

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

**GURNEE VILLAGE HALL  
MARCH 9, 2015**

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**Call to Order**

Mayor Kovarik called the Budget Hearing to order at 5:07 p.m.

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**Other Officials in Attendance**

Patrick Muetz, Village Administrator; David Ziegler, Assistant Village Administrator/Community Development Director; Scott Drabicki, Village Engineer; Erik Jensen, Assistant to the Village Administrator; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Chris Velkover, Information Systems Director; Tom Rigwood, Director of Public Works; Larry Dunn, Fleet Manager; Fred Friedl, Fire Chief; John Kavanagh, Deputy Fire Chief; Kevin Woodside, Police Chief; Saundra Campbell, Deputy Police Chief; Terri Kincaid Deputy Police Chief; Tracy Velkover, Planning Manager, Ellen Dean, Economic Development Director

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**Roll Call**

**PRESENT: 3- Hood, Park, Balmes**  
**ABSENT: 3- Wilson, Ross, Garner**

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**Budget Overview**

Mr. Muetz said that this Budget Hearing would be an overview of the Fiscal Year 2015/2016 Proposed Budget. Mr. Muetz gave a PowerPoint presentation and then took questions. Presentation summarized as follows:

**Introduction**

- Fiscal Year 15/16 budget reflects the allocation of resources to allow staff to execute essential programs and services.
- Primary financial goal is to provide the highest possible level of service while keeping taxes and charges to a minimum.

**Our Mission**

**Engage**

Our residents, business, and visitors in an ongoing dialogue about their ideas, needs and concerns.

**Preserve**

Our neighborhoods, open spaces, financial well-being, and community traditions, in line with our values.

**Advance**

Our services in response to community needs, encourage responsible development, and continuously foster a safe and welcoming environment.

**Organizational Chart**

The Village President, Village Clerk and six-member Board of Trustees are elected for overlapping four-year terms.

The Board appoints the Village Treasurer, Village Administrator, and other key department heads.

The Village Administrator oversees day-to-day operations of the Village.

The services the Village provides are divided among five major areas, including Administration, Community Development, Police, Fire and Public Works.

**Fund Structure**

**Governmental Funds** - Governmental Funds include the General Fund, special revenue funds, capital and debt service funds.

**Proprietary Funds** - Proprietary Funds include the utility and golf course funds.

**Fiduciary Funds** - Fiduciary Funds which includes the police & fire pension funds.

**Trustee Ross**  
arrived at 5:09 p.m.

**Total Revenues and Expenditures by Fund**

General Fund – \$37.5 million in revenue, \$36.9 million in expenditures. \$516 thousand added to fund balance.

911 Fund – \$331 thousand in revenue, \$885 thousand in expenditures. Use of \$554 thousand of fund balance.

Motor Fuel Tax Fund - \$921 thousand in revenue, \$1.7 million in expenditures. Use of \$780 thousand of fund balance due to the funds being very restricted by the State. Therefore staff is proposing to spend down fund balance.

Impact Fee Fund - \$12 thousand in revenue, \$100 thousand in expenditures. The expenditure is a transfer to the Capital Fund to support sidewalk and drainage work.

Asset Forfeiture Fund – No planned expenditures.

Capital Improvement Fund – \$5.1 million in revenue, \$6.6 million in expenditures. Use of \$1.5 million of fund balance.

Bond Fund – \$2.5 million in revenue, \$2.5 million in expenditures.

Special Service Area #2 Fund – Revenue and expenditure based on the debt service schedule.

Golf Course Fund – \$50 thousand in revenue, which is repayment of the advanced to the course. \$100 thousand in expenditure which is a contractual requirement. Staff does not expect to have to spend these funds.

Water & Sewer Fund - \$8.2 million in revenue, \$7.3 million in expenditures. \$825 thousand added to fund balance.

Water & Sewer Capital Fund – No revenue, \$1.3 million in expenditures related to capital items.

Police Pension Fund – \$4.5 million in revenue, \$2.0 million in expenditures. \$2.5 million added to fund balance.

Fire Pension Fund - \$3.6 million in revenue, \$1.0 million in expenditures. \$2.5 million added to fund balance.

#### **FY 15/16 Budget Highlights**

- Balanced Budget.
- No new taxes / no increase in tax rates for operating.
- Budget reflects a transitioning organization from high growth to limited growth/maintenance of current assets.
  - Dedication of Home Rule Sales Tax for Capital/Infrastructure.
  - Long-Term capital and infrastructure planning
  - Retaining & attracting business.
- Increases General Fund balance reserve by \$516,201.

#### **Personnel**

Personnel is flat due to FY 14/15. Two positions will not be refilled, this includes the Fire Marshal in the Fire Department and Administrative Commander in the Police Department. These positions will be replaced by a Civil Engineer position and Information Systems Specialist.

#### **Total Revenues by Fund**

The funds receiving the largest amount of revenues are the General Fund, projected at \$37.5 million, and Utility Operating Fund, projected at \$8.2 million.

With the dedication of the home rule sales tax, the Capital Fund is anticipated to receive \$5.1 million in revenue.

The Bond Fund and a large portion of the Police and Fire Pension Funds receive their revenues as inter-fund transfers from the General Fund.

