

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

**BUDGET WORKSHOP #1: FISCAL YEAR 2018/2019 BUDGET**

**GURNEE VILLAGE HALL  
MARCH 5, 2018**

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**Call to Order**

Mayor Kovarik called Budget Hearing to order at 5:03 p.m.

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**Other Officials in Attendance**

Patrick Muetz, Village Administrator; Scott Drabicki, Village Engineer; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Chris Velkover, Information Systems Director; Tom Rigwood, Director of Public Works; John Kavanagh, Fire Chief; Kevin Woodside, Police Chief; Brian Smith, Deputy Police Chief; John Peterson, Director of Support Services; Jesse Gonzalez, Detective Commander; Jeremy Gaughan, Police Commander; Phil Burnell, Communications Supervisor; Ellen Dean, Economic Development Director, Jack Linehan, Assistant to the Administrator

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**Roll Call**

**PRESENT: 6- Balmes, Hood, Ross, Garner, Thorstenson**  
**ABSENT: 1- Jacobs**

Administrator Muetz presented information related to:

- 1) The Village's financial planning and reporting process and where and how the budget fit into the process.
- 2) The timeline for preparation and approval of the Annual Budget.

Director Gosnell discussed accounting changes related to the Northeast Lake County Consolidated Emergency Telephone System Board. Gosnell explained the NLCC-ETSB was considered a component unit of the Village and will be reported in the Village's financial statements but not included in the Annual Budget as the NLCC-ETSB Board has authority over the budget and funds for that entity.

Administrator Muetz continued noting:

- 1) Priorities of the Annual Budget are derived from the Village's mission, vision and strategic plan.
- 2) Factors influencing this year's budget included declining sales tax because of online sales, the State of Illinois administrative fee, and shifting demographics. He further noted the proposed increase in amusement and hotel taxes, reduction in income tax, staffing levels remaining flat, General Fund balance, expired debt, economic development incentives, pension funding, Capital Improvement Fund balance, and significant water & sewer related projects (Knowles Rd. Water Tower) as key factors in the preparation of the draft budget.
- 3) Outcomes of the budget process to this point include 18<sup>th</sup> year with no property tax, increased amusement and hotel tax, economic development participation by the Village, funding included for strategic plan initiatives, no personnel increases, continuing aggressive capital and infrastructure programs and maintaining a healthy General Fund balance in excess of the policy.

**Trustee Jacobs entered the meeting at 5:13 p.m.**

Muetz noted anticipated positive financial impacts on the horizon including the re-opening of KeyLime Cove as a Great Wolf Lodge, and potential new retailers anticipated in FY 2018/2019.

Finance Director Gosnell presented financial information related to:

- 1) Revenues across all funds:
  - a) Total Governmental Funds revenues are up 2.9m or 6.2%
    - i) Biggest changes are the General Fund up \$3.5m or 9.0%
    - ii) Capital Improvement fund up \$233k or 4.5%
    - iii) Bond Fund down \$858k or 41.7% due to debt service rolling off last year
  - b) Water & Sewer Fund up \$2.4m or 19.6% including the IEPA loan proceeds
  - c) Police and Fire Pension are up \$1.2m or 12%, primarily investment income. Director Gosnell noted the assumption for investment revenue is aligned with the assumption used by the independent actuary to calculate the Village's contribution of 7%.

- 2) Revenues across all funds by category increase \$6.6m or 9.4%
  - a) Taxes is the largest category at 44% of all revenues and is up \$2.9m or 9.4%, primarily in the General Fund due to the opening of Great Wolf Lodge and increases in Amusement and Hotel taxes
  - b) Charges for service is the second largest at 20% of all revenues and is up \$691k or 4.7% due to contractual arrangements for 911 and W&S fees
  - c) Investments & Contributions make up 15.3% of revenues and is up \$1.4m or 13.2% due to increases in pension investment income
  - d) Other sources makes up 10% and is up \$1.6m or 27.3% due to the IEPA loan proceeds for the Knowles Rd. Water Tower
  
