



## Call to Order

The meeting was called to order at 7:30 pm.

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

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

Also present were Village Administrator Shannon Andrews, Assistant Village Administrator Trevor Bosack, Chief of Police Mary Frake, Finance Director Pete Stefan, Public Works Director Ryan McDillon, Director of Community Development John Svalenka, Village Attorney Brad Stewart, and Village Clerk Shannon DuBeau.

The Pledge of Allegiance was led by Trustee Dustin.

## Audience Participation

None.

## Administration

### Informational Item Concerning Fiscal Year 2024 Compensation and Staffing Plan

Presented by Village Administrator Shannon Andrews

#### Revenues

In most municipalities, staff salaries make up the largest percentage of total expenditure within the annual budget. This requires municipalities to balance the cost of salary increases and personnel decisions against the rate of increasing revenues. As such, a preliminary analysis of anticipated Fiscal Year 2024 Budget (FY24) revenues is being provided in this discussion so that the Board has a foundation for decision making.

**Table 1**

Major Revenue Sources	2020 Actual	2021 Actual	2022 Actual	2023 Estimate	2024 Projected	% Change
Property Taxes	\$ 5,663,281	\$ 5,674,404	\$ 5,712,303	\$ 5,741,100	\$ 5,762,000	0.36%
Sales & Other Taxes	\$ 6,526,530	\$ 8,566,876	\$ 9,932,325	\$ 9,551,500	\$ 9,514,000	-0.39%
*Intergovernmental (Income Tax)	\$ 3,182,757	\$ 3,870,727	\$ 4,746,521	\$ 4,611,000	\$ 4,883,000	5.90%
All Other Revenue	\$ 1,967,726	\$ 2,571,773	\$ 2,861,743	\$ 2,305,905	\$ 2,323,990	0.78%
<b>Major Revenues Total</b>	<b>\$ 17,340,294</b>	<b>\$ 20,683,780</b>	<b>\$ 23,252,891</b>	<b>\$ 22,209,505</b>	<b>\$ 22,482,990</b>	<b>1.23%</b>

\*Intergovernmental has been adjusted to remove one-time grant revenues across each fiscal year.



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In reviewing the above table, it should be noted that 90% of the Village’s revenues come from Property Tax, Sales Tax, or Income Tax. The revenue sources such as licenses & permits, charges for services, fines, fees & forfeitures, and investment income make up approximately the remaining 10% of the Village revenues. With sales tax expected to have reached its peak in FY22 and no substantive change in property taxes, the Village is currently relying on increases in income tax to offset growing operational expenses. Despite this, revenues in the General Fund are expected to exceed expenditures in FY24.

### Cost of Living Adjustment/Merit Increases

The Village’s Personnel Rules and Regulations establishes the January Cost of Living Adjustment (COLA) increase as the difference between the CPI from June of the current year to the same period the previous year. Under the existing policy, the Village rounds up to the 1% floor when the CPI is between 0% and 1%, however, it rounds “up” negative CPIs to 0%. Conversely, in years when the CPI is climbing, the COLA is capped at 4%. Staff will be presenting revised Personnel Rules and Regulations to the Board, which will provide the ability to deviate from this standardized calculation if the budget necessitates doing so.

In the Fiscal Year 2024 Budget, staff is recommending the 3% CPI increase as the Cost of Living Adjustment, with an additional 1% merit increase in July. Under the current compensation matrix, the 1% merit would be distributed based on review scores as follows:

<b>COLA</b>	<b>PERFORMANCE BASED INCREASE</b>				
Cost of Living Adjustment	Score: 0 - 1.99	Score: 2.0 - 2.33	Score: 2.34 - 2.57	Score: 2.58 - 3.0	
Increase January	Increase 0%	Increase 50%	Increase 75%	Increase 75%	Bonus 25%
3.0%	0.00%	0.50%	0.75%	0.75%	0.25%

If the Village Board prefers, an alternative to this would be to reduce the COLA in favor of increasing the allowable merit increase to arrive at the same 4% total increase for the year. A larger merit increase would help to incentivize staff to reach for top performance standards. Since this would be a deviation from the policy, it would require the support of the Board.