### **Total Revenues by Category**

- Taxes comprise 49.5% of budgeted revenues. Taxes consist of sales, amusement, hotel, resort, food & beverage, use, telecommunications, road & bridge, cable, alarm and foreign fire insurance taxes.
- Charges for Services account for 17.0% of budgeted revenues. In the Utility fund, "Charges for Services" primarily consist of water and sewer sales. In the General fund, "Charges for Services" primarily consist of ambulance rescue fees, tower/antenna leases, and the reimbursement received for the school resource officers.
- Intergovernmental Revenues comprise 11.7% of budgeted revenues. This category is found mostly in the General Fund and consists of the Village's portion of State income taxes, personal property replacement taxes, and payments from the Warren-Waukegan Fire Protection District.
- Contributions are 7.1% of budgeted revenues. The major component of this category is the Village and employee contributions to the Police and Fire Pension Funds.
- Investment Income is 6.4%. This revenue is mainly located in the Police and Fire Pension Funds.
- Other Income (or Transfers & Proceeds) is 4.1% of budgeted revenues. Transfers are the method the Village uses to move money between funds.
- Fines are 2.6% of budgeted revenues.
- Licenses & Permits account for 1.4% of budgeted revenues.

### **Total Expenditures by Fund**

The two funds with the highest expenditures are the General Fund at 61% and the Utility Operating Fund at 12.1%, followed by the Capital Fund at 11%. The Capital Fund's portion has increased due to the dedication of the Home Rule Sales Tax. The remaining funds are consistent with last year.

### **Total Expenditures by Category**

- Salaries & Wages account for 34.8% of expenditures across all Village Funds. Staff continues to use the same approach to calculating cost of living increases. The approach uses the CPI as a first step and market comparables for a second step.
- Benefits represent 16.4% of the budget. This is mainly pension obligations, medical and dental insurance, and workers comp insurance.
- Repairs and Maintenance include vehicles, technology, and infrastructure maintenance. This category accounts for 12.4% of total expenditures
- Other/Transfers accounts for 9.7% of the budget. This is mainly our debt service payments and tax sharing agreements.
- Commodities represent 7.9% of the budget and include tangible items purchased in connection to our services including water purchased from JAWA and the materials used in snow and ice control.
- Capital includes infrastructure and equipment replacement and accounts for 7.0% of the total expenditures.
- Contractual expenditures are 3.1% of the budget and include professional services and outsourced functions.
- The remaining categories total 5.0% of the budget, and include professional services, insurance, utilities and personnel expenses.

### **Projected Fund Balance**

General Fund balance is increasing by \$516 thousand.

The Capital Fund, Motor Fuel Tax, and Utility Capital fund balances are budgeted to decrease.

Remaining funds remain constant.

## General Fund Revenues

Staff is projecting FY 15/16 General Fund revenues to be 1%, or \$360,000 more than FY 14/15 budget. This is mainly a result of increases in:

- Tax revenues are projected to increase 3.1% or \$785 thousand – Sales Tax (\$623k) and Hotel Tax (\$87k) accounts for the majority of this increase.
- Intergovernmental revenues are projected to increase 0.7% or \$46 thousand – WWFPD is the majority of this.
- Charges for Service are expected to increase by 0.7% or \$16 thousand – primarily as a result of increases in cellular leases and inflationary increases on the administrative fee charged to the W&S Fund.
- Interest Income is expected to increase by 96.7% or \$11 thousand – Finance is looking at the potential of contracting with an outside investment advisor to more actively manage idle balances.
- Contributions are projected to increase 74.1% or \$21 thousand – DARE and craft beer festival donations offset by \$15k expense.

Revenue Categories Budgeted to Decrease includes:

- Licenses and Permit is projected to decrease 18% or \$184 thousand – This is mainly a result of building permit (\$-129k) and impact fee revenue (-\$40k).
- Fines & Forfeitures is projected to decrease 15% or \$267 thousand – Court Fines (-\$129k) and Red Light Enforcement (-\$236k) are the primary drivers of the decrease.
- Proceeds are projected to decrease 100% or \$70 thousand - Sale of Miscellaneous Assets moved to Capital Fund.

## General Fund Revenue by Category

Taxes account for nearly 70% of General Fund tax revenue, followed by Intergovernmental, Charges for Services, Fines & Forfeitures, Licenses and Permits, Contributions and finally Interest Income.

## General Fund Revenue – Tax Composition

Sales Tax accounts for nearly 70% of tax revenue, followed by Amusement Tax, Franchise Taxes, Food & Beverage Tax, Hotel & Resort Tax and so on.

With the exception of the Road & Bridge tax, all of these are economically sensitive, which is why a healthy General Fund balance is important.

## Major Revenues – 76% of General Fund Revenue

- Sales & Use tax
  - FY 14/15 = \$17.1 million
  - FY 14/15 Year End Estimate = \$17.4 million
  - FY 15/16 = \$17.6 million
- Income Tax
  - FY 14/15 = \$3.06 million
  - FY 14/15 Year End Estimate = \$3.02 million
  - FY 15/16 = \$3.05 million
- Amusement tax
  - FY 14/15 = \$2.14 million
  - FY 14/15 Year End Estimate = \$2.92 million
  - FY 15/16 = 2.16 million
- Food & Beverage tax
  - FY 14/15 = \$1.76 million
  - FY 14/15 Year End Estimate = \$1.73 million
  - FY 15/16 = \$1.74 million
- Hotel / Resort tax
  - FY 14/15 = \$1.53 million
  - FY 14/15 Year End Estimate = \$1.62 million
  - FY 15/16 = \$1.62 million
- Telecommunications tax
  - FY 14/15 = \$1.20 million
  - FY 14/15 Year End Estimate = \$1.18 million
  - FY 15/16 = \$1.1.11 million

- Use tax
  - FY 14/15 = \$557 thousand
  - FY 14/15 Year End Estimate = \$580 thousand
  - FY 15/16 = 609 thousand
- Building Permits
  - FY 14/15 = \$525 thousand
  - FY 14/15 Year End Estimate = \$425 thousand
  - FY 15/16 = \$400 thousand

**FY 15/16 General Fund Expenditures**

Overall, the General Fund is up 1.3%, or \$459 thousand, compared to FY 14/15.

