

**MINUTES
SPECIAL COMMITTEE OF THE WHOLE MEETING
VILLAGE OF VERNON HILLS
MARCH 13, 2018**

- I. Village Manager Kalmar called the meeting to order at 7:03 p.m.
- II. Roll call indicated the following Board Members present: Trustees Marquardt, Koch, Hebda, Schultz and Oppenheim. President Byrne and Trustee Takaoka were absent. A quorum was established.

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

Motion by Trustee Schultz, second by Trustee Hebda, to appoint Trustee Koch as President Pro Tem until President Byrne arrives or for the duration of the meeting.

All in favor vote.

Motion carried.

- III. The Pledge of Allegiance was given.
- IV. Citizens Wishing to Address the Board

1. PRESENTATION OF THE FY 2018-19 PROPOSED BUDGET (STAFF)

- A. General Purpose Budget (P. 213-218) - **The General Purpose budget is \$1,743,260, which is a decrease of \$367,224 or 17.4% from the current budget.** Contingency in this budget is \$350,000, an increase from the current revised budget of \$104,625. Debt payments in the General Fund have increased by \$334,395. As previously mentioned, this increase is due to the higher debt payments coming due on the Village's 2005 GO Bonds. These bonds will be paid off in FY2021.

The amount budgeted for transfers to the VHTC TIF fund is \$130,000, which is for the Village's statutorily required 10% match of the TIF revenues. This represents a 0.8% increase from last year's budget level. The amount budgeted for transfers to the Melody Farm TIF fund is \$5,000, which is a placeholder for the Village's statutorily required 10% match of the TIF revenues. This is consistent with last year's budget level and is estimated to accommodate a matching contribution for any increment received in the coming year.

Fringe benefits in General Purpose are up by 95.1% to \$106,700. This account is used to cover the health care costs of six (6) retired or former employees on pensions per legal stipulations (PSEBA) or per ordinance. This account assumes that benefits will increase approximately 12% as a result of the December renewal, which is assumed based on current plan utilization and is consistent with what has been experienced over the past five years of renewals. Village-wide, the budget includes \$1.7 million for health insurance, which is a significant portion of the operating budget. As previously mentioned, staff will be conducting a formal procurement process in the coming year to identify additional ways to reduce costs in this area.

Motion by Trustee Schultz, second by Trustee Marquardt, to approve the General Purpose Budget in the amount of **\$1,743,260** as presented by FD Larson.

Roll call vote:

AYES: 5 – Koch, Marquardt, Hebda, Schultz, Oppenheim

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

- B. Administration Budget (P. 219-242) - **The Administration budget is \$2,701,630, which is an increase of \$164,121 or 6.5% over the current budget.** Salaries are \$925,195 which is an increase of \$80,555 or 9.5% from the current budget. The main reason for this increase is the proposal to add an accountant position to handle food and beverage and packaged liquor returns, should the Board elect to implement those sources of revenue. Also included in this increase are step increases for those employees that are still eligible for movement on the Village's current pay plan. Fringes are \$289,323 which is an increase of 5.0% from the prior year. Commodities are \$40,650 which is an increase of \$400; or 1.0% more than the current budget. Equipment is \$46,600 which is a decrease of \$19,695, or 29.7% less than the prior year.

Contractual services are \$1,399,862 which is an increase of \$88,942 or 6.8% over the prior year. The main reason for this increase is for a Village-wide scheduling software system and an increase to the Information Technology Support Hours budget. Also included in the contractual services are premiums for the Village's Property, Casualty/Liability and Workers Compensation insurance. Budgeted at \$667,700, this amount assumes a 13.5% premium increase, which is based off of an average of previous renewal years and current utilization of the plans.

President Byrne arrived at 7:15pm.

Motion by Trustee Schultz, second by Trustee Koch, to approve the Administration Budget in the amount of **\$2,701,630** as presented AVM Carey and FD Larson.

Roll call vote:

AYES: 5 - Marquardt, Koch, Oppenheim, Hebda, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

- C. Committees Budget (P. 243-250) - **The overall Committee budget is \$36,408, which represents a \$480, or 1.3% increase over the current budgeted level.** This budget has been increased slightly to accommodate FICA expense paid as part of approved compensation for committee members.

Motion by Trustee Schultz, second by Trustee Marquardt, to approve the Committees Budget in the amount of **\$36,408** as presented by AVM Carey.

Roll call vote:

AYES: 5 – Koch, Hebda, Oppenheim, Schultz, Marquardt

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

- D. Judiciary Budget (P. 251-256) - **The Judiciary budget is \$449,000, which is a 5.3% decrease from the current budgeted level.** This budget includes amounts that are anticipated for legal counsel for government affairs, labor issues, and prosecution. Also included in this budget is a \$20,000 estimate for anticipated legal expenditures related to the Village's Administrative Adjudication process.

Motion by Trustee Hebda, second by Trustee Koch, to approve the Judiciary Budget in the amount of **\$449,000** as presented by AVM Carey.

Roll call vote:

AYES: 5 – Koch, Marquardt, Hebda, Oppenheim, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

- E. President & Village Board Budget (P. 257-262) - **The President and Trustees budget is \$619,242 which is a \$493,600, or 392.9% increase over the current budget.** The main reason for the increase in this budget is due to the placeholder of \$500,000 to be used towards a possible contribution to District 73 for improvements related to the proposed Kindergarten Center expansion. A possible contribution option consists of a \$200,000 donation and a \$300,000 loan which would be reimbursed back to the Village. These funds would be utilized for the construction of the proposed Phillip Road access drive and the Aspen Drive access drive and bus parking lot. Staff is seeking direction from the Board on this item.