### Minimum Wage

From January 1, 2010, through January 1, 2019, the minimum wage remained constant at \$8.25/hr., while the Village compensation schedule increased 2% each year. In 2019, the compensation schedule was recalibrated, reducing the compensation in the lowest grade and basing increases in the schedule on ½ the CPI calculation used for COLA increases. That same year, the state passed new minimum wage laws that would increase the minimums by \$1.00/hr. each year through 2025. Unfortunately, these massive increases in minimum wages have significantly outpaced the CPI. This has caused an imbalance in the compensation schedule, as shown in the chart below. While the average compression was \$7.52/hr. from 2014-2018, it has steadily declined since 2019. A chart showing the comparison between minimum wage and the lowest paid full-time position is shown below:



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Year	Minimum Wage	Lowest Grade	Difference
1/1/2010	8.25	No Data	
1/1/2011	8.25	No Data	
1/1/2012	8.25	No Data	
1/1/2013	8.25	No Data	
1/1/2014	8.25	15.1524	6.90
1/1/2015	8.25	15.4558	7.21
1/1/2016	8.25	15.7649	7.51
1/1/2017	8.25	16.0803	7.83
1/1/2018	8.25	16.4019	8.15
1/1/2019	8.25	14.5534	6.30
1/1/2020	9.25	14.6699	5.42
7/1/2020	10.00	14.6699	4.67
1/1/2021	11.00	14.7432	3.74
1/1/2022	12.00	15.0381	3.04
1/1/2023	13.00	15.3389	2.34
1/1/2023	<i>*15.00</i>	<b>15.3389</b>	<i>0.34</i>
1/1/2024	14.00	15.5613	1.56
1/1/2025	15.00	Unknown	

\* Note that in 2023, seasonal positions traditionally offered at minimum wage were increased to \$15.00 to attract interest in the positions. This was due to pressure within the employment market from large retailers competing for employees by offering upwards of \$18.00/hr. as starting pay. In 2023, this action reduced the compression between what would normally be minimum wage employees and full-time staff to only \$0.34/hr. Unfortunately, this issue perpetuates itself through the remainder of the salary schedule and continues to impact the Village’s ability to attract talent to our open positions.

While a salary study was included in the FY23 budget, the turnover in the Human Resources Division delayed staff’s ability to move forward until FY24. Until then, the Compensation Schedule (attached to the agenda) has been constructed to realign the grades within the Village. The lowest grade, now Grade 53, has been increased to \$18.00, which is \$4.00/hr. over the current minimum wage, \$3.00/hr. over the current pay for many of our seasonal positions, and at market rate for some more competitive employers. There is a 10% gap between grades to allow for adequate compression and offer an incentive for promotion. The salary ranges for each pay grade continue to vary from 35-45% based on pay grade.

In addition, the following changes have been made to the compensation schedule:

- Unused grades have been eliminated and grades renumbered accordingly.



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- Board approved positions previously not included on the schedule have been added (Building Commissioner, Parks and Recreation Director and Deputy Public Works Director).
- Inactive positions have been retained within the schedule as future placeholders (noted in italics).
- The duplicate entry of the Communications Coordinator was removed.

In addition to the above adjustments, a number of positions have shifted grades to reflect the appropriate salary range more accurately for the position. No changes in pay will occur with these shifts:

- Fiscal Specialist I and II moved up one grade each, to align with the Administrative Specialist I and II positions.
- Social Services Director position was moved up one grade.

To resolve compression challenges within the leadership structure of the Police Department, base salary for the Sergeant position was placed at 10% above the highest officer pay. A future Commander position has been inserted as a placeholder for future growth in the FY25 budget. Remaining police command staff retain a 10% compression between each position.