Salaries, benefits and personnel expenses are the bulk of the increase due to the inflationary nature of those expenses.

Transfers are decreasing as staff did not build in a transfer from the General Fund to the Capital Improvement Fund. Rather, this will be reviewed towards the end of the fiscal year.

Compared to the FY 12/13 actuals, the General Fund has an annual average increase of 1.73%. Over that same time frame personnel costs have increased 4.57% annually. This is part of the reason why it is so important as positions become vacant staff analyze the need for the position as well as alternate service delivery methods before filling the position.

**General Fund Expense by Function**

Public safety is the largest function of the General Fund accounting for 67.7% of all expenditures. Public works is 11%. Contractual and transfers is 9.3% and Administration and Community Development are 6.2% and 5.8% respectively.

**FY 15/16 General Fund Expenditures – 1.3% Increase**

- Salaries & Wages +1.7% or \$318,750
  - COLA's 2.25% - 5.16%\* (IAFF, FOP, ICOPS contracts expire 4/30)
  - Elimination of vacant Fire Marshall and Administrative Commander positions
  - Addition of Civil Engineer and IS Specialist positions, fully offset by reduction in contract employees
- Employee Benefits +6.7% or \$577,473
  - Police/Fire Pension contribution
  - Reallocation of Health Insurance
- Personnel Expenses +7.9% or \$14,597
  - Promotional testing Police/Fire
- Professional Services +7.6% or \$71,450
  - Labor Attorney
  - Legal Counsel
  - Accounting service
  - Website update
- Contractual Services -4.3% or \$61,348
  - Elimination of IS contractual employee
- Insurance +13.34% or \$46,660
  - P&L insurance premium
  - Reallocation of P&L
- Commodities -7.9% or \$95,151
  - Snow & Ice control materials
  - Fuel projections
- Utilities -2.3% or \$6,245
  - Electric street lighting
- Repairs & Maintenance +2.9% or \$34,689
  - PD Hardware/software/building maintenance
- Capital +18.5% or \$58,707
  - Portable radios
- Inter/Intra Fund -4.0% or \$13,000
  - Vehicle maintenance
- Other Financing Uses -15.5% or \$513,180
  - No capital transfer
  - KeyLime Cove & Akhan recaptures

**General Fund –  
Administration  
Department**

**Questions or Comments:**

Trustee Hood asked about the proposed plan should Income Tax be reduced. Mr. Muetz stated a list has been developed and is available if the Board would like to review, but staff was not planning on presenting it tonight.

Trustee Balmes asked when this reduction would go into effect. Mayor Kovarik said it is just a proposal at this point, but the State's fiscal year starts July 1<sup>st</sup>.

Finance Director Brian Gosnell reviewed the Administration Department.

**Administration Department**

**FY 14/15 Review**

- The Economic Development Director was hired to provide a link to the business community.
- Staff participated again in the mayoral luncheon, to educate the business community on how the Village operates.
- The Village maintained its AAA bond rating, the highest possible rating by S&P.
- Along with the Community Development department staff worked on the Village's multi-year capital plan presented to the board last month.
- Finance is in the final stages of an RFP for accounting services, this will provide coverage for short term staffing vacancies this summer and allows staff to keep more value added projects on schedule.
- Went live on credit card acceptance at the Village Hall and police department.

**FY 15/16 Initiatives**

- Website Update - Upgrading the Village's website to a more mobile friendly platform.
- Multi-Year Financial Forecast - Creating a multi-year financial forecast to assist in strategic and capital planning, and give us a tool to look at various scenarios to fund operations and capital whether it be utilizing fund balances, various debt instruments or reducing operating costs
- Vehicle & Equipment Analysis – The Department in conjunction with the other operating departments will analyze fleet sizes and associated services to determine if alternatives exist to purchasing and maintaining equipment that is not used on a regular basis or is specialized.
- Investment Advisory Services - Looking at contract with an investment advisory firm to actively manage Village investments.
- Finance Software Replacement - Staff also plans to go through the RFP process to replace the Village's financial software. The current system was installed in 1996 and has not been updated.

**Administration – FY 14/15 vs. FY 15/16 Budget**

- Overall the department budget increases 6.2% or \$85,344 from the FY 14/15 budget.
- Salaries are up 8% and Benefits are up 1.4%, this is primarily due to the 1<sup>st</sup> full year of the Economic Development Director position.
- Personnel costs are down 66.5% as no personnel testing is anticipated.
- Professional services is up 33.4% due to increases in legal expenses and the addition of the accounting services contract.
- Contractual is down 20% largely due to the consolidation of the multi-function machines and realignment of banking services to reduce fees.
- Insurance is down 14.1% and reflects changes to the allocation formula used to charge the individual departments.
- Utilities is down 8.5% due to the consolidation of telecommunications accounts.
- Maintenance is up 21% due to the addition of software and

hardware maintenance contracts and an increase in the annual maintenance for the financial software.

