

**CHANNAHON VILLAGE BOARD
SPECIAL BOARD MEETING
March 9, 2019**

VP Moorman Schumacher called the meeting to order at 8:30 a.m. and led the Board in the Pledge of Allegiance.

Roll call was taken with Trustees Greco, Host and McMillin present. Trustees Perinar, Scaggs and Slocum were absent.

Also present were Village Administrator Thomas Durkin, Director of Community Development and Information Systems Mike Petrick, Finance Director Heather Wagonblott, Director of Public Works Ed Dolezal, Chief of Police Shane Casey and Village Clerk Kristin Hall. Village Attorney Dave Silverman was not in attendance.

Public Comment

2019-2020 Proposed Budget

Finance Director Heather Wagonblott thanked everyone for joining us for the fiscal year 2020 budget workshop. She stated the focus of the meeting was to discuss in detail the proposed 2019-2020 budget for each of the Villages funds (General, Special Revenue, Capital and Utility). She stated she is pleased to report that Village staff has prepared a balanced budget for review and discussion today. She stated over the past few years, the Village has been fortunate to experience growth in revenue. She stated the revenue growth has occurred without increasing the annual property tax rate or the institution of any new taxes to residents. She also stated the Village has also pursued diversification of the property tax base by approving non-residential development in an effort to stabilize the tax rate to residents. She stated services provided to residents have been consistent, safety of the community has not been compromised and Channahon continues to be a community in which people want to live. She further stated although the recent improvement of the economy has been accompanied with a slight increase in expenses, the increases in revenues have exceeded the increase in expenses; resulting in positive additions to the Village's reserves. She stated these positive financial items are a result of sound fiscal management, the Village's conservative approach to budgeting and thoughtful consideration related to all decisions from the Village Board.

Trustee Scaggs entered the meeting at 8:35 a.m.

Wagonblott continued that any modifications to the proposed budget document that result from today's meeting will have an impact (+/-) on the estimated amount of reserves. She stated the required Public Hearing will be held on March 18, 2019 and the final budget documents and budget ordinance are anticipated to be distributed to and approved by the Board on April 1, 2019.

Personnel

Over the past few years, the Village of Channahon has been expanding, developing and experiencing growth, which has triggered the need to fill existing, unfilled positions. As a result of this positive growth, staffing needs have been identified in multiple departments. The following personnel **are included** in the proposed budget.

Trustee Perinar entered the meeting at 8:52 a.m.

Full-Time Positions

- *Police Department – Patrolman (Step 2 or Lateral)*
- *Police Department – Patrolman (Step 2 or Lateral)*
- *Public Works – Engineering Technician*

- *Public Works – Foreman*
- *Public Works – Laborer*

Chief Casey discussed in detail the need for two patrolman positions. The Board discussed the full-time positions at great length. Board Direction was given to Chief Casey to begin the process of filling the two patrol positions, due to the time constraints on getting the officers into the Academy on the scheduled dates in June 2019.

Dolezal discussed the Public Works need for an Engineering Technician, Foreman and Laborer.

Part-Time Positions

- *Community Development – Part-Time Planner \$30,000*

Petrick discussed the need for a Part-Time Planner.

The topic of salt for the Public Works Department was mentioned and discussed at length. Board gave direction to Dolezal to renew the requisition to guarantee to purchase 80% of the total quantity.

Capital Projects

Wagonblott stated that the capital needs of the Village vary from budget year to budget year and that Department Heads are responsible for identifying and prioritizing capital needs for their respective departments each year. Staff discussed at length the following capital items:

Vehicles (General Capital):

- Replacement of a police vehicle (replacing a 2014 Dodge Charger with 92K miles) \$50,000
- Purchase of an additional police vehicle (to accommodate the 2 additional police officers proposed to be hired) \$50,000
- Vehicle replacement for the Building Department (replacing a 2008 Ford F-150 with 66,000 miles and significant rust and deterioration visibility present) \$28,500

Capital Equipment (General Capital):

- Purchase of a wood chipper \$72,000
- Replacement of an articulating telescopic aerial boom \$225,000
- Replace riding lawn mower \$15,000
- Dump truck with plow/under body scraper and salt spreader \$175,000

Other Miscellaneous Capital Expenditures (General Capital):

- Bridge Street Multi-Use Bike Path \$829,000 in expenses and \$663,200 in grant revenue (\$165,800 expense to the Village)
- Dove Drive Phase III \$1,493,000 (\$298,600 is the Village's share of the expenses)

Trustee McMillin is researching two different grants, Open Land Access and Morris Hospital Grants, to assist with funds needed for the bike path.

