

These minutes were corrected by the Board of Trustees at its Committee of the Whole Meeting of November 26, 2012 Meeting as follows: Item 2.11, paragraph one, first line should read "Village Manager Burke thanked the Board....", Item 2.11, paragraph 6, first line should read "Village Manager Burke proceeded to review...."

2.1

MINUTES
SPECIAL COMMITTEE OF THE WHOLE BUDGET MEETING
Tuesday, October 30, 2012

Location: Village Hall, Community Room, One Olde Half Day Road, Lincolnshire, Illinois 60069

Present:

Trustee Brandt	Trustee Feldman
Trustee Grujanac	Trustee McDonough
Trustee Saltiel	Trustee Servi
Mayor Blomberg	Village Clerk Mastandrea
Village Manager Burke	Director of Public Works Hughes
Director of Community Development McNellis	Police Chief Kinsey
Director of Financial Systems Roelker	Village Attorney Simon
Village Treasurer Curtis	

Roll Call

Mayor Blomberg called the meeting to order at 7:00 p.m. and Village Manager Burke called the Roll.

ITEMS OF GENERAL BUSINESS

2.1 Finance & Administration

2.11 Workshop regarding Fiscal Year 2013 Budget (Village of Lincolnshire)

Village Manger Burke thanked the Board for their attendance at the meeting to review the proposed Fiscal Year 2013 Budget. Village Manager Burke also extended his appreciation to the Department Managers and members of the Village's executive team who provided great support in preparing the Fiscal Year 2013 Budget as a new Village Manager was transitioning into the organization. Village Manager Burke explained the purpose of the meeting is to review the proposed Fiscal Year 2013 General Fund revenues and operating expenditures. Village Manager Burke noted, if time permits, staff plans to review the proposed budgets for the Village's other funds. The other funds include: Motor Fuel Tax Fund, Police Pension Fund, Illinois Municipal Retirement Fund, Vehicle Maintenance Fund, Tax Increment Finance District, E911 Fund, Park Development and Special Service Area Funds.

Village Manager Burke noted several assumptions that went into the preparation of the Fiscal Year 2013 budget. These assumptions included fairly flat revenue projections, proposed 3% merit increases for Village non-union employees, which matches the planned increase for Patrol Officers as part of the second year of the current collective bargaining agreement. Village Manager Burke noted the proposed budget reflects no major changes in operations or services and reflects no new personnel.

Village Manager Burke explained the proposed General Fund revenues for Fiscal Year 2013 are expected to be \$10,703,800 and proposed expenditures in the General Fund are equal to \$11,603,200. The difference between expenditures and revenues is \$1,722,000 all of which is expected to come out of existing General Fund reserves. Village Manager Burke noted transfers from the General Fund/use of reserves contemplated in the Fiscal Year 2013 Budget consist of the following: \$903,100 transfer for Water & Sewer capital improvements; \$200,000 transfer to the Police Pension Fund to offset required increase in Village contributions; and \$187,300 in transfers from the General Fund for Water & Sewer debt service.

Village Manager Burke noted the proposed General Fund revenues reflect an increase of 5.1% over the current fiscal year. The majority of this increase is due to increased revenue from state sales tax, home rule sales tax, and room/admissions tax. Village Manager Burke explained General Fund expenditures reflect a modest 2.4% increase over the current year, which translates into an increase of \$173,000. Village Manager Burke noted prior to factoring in capital items requested for Fiscal Year 2013, the General Fund operating budget is balanced; however, the proposed budget does reflect using existing reserves for fund requested capital expenditures.

Village Manager Burke reviewed the projected General Fund Reserve Balance for Fiscal Year 2013 and noted the proposed budget anticipates \$9.6 million in reserves as of December 31, 2013. This exceeds the Village's target of holding one full year's operating and debt services expenses held in reserves.

