

MINUTES OF THE PUBLIC HEARING

Public Hearing on the Fiscal Year 2018/2019 Proposed Budget

GURNEE VILLAGE HALL APRIL 2, 2018

Call to Order

Mayor Kovarik called the public hearing to order at 6:42 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; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Tom Rigwood, Director of Public Works; John Kavanagh, Fire Chief; Kevin Woodside, Police Chief; Ellen Dean, Economic Development Director, Jack Linehan, Assistant to the Administrator

Roll Call

PRESENT: 5- Hood, Thorstenson, Jacobs, Ross, Balmes
ABSENT: 1- Garner

**FY 2018/2019 Proposed Budget
Public Hearing
April 2, 2018****FY 2018/2019 Process**

Mr. Gosnell presented the following Power Point presentation to the Board:

Recap of how the Village got to this point:

- Strategic Plan updated in 2015
- MYFF in November
- MYCP in December
- Departmental and individual Trustee meetings
- Budget Workshop #1 on March 5th
- Public Hearing and approval tonight
- After the start of the fiscal year staff will provide status reports on finances and strategic plan progress on a quarterly or semi-annual basis
- Fiscal year will conclude with the presentation of the CAFR next October

**Trustee Garner
arrived at 6:44pm**

3/5 Workshop Updates

- General Fund -\$47,455
 - Moved Dispatch Revenues out of PD & FD to Communications Revenues
 - Road & Bridge Tax -\$11k
 - Sales Tax -\$110k
 - MICA Premium -\$72,220
 - True up Taser contract -\$1,325
- Capital Fund
 - File Transfer Software +\$31,250
 - Remove FD EMS Software -\$31,250
- W&S Operating -\$10,319
 - MICA Premium -\$14,879
 - Mobile Data Service +\$4,560

FY 2018/2019 Proposed Budget

Revenues across all funds including transfers total \$76.7million.

- Revenues are up 9.2% versus last year's budget at \$70.2 million.
- Increases are primarily in the General, Water & Sewer and Pension funds.
- Biggest changes from last year are the addition of Great Wolf Lodge, the IEPA loan proceeds and interest assumptions in Police and Fire.

Taxes make up the largest category of revenues at 43.9% and this includes major General Fund revenues such as sales tax, Hotel/resort taxes, Amusement Taxes, F&B taxes.

Charges for services make up 20.3% of all revenues and consist of primarily water & sewer charges, Fire and dispatch contracts.

Investments and contributions account for 15.3% of all revenues and include the Village's contribution to the Police and Fire pension funds as well as investment income primarily in Pension Funds.

Other Financing sources make up 9.6% of all revenues and this includes the revenue side of interfund transfers to the debt service and capital funds, as well as the anticipated IEPA loan for the Knowles Rd. Tower of \$4 million.

Intergovernmental Revenue makes up 6% of revenues and is primarily made up of Income and motor fuel taxes, as well as the new reimbursement from the JETSB board.

Fines and Forfeitures make up only 3% of the total budget and includes Red Light enforcement, Police and code enforcement

And finally Licenses & Permits account for 1.9% of all revenues and includes building permits and business and liquor licenses.

Expenditures across all funds total \$70m and that is up 6% overall, biggest additions are:

- Great Wolf Rebate agreement
- Knowles Tower

The largest categories of expenditures are related to personnel with Salaries & Wages and employee benefits accounting for over 37.4% of all expenditures.

Employee Benefits is the second largest at 16.6%, and includes health insurance, Workers Comp Insurance and Pensions (\$5m).

Capital is 12.9% of all expenditures and includes the Knowles Tower and other W&S improvements totaling \$5.1 million, vehicles and equipment at \$1.24 million and other building and drainage improvements.

Contractual Services account for 12.7% and includes the street resurfacing contract CLCJAWA Water Purchase and various maintenance contracts.

Other Financing Uses is 10.3% and includes rebate agreements, transfers out to other funds, the Aquatic Center payment and for the first time the reserve for future economic development of.

The remaining categories account for roughly 10% and include items such as insurance debt service payments, fuel and snow & ice control materials, utilities, legal engineering & financial services and the Red Light contract.

Personnel across all departments is flat from last year at 223.62 Full time Equivalents.

