



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

Call to Order

The meeting was called to order at 6:00 pm.

Roll call was answered by Trustees Huckins, Harlfinger, Bojarski, Dustin, and President Bogdanowski.

Motion to allow Trustee Anderson to attend telephonically was made by Trustee Huckins and seconded by Trustee Murphy. On roll call vote, Trustees Murphy, Harlfinger, Huckins, Bojarski & dustin voted Aye. No Nays. Motion carried.

Also present were Village Administrator Shannon Andrews, Assistant Village Administrator Ashley Eccles, Chief of Police Mary Frake, Deputy Chief of Patrol Pat Boulden, Deputy Chief of Support Services Matt Mannino, Finance Director Pete Stefan, Assistant Finance Director Ismael Jimenez, Public Works Director Ryan McDillon, Public Properties Superintendent Scott Parchutz, Streets Superintendent Guy Fehrman, Water Superintendent Kevin Rivera, Airport Manager Mike Peranich, Parks & Recreation Director Trevor Bosack, Recreation Superintendent Kim Buscemi, and Deputy Clerk Nancy Sujet.

Up for Discussion

Budget Overview

Presented by Village Administrator Shannon Andrews

Administrator Andrews gave an overview of tonight's proceedings and reviewed the details of the budget message including the five goals and objectives of the Strategic Plan, which staff has been actively working on throughout the year. The Five Goals are:

- 1) Improve development opportunities throughout the Village
 - Continue Investment in the Website as a Development Resource
 - Water & Sewer Study for Utility Extensions
- 2) Provide a wide array of outstanding parks and recreation programs to enhance quality of life for Village residents,
 - New Director of Parks & Recreation
 - Rec2U Program
 - Run Thru the Hills
 - Girls in Aviation
 - Lynn Dillow Park
 - Mayor's Monarch Pledge
- 3) Improve the financial health of all Village funds
 - 13th Consecutive Year of Flat Levy
 - 100% Funded Police Pension
- 4) Improve Police facilities to meet current requirements and anticipated needs for a minimum of the next twenty years
 - Stand-alone Facility on existing Village Hall Site
 - Funding Plan Established
 - Schematic Design Begins
 - Funding Plan Revision
 - Final design and construction in 2023
- 5) Improve the business climate for the small business community
 - Expand small business support
 - Improve relations with our small business community

For FY2023, the expenditures for all 25 funds of the Village total \$53.5 million dollars of which 43.7% is made up of capital and debt needs.

Ad Hoc Budget Workshop for FY 2023

November 15, 2022



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

General Fund

Administrator Andrews stated that the General Fund is balanced with revenues equal to expenditures in the amount of \$22,596,470. General Fund Revenues in FY2023 are expected to be \$22,596,470, base sales tax revenue is estimated to be \$4,174,000 and the total sales tax projected for FY23 is approximately \$7 million. The FY2023 budget reflects the thirteenth consecutive year of a flat or reduced tax levy. The total property taxes are projected to be \$5.7 million and income taxes are projected to be \$4.3 million. FY2023 expenditures are projected to be \$22,596,470, which is an \$11,620,839 reduction over the previous year. Licenses and permits are estimated to be \$242,625, which is a decrease of 12.6% from the FY2022 estimate. The estimate in revenue from the cannabis dispensary is \$450,000, which is a decrease from FY2022 due to several dispensaries being approved in neighboring communities.

Expenses

General

FY2023 expenditures are projected to be \$22,596,470, which is an \$11,620,839 reduction over the previous year. For all non-represented employees of the Village, the FY2023 Budget includes a 4% Cost of Living increase in January with an additional 1% merit increase, that is being proposed, as an incentive for staff to reach for top performance standards.

Executive Department

Administrator Andrews stated the Executive Departmental budget for fiscal 2023 is \$126,124.00. Administrator Andrews presented the major accomplishments for 2022 and discussed the 2023 Budget Request, which includes the Consolidated election on April 4, 2023, the Illinois Municipal League Conference, and the projected Culver's sales tax reimbursement of \$40,400.00.

Administration Department

Administrator Andrews stated the Administration Departmental budget for fiscal 2023 is \$1,049,737.00. Administrator Andrews presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the management selection process of a firm to perform a compensation study, update the Rules & Regulations, and rejuvenate the lobby area with new furniture and signage.

Community Development Department

Administrator Andrews stated the Community Development Departmental budget for fiscal 2023 is \$861,438.00. Administrator Andrews presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes consultant hours to assist with Economic Development initiatives and results of the Water & Sewer Study.