Village Manager Burke proceeded to review each operating area with basic summary comments. Village Manager Burke noted expenditures across a majority of line items in the budget reflect no change or only a slight increase when compared to the current year. Village Manager Burke proceeded to provide a review of major changes in proposed expenditures for each area of operation in the General Fund.

General Fund Expenditures – Divisions

- A. Executive Services - No major change from the current year. Staff is proposed to be maintained at the current level; however, this division does currently have a vacancy in one of the Administrative Assistant positions.
- B. Finance - The proposed expenditures for this division are projected to increase slightly; 1.9% compared to Fiscal Year 2012. The proposed increase is largely due to increased wages contemplated as well as an increased amount of overtime. Overtime has increased in this area of operation due to the small staff size and the need to provide coverage for vacations and other time off.
- C. Legal – The proposed budget reflects a 3.1% increase over the current year. The increase is related to the Village Attorney’s slight increase, \$5/hour, and increase in charges for service. Village Manager Burke noted the Village Prosecutor expenses are projected to decrease due to changes in the number of days for the Village of Lincolnshire at branch court.
- D. Police – The Police Department Budget reflects an increase of 4.5% over the current year’s budget. This increase is largely related to an increase in payroll expenses. Village Manager Burke noted the Department is currently at full staffing, and the proposed budget does not reflect any change in personnel. Village Manager Burke noted major changes compared to the current year include: the addition of Professional Services in the amount of \$3,500 to pay for a shared T-1 line with the Village of Vernon Hills; increase in maintenance materials related to the Department’s use of tasers; and increase in Professional Development related to training for a new Sergeant, expected to be promoted in November.
- E. Community Development – The Community Development Department budget reflects an increase of 11.1% over the current fiscal year. The proposed budget reflects an increase in the contribution to Visit Lake County (Convention Bureau) from \$7,500 to \$15,000. The budget also reflects an increase in \$1,500 for membership in Lake County Partners. Other increases relate to increased allocation for Outside Services for potential Economic Development initiatives in the coming year, as well as an increase in professional services to permit Community Development planning staff to attend the National Planning Conference to be held in Chicago in 2013.

Trustee Brandt queried staff in how outsourcing building permitting processes/and plan reviews was going for the Community Development Department and whether the Village was seeing an increase in construction activity. Director of Community Development McNellis noted the outsourcing of permitting services has been successful and noted the department is witnessing a slight uptick in residential permitting activity.

A discussion regarding the potential backlog of foreclosed homes coming on the market early in the 2013 followed. Trustee Saltiel expressed his opinion stating the recovery of the real estate market from the economic downturn will be a long, 10-year, recovery

period. Trustee Feldman added, recently there has been more activity in the Lincolnshire residential market.

A discussion regarding the Community Development Department staffing followed. Director of Community Development McNellis indicated he felt the department was staffed appropriately to meet current demands.

- F. Insurance/Common Expenses – Village Manager Burke noted after three years of no increase in health insurance premiums, the premiums for the coming year are increasing by 6.5%; however, due to changes in staff demographics the overall health and dental insurance costs are expected to decrease in Fiscal Year 2013. Other major changes in the Insurance/Common Expense division of the budget include an increase of \$5,500 for an update to the financial systems software; increased charges for services for backing up the ever expanding Geographic Information systems data, and anticipated upgrades to several computer work stations.

Village Manager Burke explained an opportunity has come to the Village via the Municipal Partnering initiative to work cooperatively with several area municipalities to assess existing information technology system needs, benchmark against other municipalities, and possibly develop a plan for an information systems consortium similar in concept to the GIS Consortium. Village Manager Burke explained there are 14 communities contemplating partnering in this initiative and he recommends the Village of Lincolnshire participate. Village Manager Burke explained a technology system assessment, at an anticipated cost of \$8,100, will help the Village determine if its existing system configuration is appropriate and what opportunities there may be moving forward. Village Manager Burke expressed his opinion such an “audit” is warranted to confirm the system recommendations made annually by the Village’s long term information systems consultant. A discussion of the Village’s information systems needs and the possible technology review followed. It was the general consensus of the Board, the Village should join in this information systems partnering initiative to determine if existing resources are appropriate and what opportunities for working in collaboration with others may be available.

