

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

**BUDGET WORKSHOP #1: FISCAL YEAR 2017/2018 BUDGET**

**GURNEE VILLAGE HALL  
MARCH 6, 2017**

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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; Fred Friedl, Fire Chief; John Kavanagh, Deputy Fire Chief; Kevin Woodside, Police Chief; Saundra Campbell, Deputy Police Chief; Ellen Dean, Economic Development Director, Jack Linehan, Assistant to the Administrator

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**Roll Call**

**PRESENT: 6- Balmes, Hood, Wilson, Ross, Garner, Thorstenson**  
**ABSENT: 0- None**

Administrator Muetz presented information related to:

- The Village's financial planning and reporting process and where and how the budget fit into the process.
- Factors impacting this year's budget included recently approved incentive agreements, the temporary closure of KeyLime Cove, flattening major revenue sources such as sales tax, the potential impact of the State budget crisis and potential Federal fiscal policy.
- Goals in preparing the FY 2017/2018 budget included maintain health reserve levels, maintain service levels, continuing to invest in capital and infrastructure, keeping taxes and charges at a minimum and following through on the initiatives outlined in the Strategic Plan.
- Outcomes of the budget process to this point include no new taxes proposed, funding included for strategic plan initiatives, no personnel increases outside of the dispatch contract, continuing aggressive capital and infrastructure programs and maintaining a healthy General Fund balance in excess of the policy.

Mr. Muetz noted anticipated positive financial impacts on the horizon including the re-opening of KeyLime Cove as a Great Wolf Lodge, expiring debt service (Series 2009) and potential new retailers anticipated in FY 2018/2019.

Finance Director Gosnell presented financial information related to:

- The Planned use of reserves in the General Fund, Impact Fee Fund, Capital Improvement Fund and Water & Sewer Operating Fund.
- A change in budgeting methodology related to the anticipated investment returns in the Police and Fire Pension funds. Mr. Gosnell noted the assumption for investment revenue is now aligned with the assumption used by the independent actuary to calculate the Village's contribution.
- Revenues across all funds are anticipated to increase 8.8% including the Pension Funds, and 4.5% excluding the Pension Funds. Gosnell noted funds with large revenue variances versus the FY 2016/2017 budget. The primary drivers of the variances included the temporary closure of KeyLime Cove, lower grant funding for vehicles and equipment, water and sewer rate adjustments per the multi-year rate plan, anticipated IEPA Loan proceeds for the Knowles Rd. water tower, and the previously mentioned change in budgeting methodology for the Pension fund investments.
- Expenditures across all funds are anticipated to increase 4.7% including Pension Funds, and 4.6% excluding Pension Funds. Primary drivers for the variances from the FY 2016/2017 budget include increases in salaries and wages, medical insurance, pension contribution increases, and the addition of personnel related to the dispatch consolidation with the City of Zion.

- Revenues and expenses by category noting taxes make up 43.9% of all revenues and salaries and benefits account for 55.6% of all expenditures across all funds.
- The General Fund balance remains flat compared to the start of FY 2016/2017 with an anticipated surplus of \$953 thousand in FY 2016/2017 and an anticipated deficit of \$953 thousand in FY 2017/2018. Gosnell noted the fund balance will remain near \$24.9 million over that timeframe and is well above the fund balance policy of 35% of annual expenditures at approximately 68%.
- Fund balances remain strong in the Impact Fee Fund (\$1.56 million), Capital Improvement Fund (\$2.18 million), and the Water & Sewer Operating Fund (\$4.94 million)
- Personnel changes included in the proposed budget are:
  - Addition of a part-time customer service position in Administration
  - Moving a Fire Inspector into a Building Inspector role in Community Development
  - Additional seasonal help in Public Works
  - Movement of an existing Community Service Officer to dispatch being filled by part-time staff
  - Addition of 6 Communication Operator positions to accommodate the consolidation of dispatch with the City of Zion
- General Fund revenues are anticipated to increase \$626 thousand or 1.6%. Major impacts include the closure of KeyLime Cove, increased permit revenue, lower Income Tax and Personal Property Replacement Tax distributions from the State, additional charges for service revenue related to the Zion and Beach Park dispatching contracts, increased ambulance charges, increased red light camera fines due to additional approaches and approaches being on for the full-year, and small increases in investment income in anticipation of interest rate increases. Gosnell further noted the breakdown of General Fund revenues by category, and discussed major general fund revenues, sales tax, amusement tax, hotel/resort tax, food & beverage tax, and income tax in detail.
- General Fund expenditures are anticipated to increase \$1.59 million or 4.2%. Gosnell noted personnel accounts for nearly 80% of General Fund expenditures and the majority of the increase. Major impacts include salary adjustments, additional dispatch positions, increased in medical insurance, increased pension contributions, increased consulting services, red light camera fees. Gosnell noted decreases from FY 2016/2017 budget for snow and ice control, auto maintenance and fuel costs.