Finance Department

Administrator Andrews stated the Finance Departmental budget for fiscal 2023 is \$1,018,775.00. Director Stefan presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the transfer of the Administrative Specialist I position to the Community Development Department, expect to repeat as a GFOA Triple Crown Winner, coordinate the 2023 Bond issue for a new Police Facility, revamp and enhance the credit card payment options, establish a 3-year Ladder Program for village investments, complete a comprehensive audit of payroll liability accounts, and present the Village Board with the FY22 Audit in June of 2023.



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

Police Department – Administration

Administrator Andrews stated the Police Department - Administration budget for fiscal 2023 is \$1,436,481.00. Chief Frake presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the finalization of the partnership in the McHenry County Consolidated Joint Training Facility and Firearms Range and clear succession plans as the department continues to see change over the next two to five years, due to retirement.

Police Department – Patrol

Administrator Andrews stated the Police Department - Patrol budget for fiscal 2023 is \$5,669,034.00. Deputy Chief Boulden presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes field training completed for personnel, the installation of a backup server for body worn cameras, and a command cabinet for critical incidents.

Police Department - Support Services

Administrator Andrews stated the Police Department - Support Services budget for fiscal 2023 is \$1,998,309.00. Deputy Chief Mannino presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the restoration of Support Services personnel and addition of an Evidence Custodian.

President Bogdanowski asked the Board if they had any questions. There were no questions.

Public Works Department – Administration

Administrator Andrews stated the Public Works - Administration budget for fiscal 2023 is \$562,917.00. Director McDillon presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes refining and streamlining the RFP process, identify and pursue regional, state and federal grants for infrastructure, and work with MCDOT on the Lakewood Road corridor project.

Public Works Department - Streets

Administrator Andrews stated the Public Works - Streets budget for fiscal 2023 is \$2,840,907.00. Director McDillon presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the replacement of Ryder Park parking lot and resurface a portion of the Miller Road bike path.

Public Works Department - Public Properties

Administrator Andrews stated the Public Works - Public Properties budget for fiscal 2023 is \$1,667,490.00. Director McDillon presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the playground replacements at Avalon Park and Jaycee Park.

Parks and Recreation Department – Administration

Administrator Andrews stated the Parks & Recreation - Administration budget for fiscal 2023 is \$449,801.00. Administrator Andrews also stated that the Parks & Recreation Department has been reestablished for 2023 which comprises the Administration Division, Parks Division and Recreation Division. Director Bosack discussed the 2023 Budget, which includes continued involvement with NISRA, the Summer Sunset Festival, Director expenses for training and professional memberships.

Parks and Recreation Department – Parks

Administrator Andrews stated the Parks & Recreation - Parks budget for fiscal 2023 is \$75,420.00. Director Bosack discussed the 2023 Budget, which includes beach operations, facility rentals, Parks Master Plan, fishing and boating licenses, the portable toilet contract, the Bark Park and Larsen Park.



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

Parks and Recreation Department – Recreation

Administrator Andrews stated the Parks & Recreation - Recreation budget for fiscal 2023 is \$1,308,941. Director Bosack presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes increases in the part-time hourly wages, continued growth in partnerships and sponsorships, Beyond the Bell and attendance trends, addition and evaluation of programs and events, and a comprehensive analysis of operations as budgeted.

Management Information Systems

Administrator Andrews stated the Management Information Systems budget for fiscal 2023 is \$751,814.00. IT Manager Neilon presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes updating the Board room audio system, converting the microwave network to a fiber solution, upgrade the Microsoft exchange server, upgrade the antivirus platform to an EDR solution and replacement of the security camera system at Village Hall.

President Bogdanowski asked the Board if they had any questions. There were no questions.

Insurance & Tort

Administrator Andrews stated the Insurance & Tort budget for fiscal 2023 is \$620,300.00. Finance Director Stefan presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes an estimated 10% premium increase, assumes the \$25,000 deductible is maintained, and the Executive Safety Committee.

Interfund Transfers

Administrator Andrews stated the Interfund Transfers budget for fiscal 2023 is \$2,684,203.00. Finance Director Stefan presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes the new Police Facility and the Village Hall HVAC & Roof replacement project.

President Bogdanowski asked if the Board if they had any questions. There were no questions.

Motor Fuel Tax Fund

Administrator Andrews stated the Motor Fuel Tax total fund balance for fiscal 2023 is \$1,421,839.00. Public Works Director McDillon presented the major accomplishments for 2022 and discussed the 2023 Budget, which includes resurfacing of 3.75 miles of Village roads and resurface 0.83 mile section of Pingree Road.

Trustee Dustin asked if the reduction in funding is from less gas usage. Administrator Andrews stated that staff is projecting a reduction in the budget each year by 1% to plan for less gas being used.