- G. Public Works Administration - There is a slight increase in the budget for Public Works Administration compared to the current fiscal year. There are no changes in personnel for Fiscal Year 2013; however, there is a change in full-time equivalent employee allocation related to the change in the Environmental Services Supervisor position to the Assistant to the Director of Public Works position.
- H. Public Works - Streets - The proposed budget reflects a 1.7% decrease compared to the current fiscal year. Village Manager Burke noted several expenses related to ongoing street maintenance needs have been moved out of the capital budget and are included in the operating budget for the coming year. A discussion regarding the Pavement

Management System results followed. It was reported, Village roads are generally in good shape and staff is planning to provide a presentation on the results of this pavement assessment at an upcoming meeting. Trustee Saltiel inquired if the Village should contemplate replacing asphalt pavement with concrete at certain high traffic intersections to help prolong street life and reduce wear and tear. Staff noted a slight decrease in salt purchase for the coming year due to the mild winter season during the early part of 2012 and excess salt in storage.

- I. Public Works - Parks & Grounds – Village Manager Burke reported this division reflects a modest .84% increase compared to the current fiscal year. Outside organization requests included in the budget for Fiscal Year 2013 include: \$20,000 to Lincolnshire Community Association for Fourth of July; \$2,500 to Lincolnshire Community Association for tree lighting; and \$8,000 to the Greater Lincolnshire Chamber of Commerce for the Taste of Lincolnshire event.

Trustee McDonough raised a question about the Village's treatment of ash trees affected by Emerald Ash Borer. Director of Public Works Hughes explained the Village's protocol for treating ash trees and noted the treatment is not used on all ash trees throughout the Village. Treatments are largely used only on larger trees in the Village parks and trees in "high profile" locations. A discussion of the Village's response to Emerald Ash Borer followed.

Director of Public Works Hughes noted, since the budget was completed, the Lincolnshire Community Association has requested Village assistance to improve access to electrical service at North Park along the various nature trails for the annual Boo Bash event. A discussion of providing electrical service in the natural areas or simply providing power to the North Park Pavilion followed. It was the consensus of the Board to request staff to bring back information at the next budget meeting on the cost of improving access to electrical service for Boo Bash at North Park.

A discussion regarding Lincolnshire Sports Association (LSA) fee reduction request followed. Director of Public Works Hughes recapped the discussion that took place among the Park Board when considering LSA's fee reduction request. A discussion of whether the Village should reduce the fee or simply make a contribution to LSA equal to the amount of the fee reduction followed. Trustee Saltiel expressed his opinion it is difficult to support a reduction in fees when LSA is not committing to pass the reduction on to participants.

A discussion regarding reducing fees versus making a contribution to LSA followed. Board members expressed concerns regarding holding LSA accountable if a reduction in fees is granted and the ability for the Board to track its support to LSA annually if participant fees are reduced compared to simply making an annual contribution. It was the consensus of the Board to discuss this item again at the next budget workshop meeting on November 5, 2012.

- J. Public Works – Environmental Services – This operating division budget reflects an increase of 2.8% compared to the current fiscal year. Major changes related to updating the Village’s tree inventory database and increased tree planting and removal in response to emerald ash borer.
- K. Public Works - Buildings - There is a small increase to complete an assessment of the Village Hall HVAC system. The cost of hiring an outside firm to complete this assessment is estimated to cost \$7,500. Other changes related to a new HVAC maintenance contract for the Public Works Facility, and combining all pond and swale maintenance expenses into one line item in this division’s operating budget.