Mr. Gosnell noted several accomplishments and upcoming initiatives in the Administration Department including:

- Strategic Plan Progress Reports #1 & #2
- Website Update
- Financial Software Update
- Succession Planning
- East Grand Study
- Pedestrian Blue Ribbon Committee (BRC)
- Fiscal Contingency Policy
- Pension Funding Policy
- Gurnee Process Improvement Committee (GPIC) Kickoff
- Pedestrian BRC Recommendations
- Customer Relationship Management
- East Grand Enhancements
- Financial Policies Update
- Community Events
- Future GPIC Recommendations

Information Systems Director Chris Velkover spoke briefly about accomplishments and initiatives in the IS division including:

- Support of New Financial System Implementation
- FS1 <-> VH Fiber Design / Permitting with WTHS
- PW Field Data Collection (GIS)
- 2016 Server & Storage Prj
- 2016 Network Equip (VH)
- Wi-Fi & IP Camera Coverage
- Police Body Camera Support
- A/V Video Distribution
- Communications Remodel
- Zion Dispatch Consolidation
- Metro Ethernet Internet Connection
- Security - Phishing Training & Network Access Control
- FS1 <-> VH Fiber Implementation with WTHS
- 2017 Network Equipment (PW & FS1)

Assistant to the Village Administrator Jack Linehan presented accomplishments and initiatives in the Public Information division including:

- Keeping Posted
  - Continued Partnership
  - Rebranded for new colors
  - RFP Completed
- Social Media
  - Facebook from 650 likes to 1,600
  - YouTube Public Meetings
- New Website
  - Village-wide Project
  - Beta begins this week
  - Launch 4-8 weeks out
- Expand Keeping Posted Partners
- Gurnee Process Innovation Committee:
  - Customer Relationship Management
  - Current recommendation is for a software solution
  - Allows residents to submit a request to the Village, and track their request history
  - Decreases staff time required, increases customer service to residents

Mayor Kovarik asked for greater detail regarding the proposed Customer Relationship Management software.

Mr. Gosnell reviewed financial information for the contractual obligations and municipal building maintenance cost centers of the General Fund. Gosnell presented accomplishments and initiatives of the Community Development department including:

- Building and Planning Division
  - Began Scanning Archived Building Permit Files
  - Began Comprehensive Plan Update Contract
  - Successfully Hired New Associate Planner
  - Saw Significant Increases in Building Permit Quantity and Value
  - Increased Code Enforcement Presence with Additional Part-Time Officer (Contract)
  - Continue Estimated 4-Year Program to Scan and Archive Historical Building Permits
  - Complete Comprehensive Plan Update
  - Begin Adoption of 2018 Series Building Codes – 6 Year Cycle
  - Transition Fire Inspector into Building Division to Assist with Upcoming Inspection Demands
- Engineering Division
  - Finalized Design, Obtained Permits and Constructed Route 21 Sidewalk near Six Flags
  - Initiated Engineering Design Work on Knowles Road Water Tower
  - Completed Largest Roadway Reconstruction/Maintenance Program in Gurnee's History

- Complete Design, Finish Permitting and Financing for Knowles Road Water Tower
- Coordinate with JAWA Project to Locate, Permit and Construct Receiving Structure and Pump Station for New Secondary Water Connection
- Reconstruct/Realign the Old Grand Avenue and Emerald Avenue Intersection

Police Chief Kevin Woodside presented accomplishments and initiatives of the Police Department including:

- Administration
  - Body Worn Cameras
    - Deployed March 2017
  - Conducted Electrical Weapon
    - Deployment May 2017
  - Visitor Oriented Policing Team (V.O.P)
    - Officers assigned March 2017
  - E-citation
    - Research and Planning
  - Increased Community Meetings
  - Public Education Specialist
  - V.O.P. Full Deployment
  - Internship Program
  - E-Citation Deployment
- Communications
  - 911 Dispatch Consolidation
    - Research and Preparation
  - 911 Dispatch Consolidation
    - Beach Park Fire (May 2017)
    - Zion Police/Fire (July 2017)
    - Future Partnership Opportunities

Mayor Kovarik stated the efforts by staff related to dispatch consolidation are to be applauded.

Trustee Wilson stated he was pleased with where the Village is at with regards to dispatch consolidation. He continued by asking about current recruiting methods used by the Village as it relates to police officer recruitments.

**Trustee Balmes left the meeting 6:17pm**

Fire Chief Fred Friedl III presented accomplishments and initiatives of the Fire Department including:

- Placed in Service Ladder Truck 1331
- Implemented Target Solutions a New Training and Tracking Program
- Worked within the Fire Service Community to find Strategic Partners for Shared Dispatch Services
- Reviewed and Placed in Service Updated MABAS Emergency Response Cards
- Go Live with Electronic Patient Care Reporting
- Continue Strong Partnership with the WWFPD
- Partner with the Business Community to Provide Public Education Materials
- Place in Service a Grant Funded Heavy Rescue Squad and Fifth Advanced Life Support Ambulance

Mayor Kovarik asked for clarification on what purpose the Heavy Rescue fills. She also asked for more information on increasing the fleet to five ambulances, including how many Gurnee would be operating. Chief Friedl responded.