- Capital is down 15.3% due to no planned replacement of office equipment.

Information Systems Director Chris Velkover reviewed the Information Systems Division.

#### **Information Systems - FY 14/15 Review**

- Moved a substantial number of projects forward in part due to contractual employee position being filled.
- Progress was made with regards to CityWorks, LAMA Building Permit Software, Records software, storage projects, environmental monitoring, supporting mobile devices and facility access control and security.

#### **Information Systems - FY 15/16 Initiatives**

- SCADA, MAN, radio system replacement, preparation for financial software system replacement and evaluating document management systems.

#### **Information Systems- FY 14/15 vs. FY 15/16 Budget**

- The Information Systems Division budget has increased 3.1% compared to FY 14/15.

Mayor Kovarik asked about the scope of document management. Mr. Velkover said it would include a vast amount of paper records and would be evaluated in conjunction with the financial software replacement.

Assistant to the Village Administrator Erik Jensen reviewed the Public Information Division.

#### **Public Information - FY 14/15 Review**

- Staff began work on the website overhaul, including establishing some basic needs and reviewing the products of potential vendors.
- In FY 14/15, Keeping Posted was designed to a full-color, more user-friendly publication. The new issues focus on presenting topics in interesting, eye-catching ways. Keeping Posted+ followed in August 2014 and was the first intergovernmental newsletter in the Village's history. Finally, the Village launched its first Spanish-language version of Keeping Posted in late February. Each of these changes is intended to increase the effectiveness of the newsletter and engage as many stakeholders as possible.
- Due to the changes noted above, the Division saw its highest satisfaction scores in the Community Feedback Survey ever this past year. A final report for all Departments should be issued in the next few weeks.

#### **Public Information – FY 15/16 Initiatives**

- Continue to work on the website upgrade project.
- Expand the Keeping Posted +.
- Launch a volunteer clearing-house program.

#### **Public Information - FY 14/15 vs. FY 15/16 Budget**

- Overall the budget is up 59.2%, this is mainly related to the website upgrade project.

Trustee Park asked if the website upgrade project will include an easy way for resident to report concerns to the Village. Mr. Jensen stated we hope to incorporate current software systems in place, but this will ultimately depend on the vendor selected and its capabilities.

Finance Director Brian Gosnell reviewed the Municipal Building and Village-wide Obligation categories.

#### **Municipal Building - FY 14/15 Review**

- Replaced the windows at the Mother Rudd house.
- Reconstructed the Village Hall monument sign.
- Replaced the carpet at Village Hall.
- Security improvements related to cameras and access.

**Municipal Building - FY 15/16 Initiatives**

- Repairs to the Village Hall Chimney.
- Continuing window replacements at Mother Rudd.
- Addressing carpet/chairs and paint in the Council Chambers.
- Possible partnership with Lake County for maintenance services.

**Municipal Building - 13/14 vs. 14/15 Budget**

- Total budget is essentially flat, contractual, commodities, and utilities categories tightened to reflect historical trends.
- The insurance category reflects the reallocation of insurance.
- The Maintenance category has been reduced based on repairs made in prior years.
- Capital category has been increased to address further needs of the facilities.

Mayor Kovarik stated that the blinds in the Council Chambers need to be updated at the same time the carpet and chairs are replaced.

Trustee Park stated that more focus needs to be placed on physical facilities and a reserve fund should be developed for buildings.

**Village-wide Obligations – FY 14/15 vs. FY 15/16 Budget**

- The Village-wide obligations cost center budget is down \$478,957 or 12.2%, and reflects the elimination of the \$600k transfer to capital and the addition of funds for community events and marketing campaign in the contractual category related to Gurnee’s Got It! and the craft beer festival.

**Questions / Discussion:**

None

**General Fund –  
Community  
Development  
Department**

Community Development

Assistant Village Administrator/Community Development Director David Ziegler gave the following presentation.

**Community Development Planning/Building Safety - FY 14/15 Review**

- Zoning Ordinance update near completion.
- OneStop – further implementation of permit types.
- Expansion of Administrative Adjudication Hearings.

**Community Development Planning/Building Safety - FY 15/16 Initiatives**

- Comprehensive Land Use Plan Update.
- Replacement purchase of outdated large format scanner/copier/printer.
- Further expansion of OneStop with usage of credit card.

**Community Development Planning/Building Safety - FY 14/15 vs. FY 15/16 Budget**

- No new positions.
- Training and Dues expenses were decreased.
- Professional Services was reduced as the Zoning Ordinance update is nearing completion.
- Commodities were reduced due to fuel savings.
- Maintenance was increased due to automobile repair costs.

**Community Development – Engineering - FY 14/15 Review**



- Completed an update to the 5-Year Capital Improvement Plan.
- Completed largest street resurfacing project in Village's history.
- Continued evaluation of Village's sanitary sewer system.

**Community Development – Engineering - FY 15/16 Initiatives**

- Hiring of an additional Engineer – estimated December 2015.
- Overseeing 2015 Street Program utilizing dedicated funds.
- Continued evaluation and repair of sanitary sewer system.
- Overseeing water main relocation in anticipation of US Route 41/Illinois Route 132 railroad bridge work.

