

**MINUTES
SPECIAL COMMITTEE OF THE WHOLE MEETING
VILLAGE OF VERNON HILLS
MARCH 14, 2017**

President Byrne called the meeting to order at 7:00 p.m. Roll call was taken

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

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

1. Motion to recess to closed session pursuant to the Open Meetings Act, Section 2(c)1 the appointment, employment, compensation, discipline, performance or dismissal of an employee. Motion by Trustee Williams, second by Trustee Marquardt, to recess into Closed Session.

Trustee Grieb arrived at 7:03 p.m.

Roll call vote:

AYES: 5 – Grieb, Hebda, Marquardt, Schultz, Williams,

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Koch

Motion carried.

Trustee Koch arrived for Closed Session at 7:05 p.m.

2. BUDGET DISCUSSION

1. Public Works Budget (P.135-176) - **The Public Works budget is \$5,357,953, an increase of \$341,182 or 6.8% from the original budget.** Public Works Salaries are \$2,111,532 which is an increase of \$9,037 or 0.43% from the current budget. Fringes are \$744,330, which is an increase of 6.37% from the current budget. Contractual services are \$1,301,015 which is an increase of \$207,582 or 19.51% more than the current budget. The main reason for the increase in the budget is the transfer of VHAC related expenses into the Public Works Department budget from the Resident Direct Benefit Fund, which has been eliminated for FY 2017-18. Commodities are \$926,390 which is an increase of \$83,860 or 9.95% increase from the current budget. Equipment is \$274,686 which is a \$3,900 or 1.4% decrease from the current budget.

Motion by Trustee Schultz, second by Trustee Williams, approving Public Works Budget in the amount of **\$5,357,953** as presented.

Roll call vote:

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

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

2. Replacement Fund Budget (P. 177-182) - **The Replacement Fund budget is \$158,000, a decrease of 84.45% from the FY 2016-17 budget.** The budgeted Replacement Fund contributions from the General Fund exceed proposed equipment purchases by \$120,217.

Motion by Trustee Hebda, second by Trustee Williams, approving Replacement Fund Budget in the amount of **\$158,000** as presented.

Roll call vote:

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

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

3. Resident Benefit Budget - **The Resident Benefit budget has been eliminated in the FY 2017-18 Budget. These expenditures have been absorbed into the Public Works Department and President & Village Board budgets.**

4. Community Events Budget (P. 183-190) - **The Events Fund is \$101,740, which does not contain an increase from the current budget.** This budget includes:

- a. \$8,900 for Arbortheater Events,
- b. \$4,500 for the Fishing Derby,
- c. \$43,700 for the Fourth of July, which is a 3.3% decrease,
- d. \$5,940 for the Pageant,
- e. \$13,700 for Summer Celebration Fireworks, and
- f. \$25,000 for Oktoberfest which is a 6.38% increase.

Motion by Trustee Schultz, second by Trustee Williams, approving Community Events Budget in the amount of **\$101,740** 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. Summer Celebration Budget (P. 191-198) - **The Summer Celebration budget is \$185,535, which represents an increase of \$14,475 or 8.46% from the current budget.** Revenue estimates are expected to remain stable. The increase in expenditures includes increases for entertainment, tent rentals and grease disposal costs. This budget draws down the Summer Celebration Fund balance by \$30,985.

Motion by Trustee Williams, second by Trustee Hebda, approving Summer Celebration Budget in the amount of **\$185,535** 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. General Purpose Budget (P. 199-202) - **The General Purpose budget is \$2,463,665, which is an increase of \$1,090,362 or 79.4% from the current budget.** The main

reason for this increase is the addition of the \$1,005,000 transfer to the Mellody Farm TIF District Fund, which is largely made up of a one-time \$1,000,000 transfer of excess permit revenues. Fringe benefits in General Purpose are up by 9.54% to \$57,500. This account is used to cover the health care costs of employees on pensions per legal stipulations or per ordinance. Contingency in this budget is \$455,000, a 15.19% increase from the current budget of \$395,000. The amount budgeted for transfers to the VHTC TIF fund is \$129,000, which is for the Village's statutorily required 10% match of the TIF revenues. This represents a 2.38% increase from last year's budget level.

