

**MINUTES  
COMMITTEE OF THE WHOLE MEETING  
VILLAGE OF VERNON HILLS  
MARCH 7, 2017**

President Byrne called the meeting to order at 7:16 p.m.

IN ATTENDANCE: President Byrne, Trustees Grieb, Hebda, Marquardt, Schultz, Koch, and Williams. A quorum was established.

Also present were: Village Manager Kalmar, Assistant Village Manager Carey, Chief Fleischhauer, Deputy Chief Davies, Finance Director Larson, Assistant to the Finance Director Bourdeau, Building Commissioner Atkinson, Public Works Director Brown, Attorney Brankin, and Recording Secretary Fischbach.

**1. APPROVAL OF COMMITTEE OF THE WHOLE MEETING MINUTES OF JANUARY 24, 2017**

Motion by Trustee Marquardt, second by Trustee Schultz, to approve the Committee of the Whole Minutes for the January 24, 2017.

Roll call vote:

AYES: 6 – Grieb, Hebda, Marquardt, Schultz, Williams, Koch

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

**2. PRESENTATION OF PROPOSED FY 2018 GOLF COURSE BUDGET AND MARKETING PLAN**

Ben Black, Kemper Sports and Gregg Roberts, General Manager, appeared before the board and presented their proposed budget for the coming season.

Motion by Trustee Schultz, second by Trustee Hebda, to approve the 2017 Golf Course Budget

Roll call vote:

AYES: 6 – Grieb, Hebda, Marquardt, Schultz, Williams, Koch

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

**3. BUDGET DISCUSSION**

1. Budget Overview (Introductory Section P. 13-20) - **The overall FY 2017-18 proposed expenditure budget is \$49,709,249, of which \$18,000,000 is budgeted for Melody Farm TIF-related Payments.** Total expenditures excluding TIF payments are \$29,981,074, which represents a 9.68% increase from the FY 2016-17 revised budget.

• **Total Budget – All Funds**

- Of the total expenditures, \$23,753,383 is for operations, representing a 2.37% increase over the current budget. \$2,486,091 is for debt in all funds, representing a 24.47% increase over the current budget and \$3,741,600 is for capital, representing a 75.5% increase from the current budget.
- Projected resources total \$50,531,334, which includes estimated bond proceeds of \$21,000,000. Excluding the bond proceeds, resources are projected to be \$29,531,334; an increase by 3.38% over the current budget.

- This is the first budget year for the Mellody Farm TIF District fund (*see section V*). Included in this budget is a developer distribution of \$18,000,000 per the redevelopment agreement, which is offset by an estimated \$21,000,000 in bond proceeds. The excess bond proceeds will fund interest payments on the bonds over the next three years, starting with an estimated debt service interest payment of \$500,000 to be made in FY 2017-18. For comparison purposes, total budget numbers used going forward will exclude the one-time Mellody Farm TIF payment and bond issue proceeds.
- **General Fund**
  - Anticipated General Fund revenues are \$22,956,350; an increase of \$825,540, or 3.7%, from the current budgeted level.
  - Budgeted General Fund expenditures (excluding sub fund) are \$23,245,397, an increase of \$1.59 million or 8.3% from the current budget.
  - The General Fund budget has a \$289,047 deficit before subtracting the Capital, Summer Celebration, Metra Station and DUI subfunds. This budget includes a one-time \$1,000,000 transfer of excess permit revenues generated by the Mellody Farm project to partially fund payments for the construction of outlots. As you recall, the Village must set aside funds that will be paid to Regency Centers (not to exceed \$2 million) upon the construction of two of the five outlot buildings.

This payment will complete the \$20 million in TIF assistance for Mellody Farm.

The General Fund also includes \$455,000 that has been budgeted into reserves to offset unplanned expenditures. Please note that the budget only includes salary increases that have been contractually agreed upon in the Collective Bargaining Agreement with Police Officers and Sergeants.