Police Seizure Fund

Administrator Andrews stated that with the exception of interest, the Village does not budget for police seizure revenues or expenditures.

Veterans Memorial Fund

Administrator Andrews stated the Veterans Memorial Fund budget for fiscal 2023 is \$250.00. Administrator Andrews stated that the Veterans Memorial Funds is expected to go somewhat dormant during the construction period of the new Police Facility, however brick sales will still be encouraged.

Special Services Areas

Administrator Andrews stated that the 2022 levies will be presented at the December 2022 Board meeting and that four SSA's will see increases, which are SSA #1, #2, #6 and #7. Public Works Director McDillon presented the major

Ad Hoc Budget Workshop for FY 2023

November 15, 2022



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

accomplishments for 2022 and discussed the 2023 budget, which includes the replacement of the playground equipment at Avalon Park, rebidding the Sunset Park Swing replacements, prescribed burns and Detention Asset Management Planning.

Lake Restoration Fund

Administrator Andrews stated the Lake Restoration total fund balance for fiscal 2023 is \$166,198.00. Administrator Andrews stated that the Lake Restoration Fund has been seeing a declining fund balance as the village moves forward with the completion of the streambank restoration projects. There is enough money left in the fund to complete one more project in FY23, Reach 12, before converting the fund balance over to the Capital Improvement Fund in FY24. This is the final year of this fund.

Trustee Huckins confirmed that any additional work would be covered out of the General Fund. Administrator Andrews stated yes. Trustee Huckins asked if we would be able to add sidewalks in the future. Administrator Andrews stated that with the grant funding, we would not be able to add sidewalks at this point. Trustee Huckins stated that the resident like the improvement.

Capital Improvement Fund

Administrator Andrews stated with the transfer of \$450,000 from the General Fund reserves in FY23, the Capital Improvement Fund is expected to be able to fund projects through FY24. Additional funds will be required in FY25 when a \$4,839,000 lake dredging project is scheduled or the project will risk being deferred. In lieu of this single project, the fund would be able to fund projects through FY27.

Trustee Dustin asked about the \$4.9 million change, wondering if the funding is good. Administrator Andrews stated that the Village's reserves are at 52%, and we can transfer money from the reserves at the end of the year, if needed.

President Bogdanowski asked about the funding level for capital plan, which is the utility tax. Administrator Andrews stated that the utility tax has been consistent right around \$1.3 million.

Administrator Andrews stated that the Capital Improvement Fund is expected to have the following 6 projects carried over from FY22: 1) Lynn Dillow playground replacement, 2) Village Hall HVAC & Ballasted Roof, 3) Motorola Mission Critical Smart Tornado System (Partial), 4) Board Room Audio, 5) ¾ ton Pickup Truck replacing truck #76 and 6) Community Development Software.

Administrator Andrews went over the drainage issues along Hilltop and various solutions to resolve the drainage issue. Trustee Huckins asked how many residents are affected. Administrator Andrews stated 2 specifically and then some of the homes along the road. She also commented on the drainage issue on Plum Street.

Administrator Andrews reviewed some of the Capital Improvement plan items for 2023, which include officer furniture for the Parks & Recreation Offices, Echo Hill project, patrol squad vehicle replacements, ½ ton pickup truck and F-450 dump truck with plow.

Trustee Dustin asked if a squad car is being decommissioned could it be used as a deterrent for speeding issues along Oak Street and at Sunset Park instead of signs. Chief Frake stated that the police vehicles that are being replaced in 2023 are already be used elsewhere. Chief Frake stated that it would be hard to have the vehicle sitting on Oak Street between Maple and Crystal Lake Road.

Trustee Dustin asked if the ½ ton pickup is replacing the ford ranger. Public Works Director McDillon stated that it is a F250 ¾ ton pickup truck with a plow. Administrator Andrews stated that it was a typo in the document, it should be a

Ad Hoc Budget Workshop for FY 2023

November 15, 2022



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

¾ ton pickup truck. Trustee Dustin confirmed that the \$48,000 covers the cost for the F250 ¾ ton pickup truck with a plow. Administrator Andrews and Public Works Director McDillon confirmed that it does cover that vehicle.

Trustee Huckins asked about the \$60,000 for the miller road bike path and if the \$450,000 in two years is for the extension. Administrator Andrews stated that the bike path is completed in phases because of the cost. Trustee Huckins asked if there was grant money this year. Public Works Director McDillon stated that funds were used from the SSA Fund in addition to the \$60,000.00.