- 3) Expenditures across all funds are anticipated to increase \$4m or 6.1%
  - a) Total Governmental Fund expenditures are up \$905k or 1.8%
    - i) General Fund is up \$2.5m or 6.4%,
    - ii) MFT is down \$850k as expenditures are zeroed out for this year and will be used next year
    - iii) Impact Fee Fund expenditures is up \$150k or 60%
    - iv) Bond Fund is down \$858k or 41.7%
  - b) Proprietary funds are up \$2.5m or 19.5%
    - i) Water & Sewer capital is up \$2.1m or 57.6% due to the Knowles Rd. Water Tower expenses
  - c) Fiduciary Funds are up \$633k or 17.3% due to additional Police and Fire pensioners
  
- 4) Expenditures by category across all funds:
  - a) Salary & Benefits is the largest category at 37% of all expenditures and is up \$867k or 3.4%
  - b) Contractual services make up 13% of expenditures and is down \$1m or 10%
  - c) Capital is also 13% and is up \$2.5m or 38.6% due to the Knowles Rd. Water Tower
  - d) Other Financing Uses makes up 10% of expenditures and is up \$1.4m or 24.9% due to the Great Wolf Lodge rebate, reserve for economic development and transfer to the Capital Improvement Fund.
  - e) Projected Surplus/Deficit by fund:
    - i) The General Fund has a projected surplus of \$87k
    - ii) MFT fund a projected surplus of \$885k, as no expenditures are budgeted this year
    - iii) Impact Fee fund a deficit of \$365k as we draw that fund down to offset capital projects related to sidewalks and SWM
    - iv) Cap Fund is drawn down by \$646k to maintain plan, may need to adjust a little next year pending surplus
    - v) Total Governmental Funds project a deficit of just \$35k
    - vi) Water & Sewer is drawn down by \$400k as planned in MYCP, includes first debt service and supplemental payment for IEPA loan
    - vii) Police & Fire Pensions budgeted at a large surplus of \$4.3m as investment returns are budgeted at 7%, and both funds are still growing, meaning more paying in than taking out
  - f) Projected April 30, 2019 fund balance by fund:
    - i) General Fund balance down slightly from May 1 2017, originally said flat, budgeted transfer of \$200k to Capital, over 60%
    - ii) MFT builds up to \$1m
    - iii) Capital is at \$716k, due to lower capital transfer and home rule sales tax, big discussion next capital plan
    - iv) W&S \$4.8m with the planned draw down of \$400k
  - g) General Fund revenues are up \$3.5m or 9.0% overall. Other information by category includes:
    - i) The General Fund is heavily reliant on taxes which account for 68.5% of General Fund revenues
    - ii) Taxes are increasing by 11.7% largely due to the addition of Great Wolf Lodge and adjustments to the Amusement and Hotel tax
    - iii) Licenses & Permits are down -\$106k or 7.7%, this is due to one-time revenues related largely to development in the way

- of building permit fees
- ii) Intergovernmental Revenue -\$87k or 2.8% due to Income and PPRT receipts
- iii) Charges for Service +\$355k or 5.8% due to Dispatch/Fire Contracts, Ambulance
- iv) Fines & Forfeitures +\$165k or 8.1% Red Light and Collections
- v) Investments & Contributions +\$128k or 69.1% Interest on Investments
- vi) Other Financing Sources – Flat

Director Gosnell discussed trends in the following major revenue sources in more detail:

- Sales Tax
- Amusement Tax
- Hotel/Resort Tax
- Food & beverage Tax
- Income Tax