President Byrne directed that the charity golf event line item be increased by \$2,000 to total \$5,000.

Motion by Trustee Schultz, second by Trustee Hebda, to approve the President & Village Board Budget in the amended amount of **\$621,242**, subject to change based on additional input with regard to social service grants, as presented by AVM Carey.

Roll call vote:

AYES: 5 – Koch, Hebda, Marquardt, Schultz, Oppenheim

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

- F. Vernon Hills Town Center (VHTC) Tax Increment Fund Budget (P. 263-270) - **The VHTC Tax Increment Fund budget is \$1,312,921, which is an increase of 12.2% from the current budget level.** In FY 2018-19 the Tax Increment Fund is projected to run a surplus of \$118,079. Revenues are projected to be \$1,431,000, which is 0.8% more than was projected for FY 2017-18. Included in those revenues is a \$130,000 General Fund contribution as required in the TIF statute. Included in the FY 2018-19 budget are a number of principal and interest payments. Also included in debt service account is a placeholder for bank trustee fees to pay debt service on the refunded bonds. The entire increase in expenditures for this fund is related to the increase in annual bond payments issued for this TIF District. As the Board may recall, original 2007 bond issue contained a balloon payment at the end of the TIF District that has subsequently been refinanced into annual payments. This refinancing created a savings in interest costs by paying the debt down faster, but also causes the annual debt payments to rise.

Motion by Trustee Schultz, second by Trustee Marquardt, to approve the VHTC Tax Increment Fund budget in the amount of **\$1,312,921**, based on the current status of this TIF district, as presented by FD Larson.

Roll call vote:

AYES: 5 – Koch, Marquardt, Hebda, Oppenheim, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

- G. Mellody Farm Tax Increment Fund Budget (P. 271-278) – **The Mellody Farm Tax Increment Fund budget is \$648,108, which is a decrease of 96.5% from the current budget level.** The major reason for the decrease in this fund is the elimination of the \$18 million line item that was included for developer payments in the current year budget. Revenues are projected to be \$648,108, which includes \$50,000 in projected tax increment, \$5,000 in transfers in from the General Fund and \$593,108 in fund reserves. As the Board may recall, these fund reserves were accumulated from the 2017 General Obligation Bond issue, and will be utilized to make debt interest payments on these bonds during the first three years of construction. Included in the expenditures budget is \$648,108 for interest payments on the 2017 bond issue.

Motion by Trustee Schultz, second by Trustee Marquardt, to approve the **Mellody Farm Tax Increment Fund** in the amount of **\$648,108** as presented by FD Larson.

Roll call vote:

AYES: 5 – Koch, Hebda, Marquardt, Schultz, Oppenheim

NAYS: 0 - None

ABSENT AND NOT VOTING: 1 - Takaoka

Motion carried.

2. SOCIAL SERVICE GRANTS (TRUSTEE HEBDA AND FD LARSON)

2017/18

AMOUNT

APPROVED

PER

ORDINANCE

2017-029

2018/19

REQUEST

APPROVED

FOR FY

18/19

NON-PROFIT AGENCY

\$5,000	\$5,500	\$5,500	A Safe Place/Lake County Crisis Center
\$2,500	\$2,500	\$2,500	Community Alliance Project (CAP)
\$2,500	\$2,500	\$2,500	Serenity House of Libertyville
\$5,000	\$5,000	\$5,000	Youth & Family Counseling
\$5,000	\$5,000	\$5,000	PADS Emergency Shelter and Supportive Services University of Illinois
\$1,000	\$1,500	\$1,000	Lake County Extension Girl Scouts of Greater Chicago & Northwest Indiana(GSGCN)
\$1,000	\$1,000	\$1,000	Vernon Hills Gathering Place (local office)
\$3,500	\$4,500	\$1,000	Fresh Start of IL, NFP
\$2,000	\$2,000	\$2,000	Lake County Center for Independent Living

\$6,000	\$7,500	\$7,500	CASA(Court Appointed Special Advocates for Children)
\$1,500	\$1,500	\$1,500	Senior Issues Etc.
TOTAL	TOTAL		
\$35,000	\$38,500	\$34,500	
FROM POLICE BUDGET			
\$14,000	\$14,700	\$14,700	Omni Youth Services

Motion by Trustee Schultz, second by Trustee Marquardt, to approve the 2018-19 Social Grants in a total amount of \$34,500 as outlined above.

Roll call vote:

AYES: 5 – Koch, Hebda, Marquardt, Oppenheim, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 1- Takaoka

Motion carried.

3. ADJOURNMENT

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

Roll call vote:

AYES: 5 – Koch, Hebda, Marquardt, Oppenheim, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 1- Takaoka

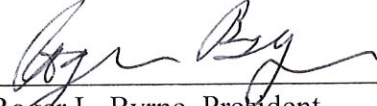
Motion carried.

Meeting adjourned 7:43p.m.

Approved this 21st day of March 2018



 John M. Kalmar, Village Clerk
 Acting



 Roger L. Byrne, President