The collective bargaining agreement for Telecommunicators is recommended for approval on the March 7 agenda, while there are no increases included for the remainder of the employees, further discussions on salary & range adjustments for all employees will occur in the near future.

- The largest increase in the General Fund is the one-time, \$1 million transfer to the Mellody Farm TIF fund. It is estimated that an additional \$5,000 transfer will be required to the Mellody Farm TIF to account for any increment that may be generated in the coming fiscal year. This amount would be legally required because the Village does not levy a property tax.
- The budgeted amount for the required contribution to the Vernon Hills Town Center (VHTC) TIF District is budgeted at \$129,000, which is an increase of 2.38% from the FY 2016-17 revised budget.
- General Fund debt service is \$817,165, a 2.17% increase from this year, as a result of the first full year of debt payments coming due for bonds issued

in FY 2015-16. This amount does not include any debt payments for our TIF Districts.

- **All Other Funds**

- The total Capital Sub-fund budget is \$1,909,100, which represents a 43.33% increase from the FY 2016-17 budget. Of this amount, permanent improvements are \$1,851,100, which is a 57.94% increase from this year's level. Equipment is budgeted at \$58,000, which is a 63.75% decrease from last year.
- In the VHTC Tax Increment Fund, the overall budget has a projected surplus of \$249,274. The TIF surplus is needed to repay its loan to the Replacement Fund and to cover future principal payments on TIF debt.
- The Motor Fuel Tax (MFT) Fund is projected to receive \$686,660 in revenue and \$1,833,500 in expenditures, resulting in a \$1,146,840 deficit. Included in expenditures is \$1,000,000 for the FY 2017-18 Road Program. The large increase in expenditures in this fund is largely due to the commencement of the Lakeview/Fairway project. Please note that although IDOT requires that \$775,000 be budgeted for this project, after reimbursements, the net cost to the Village for this phase of the project will be \$85,000. Due to the uncertainty regarding the timing of reimbursement from IDOT, we have not included reimbursements in the budget at this time. In the meantime, MFT reserves will be utilized to cover excess expense in this fund.
- The Dispatch Center Fund is expected to see a slight decrease in revenues from anticipated decreases in wireless fees, which will be offset by scheduled increases in the Village's intergovernmental contracts to provide dispatch services. Of the \$2,629,057 budget, \$1,098,100 is funded by a General Fund transfer.
- The Replacement Fund is projected to receive \$278,217 in revenue and proposes \$158,000 in expenditures for equipment replacement, resulting in a \$120,217 surplus. Budgeted expenditures represent a 29.8% decrease from the prior year. Purchases in this fund vary from year to year based on replacement schedules and wear and tear on municipal vehicles.

2. **General Fund Revenues (P. 29-36) - The General Fund accounts for the vast majority of the Village services (Police, Public Works Community Development, Administration), and revenue is projected to be a total of \$22,956,350. This represents an increase of 3.73% above the FY 2016-17 budgeted levels. General Revenue Fund components include:**

- The Sales Tax economic incentive agreement between the Village and the developer of property has been paid in full resulting in approximately \$250,000 of additional annual revenue now being reflected in the Sales Tax account.
- The Village's Home Rule Sales Tax (HRST) is projected to decrease by 16.77% in the proposed budget. The HRST was approved to offset the terms of the Westfield/Hawthorn Mall economic incentive agreement, and revenue projections are shown net of rebate. This tax is currently running below projections for FY 16/17.
- The AMC Theater in Hawthorn Mall and AMC Showplace 8 continue to generate strong amusement tax revenues. Amusement Tax revenues for FY 16/17 are

running 7.8% above projections. For FY 17/18, we are projecting \$300,000 in amusement tax revenues.