**Community Development – Engineering – FY 14/15 vs. FY 15/16 Budget**

- Addition of a new Civil Engineer position.
- Training and Dues expenses were decreased.
- Professional Services was reduced.
- Commodities were reduced due to fuel savings.

**Questions / Discussion:**

Trustee Park suggested the Subdivision Ordinance be updated now that the Zoning Ordinance is nearing completion. He then asked about the increase in insurance. Mr. Ziegler responded that insurance related to employees is located under the Employee Benefits category, not under the Insurance category.

Trustee Park then asked about contractual mowing. Mr. Ziegler stated the mowing Community Development conducts is related to code violations on private property.

Trustee Park then requested additional information on the proposed scanner/copier/printer. Mr. Ziegler provided further information on this budget request. Trustee Park then recommended that staff require plans electronically going forward.

Trustee Ross stated she was concerned about cutting back on training. Mr. Ziegler stated the budget is being adjusted based on actual experience.

Mayor Kovarik asked if there was a way to help residents convert the plans to electronic to submit to the Village. Options were discussed.

Staff will review the comparison of contracting out this work vs. purchasing the new equipment.

**General Fund –  
Public Works  
Department  
Administration &  
Vehicle  
Maintenance**

**Public Works**

Public Works Director Tom Rigwood gave the following presentation.

**Public Works - FY 14/15 Review**

- Continued to combat the Village's EAB infestation and worked to sustain the urban forest.
- Revised Snow & Ice Control plan to implement new methods and technology to improve efficiency.
- Implemented the Village's asset management and work order program (CityWorks).
- Continued traffic control sign upgrades per the MUTCD and street lighting system upgrades and maintenance including LED lighting and light pole replacements.

**Public Works Administration - FY 15/16 Initiatives**

- EAB – Treatment of 850 ash trees, removal of 248 untreated and planting of 120.
- Continue to revise and improve efficiency with Snow and Ice Control Operations.
- Continued traffic control sign inspections and upgrades continue (Phase 2).
- LED street light and pole replacements along O'Plaine Rd. and Old Grand Ave. through DECO and ICE grants.

### **Public Works Administration – FY 14/15 vs. FY 15/16 Budget**

- Holding one vacancy.
- Professional services increased due to upcoming union negotiations.
- Insurance has increased due to past experience.
- Commodities has decreased due to available salt on-hand.
- Capital reduced due to deferred purchases of small equipment.

### **Public Works Vehicle Maintenance - FY 14/15 Review**

- Utilized CFA data to forecast capital equipment replacements.
- Implementation of programs that have reduced repair costs.
- Replaced six Police patrol vehicles, transferred two vehicles to Community Development and replaced two plow trucks and support vehicles in Public Works.
- Obtain specific training for Vehicle Maintenance staff.

### **Public Works Vehicle Maintenance - FY 15/16 Initiatives**

- Retirement of current Fleet Administrator and hiring of new Fleet Administrator
- Continued replacement and upgrade of Village vehicles and equipment.
- Continue programs that have been successful in increasing reliability and reducing operating cost
- Continue to analyze CFA data to assist in vehicle and equipment replacements and control repair costs

### **Public Works Vehicle Maintenance – FY 14/15 vs. FY 15/16 Budget**

- Salaries down due to Fleet Administrator retirement.

### **Questions / Discussion:**

Mayor Kovarik asked how much salt has been used this year so far.

Trustee Park asked how much the EAB replacement program costs per year.

**Trustee Garner and Trustee Wilson arrived at 7:00 p.m.**

At 6:30 p.m. the group took a 30 minute break. Presentations resumed at 7:00 p.m.

**General Fund – Police Department & Communications Division**

### **Police & Communications**

Police Chief Kevin Woodside gave the following presentation.

### **Police Department - FY 14/15 Review**

- Neighborhood Watch: 33 groups village-wide meeting at least twice per year. Review of police related activity & training.
- Citizen Police Academy: Fall & Spring. Spring class currently meeting.
- Social Media: 1950 “likes” on PD Facebook Page. 1,000 added since 1/1/14. Average of 3 posts per week.
- Recruitment and Retention: Six officers hired in 2014 to fill vacancies.
- 3 new officers hired and sent to the police academy. Three experienced officers hired laterally from other police departments.
- Training: Firearms, Defensive Tactics, Rapid Deployment. Approximately 100 hours per officer per year.
- Canine Program: Introduced 2 new police canines in June 2014. Deployed 136 times.

### **Police Department – FY 15/16 Initiatives**

- Police Explorer Post: This program will be in conjunction with the Boy Scouts of America. Twenty-five students will participate in the inaugural program.
- Administrative Commander position eliminated.
- Replacement of Speed Trailer: The new trailer will have more

capabilities than the previous trailer and will provide a visible presence in neighborhoods.

- Portable Radio Replacement: The current radios are more than 15 years old. The new radios will have interoperability features which will aid in communicating with our agencies.

#### **Police Department – FY 14/15 vs. FY 15/16 Budget**

- Salaries are down due to the elimination of the Administrative Commander position.
- Employee Benefits is up due to workers compensation insurance and pension obligations.
- Professional Services is up due to expiring collective bargaining agreements.
- Commodities are decreasing due to fuel costs.
- Maintenance is increasing due to computer and building maintenance costs.
- Capital is increasing due to the replacement of portable radios.