Trustee Huckins asked if the pay level is set regardless of time in service. Administrator Andrews confirmed this level difference as a result of the elevated level of responsibility. Chief Frake stated that the maximum rate is reached after 8 years of service.

Despite the quantity of changes to the compensation schedule, only five positions are directly impacted as identified in the table below:

Position	FY24 Salary w/ 3% COLA	Base Salary in New Schedule	Difference	Financial Impact
Airport Line Technician	\$15.80	\$18.00	-\$2.20	\$1,970.43
Customer Service Specialist	\$22.34	\$23.96	-\$1.62	\$3,850.10
Customer Service Specialist	\$23.76	\$23.96	-\$0.20	\$475.32
Fiscal Specialist I	\$28.75	\$28.99	-\$0.24	\$570.39
Administrative Specialist II	\$31.54	\$31.89	-\$0.35	\$831.81
Records Supervisor	\$37.79	\$38.58	-\$0.79	\$1,877.52
			<b>Total</b>	<b>\$9,575.57</b>

It should be noted that the individuals in these positions are generally new hires or promotions who have not been in their role long enough to progress into the range. When maintaining a set compression rate, an increase to the base salary of the schedule has a greater impact on the positions in these lower grades.

The staff recommendation is to increase the salaries of these individuals to align them with the minimum salary of their new grade level. The financial impact of these changes is estimated to be \$9,575.57.



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A copy of the proposed FY24 Compensation Schedule was provided in the Committee of the Whole Packet. is attached for the Board's consideration. The FY24 proposed budget will include the deferred request to perform a more comprehensive professional review of salaries.

## Seasonal Positions

As previously mentioned, minimum salaries have escalated throughout Illinois, well in advance of the 2025 deadline to reach \$15/hour. The Village is reliant on part-time seasonal staff to assist with grounds maintenance, streets laborers, and beach operations. In order for the Village to remain competitive in attracting individuals to these positions, staff is requesting the ability to continue offering base wages of up to \$15.00/hour for these positions.

## New Position Requests

There are no new positions being requested in FY24.

## Financial Impact

As discussed within the memo.

Staff is seeking the Board's direction on incorporating the recommendations into the Fiscal Year 2024 Budget as summarized below:

1. Maximum of a 4% increase in salaries
2. Restructure FY24 Salary Schedule
3. Increases for five positions

Trustee Harlfinger questioned the rates and merit, asking for the difference in the highest paid contractor and lowest paid managerial position. Administrator Andrews was unsure but offered to pull the data.

President Bogdanowski stated that the Sergeant's salary was discussed and adjusted in the past, noting that the change may be inflating the current numbers. Administrator Andrews stated that a salary study was discussed but was ultimately put off due to HR challenges.

Trustee Dustin noted that the 2022-2023 revenue is down a million dollars, and the projected 2023-2024 revenue will still come in behind 2021-2022. With the minimum wage increasing 60-80%, he is not confident that increases should be spread to others making a larger wage. He also noted that seasonal workers are not entitled to benefits, decreasing the cost of their employment.

President Bogdanowski questioned the grayed-out rates on the schedule attached to the agenda. Administrator Andrews explained that the Office Assistant (grade 52) position is vacant. If the position is required in the future, the salary will already be determined.

Attorney Stewart answered Trustee Harlfinger's earlier question regarding salary gaps, stating that the highest paid union contractor earns \$47.24/hour while the lowest paid Superintendent earns \$51.36/hour. This equates to an 8% difference.

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Trustee Huckins asked if there is currently a merit increase set. Administrator Andrews explained that there is an analysis of what can be afforded with the budget and cost of living. It is proposed at 1% for this year.

Trustee Harlfinger asked how merit is determined. Administrator Andrews stated that it only applies to non-bargaining employees. Unions dictate rates for contracted employees. The CPI increase is calculated from June to June. All employees are evaluated and given scores and those scores determine the amount of increase. Trustee Harlfinger expressed concern stating that the incentives are lacking between union workers and managerial workers. President Bogdanowski stated that COLA is at 3% and the max merit is at 1% for a total of 4% with this recommendation.

