



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC STRATEGIC PLANNING – PURSUE FINANCIAL HEALTH MEETING

February 12, 2020

Call To Order

The meeting was called to order at 6:36p.m. Roll call was answered by Trustees Harlfinger, Dustin, Huckins, Bojarski, Bogdanowski, Murphy, and President Ruzanski.

Also present were Village Administrator Jennifer Clough, Assistant Village Administrator/Finance Director Shane Johnson, Deputy Chief of Support Services Mary Frake, Public Works Director Dan Kaup, Community Service Director Fred Mullard, Assistant Finance Director Wayde Frerichs, Attorney Brad Stewart and Village Clerk Cecilia Carman.

Village President Presentation:

President Ruzanski stated the staff needs direction, from the Board, to where they need to focus to ensure financial health of the Village.

Village Administrator and Department Head Presentations:

Village Administrator Clough reviewed the Strategic Plan - Problem Statement, Guiding Policy, Operational Excellence Definition and Outcomes, Core Services, and Discretionary Services.

Assistant Village Administrator/Finance Director Shane Johnson reviewed the work of the Pursue Financial Health Committee. He reviewed the forecasting of major funds – General Fund, CIP, Water Fund, Airport Fund, Fund Balance Policy, Debt Management Policy, Economic Development Financing History, and presented topics to discuss - Police Department, Financial Forecast and Economic Development Options.

Discussion:

Trustee Bogdanowski confirmed the Village is committed to the next steps towards a new Police Station. The Schematic Design study is budgeted but will need Board approval.

President Ruzanski stated staff needs to know/confirm if the new Police Station will be added to the current Village Hall or will it be staying on Crystal Lake Road. Assistant Village Administrator/Finance Director Shane Johnson explained that staff needs to know if more analysis needs to be completed or of any necessary changes in the design. Trustee Bogdanowski and Trustee Huckins explained the Board clearly wants the Police Station combined with the Village Hall and use the existing building for Parks and Recreation.

Trustee Harlfinger stated there must be a disconnect. The Board has approved the design to have the Police Station connected to the Village Hall and to use the existing Police Station as a Parks and Recreation Building. Administrator Clough stated there is no disconnect. These items just needed to be reconfirmed by the Board. The Board and staff need to discuss how to fund the project.

Trustee Bogdanowski stated that before the Board even knew the potential price tag of the Police Department it was brought up during the budget meetings where are we going to come up with additional

revenue, we have a problem regardless. Now we are talking about adding another twenty million, how are we going to do this.

Trustee Huckins stated that he thought staff would have provided a recap and options. Assistant Village Administrator/Finance Director Shane Johnson reviewed the revenue sources available to the Village; property tax levy, sales tax, income tax, issue debt, how do we pay that debt back, and any new revenue taxes the Board approves. Trustee Huckins asked if this is pertaining to just the Police Department financing or are we talking about as we continue to operate over the next few years. Director Johnson stated that is a mix of everything. Trustee Murphy asked if this would go to a referendum to our residents. Assistant Village Administrator/Finance Director Shane Johnson in some cases yes. Attorney Stewart added any debt issuance the Village obtains can be done without a referendum but it is not uncommon, with this dollar amount, for an Advisory Referendum to be completed to see if there is a general buy in from the community.

Trustee Dustin went over the numbers that projected expenses are higher than the revenue that is being brought in over the next 5 years. He feels the Village will need to cut one to two million out of the budget each year to maintain a balanced budget. He feels that the village cannot keep increasing its expenditures without offsetting with revenue growth.

Trustee Bogdanowski stated the Board needs to give direction to staff as to where to cut or where to increase revenue. Trustee Dustin stated that staff needs to focus on business development. Administrator Clough stated the staff continues to work towards achieving its economic development goals. However, there are limitations to the control the Village has in this area.

Trustee Bogdanowski commented the Board should consider establishing a TIF district and lowering the Village's general fund balance reserve threshold from 25% to 20%. Trustee Dustin reiterated his concern of depleting the fund balance.