#### **Communications Division - FY 14/15 Review**

- Phase 1 Dispatch Consolidation: In September 2014 the Village retained BakerTilly/IXP, a communications consultant partnered with an accounting firm, to perform a Feasibility Study to examine expanding our public safety communications services to other entities in our region. The scope of Phase I of the study was to evaluate our current operation, technology and facilities to determine what collaboration strategies make sense for the Village and potential partners. The goal of Phase II is to conduct future state analysis and develop a final business case relative to optimal future state options.
- Additional Part-time Staffing: Part-time communication operator hired in November 2014.

#### **Communications Division - FY 15/16 Initiatives**

- Phase 2 Dispatch Consolidation.
- Additional Part-time Staffing: Applications have been received and interviews are being scheduled to fill two “call taker” or “telecommunicator” positions.
- Equipment Replacement.

#### **Communications Division – FY 14/15 vs. FY 15/16 Budget**

- Salaries are increasing due to budget assumptions.
- Personnel is up due to conference attendance.
- Utilities are increasing due to the addition of mobile phones to supervisors.
- Capital is increasing due to computer and hardware costs.

#### **Questions / Discussion:**

Trustee Balmes asked for an update on body cameras. Chief Woodside stated the Department is currently reviewing cameras and desired features.

Trustee Balmes stated the Explorer Program sounds like a great initiative.

Trustee Garner asked what is done with old radios. Chief Woodside stated typically they are returned to the vendor.

Trustee Garner stated the Citizen Police Academy is a good program and the Explorer Program will be a great addition to the community.

Trustee Ross asked how StarCom-21 will work. Chief Woodside provided some additional information.

Trustee Wilson asked if interoperability will assist with issues on our borders. Chief Woodside responded yes.

Trustee Park asked for the timeframe on the Village's and County's consolidation initiative. IS Director Velkover shared what he has learned

**General Fund – Fire Department & Foreign Fire Insurance**

to date as it relates to State action. Chief Woodside provided an update on where the Village is at in its evaluation.

Trustee Ross stated we must be careful to balance how much we take on.

Mayor Kovarik stated she hopes the Explorer Post recruitment is reflective of our community.

**Fire Department & Foreign Fire Insurance**

Fire Chief Friedl gave the following presentation.

**Fire Department - FY 14/15 Review**

- Districts 50 and 56 Public Education Programs.
- \$229,469 DHS Grant for new SCBA.
- KeyLime Cove donation.
- Hired Six New Firefighter/Paramedics.
- New Fire Engine placed in service.

**Fire Department - FY 15/16 Initiatives**

- New public education program targeting the Senior Community.
- Reduced one vehicle from the department fleet.
- Fire Marshal position remaining un-filled.
- Ambulance, stretcher and power load donation from WWFPD.
- Applied for DHS Grant upgrading ALS Engines from AEDs to cardiac monitors.
- Applied for DHS Grant upgrading Fire Inspection System.

**Fire – FY 14/15 vs. FY 15/16 Budget**

- Salaries are increasing slightly due to budget assumptions.
- Employee Benefits are up due to workers compensation insurance and pension obligations.
- Personnel is increasing due to testing requirements.
- Insurance is increasing due to liability and auto insurance.
- Commodities are decreasing due to fuel costs.

Mayor Kovarik asked for clarification on the insurance increase. Mr. Muetz provided an explanation.

**Foreign Fire Insurance - FY 14/15 Review**

- Winter Duty Coats
- Rehab Supplies
- Exercise Equipment
- Training Seminar
- Audio Visual Equipment

**Foreign Fire Insurance – FY 14/15 vs. FY 15/16 Budget**

The Foreign Fire Insurance budget is flat compared to FY 14/15.

**Questions / Discussion:**

Trustee Hood asked if calls were up or down. Chief Friedl said the Department was up 400 calls over the previous year.

**Utility Operating Fund**

**Utility Operating Fund**

Finance Director Gosnell and Public Works Director Rigwood gave the following presentation.

**Utility Operating Fund Revenue – FY 14/15 vs. FY 15/16 Budget**

- Licenses and Permits are down due to no planned developments.
- Charges for Service are down due to reduced consumption.
- Overall, revenue is down 2.0%.

**Utility Operating - FY 14/15 Review**

- Completed year 2 of a multi-year hydrant painting program.
- Northwestern and HeatherRidge water tower maintenance program.
- Well #2 repairs and modifications completed.
- Began Village-wide valve inspection/exercising program.
- Flow test and inspect all Village fire hydrants.

#### **Utility Operating - FY 15/16 Initiatives**

- Place Pembroke Water Tower on Village's contractual maintenance program.
- Hydrant painting program - Year 3 of 5.
- Well #1 repairs and modifications.
- Complete valve exercising/inspection program.
- Test large meters for better accuracy/greater accountability.

#### **Utility Operating Fund – FY 14/15 vs. FY 15/16 Budget**

- Salaries are increasing due to budget assumptions.
- Contractual is decreasing due to televising program being completed.
- Commodities are down due to less water being purchased.
- Maintenance is increasing due to hydrant painting and valve exercising.
- Capital is increasing due to the purchase of new shoring equipment.