- 1) General Fund Revenues by category are up \$2.5m or 6.4% and include:
- 2) Salaries & Wages +\$217k or 1.0%
  - a) COLA's, Staffing Changes account for \$216k
- 3) Employee Benefits +\$313k or 2.9%
  - a) Medical Insurance accounts for \$122k
  - b) Police/Fire/IMRF Pensions accounts for \$147k
  - c) FICA/RHS ER accounts for \$33k
- 4) Other Financing Uses +\$1.87m or 69.3%
  - i) GWL Incentive +\$2.17m
  - ii) Reserve for Econ Dev +\$300k
  - iii) Transfer to Capital +\$200k
  - iv) Alpha Media/Mills +\$31k (\$281 total)
  - v) Transfer to Debt Service -\$857k
  - vi) Park District Bonds Expire 12/15/20 (\$390k)
- 5) Personnel changes included in the Draft Budget:
- 6) Administration
  - a) Eliminate Vacant Finance Assistant II
  - b) Add Staff Accountant
  - c) Eliminate Vacant PT General Office Secretary (Final Budget)
- 7) Police
  - a) Eliminate Vacant Deputy Chief
  - b) Add Director of Support Services
  - c) Add Police Officer
- 8) Fire Department
  - a) Eliminate Vacant Deputy Chief
  - b) Eliminate Vacant PT Admin Secretary
  - c) Add Management Analyst
- 9) Net + 0 FTE's, Total 223.62

**Village Clerk Andy Harris arrived at 5:32 p.m.**

Director Gosnell presented financial information for the Administration Department of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Financial Software
  - b) Flood Response
  - c) East Grand Phase I
  - d) Great Wolf Incentive
  - e) Alpha Media
  - f) Pedestrian Mobility Plan
  - g) Business Events
  - h) Beerfest
- 2) FY 2018/2019 Initiatives
  - a) Further Economic Development Participation
  - b) East Grand Phase II
  - c) GPIC
  - d) Permitting Process Review
  - e) Business Events
  - f) Beerfest

Director Velkover presented financial information for the Information Systems Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Connections
    - Zion & BPFD Consolidation
    - Broadband Service Provider

- b) Data/Records Management  
MUNIS Implementation
- c) Facilities / Equipment  
Communications Remodel  
Police A/B Emergency Power  
Switches, Desktops, Laptops, Copiers, APs, Phone Sets  
IP Video Surveillance  
Structured Cabling
- 1) FY 2018/2019 Initiatives
  - a) Connections
    - i) WTHS Joint Fiber Project  
Zion Microwave Link  
LEADs Changeover
  - b) Data/Records Management  
Patient Medical Reporting  
Managed File Transfer  
CRM / Request Management
  - c) Facilities / Equipment  
Storage (SAN)  
Gurnee Mills Substation  
SCADA Lift Stations

Assistant to the Administrator Linehan presented financial information for the Public Information Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Launched the Village's mobile-friendly website
  - b) Major increase in Facebook presence (140% growth in FY18)
  - c) Migrated municipal code to an online format
  - d) Effective emergency communication during July 2017 Flood
  - e) Significantly increased online comment submission response rate
- 2) FY 2018/2019 Initiatives
  - a) Implementation of a citizen relationship management (CRM) software solution
  - b) Organization of a Communications Team to unite communicators Village-wide
  - c) Development of a Communications Strategic Plan & Branding Guide
  - d) Contingency plan for professional Public Relations firm

Director Gosnell presented financial information for the Contractual Obligations Division of the General Fund

Director Ziegler presented financial information for the Community Development Department Building Safety Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Initiated Comprehensive Land Use Plan Update
  - b) Updated Residential Building Permit Fees – Spring '18 Adoption
  - c) Oversaw nearly \$78 Million in private construction (up 14% over previous year)
- 2) FY 2018/2019 Initiatives
  - a) Complete Comprehensive Land Use Plan Update
  - b) Update of Building Codes to 2018 International Code Series
  - c) Update Commercial Building Permit Fees
  - d) Update and Simplify Code Enforcement Regulations

Trustee Ross inquired about the progress of Great Wolf Lodge, Director Ziegler noted the project is still on track for a July 1 opening.

Trustee Thorstenson inquired about the distinction between public and private construction value and the trend. Director Ziegler clarified the figure noted relates to private building permit construction value and is up 14% from the prior year.