Public Works Capital Expenditures (General Capital):

- Purchase of land for the Brisbin Road Waste Water Treatment Plant (debt issuance is anticipated for this capital item)
- Construct Dove Drive watermain \$285,000
- Tower 2 rehabilitation project \$225,000
- Phase II of the Waste Water Treatment Plant construction \$400,000
- Phase III construction engineering \$100,000
- Sanitary Sewer Evaluation Survey (SSES) \$40,000

Other Non-Capital Expenditures over \$20,000:

- Squad camera \$75,000 in expenses and \$60,000 in grant revenue (\$15,000 expense to the Village)
- Comprehensive Plan implementation \$35,000
- Beautification expenses \$20,000
- GIS services from Ruettiger & Tonelli \$30,000
- Painting Village Hall and Police Department \$40,000

Wagonblott stated that there is remaining funds in the fiscal year 2019 budget from the carpet project and that will be used to paint the areas of the Village Hall that are seen by the public, along with the staff lounge/kitchen area.

Public Works Capital Road Program

- The proposed budget included \$1.1 million allocated to the capital road program. The following roads are anticipated to be included on the annual capital utilizing the proposed budget funds, however, are subject to change based on further road system evaluations:
 - Bridge Street – Mill & OL 2”
 - Roberts, Junior, Hawthorne – FDFW Recon
 - Sussex, Essex – FDFW Recon
 - Mary Lou, Deal (North of McClintock), Donna (North of McClintock) – FDFW Recon
 - Channahon Industrial Park, Ridge Road (South of High-Tension Lines), Hansel Road (Ridge Road to McClindon), Gun Club (North of Brisbin) – Chip Seal

VP Moorman Schumacher wanted to include Reed Street. She stated there are several potholes. Dolezal made note of Reed Street and also indicated that there are other streets in town that have been identified as needing cold patching repair due to potholes.

Budget Overview

Wagonblott stated that you will see a reduction of fund reserves in Fund 14 which can be attributed to the bond principal and interest payments for the outstanding 2011 GO Bonds. Fund 14 reserves are responsible for and have been designated to pay the remaining 3 years of principal and interest payments related to the 2011 GO Bonds. The last bond payment for Fund 14 will be paid out in December of 2021. The reserves remaining in Fund 14 are sufficient to pay the remaining debt payments. Wagonblott stated that Fund 14 is estimated to have reserves remaining once the pending litigation is settled and the 2011 GO Bonds are paid off. After pending litigation is paid out, staff will propose that the remaining funds (or portion thereof) be invested in other financial instruments offering a higher interest rate than a traditional bank account or Certificate of Deposit in an effort to further diversify the Village’s assets and continue to increase reserves. The will also assist in the result of keeping the annual property tax rate low and continue the high-level of services provided to the residents.

Below are significant highlights in the proposed budget document:

- The Board voted to set the property tax rate the same for the 2018 tax levy – the rate was not increased for this year (property tax revenue to be received in calendar year 2019). However, the Village is still anticipating an increase in property tax revenue as a result of new residential and commercial construction. The amounts in the budget document for property tax revenues are based on the total amount levied (by category – General, Police Protection, etc.) with a minimal increase to account for an increase in EAV; since the value of new construction is unknown at the time of budgeting, the amounts budgeted for the property tax revenue should be conservative.
- The state sales tax revenue in the proposed budget is an estimate based on the assumption that there will not be reductions from the Department of Revenue as a result of amended returns. A 2% administrative fee was imposed on the Village home rule sales tax, which reduces the

Village's revenue by approximately \$20,000 each year. There is pending legislation to reduce the State's administrative fee from 2% to 1%, but as of now, the 2% administrative fee is taken out of the Village's revenue and has been accounted for in the FY2020 budget estimate for this revenue line item.