#### **Debt Service Funds      Debt Service and Special Revenue Funds**

Finance Director Brian Gosnell gave the Debt Service and Special Revenue Funds presentation.

- Bond Fund:
  - The Village has 2 debt service funds
  - The Bond fund accounts for the principal and interest on General Obligation Debt.
  - It is funded through a transfer from the General Fund and Utility Fund
  - FY 15/16 principal payments total just over \$2 million and interest just over \$352 thousand.
- Special Service Areas #2 Fund
  - The Special Service Area #2 (SSA#2) Fund accounts for the debt service levied against property within the special service area to pay the principal and interest on the bonds issued for public improvements (Hickory Haven water and sewer).
  - The FY 15/16 principal is \$31k and interest \$10,674.
  - SSA#2 outstanding is \$208,000, last payment is 12/15/2020.

#### **General Obligation Debt**

- The Village has 3 outstanding GO Issues:
  - Series 2012 is a refunding of an original issue utilized for the Public Works Facility and the total outstanding is \$405,000
  - The FY 15/16 debt service includes \$405 thousand in principal and \$8,100 in interest and the final payment on these bonds occurs December of this year
  - Series 2009 is a refunding of an original issue utilized for the police facility and the total outstanding is \$2.4 million
  - FY 15/16 debt service includes \$775 thousand in principal and \$74,075 in interest, the final payment on these bonds occurs in December of 2017.
  - Series 2011 is a Midwest Disaster Area bond referred to as the Macy's bonds, the total outstanding is \$8,295,000.
  - FY 15/16 debt service includes \$930 thousand in principal and \$270,350 in interest, the final payment on these bonds occurs in December of 2022.

- The Village shares the debt service for the park district pool bonds at a 75/25 split, the total outstanding is \$2,625,000.
- The Villages FY 15/16 principal portion is \$303,750 and interest portion is \$82,740 for a total of \$386,490 or 75% of the total principal and interest.

**Outstanding General Obligation Debt Service as of 5/1/15**

- Series 2012 bonds come off this next fiscal year and the Series 2009 in FY 2018. Series 2011 are fully paid in FY 2023.

**Special Revenue Funds**

**Special Revenue Funds**

- Special Revenue Funds are established for those activities that must be accounted for separately from general government operations. They include the 911 Fund, Impact Fee Fund Asset Forfeiture Fund and the Golf Course Fund. These funds get their money from a specific revenue source.

**Impact Fee Fund**

**Impact Fee Fund**

- The Impact Fee Fund accounts for monies collected from developers to offset costs associated with the impact of the development on Village infrastructure systems.
- The Projected Fund Balance at 5/1/15 is \$1,939,406.
- FY 15/16 Revenues are expected to be \$12,400 and expenditures of \$100,000, which is a transfer to the Capital Improvement Fund for drainage and sidewalk improvements.

**Asset Forfeiture Fund**

**Asset Forfeiture Fund**

- The Asset Forfeiture Fund accounts for monies seized by the Police Department in Drug and DUI enforcement and funds are restricted for use in those programs.
- Projected fund balance is \$71 thousand.
- No planned revenues or expenditures in FY 15/16.

**Golf Course Fund**

**Golf Course Fund**

- Established in 1992.
- Village advanced \$100,000 to GolfVisions, Inc. in FY 12/13.
- FY 15/16 Revenue budget is \$50,020 (anticipate remaining return of advance) and Expense budget is \$100,000 per agreement.

**Questions / Discussion:**

None

**911 Fund**

**911 Fund**

Information Systems Director Chris Velkover reviewed the 911 Fund.

**ETSB Background Info**

- Enhanced 9-1-1 installed following Referendum in 1989.
- 9 Person Board, staggered 4 year terms, including Trustee Hood, 6 Public Safety Staff personnel, the Village Administrator and the Information Systems Director.
- Oversees implementation and operation of 9-1-1 including approving expenditures.

**911 Fund - FY 14/15 Review**

- Part Time Communications Operator position unfilled.
- Network services upgrade deferred (needs based / network equipment upgrade dependent).
- Equipment Maintenance – planned multi-year contract deferred, based on other category expenditures.
- Communications Equipment ties into FY 15/16 console replacement project, better pricing, water tower painting coordination.

**911 Fund - FY 15/16 Initiatives**

- Next Generation 9-1-1 includes areas such as Text to 9-1-1, accepting Pictures & Video, building a new modern 9-1-1 network.
- Police Station phone system equipment replacement.
- Radio Consoles - End of supported life approaching inside of 2 years.
- Lake County Starcom-21 Radio Project- Interoperability improvements at multiple levels/jurisdictions, reduces / eliminates long-term infrastructure costs, contract pricing / joint purchasing opportunity with Lake County.
- Part-Time Communications Operators.

**911 Fund – FY 14/15 vs. FY 15/16 Revenue**

- 911 Fund 15/16 revenue is expected to be 1.5% above the FY 14/15 budget.

**911 Fund – FY 14/15 vs. FY 15/16 Expenditures**

- Maintenance is up \$33 thousand due to new answering equipment and consoles.
- Capital is up 96% due to equipment replacement.
- Remaining categories are consistent with FY 14/15.

**Questions / Discussion:**

Trustee Park questioned the landline revenue. Administrator Muetz stated the year end estimate exceeded the budget amount, therefore, there is a decline in this revenue source.

Finance Director Brian Gosnell presented the Capital Fund overview.