Director Ziegler presented financial information for the Community Development Department Engineering Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Completed Design for Knowles Road Water Tower and CLCJAWA West Connection
  - b) Performed 400+ Flood Response Inspections and Provided Technical Assistance
  - c) Completed Magnolia/Belle Plaine Reconstruction Projects

- d) Completed Water System Reinforcement Projects
- e) Completed Welton Plaza Improvements
- 2) FY 2018/2019 Initiatives
  - a) Begin Construction of Knowles Road Water Tower with Associated Water System Improvements
  - b) Begin Highland Avenue Water/Sewer Project
  - c) 2018 Resurfacing Project Focusing on Almond Road and Belle Plaine
  - d) Providence Village Drainage Project

Mayor Kovarik inquired about final design for Almond and Dada, and the Providence Village drainage issue. Director Ziegler noted Almond and Dada is still under review, and Engineer Drabicki noted the initial inspections in Providence Village is complete and further information will be coming forward in the near future.

Trustee Balmes asked about the communication and feedback from the area around the Knowles Rd. Tower site. Engineer Drabicki noted there has been little inquiry from the public in the area. Mayor Kovarik noted the communications done thus far.

Police Chief Woodside presented financial information for the Police Department Administration Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Body Worn Camera program
  - b) Public Education Specialist position created & staffed
  - c) V.O.P. Staffing Increase
  - d) Part-Time CSO position
  - e) E-Citation options researched and plan postponed
  - f) Photo Red Light Enforcement: Washington W/B at Hunt Club
- 2) FY 2018/2019 Initiatives
  - a) Personnel restructuring
    - (1) Deputy Chief to Director of Support Services
    - (2) Additional police officer position to increase V.O.P.
  - b) Body Worn Cameras: Firearm Holster Sensors
  - c) FOP Contract (April 2019)
  - d) Photo Red Light Enforcement: Washington at Rte. 21
  - e) Gurnee Mills Sub Station?

Mayor Kovarik noted the status of the substation plan at Gurnee Mills, and the red light intersections proposed were included in the original plan.

Trustee Balmes inquired about whether the body cameras were activated when Tasers were drawn. Chief Woodside noted the body cameras were activated when drawing the Tasers, as well as in other scenarios.

Trustee Garner asked if the substation at Gurnee Mills was something that has been done before or was it the first. Chief Woodside noted he had not heard of any others, but would inquire.

Mayor Kovarik noted the desire of Gurnee Mills and the Village to increase the presence of the Village and security at the mall, to dispel some mis-information. She noted the Village has had a police presence at the Mall for a long time, just not at an in-line storefront.

Trustee Thorstenson expressed her support for the substation idea, and inquired about the communications plan for the new red light camera intersections. Chief Woodside noted the multiple ways of communication and the 30-day warning period.

Mayor Kovarik and Trustee Thorstenson proposed using the community meetings and neighborhood watch to communicate the red light camera process.

Police Chief Woodside presented financial information for the Police Department Communications Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Dispatch Remodel
  - b) Redundant Power Supply/UPS
  - c) 911 Dispatch Consolidation
    - (1) Beach Park Fire (May 2017)
    - (2) Zion Police/Fire (July 2017)

- d) ICOPS Collective Bargaining Agreement (May 2018)
- 2) FY 2018/2019 Initiatives
  - a) Future Partnership Opportunities
  - b) 911 Dispatch Consolidation
    - (1) Quad 1 / Gurnee Fire Radio System Reconfiguration
    - (2) Microwave Connectivity with Zion Police Department
  - c) Training of Communications Personnel

Trustee Jacobs inquired about the optimal size of future dispatch partners and if staff had a preference. Chief Woodside noted the Village's desire to meet with any potential partners but noted smaller Fire agencies would be an easier transition than a large Police Department due to the size constraints of the center.

Mayor Kovarik noted the Village's continued involvement in the County process to consolidate dispatch centers. Administrator Muetz outlined the status of the effort, and reiterated the Village's desire and limitation for future partners.