Public Works Director Tom Rigwood presented information on the streets and utility divisions accomplishments and initiatives including:

- Revised Snow and Ice Control Plan
- LED Street Light Upgrades
- Traffic Control Sign inspection/upgrades
- EAB Treatments, Removals & Re-planting
- Storm Sewer basin inspections/repairs
- Continue replacement & upgrades of Village vehicles/equipment
- Continue CFA data analysis in controlling repair costs

- Village fuel system inspection/clean-out

Trustee Wilson asked about the potential cost savings to the Village by switching to LED street lights. Director Rigwood responded.

Trustee Garner asked how much replacing a fire hydrant costs. Director Rigwood said approximately \$3200 for the equipment from the water main up.

Finance Director Gosnell presented information on the remaining Funds included in the FY 2017/2018 proposed budget, noting:

- The 911 Fund will be used as a pass-through fund to account for 911 related purchases and reimbursements from the new joint emergency telephone systems board. Anticipated revenues and expenditures are \$500 thousand.
- The Motor Fuel Tax Fund revenues are anticipated to be \$876 thousand and expenditures \$850 thousand. Gosnell noted the fund balance is approximately \$241 thousand and fund are restricted for use on roadways.
- The Impact Fee Fund revenues are anticipated to be \$48 thousand and expenditures \$250 thousand. The fund is transferring \$250 to the Capital Improvement Fund to offset the sidewalk and stormwater management upgrades.
- The PD Restricted Revenue Fund revenues are anticipated to be \$5 thousand with no expenditures. Administrator Muetz noted there may be a large revenue to this fund due to the sale of recently seized property being auctioned. Gosnell noted the use of funds is restricted to drug and DUI enforcement.
- Capital Improvement Fund revenues are anticipated to be \$5.12 million and expenditures \$6.12 million. Gosnell noted Village Engineer Drabicki will go over capital in more detail.
- The Bond Fund revenue is transferred from the General Fund to cover debt service on outstanding bonds and both revenues and expenditures total \$2.06 million. Gosnell noted the maturity dates on the Village's outstanding debt.
- The SSA#2 Fund accounts for the property taxes and debt service on the SSA#2 outstanding bonds and total \$42 thousand.
- The Golf Course Fund is sued to account for the contractual reserve of \$100 thousand required by the Village. Administrator Muetz noted the fund balance is sufficient to cover the contractual obligation and the Operators have sufficient reserves to cover unexpected expenses. There is no budget in the fund for FY 2017/2018.
- The Water & Sewer Operating Fund revenues are anticipated to increase \$638 thousand or 7.8%, due to a higher usage assumption and planned water and sewer rate increases. Expenditures are anticipated to increase \$679 thousand or 8.0% due to a larger transfer to the capital fund.
- The Water & Sewer Capital Fund accounts for capital programs related to the Village's water and sewer systems and is funded from a transfer from the Water & Sewer Operating Fund and impact fees. The proposed FY 2017/2018 budget includes a \$1 million revenue from an IEPA loan for the planning and begin construction of the Knowles Rd. water tower. The Total budget for the fund is \$2.03 million.
- The Police Pension Fund proposed budget totals \$2.4 million and accounts for the contributions and benefits for Police Pension participants and retirees. Gosnell noted the fund is increasing year over year as more participants are adding to the fund versus retirees drawing from the Fund. Employer contributions increased \$193 thousand or 9.9%. Gosnell also noted the change in budgeting methodology as it pertains to investment revenues.
- The Fire Pension Fund proposed budget is \$1.26 million and similar to the Police Pension Fund the fund is increasing year over year as more participants are adding to the fund versus retirees drawing from the Fund. Employer contributions increased \$38 thousand or 2.2%. Gosnell also noted the change in budgeting methodology as it pertains to investment revenues.

Village Engineer Scott Drabicki reviewed the proposed FY 2017/2018 capital program noting:

- The Transportation systems anticipates \$4.85 million in improvements that include enhancements to the East Grand corridor, sidewalk connections to the Rollins Savannah, and a road reconstruction and resurfacing program.
- The Stormwater Management System anticipates \$203 thousand in improvement including enhancing the wetlands at Bittersweet Golf Course.
- Building and building improvements are anticipating \$485 thousand in improvements including roof and furniture upgrades at Village Hall, the Police Department to accommodate the increased size of dispatch, installing women's facilities at Fire Station #1, and electrical and lighting upgrades to the Public Works facility that is partially grant funded.
- Water and sewer system improvements total \$2.86 million and include water and sewer main replacement and extensions, lift station improvements, and the start of the Knowles Rd. water tower.
- Vehicle and equipment purchases total \$2.7 million and include several technology upgrades, squad cars, ambulance, and dump trucks.

Village Administrator Muetz concluded the presentation noting the next steps in the process would be to hold a Public Hearing on April 3<sup>rd</sup> and then formal approval of the Budget Ordinance at the regularly scheduled Board Meeting on April 3<sup>rd</sup>.

Mayor Kovarik and the Board thanked staff for their work in preparing the draft budget.

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

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

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**Adjournment**

Mayor Kovarik adjourned the meeting at 6:44 p.m.

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**Andrew Harris,  
Village Clerk**