Trustee Bojarski would like to see options the Village has before increasing revenue and a detailed analysis of what a cut in expenses would look like. She agrees it is difficult to be in favor of increasing revenue when there is a fund balance. Administrator Clough stated the staff has work very diligently to decrease expenses and continues to evaluate opportunities. They have exhausted any current ability without a corresponding impact on services. In response to Trustee Dustin's comments on personnel expenses, Administrator Clough reminded the Board that the majority of these are governed by collective bargaining agreements.

Trustee Bogdanowski began a discussion concerning raising the Village's home rule sales tax. President Ruzanski asked how much would be generated if the sales tax was raised either ½ or 1 percent and how much more revenue it would generate in comparison to a property tax increase. Assistant Village Administrator/Finance Director Shane Johnson stated he will research and can provide the findings at a later time. He had reached out to other municipalities who had recently constructed new police stations to evaluate how they funded the projects. He found many to have used a combination of fund balance along with a property tax increase. Trustee Murphy agreed that using unassigned fund balance should be considered to fund the Police Station before raising taxes. Trustee Dustin commented this does not increase any revenues. He stated revenue is stagnant and expenses are increasing. President Ruzanski stated he would not like to see the Village's general fund balance go beneath a forty percent operating reserve.

Trustee Bogdanowski and Assistant Village Administrator/Finance Director Shane Johnson discussed the portion of general fund reserves committed to the maintenance of roadways and why the approach was

taken. They further discussed the establishment of a TIF district. Attorney Stewart stated if the Village implemented a TIF and no new development was created there is no loss for the Village. The discussion turned to property taxes and how much rates could be increased without a public hearing. Trustee Dustin and Administrator/Finance Director Shane Johnson discussed when the revenues would be available.

Trustee Huckins believes there is not an issue to have debt for the Police Station. He would like to see the Village use a portion of the general fund balance, increase property taxes and issue debt. A discussion ensued concerning the approximate million dollars needed annual to repay the debt and how the money would be generated. Trustee Dustin wants to review the health insurance for employees, the portion they pay is very low. Administrator Clough stated the amount has increased each year, is representative of comparable communities and it will be presented to the Board in June.

Trustee Dustin would like to see some of the reserve money invested to attract more business. Trustee Huckins asked him how. Administrator Clough discussed opportunities the Village has on its major corridors today. Trustees agreed to have the staff revisit these. Trustee Bogdanowski stated the Village should look at our incentives for businesses. Assistant Village Administrator/Finance Director Shane Johnson discussed the phases of a TIF feasibility study. A discussion then ensued about how much would be generated by increasing the Village's home rule sales tax and what the rates are for other municipalities.

Trustee Harlfinger asked what direction the Board is giving the staff. Administrator Clough stated she has heard the Board wants to fund the schematic study for the Police Station. Trustee Bogdanowski stated before the Village spends \$230,000 on the schematic study the funding for the Police Station should be agreed upon. Administrator Clough stated that staff can bring forward several scenarios as to how to fund the Police Station. Trustee Harlfinger stated that the Board needs to work with staff to promote the new police station to the public. Trustee Harlfinger would like to use 5 million of reserve budget and issue debt to fund the remainder of the project. Deputy Chief of Support Services Mary Frake stated the Police Department is developing a public information campaign to inform our residents of the need. President Ruzanski commented why he believes the Police station needs to be built and to be at the Village Hall.

Administrator Clough raised the issue of the loss of programming space in the Village Hall for recreation and other services for the Board's consideration. A discussion ensued concerning what programs would be affected and where they can be moved to. Administrator Clough listed what steps staff will take next. President Ruzanski asked when the Board should have the next meeting to discuss the police station and economic development financing, including TIF. A discussion took place and it was decided to have the next meeting towards the end of March for the Police Department financing/Economic Development and then towards the end of April or beginning of May for Recreational Programs.

Audience Participation: None

Adjournment: A motion to adjourn the meeting was made by Trustee Murphy and seconded by Trustee Huckins. All trustees in favor by voice vote. There being no further business to discuss, the Ad Hoc Strategic Planning - Pursue Financial Health meeting was adjourned at 8:15pm.

Submitted by,

Cecilia Carman
Village Clerk

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