Trustee Harlfinger asked if the grayed-out positions listed on the schedule will be adjusted. President Bogdanowski reiterated that they are only a point of reference. Administrator Andrews gave the example of the new Assistant Building Commissioner position, stating that the past positions helped to structure realigning Village needs and position duties. The commander position would fall between sergeant and deputy positions. The position may be needed moving forward. While the Village is not growing, staffing has been reduced from 122 full-time staff to 116. These positions hold opportunities for restructuring.

## Police

### **Request for Approval of an Ordinance Amending Chapter 3 of the Lake in the Hills Municipal Code to Establish an Administrative Procedure Under the Public Safety Employee Benefits Act**

Presented by Chief of Police Mary Frake

The Public Safety Employee Benefits Act (PSEBA) was enacted in 1997 to provide health insurance benefits when a “full-time law enforcement officer, correctional or correctional probation officer, or firefighter suffers a catastrophic injury or is killed in the line of duty.” The same benefits may be extended to a spouse and eligible dependent children provided that all the established conditions are satisfied.

Currently, within the Village’s Municipal Code, no procedure exists for application and determination of claims for benefits under PSEBA. The purpose of the amended ordinance is to provide a fair and efficient method of determining the eligibility of full-time Lake in the Hills police officers to the benefits available under PSEBA. The ordinance provides direction on key elements such as the Application Procedure, Application Review, Administrative Hearing and Health Insurance Benefits.

Highlights include:

- A PSEBA application shall be filed by the applicant no later than 60 days from the date a permanent duty-related disability pension is awarded by the Lake in the Hills police pension board.
- The Village Administrator is charged with review of the PSEBA application and has the authority to grant the health insurance benefits if it is deemed that a qualification hearing is not required. In the event that a PSEBA qualification hearing is necessary it will be conducted by a Village appointed Administrative Hearing Officer.



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- If the Village Administrator denies the PSEBA application the applicant shall have the right to request a qualification hearing before the appointed Administrative Hearing Officer.
- Upon qualification for PSEBA benefits, the beneficiary shall be entitled to the Village's basic level insurance. The beneficiary may choose another option offered by the Village but shall pay the difference in the insurance premium between the basic and non-basic level plan.

Staff recommends a motion to Approve the Ordinance amending Chapter 3, Village Administration, of the Lake in the Hills Municipal Code.

Surprised that it still needs guidelines, Trustee Huckins emphasized that the Benefits Act was enacted back in 1997. Chief Frake clarified that the application, procedure, and a clear guide did not exist. Under home rule, the Village has the ability to create this administrative hearing process.

Motion was made to place this item on the Village Board Agenda.

## Public Works

### **Request to Award a Contract for the Woods Creek Streambank Restoration Project for Reach 12**

Presented by Public Works Director Ryan McDillon

Staff seeks Board approval to award a contract to Integrated Lakes Management of Waukegan, IL, for the 2023 Woods Creek Streambank Restoration Project for an amount not to exceed \$79,927.71.

The Lake Restoration Fund is responsible for the quality of the lakes and streambanks located in the Village. The Lake Restoration Fund is not part of the General Fund, but instead is a capital fund used to finance projects that improve storm water quality throughout the Village. The Village's current plan to improve storm water quality consists of a three-phase project to stabilize its portion of the Woods Creek streambank before performing dredging of Woods Creek Lake to remove silt and sediment. Construction of the first phase, referred to as Reach 10 concluded in 2021 and Reach 11 the second phase of the project concluded in 2023. The final phase, Reach 12, is expected to extend into early next year.

On October 19, the Village opened four sealed bids for the Reach 12 restoration project. The four bids ranged from a low of \$79,927.71 from Integrated Lakes Management, to a high of \$317,832.50. The engineer's estimate for this work was \$229,550.00. Christopher B. Burke and Village staff recommend awarding the contract to Integrated Lakes Management. The letter of recommendation from Christopher B. Burke and the bid tabulation are attached to the agenda for consideration.