- Excise tax (formerly known as telecommunications tax) is budgeted to be less than in previous years. As the world continues to change from land lines to cellular telephones, this tax is becoming obsolete. A total of \$220,500 is estimated in revenues for the fiscal year. This is an 11% decrease from the \$250,000 budgeted in fiscal year 2019. 60% of the revenue is recorded in the General Fund 01 and 40% of the revenue is recorded in the General Capital Fund 11; it is no surprise that in the FY2020 budget the estimate is lower than the prior year. The amounts have declined each year for the past six years (since the inception of the tax by the Village).
- Income tax revenue received from the State of Illinois is anticipated to be \$1,100,000. The Village has seen an increase in income tax revenue over the past year due to legislation passed to increase the municipalities' share of this tax. Local use tax revenue received from the State of Illinois is anticipated to be \$365,000. This is a 21% increase from the prior year budget.
- The estimated budget for State gaming taxes has increased over 55% from fiscal year 2018-2019. In previous years, the Village received between \$40K and \$50K each year. Based on the actual amounts received in the first six months of fiscal year 2019, the Village anticipates receiving close to \$100K annually. The increase can be attributed to an increase in the number of machines and also may be a result of more playing time on the existing machines.
- Motor fuel taxes received from the State of Illinois are expected to decrease slightly (the estimate received by IML set a rate of \$25.25 per capita vs. \$25.43 per capita in the prior year); and
- Building permits are conservatively estimated for 70 residential homes. The fiscal year 2019-2020 budget does not include any permits related to industrial buildings, causing the budget estimate to be \$100K less than the fiscal year 2018-2019 budget. This estimate depends solely on the number of permits submitted. Residential building permits are estimated low to be conservative. The budget remains conservatively estimated with respect to new residential construction.

Highlighted Expenses INCLUDED in the proposed budget:

- A 2.75% salary adjustment for all union and non-union positions – effective May 1st
- An estimate of \$40,000 for painting the Village Hall. This is a revised estimate of what the services will cost. Quotes will be obtained from a minimum of three (3) companies for the applicable services.
- \$20,000 for beautification related expenses (potentially the landscaping of Thornton's welcome sign), benches along the bike paths, etc.
- The continuation of the Dove Drive and the Bridge Street multiuse path capital projects. These two projects remain a great example of the necessary infrastructure that is made possible due to the revenue received from the Village fuel and diesel tax revenues.
- A total of \$1,100,000 is dedicated to the road maintenance program. This is a 12% increase in the total amount of budgeted road program expenses from the fiscal year 2019 budget.
- Preparation of a Popular Annual Financial Report (PAFR) by an outside accounting firm (budgeted in the audit fund – Fund 04). A PAFR is a readily accessible and easily understandable document that is available to the general public and other interested parties. Information is extracted from the Comprehensive Annual Financial Report (CAFR) to produce a high-quality, easily-understandable report that will give residents of Channahon an opportunity to see what the Village accomplished in the past year and what the Village plans to accomplish in the coming year/future. The PAFR is also eligible for an award similar to the GFOA Certificate for the CAFR. The PAFR would be prepared in conjunction with the annual CAFR. Total estimated costs for both the CAFR and PAFR preparation are \$46,000 paid out of the Special Revenue Audit Fund.

- The Village is going to host a Farmers Market beginning in the early part of fiscal year 2019-2020. The anticipated revenues are budgeted at \$2,500 and expenses are estimated at \$12,000. The assumption is that as the Farmers Market gains momentum, the revenues will increase from vendor fees and sponsorships and the expense of the event will cost neutral.
- Ruettiger & Tonelli to update Village's existing GIS system with the information that is backlogged from the removal of the GIS position (\$30,000).