Trustee Balmes noted the financial commitment from the Village to be involved in the discussion at the County level in future consolidation efforts.

Fire Chief Kavanagh presented financial information for the Fire Department of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Placed in Service Ambulance 1345 and Heavy Rescue 1352
  - b) Hired and Trained Four Firefighter/Paramedics
  - c) Established a Firefighter Hiring Eligibility Roster
  - d) Created and Recruited a Fire Department Management Analyst Position
- 2) FY 2018/2019 Initiatives
  - a) Future Partnership Opportunities
  - b) 911 Dispatch Consolidation
  - c) Quad 1 / Gurnee Fire Radio System Reconfiguration
  - d) Microwave Connectivity with Zion Police Department
  - e) Training of Communications Personnel

Director Gosnell presented financial information for the Foreign Fire Division of the General Fund.

Public Works Director Rigwood presented financial information for the Streets Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) FY 18 Snow and Ice Control: 17 events, 2,742 tons of salt and 35,435 gallons liquid.
  - b) 225 LED street lights upgraded
  - c) 200 Traffic Control Signs upgraded
  - d) 1,008 Ash trees treated, 107 Removals & 120 Re-planted
  - e) 42 Storm Sewer basin repairs
- 2) FY 2018/2019 Initiatives
  - a) Revise Snow and Ice Control Plan for FY 19
  - b) Continue LED Street Light Upgrades
  - c) Traffic Control Sign inspection/upgrades
  - d) EAB Treatments, Removals & Re-planting
  - e) Storm Sewer basin inspections/repairs

Director Rigwood presented financial information for the Vehicle Maintenance Division of the General Fund and noted:

- 1) FY 2017/2018 Results
  - a) Replaced: 5 Police Squads, 2 Large PW trucks, 2 PW 1-Ton Trucks, Backhoe, Compact Track Excavator and Rolled Down 3 Vehicles to Comm. Dev.
  - b) Continue CFA data analysis in controlling repair costs
- 2) FY 2018/2019 Initiatives
  - a) Continue replacement & upgrades of Village vehicles/equipment
  - b) Continue CFA data analysis in controlling repair costs

Director Gosnell presented financial information for the Building Maintenance Division of the General Fund.

Director Gosnell presented financial information for the following funds and noted:

- 1) 121-911 Fund

- a) 5/1/18 Fund Balance \$0
  - b) NLCC-ETSB Pass-through
  - c) Quad 1 radio Changes \$175k
  - d) MDC's \$15k
- 2) 122-Motor Fuel Tax Fund
    - a) 5/1/18 Fund Balance Projection \$177k
    - b) Accrue Funds for 2019 Construction Season
  - 3) 123-Impact Fee Fund
    - a) 5/1/18 Fund Balance Projection \$1.56m
    - b) Transfer to Offset SWM and Sidewalk Capital \$400k
  - 4) 124-PD Restricted Revenue
    - a) 5/1/18 Fund Balance Projection \$100k
    - b) Offset Future PD Capital
  - 5) 131-Capital Improvement Fund
    - a) 5/1/18 Fund Balance Projection \$1.36m
    - b) 4/30/19 Fund Balance Projection \$716k
    - c) Non W&S Capital
  - 6) 141-Bond Fund
    - a) 5/1/18 Fund Balance Projection \$1.37m
    - b) Series 2011 Expires 12/15/22 (\$1.2m)
    - c) Park District Bonds Expire 12/15/20 (\$390k)
  - 7) 142-SSA#2 Fund
    - a) Hickory Haven Utility Extension Bonds
    - b) Expire 12/15/20
  - 8) 211-Gof Course Fund
    - a) No need for a reserve, Golf Course Operator has sufficient funds on hand. No capital expenditures budgeted for FY 2018/2019.
  - 9) 221-Water & Sewer Operating Account
    - a) 5/1/18 Fund Balance Projection \$5.2m
    - b) FY 2017/2018 Deficit \$317k
    - c) FY 2018/2019 Deficit \$400k
    - d) Planned Spend Down Until FY 2020/2021
    - e) \$450k Annually per MYFF
    - f) Multi-Year Rate Plan
    - g) 3% May 1, 2018
    - h) CLCJAWA Rate Adjustments
    - i) \$350k Meter Exchange
    - j) \$500k IEPA Loan Payment
  - 10) 223-Water & Sewer Capital Fund
    - a) Fund Balance Combined with 221
    - b) Knowles Rd. Tower \$4m
    - c) Other Capital \$1.7m
    - d) Hunt Club Watermain Replacement/Loop
    - e) Pickup Truck