### **Financial Impact**

The 2023 Village budget includes \$125,000.00 for the Woods Creek Streambank Restoration Project in Lakes Fund. The total cost for the project is \$79,927.71, which is \$45,072.29 under budget.



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Staff recommends a motion to award a contract to Integrated Lakes Management of Waukegan, Illinois for the 2023 Reach 12 Woods Creek Streambank Restoration Project in an amount not to exceed \$79,927.71.

Trustee Bojarski noted that the difference in bids is vast, asking if there are concerns over the company's methods. Director McDillon stated that Christopher B. Burke Engineering recommended the company. Trustee Huckins asked if the Village has used this company before. Director McDillon confirmed that the Village has not. Administrator Andrews added that some contractors will bid low if they are looking to add jobs before the end of the year.

Trustee Huckins asked why the budgeted amount increased. Director McDillon attributed the increase to timing concerns.

Trustee Bojarski mentioned the many problems with the last Reach and has concerns that this project will have unforeseen issues. Trustee Anderson referenced the cost breakdown for each bidder, pointing out that some items are half the price. She asked Director McDillon if the bid had been cross-checked. Director McDillon stated that bids are taken at face value with an engineer's recommendations.

Trustee Huckins asked for the start date. Director McDillon stated that they plan to start as soon as possible. Administrator Andrews added that this Reach is very different from the previous as there is a large buffer between the project and residents. Trustee Huckins asked if laborer access will be disruptive to residents. Director McDillon stated that they can enter through the park.

The Board requested a review of Integrated Lakes Management's bid and referrals before adding this item on the Village Board Agenda.

## **Request for Approval of a Leave Without Pay Request as a Condition of Employment**

Presented by Public Works Director Ryan McDillon

Staff requests approval of a request for extended leave without pay of not more than 100 days for Jacob Niskanen as a condition of his offer of employment. It is staff's intention to offer full time employment to Jacob for the new GUI position within Public Properties that will handle the majority of the Airport ground operations and also allow for cross training within the Public Properties and Parks Divisions of Public Works. Jacob has been with the Village since 2021 as a part-time Line Service Technician and has knowledge of all of the fueling, reporting and safety procedures required for the position.

While Jacob is excited about the full-time opportunity with the Village, he has previously committed to an internship involving extended travel to Israel, which he has already paid for and been approved. Due to current events, the internship may be delayed; however, it is Jacob's intention to further his education and attend this internship when it becomes available. The current travel dates are scheduled between January 9 through May 21, 2024, with the possibility of a change in schedule to the fall semester.





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Under the current Rules and Regulations, any leave without pay beyond 60 days requires Village Board approval. Additional staff would be crossed trained in Airport operations to cover during this absence.

## Financial Impact

The position has responsibilities split between Public Properties (34%) and the Airport (66%). During the period of absence, the Village will see a reduction in paid salary, while other staff is assigned to cover operations.

Staff recommends a motion to approve an extended leave without pay of not more than 100 days as a condition of employment for Jacob Niskanen.

Trustee Dustin asked if the employee will be guaranteed the same position upon his return. Director McDillon confirmed that the employee will return to the same position.

Motion was made to place this item on the Village Board Agenda.

## Board of Trustees

Trustee Murphy asked for the date of the Annual Budget Meeting. Administrator Andrews stated that it will be held on November 14<sup>th</sup>.

## President

President Bogdanowski asked the Boards direction on a resident's request for backyard chicken coupe consideration. The Board was not in favor, sighting nuisance concerns.

## Adjournment

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

There being no further business to discuss, the Committee of the Whole meeting was adjourned at 8:45 pm.

Submitted by,

A handwritten signature in cursive script that reads "Shannon DuBeau".

Shannon DuBeau  
Village Clerk