Motion by Trustee Williams, second by Trustee Schultz, General Purpose Budget in the amount of **\$1,090,362** 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. Administration Budget (P. 203-228) - **The Administration budget is \$2,485,934, which is an increase of \$45,789 or 1.88% over the current budget.** Salaries are \$814,243 which is an increase of \$1,168 or 0.14% from the current budget. Fringes are \$240,094 which is a decrease of 1.74% from the prior year. Contractual services are \$1,325,052 which is an increase of \$38,964 or 3.03% over the prior year. Commodities are \$40,250 which is a decrease of \$8,500; or 17.44% more than the current budget. Equipment is \$66,295 which is an increase of \$18,400, or 38.42% more than the prior year.

Motion by Trustee Williams, second by Trustee Schultz, approving Administration Budget in the amount of **\$2,485,934** 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. Committees Budget (P. 229-234) - **The overall Committee budget is \$31,083, which represents a 0.67% increase over the current budgeted level.**

Motion by Trustee Williams, second by Trustee Schultz, approving Committees Budget in the amount of **\$31,083** 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. Judiciary Budget (P. 235-238) - **The Judiciary budget is \$527,500, which is a 7.05% decrease from the current budgeted level.**

Motion by Trustee Williams, second by Trustee Hebda, approving Judiciary Budget in the amount of **\$527,500** as presented.

Roll call vote:

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

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

10. President & Village Board Budget (P. 239-244) - **The President and Trustees budget is \$123,142 which is a 45.0% increase over the current budget.** The main reason for the increase in this budget is due to the transfer of the \$32,500 social services grant program into this budget from the Resident Direct Benefit Fund.

Motion by Trustee Schultz, second by Trustee Williams, approving President & Village Board Budget in the amount of **\$123,142** as presented.

Roll call vote:

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

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

11. Vernon Hills Town Center (VHTC) Tax Increment Fund Budget (P. 245-250) - **The VHTC Tax Increment Fund budget is \$1,170,726, which is a decrease of 2.39% from the current budget level.** In FY 2017-18 the Tax Increment Fund is projected to run a surplus of \$249,274. Revenues are projected to be \$1,420,000, which is 2.45% more than was projected for FY 2016-17. Included in those revenues is a \$129,000 General Fund contribution as required in the TIF statute. Included in the FY 2017-18 budget are a number of principal and interest payments. This reflects the second year of payments for the Series 2015B Bonds, which refunded the last remaining portion of the 2007 Alternate Revenue Bonds. Also included in debt service account is a placeholder for trustee fees to pay debt service on the refunded bonds.

Motion by Trustee Williams, second by Trustee Hebda, approving **The VHTC Tax Increment Fund budget** in the amount of **\$1,170,726** as presented.

Roll call vote:

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

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

Motion carried.

12. Melody Farm Tax Increment Fund Budget (P. 251-255) – **This is the first budget year for the Melody Farm Tax Increment Fund.** Revenues are projected to be \$22,055,000, which includes \$21,000,000 in bond proceeds, \$50,000 in projected tax increment and \$1,005,000 in transfers in from the General Fund. Included in the expenditures budget is \$18,000,000 in developer payments to Regency per the redevelopment agreement, and an estimated interest payment of \$500,000 for the upcoming 2017 bond issue, which will be funded from the bond issue. The remaining bond proceeds will be used to make interest payments on the bonds over the next three years, until property tax increment is generated from the development of the TIF site.

Motion by Trustee Hebda, second by Trustee Schultz, approving **Melody Farm Tax Increment Fund** in the amount of **\$18, 500,000** as presented.

Roll call vote:

AYES: 5 - Marquardt, Grieb, Williams, Hebda, Schultz

NAYS: 1 - Koch
ABSENT AND NOT VOTING: 0 - None
Motion carried.

3. ADJOURNMENT

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

Roll call vote:

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

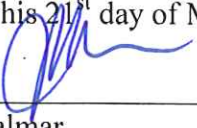
NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None

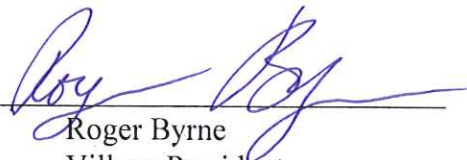
Motion carried.

Meeting adjourned 8:33 p.m.

Approved this 21st day of March 2017



John M. Kalmar
Village Clerk



Roger Byrne
Village President