- The local share of State Income Tax (LGDG) is expected to decrease by approximately 0.98% from the current year's budget. There have been several bills presented by the Illinois State Legislature to reduce or eliminate the local share of this revenue. Due to lack of direction from the State, we are not projecting any reduction in this revenue source at this time.
- License and Permit fees are projected to increase by approximately 130% from the prior year. The proposed budget number, \$1.445 million, is based on projected permit fees that will be generated this year from new construction and remodeling. The majority of this increase is attributable to the Melody Farm and Pulte developments. Due to this sharp increase in fees, an offsetting transfer of \$1 million has been budgeted from the General Fund to the new Melody Farm TIF fund to set aside a portion of the monies that must be paid to Regency Centers as required by the TIF Incentive Agreement, once construction of two of the developments' outlots has been completed. Pursuant to the Agreement, the total payout related to completion of the two (2) outlots is \$2 million. Please note that no permit fees have been included for the construction of the proposed Menard's retail store, as those are expected to be collected in the current year.

3. Police Budget (P. 37-74) - **The Police budget is \$11,067,780 which is a 2.64% increase from this year's revised budget.** Salaries and benefits are \$9,141,280 which is an increase of \$340,045 or 3.9% over the current budget. The budget does not include an estimate for cost of living increases to salaries for non-union employees, but does include increases for Sergeants, Officers and planned step increases that were previously approved as part of the prior year's budget. Contractual Services at \$403,740 are up 19.0%, while commodities at \$171,560 are down 5.5%. Equipment is budgeted at \$253,100 is up 20.8% or \$43,515. The Transfer to the Dispatch Center Fund is \$1,098,100, a decrease of 12.2% or \$153,250 from the current budget. This transfer is required to cover the difference between revenues and expenditures in the Dispatch Center Fund. Please note that the calculated transfer amount does not include any increase for bargaining unit member salaries. Once this contract is settled, this transfer will be increased to accommodate the additional funds needed.

Motion by Trustee Williams, second by Trustee Marquardt, approving the Police Budget in the amount of \$11,067,780 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

4. Dispatch Center Fund Budget (P. 75-88) - **The Dispatch Center Budget is \$2,623,291 or a 2.95% decrease from the current budget.** The Dispatch Center Fund revenues consist of land and wireless 911 revenues, intergovernmental customer dues and Village contributions. Land and wireless 911 revenues are budgeted at \$303,000. This is down \$39,500 from last year's projection. Dispatch service fees are \$1,084,457; up by \$120,897 from the current projection. This increase is due to anticipated increases in the Village's intergovernmental contracts. Salaries are \$1,394,594, an increase of 1.22% or

\$15,588 over the current budget. This primary reason for this increase over the original budget is due to step increases that were previously approved. Fringes are \$508,966, an increase of 8.7% over the current budget. Contractual Services are \$568,906, a decrease of 12.0% that is related to the elimination of 911 phone bills that are now paid by the Illinois State Police. Commodities are \$8,050, which is consistent with the prior year budget. Equipment is \$3,600, a decrease of \$97,000 or -68.14% as a result of the removal of one time equipment replacements in last year's budget. The General Fund contribution to this Fund decreased by \$153,250 from the current budget to \$1,098,100.

Motion by Trustee Marquardt, second by Trustee Williams, approving the Dispatch Center Fund Budget in the amount of \$2,623,291 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

5. **DUI and Drug Forfeiture Budgets (P. 89-92) - The budget for the DUI funds is \$16,500.** This budget is restricted to items associated with DUI enforcement. This expenditure and offsetting use of fund reserves may be used for the purchase of mobile printers to participate in Lake County's e-citation program. This fund is generated from revenues received for drug seizures and it can only be used for drug enforcement items.

Motion by Trustee Schultz, second by Trustee Williams, approving the DUI and Drug Forfeiture Budgets in the amount of \$16,500 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

6. **The Drug forfeiture budget is \$24,000.** This expenditure and offsetting use of fund reserves may be used for the purchase of mobile printers to participate in Lake County's e-citation program. This fund is generated from revenues received for drug seizures and it can only be used for drug enforcement items.

