

**MINUTES**  
**SPECIAL COMMITTEE OF THE WHOLE MEETING**  
**VILLAGE OF VERNON HILLS**  
**MARCH 11, 2008**

IN ATTENDANCE: President Byrne called the meeting to order at 7:20 p.m. The following Trustees were present: Koch, Marquardt, Schultz, Schwartz and Williams. Trustee Hebda was absent.

Also present were Village Manager Allison, Assistant Village Manager Kalmar, Finance Director Nakrin, Chief of Police Fleischhauer, Village Engineer Brown, Building Commissioner Atkinson and Village Clerk Pelletier.

**1. FY2008/09 BUDGET DISCUSSIONS.**

**A. Budget Overview and General Revenues.**

Village Manager Allison stated the economy was soft and staff had prepared a cautionary budget not knowing the status of the Streamlined Sales Tax issue to be discussed in Springfield the beginning of April. Staff had been reduced by one employee since last year, with total staff reduction of sixteen since 2002. Public Works continued to contract out services. Additional expenditures for the year would include the Road Rehab projects and the Springfest and the 50<sup>th</sup> Anniversary of Vernon Hills events. Future staffing would be reviewed over the next year.

Finance Director Nakrin stated revenues were not optimistic, with sales tax revenues down \$460,000. The overall General Fund FY2008-09 budgeted expenditures (including subfunds) were increased by 8.6% from FY2007-08, with operations increased by 5.6% to \$18,759,802, debt service increased by 0.3% to \$1,621,800 and permanent improvements increased by 97.1% to \$1,485,000. Permanent improvements were \$731,686 more than the original FY2007-08 budgeted level, and due to amendments to the FY2007-08 budget, the FY2008-09 level was \$14,186 more than the current FY2007-08 revised budget. The FY2007-08 original budget did not project a draw down of the fund balance, and higher capital program expected. The FY2008-09 budget was based on a \$606,761 draw down of the General Fund balance. With some budget items not being expended, it could be anticipated the results would be better. The FY2008-09 expenditures for all funds were budgeted to increase 21.2% from FY2007-08 to \$26,325,906. Budgeted operations were increased by 4.78% to \$18,770,998. Budgeted debt service was increased by 0.6% to \$1,765,604. The budgeted capital was increased by 181.1% to \$5,789,304 and was based on \$2,250,000 for TIF infrastructure; a 49.7% increase in the MFT road program to \$1,450,000; the General Fund capital growth as mentioned; and \$360,000 for the VHAC.

The FY2008-09 VHAC fund had not been actively budgeted since the issuance of the 2001 VHAC bonds. The VHAC Fund would be reactivated as a budgeted fund to account for the repayment of the \$1.3 million loan made to District 128 to assist them in the construction of their fields on the VHAC. No further principal payments were due until September 1, 2010, with the District 128 prepaying some of its debt every year. The School District had prepaid \$149,376, which \$118,596 exceeded the deficit in the fund. The Village would use this fund to pay for the \$360,000 of VHAC related capital approved at the 12/17/2007 Committee of Whole. The Replacement Fund would provide for the replacement of existing vehicles, which roughly equaled the Village fleet's value of depreciation inflated by the CPI. The FY2008-09 replacement reserve had increased from FY2007-08 by 12.7% to \$2,365,000.

The lack of growth in non CDW sales tax had caused the Village to miss its projection for FY2007-08 by a substantial amount. The non CDW sales tax was projected at \$9,436,000 and was short by \$486,000. With the assumption of a 3% growth and the projected 5/1/08 opening of Lowes at

\$425,000, the FY2008-09 non CDW projection was \$9,618,000, 1.9% over FY2007-08 projection. The Electric Utility Tax achieved a 10% growth in FY2007-08 relative to the FY2006-07 projection and we missed our projection in FY07-08 by 4% to 5%. Assuming a 3.2% reduction from the FY2007-08 projection, the Electric Utility Tax projection would be down to \$1,560,000 in FY2008-09. The FY2007-08 projection for the telecommunications tax was pessimistic, with large fluctuations and rapid growth. The rate increase 2 years ago, when the telecommunications tax was averaging \$95,000 a month was running about 44% higher, with an average of \$137,000 a month. To catch up with this growth, the FY2008-09 budget was projected at \$1,705,000 (or \$142,000 a month) for this revenue source, or a 28.9% increase from the FY2007-08 projection. The economic downturn and slow down in development had affected licenses and permits, decreased by 9.2% to \$873,600. Engineering review and inspection fees were decreased by 23.1% to \$250,000. General Fund revenues (including sub funds) were increased by 3.9% in FY2008-09 from FY2007-08 levels.