**Capital Improvement Program**

Consists of the Motor Fuel Tax, Capital Improvement and Water & Sewer Capital Funds.

- Overview - \$10.1 Million Total
  - Transportation System - \$6.3 Million
  - Vehicles & Equipment - \$2.3 Million
  - Water & Sanitary Sewer Systems - \$795 Thousand
  - Buildings & Building Improvements - \$414 Thousand
  - Stormwater Management System - \$261 Thousand

**Capital Improvement Program**

**Motor Fuel Tax Fund**

**Motor Fuel Tax Fund**

- The FY 15/16 revenues are estimated at almost \$921 thousand, this is down from the FY 14/15 estimate due to the uncertainty surrounding any kind of capital bill that may come out of Springfield.
- The IML is predicting an increase in the MFT allotment, however staff believes this will be revised down and budgeted conservatively at levels predicted for FY 14/15.
- On the expenditure side nothing has changed since the capital discussion, \$75 thousand for crack sealing and \$1.7 million for road resurfacing.
- FY 15/16 includes a drawdown of fund balance of almost \$780 thousand, as discussed MFT is a restricted revenue so there is really no reason to carry a large fund balance, particularly given the dedication of the Home Rule sales tax.

**Capital Improvement Fund**

**Capital Improvement Fund**

- Capital Improvement Fund Revenues total \$5.14 million for FY 15/16 and include a full year for the Home Rule sales tax as well as the transfer from the Impact Fee Fund.
- The donations category includes the funds from the WWFPD for the ambulance replacement.
- On the expenditure side, nearly \$4.6 million is planned for the transportation system, including resurfacing and sidewalks as

we discussed in February.

- \$261 thousand for Stormwater management.
- \$1.4 million for vehicle and equipment replacement.
- \$414 thousand for Buildings and improvements.

**Water & Sewer Capital Fund**

**Water & Sewer Capital Fund**

- The Water & Sewer Capital Fund is combined with revenues from the Water & Sewer Operating Fund to show total fund balance.
- Revenues total \$8.155 million in FY 15/16
- With \$7.33 million utilized for operations and \$1.265 million for capital.
- The total fund balance is drawn down by \$440 thousand due to the cost sharing for the 132/41 project

**Questions / Discussion:**

Trustee Hood stated in the next budget he would like to see more focus on underground utilities. In addition, he would like the Village to save for the water tower vs. borrow for it.

Trustee Park gave an update of the current roadway proposal at the State level.

Trustee Ross stated she would like to be more proactive during the summer months so employees don't have to be out in the cold during the winter to fix problems.

**Police & Fire Pension Funds**

**Police & Fire Pension Funds**

Finance Director Brian Gosnell presented the Police and Fire Pension Fund overview.

**Police Pension Fund FY 14/15 vs. FY 15/16 Revenues**

- Total revenues are up largely due to increased Village contribution as a result of the interest rate assumption decrease.

**Police Pension Fund FY 14/15 vs. FY 15/16 Expenditures**

- Retirement salaries are expected to increase with a series of retirements this year and next and are the primary driver for the overall 26% or \$402 thousand increase.

**Fire Pension Fund FY 14/15 vs. FY 15/16 Revenues**

- Total revenues are expected to increase by about \$10 thousand, largely due to a decreased assumption for investment returns and an increase in contributions.

**Police Pension Fund FY 14/15 vs. FY 15/16 Expenditures**

- Retirement salaries are the big driver on the expense side more due to potential disability pensions and regular increases.

Mr. Muetz said that concludes the FY 15/16 Budget proposal. He stated that staff will go back and adjust figures now that it has a few more months of data. The plan after that is to bring it to the Board on April 6<sup>th</sup> for a wrap-up presentation and formal consideration.

**Budget Officer vs. Appropriation System**

Finance Director Brian Gosnell presented the Budget Officer System vs. Appropriation Ordinance System.

Staff is looking at bringing forward for Village Board consideration is switching from the Appropriation System to the Budget Officer System as it relates to our spending authority.

There are 2 procedures municipalities follow to spend money. The appropriation ordinance, which is the default procedure and the Budget Officer which is an option for municipalities.

Under the appropriation ordinance a budget is not required and the



appropriation sets the limit to be spent. Historically the Village has taken the budgeted figures and increased certain funds by 25%.

Under the budget officer system the budget sets the spending limit. It is also easier for the Village Board to make changes under this system. The budget officer system is more restrictive as the budget is the spending limit. Currently the Village is meeting the requirements for both systems, which is repetitive and unnecessary.

Mr. Muetz stated the Village has always acted as if it operated under the budget officer system, until it was time to set the legal spending limit, which it would then use the appropriation system.

Mayor Kovarik asked how emergencies would be handled under the budget officer system.

Mr. Muetz stated the purchasing policy allowed the Village Administrator to take action, then at the next regular meeting the Board confirms if an emergency existed and approves the expenditure. He clarified that an "emergency" is not capped at the \$20 thousand threshold.

Trustee Park stated the budget officer system is formally establishing what we have been doing and therefore is logical.

Trustee Ross asked how this would impact Department's as they developed budgets. Mr. Muetz stated it would have no impact.

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

**Voice Vote: ALL AYE: Motion Carried.**

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**Adjournment**

Mayor Kovarik adjourned the meeting at 8:35 p.m.

**Andy Harris  
Village Clerk**