Motion by Trustee Williams, second by Trustee Hebda, approving the Drug forfeiture budget in the amount of \$24,000 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

7. **Fire and Police Commission Budget (P 93-96) -This budget is \$11,139, which an increase of \$289 over the current FY 2016-17 budget.** The budget has been increased slightly to reflect an increase in anticipated contractual services costs.

Motion by Trustee Williams, second by Trustee Hebda, approving the Fire and Police Commission Budget in the amount of \$11,139 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

8. Community Development Budget (P. 97-112) - **This budget is \$1,075,461, which is an increase of \$35,955 or 3.46% over the current budget.** Salaries are \$711,733, up \$2,281 or 0.32% over the current budget. Fringes are \$261,708, up by \$35,674 or 15.78%. Contractual Services are \$69,689, an increase of \$14,500, or 26.27%. Commodities are \$16,850, consistent with the current year, and Equipment is \$15,481, down by 51.59%. The majority of the decrease in the equipment budget is due to the removal of the purchase of field tablets for inspectors, which were rolled out this year as part of the implementation of the Munis permitting module.

Motion by Trustee Hebda, second by Trustee Marquardt, approving the Community Development Budget in the amount of \$1,075,461 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

9. Capital Sub-fund Budget (P. 113-122) - **This \$1,909,100 capital budget is an increase of 43.33% over the current budget.** The major expenditures proposed include:

Deerpath Culvert Repairs	\$ 300,000
Vernon Hills Park District's Kids Castle Contribution	\$ 100,000
Local Drainage Program	\$ 110,000
Huntington and Greggs Parkway Intersection Improvement	\$ 100,000
Aspen Drive and Route 60 Engineering	\$ 130,000
Replacement of Village's Cable Studio Equipment	\$ 82,000
Village Hall Public Meeting Room	\$ 350,000
Preventative Street Maintenance	\$ 205,000
Laschen Center Landscape Architect	\$ 50,000
Annual Sidewalk Replacement Program	\$ 50,000

Motion by Trustee Schultz, second by Trustee Marquardt, approving the Capital Sub-fund Budget in the amount of \$1,909,100 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None  
Motion carried.

10. Motor Fuel Tax Budget (P. 123-128) - **This budget is \$1,833,500 which is an increase of \$1,032,500 or 128.9% from the current budget.** This budget requires a \$1,146,840 deficit in the Motor Fuel Tax Fund. The budget funds the first phase of the Lakeview-Fairway intersection improvements, and the FY 2017-18 road program in New Century Town Manor Homes, Westwood and portions of Sycamore Street and Fairway Drive. As noted earlier, although IDOT requires that \$775,000 be budgeted for this project, after reimbursements, the net cost to the Village for this phase of the project will be \$85,000. Due to the uncertainty regarding the timing of reimbursement, reimbursements from IDOT have not been included in the budget at this time. In the meantime, MFT reserves will be utilized to cover excess expense in this fund.

Motion by Trustee Williams, second by Trustee Schultz, approving Motor Fuel Tax Budget in the amount of \$1,833,500 as presented.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 -None

Motion carried.

#### 4. ADJOURNMENT

Motion by Trustee Schultz, second by Trustee Marquardt, to adjourn the Committee of the Whole.

Roll call vote:

AYES: 6 - Marquardt, Koch, Grieb, Williams, Hebda, Schultz

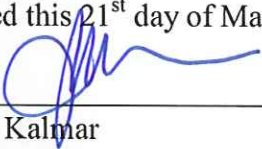
NAYS: 0 - None

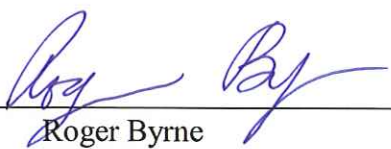
ABSENT AND NOT VOTING: 0 -None

Motion carried.

Meeting adjourned 9:57 p.m.

Approved this 21<sup>st</sup> day of March 2017

  
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John M. Kalmar  
Village Clerk

  
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Roger Byrne  
Village President