**B. Police Budget.**

The FY08-09 Police budget was increased by 4.68% to \$8,905,568 from last year's level. Salaries for FY08-09 were increased by 4.89% to \$6,007,155; fringes were increased by 8.16% to \$2,023,323; contractual services were increased by 8.83% to \$473,050; commodities were increased by 0.98% to \$200,710; and equipment was increased by 27.14% to \$201,330. Additional items to be budgeted were the Taser Program at \$12,000; Fitness Equipment at \$3,000; Operation "Welcome Home" at \$2,000; the Civil Defense Siren Upgrades at \$4,000; and the Digital Video Recorder at \$9,000. Staff was directed to review the Phase 2 work at the Communication Center for the completion of additional washroom. Motion by Trustee Williams, second by Trustee Schultz to approved the Police Budget at \$8,905,568. Roll call vote:

AYES: 5-Schultz, Schwartz, Williams, Koch, Marquardt

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried.

**C. 911 Budget.**

The 911 Budget was at \$379,550, of which \$227,690 was a transfer to the General Fund for 911 support in the Police Department and \$135,000 was for establishing reserves for future equipment and contracts. The budget was 22.5% more than last year's budget to cover the equipment purchased for the Communications Center. The 911 Fund was in a better position to fund services received for the 911 system. Motion by Trustee Schultz, second by Trustee Koch to approved the 911 Budget at \$379,550. Roll call vote:

AYES: 5-Schwartz, Williams, Koch, Marquardt, Schultz

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried.

**D. Drug Forfeiture Budget.**

The Drug Forfeiture budget was \$3,000 and based on revenues received for drug seizures can only be used for drug enforcement items. The Manager's budget referenced \$2,000. Motion by Trustee Williams, second by Trustee Marquardt to approve the Drug Forfeiture Budget at \$2,000. Roll call vote:

AYES: 5-Williams, Koch, Marquardt, Schultz, Schwartz

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried.

**E. DUI Budget.**

The DUI Budget was \$0 and restricted to items associated with DUI enforcement. No monies were budgeted for this fund.

**F. Fire and Police Commission Budget.**

The Fire and Police Commission Budget was reduced by 77.22% from \$9,829 to \$2,900. There would be no hiring list established until late spring of 2009 for police officers. Motion by Trustee Koch, second by Trustee Williams to approve the Fire and Police Commission Budget at \$2,900. Roll call vote:

AYES: 5-Koch, Marquardt, Schultz, Schwartz, Williams

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried.

**G. Public Works Budget.**

The Public Works budget was increased by 10.53% to \$4,411,601 from last year's original budget. Salaries were increased by 7.99% to \$1,605,568; fringes were increased by 9.30% to \$465,922; contractual services were increased by 9.47% to \$1,242,449; commodities were increased by 9.47% to \$696,127; and equipment was increased by 37.36% to \$401,535. Additional expenditures were a CarteGraph Software System; contractual services for snow removal and street sweeping; snow removal tractor and truck lift for >20,000 vehicles; replacement of PW vinyl tile; re-staining of cedar siding, replacement of bollard lights and pond aerator at the Village Hall; parkway trees; de-icing chemicals; replacement of baseboard heaters, internal clock mechanism, fare boxes and upgrade of electrical panel at the Metra Station; a 35,000 GVW truck; and the VHAC grounds and field maintenance. Trustee Schultz requested staff to research leaf removal program and the landscaping at the Village Hall pond. Motion by Trustee Schultz, second by Trustee Koch to approved the Public Works Budget at \$4,411,601. Roll call vote:

AYES: 5-Marquardt, Schultz, Schwartz, Williams, Koch

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried.

**H. Resident Benefit Budget.**

The Resident Benefit budget increased by 5.07% to \$707,740 from last year's original budget. The components of the budget included an increased of 5.00% to \$336,000 for recycling and waste pick up; grants were the same level at \$37,200; VHAC maintenance was increased by 7.67% to \$264,540; and the Reverse Communication remained at \$20,000; and the YMCA payment remained at \$50,000. Motion by Trustee Koch, second by Trustee Marquardt to approve the Resident Benefit Budget at \$707,740. Roll call vote:

AYES: 5 Schultz, Schwartz, Williams, Koch, Marquardt

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried.

**I. Replacement Fund Budget.**

The Replacement Fund budget was increased by 0.12% to \$2,520,000. Equipment purchases were decreased by 62.92 % to \$155,000 and the reserves for future equipment purchases were increased by 12.67% to \$2,365,000. Motion by Trustee Koch, second by Trustee Schultz to approve the Replacement Fund at \$2,365,000 for one dump truck and one automobile for PW. Roll call vote:

AYES: 5-Schwartz, Williams, Koch, Marquardt, Schultz

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried

2. **ADJOURNMENT.**

Motion by Trustee Marquardt second by Trustee Williams approval to adjourn the Committee of the Whole meeting. Roll call vote:

AYES: 5-Williams, Koch, Marquardt, Schultz, Schwartz

NAYS: 0-None

ABSENT: 1- Hebda

Motion declared carried

Meeting adjourned at 9:10 p.m.

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Linda Pelletier, Village Clerk

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Roger L. Byrne, Village President