police vehicle request is directly related to the two new SRO positions.

Chief Woodside the size of the fleet is actually decreasing by one.

A discussion of the make and models of the Police vehicles was then briefly discussed.

c) Utility Fund

Village Engineer Drabicki gave an over view of the Utility Fund stating that the capital is a dedicated source of funding from connection and usage charges. The water and sewer operating fund covers the day to day operations to supply water and sewer services to the Village. Fund balance may be used in the utility surplus fund for capital improvements.

Revenues for the upcoming year will be \$8,319,977 in new revenue and expenses will be \$7,285,544, with an ending fund balance of \$6,316,859.

Specific projects proposed from FY 13/14 include:

- IL Route 132 & US Highway 41: \$140,000
- Utility Improvements: \$155,000
 - Lift station improvements
 - Spot repairs
- Sanitary backup mitigation cost sharing: \$5,000
- SCADA Enhancements: \$75,000

- Public Works Software: \$35,000 (Split 50% with Streets)
- Skid Steer Loader & Forklift: \$66,500
- Utility Division of Public Works" \$368,500
 - \$208,000 for new 36k GVW hook lift – old unit being moved to Streets
 - \$160,000 for main break van
- Professional Services: \$15,000

Questions / Discussion:

Trustee Park asked about the main break van.

Fleet Administrator Dunn provided a summary of the current unit and its shortfalls.

d) Mall Redevelopment Fund

Mr. Drabicki stated that the fund has revenues from the Series 2011 bond issue, which will be distributed to the developer with an expected completion in 2013. Staff estimates \$2.5 million will be paid out in FY 13/14.

It was moved by Trustee Park, seconded by Trustee Ross to adjourn the meeting.

Voice Vote: ALL AYE: Motion Carried.

Adjournment

Mayor Kovarik adjourned the meeting at 8:25 p.m.

**Andrew Harris,
Village Clerk**