Director Rigwood reviewed the following:

- 1) FY 2017/2018 Results
  - a) Completed Hydrant Painting Program – 5 Year Program
  - b) 10 Obsolete Hydrants Replaced
  - c) Flushed & Flow Tested 2,553 Hydrants
  - d) Inspected 203 Water Distribution Main Line Valve.
- 2) FY 2018/2019 Initiatives
  - a) Hydrant replacement program – Year 3
  - b) Hydrant Auxiliary Valve Exercising & Maintenance
  - c) Water Distribution Main Line Valve Inspection – Year 2
  - d) SCADA Upgrades to Sanitary Lift Stations

Director Gosnell reviewed the following Fund financial information:

- 1) 307-Police Pension Fund
  - a) Employer Contribution \$2.2m (+69k or 3.3%)
  - b) Employee Contributions \$988k
  - c) Investment Income \$3.2m
  - d) Budgeted Investment Returns at 7.0%
  - e) Contribution to Net Assets \$3.8m

- 2) 308-Fire Pension Fund
  - a) Employer Contribution \$1.81m (+72,623 or 4.2%)
  - b) Employee Contributions \$502k
  - c) Investment Income \$2.7m
  - d) Budgeted Investment Returns at 7.0%
  - e) Contribution to Net Assets \$3.3m
- 3) 411-NLCC-ETSB Fund
  - a) Gosnell noted the Fund is considered a component unit of the Village and the information presented was the latest available from the NLCC-ETSB Board.
  - b) Anticipated Expenditures include: PD Generator/UPS 50%, MDC Replacement, Supervisor Position buildout, Reserve for Capital

Director Gosnell reviewed the proposed FY 2018/2019 capital program noting:

- 1) Transportation System - \$3.2m
  - a) Almond/Belle Plaine/Longmeadow
  - b) Grand Ave. Concrete
  - c) East Grand Enhancements
- 2) Stormwater Management System - \$473k
  - a) Providence Village
  - b) Floodplain Acquisition
- 3) Buildings & Improvements - \$797k
  - a) Village Hall Roof
  - b) FS#1 Roof
- 4) Water & Sewer System – \$5.6m
  - a) Knowles Rd. Tower
  - b) Hunt Club Watermain
  - c) Almond Booster
  - d) Sanitary Sewer/Lift Stations
- 5) Vehicles & Equipment – \$1.6m
  - a) 4 Squads
  - b) Fire Engine
  - c) 2 Dump Trucks
  - d) 1 Pickup Truck
  - e) SAN Storage & Backup Equipment

Village Administrator Muetz concluded the presentation noting the next steps in the process would be to hold a Public Hearing on April 2nd and then formal approval of the Budget Ordinance at the regularly scheduled Board Meeting on April 2nd.

Mayor Kovarik and the Board thanked staff for their work in preparing the draft budget. Mayor Kovarik noted the budget process is made up of a series of meetings starting with the quarterly financial reports, Multi-Year Financial Forecast presentation in November, Multi-Year Capital Plan presentation in December and Draft Budget in March.

Administrator Muetz thanked staff for their efforts in preparing the draft budget.

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

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

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**Adjournment**

Mayor Kovarik adjourned the meeting at 6:41 p.m.

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**Andrew Harris,  
Village Clerk**