Outstanding Debt

- The Village has a total of seven outstanding bonds. Of the seven, two are IEPA loans, one is a TIF bond, one is related to WESCOM and one is an MFT Bond. The remaining two bonds are split between the general funds and water/sewer funds.
- The 2006 MFT bond matures in fiscal year 2020. The last payment is due in October 2019. After this bond is paid in full, there will be no MFT bonds outstanding. Once the last MFT bond is paid off, it will allow for all of the motor fuel tax revenues to be utilized for road projects.
- The 2013 TIF bond matures in fiscal year 2021. The last payment is due in January 2020. After this bond is paid in full, the TIF will expire (unless it is extended by the Illinois State legislature). If this bond is paid in full, the amount of distributed taxes will increase for each taxing body since the outstanding debt will be paid off (unless additional debt is taken out of TIF related projects).
- The 2011 bonds mature in approximately two years. The bond is split between general funds (75%) and water funds (25%). The last payment is due in October 2021. This is the bond that was referred to earlier where the general portion is paid out of Fund 14. There is an adequate amount of fund reserves remaining in this fund that will continue to be utilized to pay remaining portion of this outstanding debt.
- The 2012 Water and Sewer bonds have six years remaining until the bonds are paid off. The last payment is due in December 2024.
- The 2016 GO bonds are far from matured as these bonds were just issued for the water main and Bluff Road projects; and these bonds will be partially paid by the other taxing bodies based on the intergovernmental agreement the Village entered with the taxing bodies.
- Two IEPA loans are currently outstanding, however, it should be noted that the Village is in the process of applying for a third IEPA loan for the expansion of the waste water treatment plant.

Wagonblott stated that the Village's debt will be decreasing significantly over the next 1-3 years (assuming that additional debt is not incurred). The retirement of the debt will open up the respective sources for other planned capital projects, operating costs or will increase the Village's reserves. The Village can always strive towards "zero debt", however, there are times when capital needs are imperative and the Village has the opportunity to issue tax exempt bonds to assist in the payment of large capital needs.

Items considered for the 2020 budget, but NOT INCLUDED:

Wagonblott mentioned to please keep in mind that there are additional operational expenses and capital projects that are not budgeted in the Fiscal Year 2019-2020 budget. Rather, they will be addressed and included in an upcoming fiscal year. Items such as:

1. Water infrastructure improvements need to be funded and built. New or alternative water sources need to be identified and studied.
2. Road, water and sewer infrastructure resources for the Brisbin Road development area.
3. Replacement of the key card access system throughout the Village Hall and the Police Department \$20,000.
4. Construction of a 2nd window in the lobby of the Village Hall for the building department \$20,000.
5. 2019 Hydro Excavator \$440,000 (paid by Fund 31).
6. Dump truck with plow only and salt spreader \$165,000.
7. US 6 East side bike path extension engineering (\$80,000) and construction (\$287,000).
8. Knapp Street bridge bike path completion (\$450,000).

9. US 6 lane expansion to Houbolt Road.
10. Re-establish funding for tuition reimbursement program.
11. BS&A business license module.
12. Integration of the GIS software and the BS&A program (address files).
13. Parking lot expansion for the police department including a secured area for employees.
14. Lobby and office furniture and décor.
15. Roof replacement for Village Hall in about 4 years.
16. Construction of the fountain in the roundabout.
17. Automatic gates at the public works annex.
18. Replacement storage building for public works department.

Issues and Items Not to be Forgotten or Dismissed:

1. Bills continue to be proposed to the State government to freeze the property tax levy amounts. This could significantly affect the general fund operations if the new construction is affected by any legislation that is passed. In addition, other bills continue to be proposed that threaten the Village's share of motor fuel tax and income tax revenue.
2. Additional funding will be needed to complete the middle part of the Bridge Street multi-use path. This money will need to come from grants, the Village or a combination of both.

Revenue Generating Items to Consider:

1. Establish a utility tax to be effective in fiscal year 2021.
2. Establish a rental inspection program.
3. Telecom tax can be increase 1%.
4. Re-establish the capital impact fee on building permits.
5. Reduce amount distributed to the Park District for their impact fee.
6. Establish a recreational consumption tax if the recreational use of marijuana is approved in the State of Illinois.

Chief Casey and Dolezal left the meeting at 10:57 a.m.

VP Moorman Schumacher brought up some issues identified in the GovHR Compensation study that are related to the upcoming budget.

Board discussed the issues in great detail.

Wagonblott, Durkin and Petrick left the meeting at 11:23 a.m.

Board direction was to amend the budget by \$7,543 for additional salary adjustments.

Trustee Scaggs made a motion to adjourn the Special Board Meeting at 11:42 p.m. Seconded by Trustee Host.

VERBAL ROLL CALL: ALL AYES

MOTION CARRIED

**Submitted by
Kristin Hall
Village Clerk**