Trustee Dustin asked if we wanted to use a squad car for something and not auction/surplus it immediately, would the Board need to approve additional funds for the purchase of a new vehicle. Administrator Andrews stated that there are enough funds if we wanted to wait to auction/surplus an item till the end of the year. President Bogdanowski confirmed that it would be more of a loss of revenue than an expense if we waited to auction/surplus. Administrator Andrews stated yes.

President Bogdanowski confirmed that no one else had questions regarding the Capital Fund.

Water Operating and Maintenance Fund

Administrator Andrews stated the Water Operating and Maintenance total fund balance for fiscal 2023 is \$9,870,151.00. Administrator Andrews stated the fund balance is expected to decrease by \$2.8 million in FY26, when we roll out our water meter replacement project. Expansion of the community to the east or west would require an investment of the remaining reserves. Also, a 1% water rate increase is proposed in 2023, bringing the total water sales revenue to nearly \$3.9 million. This is based on the average consumption levels over the past ten years.

Public Works Director McDillon presented the major accomplishments for 2022 and discuss the 2023 budget, which includes rehabilitation of the interzone transfer station, retrofit Well 11 softener flow controls, Well 14 & Well 10 filter differential pressure transducer integration, and a new updated Water Atlas.

Airport Operating and Maintenance Fund

Administrator Andrews stated the Airport Operating and Maintenance total fund balance for fiscal 2023 is \$326,578.00. Administrator Andrews stated that the Airport Fund balance was high in FY18 and FY19 leading into the airport's major construction projects. Public Works Director McDillon presented the major accomplishments for 2022 including the first year the Village received funds from the Airport Fuel Tax Grant funds. Airport Manager Peranich stated that the Village received \$47,000 for FY19- FY21 and that the total for FY22 so far is \$71,000, which brings the grand total to \$118,000. Public Works Director McDillon discussed the 2023 budget, which includes replacing the Automated Weather System, replacing the roof at 8399 Pyott, and the purchase of snow removal equipment.

Trustee Dustin asked where the funding for the Lighting Upgrade project is coming from. Airport Manager Peranich stated that 95% of the project is funded by a Grant, 90% Federal and 5% State. The Village is only responsible for the remaining 5%.

Trustee Harlfinger asked when the old Snelten building will be demolished. Airport Manager Peranich stated that there is no specific date yet. The Terminal Development project should be starting in FY24 and with that project a new entrance road will be needed. The Snelten building would be removed sometime after that project.

Administrator Andrews stated that the GFOA looks for improvements to the budget from year to year. One of the initiatives that staff has added to this budget is Future Planning. In the budget document you will find the Villages 10 year projection for MFT, Water O&M and Airport O&M.



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

AD HOC BUDGET WORKSHOP FOR FISCAL YEAR 2023

NOVEMBER 15, 2022

Debt Service Fund

Finance Director Stefan stated that the fund is being re-established to account for the new police facility fund, \$14.3 million in gross proceeds, \$235,400 in closing costs, \$14.1 million in net proceeds transferred to Policy Facility Fund and Debt issue assumptions. The Villages Bond rating is currently Aa2.

Health Insurance Fund

Finance Director Stefan presented the 2022 Highlights and stated that the Village is anticipating a 10% increase in premiums for the July 1, 2023 renewal.

President Bogdanowski wanted to confirm that the commitment to the beaches and continued enforcement of residents only and coverage of the lake has been considered in the budget. Administrator Andrews confirmed that it has been considered in the budget.

President Bogdanowski stated that I have to tell you that it has been a long time since I have had this confidence that I have right now with the work that all of you are doing in this room. He also stated that the Board understands that we cannot continue to live off of our reserves. As we move forward and as we look at some of the things that we want to do, as far as the continued growth, we are going to have to look at other sources of income and that may include an increase in the Tax Levy. My position on that has always been you should never increase your tax levy to cover your operating expenses. However, if you are going to increase the tax levy lets do it based on solid decisions on what we are going to do. What you showed us as far as the dredging and the lack of funds. If we are going to increase our levy and do things like that to increase our revenue, we will all feel better about that because we are really taking our village into the future.

President Bogdanowski stated, on behalf of the Board, this Board has shown much commitment and confidence with our staff over the last several weeks. We are glad to give that and we want you to continue to make us proud. Thank you again for all your hard work.

Other Business

None.

Audience Participation

None.

Adjournment

A motion to adjourn the meeting was made Trustee Harlfinger and seconded by Trustee Bojarski. All in favor by voice vote.

There being no further business to discuss, the meeting of the Lake in the Hills Board of Trustees was adjourned at 7:55pm.

Submitted by,

A handwritten signature in black ink that reads "Nancy Sujet".

Nancy Sujet
Deputy Village Clerk

Ad Hoc Budget Workshop for FY 2023
November 15, 2022