That is made up of 215 FT positions and 8.62 PT FTE's

- Personnel + 0 FTE's
 - Additional Police Officer
 - Eliminate Vacant Deputy Fire Chief
 - Eliminate Vacant PT Fire Administrative Secretary
 - Additional Fire Management Analyst
 - Eliminate Vacant PT Admin General Office Secretary

Debt service included in the proposed budget totals \$1.2 million and includes debt service on

Series 2011 Bonds of \$1.19 million which expire in FY2023

And SSA#2 bonds of \$42 thousand which expire in FY2021

The Village also contributes a portion of the Park District bonds for the Aquatic Center through an IGA and those expire in FY2021 that is paid out of the general fund and is not a debt in the name of the Village but the Park District

The proposed Capital Program total \$11.7 million and consists of:

- \$3.2 million on the transportation system.
- \$5.6 million on the Water & Sewer system including an anticipated \$4 million for the Knowles Rd water tower
- \$1.6 million on vehicles & equipment, including a number of technology initiatives
- \$797 thousand on buildings and improvements, including roofs at Village Hall and fire station #1
- And \$473 thousand on Storm Water Management, including the Providence Oaks area

The Capital Budget is detailed in section 7 of the budget document

The Village started FY2018 with a General Fund balance of \$26 million.

The Village anticipates a year end deficit of just over \$130 thousand, the Village budgeted a deficit of \$870 thousand, add to that the anticipated surplus in FY19 of \$40 thousand and the fund balance remains essentially flat from the beginning of FY18 through FY19.

As a percentage of expenditures the balance is above 60% which far exceeds the Village's policy of 35%.

The Motor Fuel Tax fund balance increases to just over \$1 million as the Village will utilize these funds for the road program every other year moving forward.

The Village is utilizing \$400 thousand of Impact Fee Fund reserves to offset the Storm Water Management program this year, and the balance is projected to finish the year at \$1.2 million.

The Capital Fund balance is drawn down to \$680 thousand, the Village would like to see this stay around \$1 million, and anticipate being able to get back to that figure next year.

The Water and Sewer Fund has a balance of \$4.7 million which is right at 50% of expenditures, so a healthy figure for the Water and Sewer fund.

General Fund

Looking specifically at the General Fund, the Village's main Operating Fund.

Revenues total \$42.3 million and are up 8.7% from last year.

This increase is primarily in the taxes category and due to the addition of Great Wolf and adjustments made to the Hotel and Amusement taxes. This is offset by a reduction in sales tax. Charges for service is up 5.8% due to a full year of the Zion dispatch contract and other contractual increases.

Expenditures in the General Fund total \$42.3 million, an increase of 6.2% from last year.

Personnel costs make up the majority with salaries and benefits accounting for over 75% of the General Fund budget.

The budget includes only a 1% increase in salaries and a 2.4% increase in benefits.

Other Financing uses accounts for the largest increase of \$1.9 million or 69.3% due to the addition of the Great Wolf rebate.

Overall a very strong position from a fund balance standpoint

Conclusion

- Declining Major Revenues
- Revenue Adjustment Impact
- Great Wolf Impact
- Healthy Reserve Levels
- 18th Year No Property Tax
- Continued Infrastructure Spending
- Strong Debt Position

Next Steps

- Regular Village Board Agenda
- 5/1 start of FY 2018/2019

Gosnell thanked the staff for their efforts in the preparation of the budget and the Mayor & Village Board and Village Administrator for their direction and leadership in the budget process.

Trustee Jacobs motioned, seconded by Trustee Thorstenson, to recommend considering approving the annual budget of the Village of Gurnee, County of Lake, State of Illinois, for the Fiscal Year beginning May 1, 2018 and ending April 30, 2019 at the regular meeting.

Roll call,

AYE: 6- Hood, Thorstenson, Jacobs, Ross, Garner, Balmes

NAY: 0- None

ABSENT: 0- None

Motion Carried.

H. PUBLIC COMMENT

None.

Adjournment

It was moved by Trustee Jacobs, seconded by Trustee Thorstenson, to adjourn the Public Hearing.

Voice Vote: ALL AYE: Motion Carried.

Mayor Kovarik adjourned the Public Hearing at 6:57 p.m.

**Andrew Harris,
Village Clerk**