Water and Sewer

- A. Water and Sewer Operating Fund - There is a 2.3% rate increase in water but not in sewer. The proposed increase results in an increase of \$0.10/1,000 gallons of water used. Lake County still has not completed its sewer rate analysis; however, staff does anticipate a rate increase from the County once the study is complete.
- B. Water and Sewer Operating - Operations - Operating costs are proposed to decrease by nearly \$20,000 in the coming fiscal year. The decrease is due to reduced personnel expenses.
- C. Water and Sewer Improvement Fund – The proposed budget contemplates connection fees for five single family homes in 2013 and one retail connection fee. The proposed budget reflects a transfer from the General Fund in the amount of \$1,090,400 for debt service (\$187,300) and capital improvements (\$903,100).

Other Funds

- A. MFT Fund – The proposed budget reflects \$400,000 in street resurfacing in 2013. Of this amount \$175,000 is proposed to come from Motor Fuel Tax Fund. Proposed roads for resurfacing include portions of Surrey Lane and the entire length of: Fallstone Drive, Fallstone Court, Buxton Court, Parton Court, Nottingham Lane, Mayfair Lane, and parking lots at Old Mill Park and the Old Mill Lift Station.
- B. Police Pension Fund – The recommended actuarial contribution for 2013 is \$1,052,000. This recommended contribution is 9.7% more than the contribution for Fiscal Year 2012. The proposed budget reflects an amount of \$200,000 transferred from the General Fund to offset this increase. As a result of the proposed transfer, the budget reflects an 11.3% decrease in the expected property tax levy required compared to Fiscal Year

2012.

- C. IMRF - Real Estate Tax - Revenues - The budget reflects an increase of \$21,600 or 2.7%. Increase is due to IMRF actuarial analysis and required contribution.
- D. Vehicle Maintenance Fund – The proposed budget reflects an increase in \$1,300 in expenditures compared to Fiscal Year 2012. Fuel costs are the biggest change in the budget.
- E. TIF Fund – The proposed budget reflects expenditures related to completion of the required site improvements as part of the real estate agreement. The budget also reflects debt payment in 2013 equal to \$2,872,600 compared to Fiscal Year 2012 debt payment of \$579,200. The General Fund is making an internal loan to the TIF fund to make remaining payment and complete site improvements. This interfund loan is expected to be paid back upon sale of remaining Village-owned properties.
- F. E-911 Fund - Revenues - Land Line and Wireless Surcharge have started to stabilize at approximately \$300,000/annually. This budget is largely unchanged from current year; however, could change depending upon the outcome of a study of alternate service delivery.
- G. Park Development Fund - The proposed budget reflects no activity for Fiscal Year 2013.
- H. Special Service Area 1A Fund - Illinois Department of Transportation (IDOT) completed the installation of the traffic signal at Route 22 and Westminster Way. IDOT has agreed to pay 100% of the cost of construction of the signal at this intersection. This change results in only minimal funds to be collected in Fiscal Year 2013 related to maintenance of the signal.

At the conclusion of the presentation, a discussion regarding Village contributions to Visit Lake County (Visitor Bureau) and Lake County Partners followed. It was the consensus of the Board to include funding for the Village's membership in Lake County Partners for Fiscal Year 2013 and increase the contribution to Visit Lake County from \$7,500 in Fiscal Year 2012 to \$10,000 and not \$15,000 as reflected in the draft budget.

A discussion of the potential development of the vacant parcel at the southeast corner of Milwaukee Avenue and Half Day Road followed.

Trustee Feldman raised a question asking if there were other alternatives to dispose of leaves collected during the annual fall program that would reduce program costs. Director of Public Works Hughes reported staff has looked into alternatives including hauling to local landscape companies; however, it was determined such an approach was not cost effective.

There being no further business to discuss, Mayor Blomberg noted there will be another

budget meeting on Monday, November 5, 2012 at 7:00 p.m.

ADJOURNMENT

Trustee Grujanac moved and Trustee Brandt seconded the motion to adjourn. The voice vote was unanimous and Mayor Blomberg declared the meeting adjourned at 9:22 p.m.

Respectfully submitted,

VILLAGE OF LINCOLNSHIRE

Barbara Mastandrea
Village Clerk