

**March 7, 2017**  
**Board Meeting**  
**Village of Sugar Grove**  
**6:00 PM**

President Michels opened the meeting at 6:00 PM and asked that the Scout Troop in attendance lead the pledge lead the Pledge. The roll was then called.

**Present:** President Michels, Trustee Herron, Trustee Geary, Trustee Koch, Trustee Montalto, and Trustee Johnson.

**Absent:** Trustee Paluch

**Quorum Established.**

**Also Present:**

Administrator Eichelberger, Clerk Galbreath, Finance Director Anastasia, Public Works Director Speciale, Community Development Director Magdziarz, PD Administration Hanold, Supervisor Merkel, Supervisor Payton.

**PUBLIC HEARINGS**

None.

**APPOINTMENTS AND PRESENTATIONS**

Presentation: GFOA Award - Comprehensive Annual Financial Report

**PUBLIC COMMENTS ON ITEMS SCHEDULED FOR ACTION**

President Michels called for any public comment. No member stepped forward and this portion of the agenda was closed.

**PUBLIC COMMENTS**

A family that resides in the Village that currently has backyard chickens requested of the Board to allow for backyard chickens to be allowed by code. The family was notified that they were in violation. The family explained how they care for and attend to their pet chickens. They Board stated they would withhold any enforcement and asked staff to research backyard chickens and to return in the future with a recommendation.

Curt Karas candidate for Sugar Grove Township Assessor introduced himself.

Pack 349 scouts were in attendance working on the Arrow of Light badge.

**CONSENT AGENDA**

- a. Approval: Minutes
- b. Approval: Vouchers
- c. Approval: Treasurer's Report
- d. Proclamation: Work Zone and Roadway Safety
- e. Resolution: Authorizing Participation in the Illinois Public Works Mutual Aid Network

Trustee Johnson **moved to Approve the Consent Agenda removing item d.** Trustee Montalto seconded the motion. President Michels then called for a roll call vote.

AYE:	Koch	NAY:	None	ABSENT:	Paluch
	Herron				
	Geary				
	Montalto				
	Johnson				

Motion Carried

**GENERAL BUSINESS**

**Resolution: Accepting Low Bid for 2017 Road Program**

Trustee Johnson **moved to a Resolution Accepting Low Bid for 2017 Road Program.** Trustee Herron seconded the motion. President Michels then called for a roll call vote.

AYE:	Koch	NAY:	None	ABSENT:	Paluch
	Herron				
	Geary				
	Montalto				
	Johnson				

Motion Carried

**Resolution: Authorizing a Street Light Repair Contract**

Trustee Johnson **moved to Approve a Resolution Authorizing a Street Light Repair Contract.** Trustee Montalto seconded the motion. President Michels then called for a roll call vote.

AYE:	Koch	NAY:	None	ABSENT:	Paluch
	Herron				
	Geary				
	Montalto				
	Johnson				

Motion Carried

**DISCUSSION ITEMS**

**2017 – 2018 Budget**

Finance Director Anastasia presented to the Board an overview of the current budget and a draft of the proposed 2017 – 2018 budget. He further stated that Staff is not proposing increasing any permit, licenses, and fine amounts in the fiscal year 2017 – 2018 budget. A review of certain

violation fines is underway. The proposed FY 2017-2018 budget focuses on the Core Service areas. The Core Service concept was a primary factor in determining what to include in the proposed budget. The budget includes staff's understanding of the Board's consensus Action Plan Ideas.

#### Attachments

- 1) General Fund Summary Sheets
- 2) Lot Development Projection
- 3) FTE Staffing Levels

The following significant items were noted:

#### Fiscal Year 2016 – 2017 General Fund

The fiscal year 2016 – 2017 General Fund is projected to finish with a of approximately \$26,000. Revenues are projected to be higher than budget by approximate \$84,816. Revenues are projected to be over budget by 1.69% and expenditures are to be over budget but within 1.72% of the budget.

Staff projected and included 50 residential, 5 commercial, and 375 miscellaneous building permits in the fiscal year 2016 – 2017 budget approved by the Village Board. As of February 28, 2017, 29 of the residential, 1 of the commercial, and 387 of miscellaneous building permits have been issued. We are estimating not to hit 50 residential permits but looking to pick up 2 or 3 additional commercial permits by the end of the fiscal year. Home improvements continue to be strong and will likely increase before year-end.

The following are explanations of the major FY 2016 – 2017 revenue differences:

- 1) Property Taxes – property taxes were collected at a higher rate than anticipated;
- 2) Utility Taxes – natural gas decreased \$19,000 because of the mild winter causing usage being lower than anticipated;
- 3) Building Permits – due to the mild winter, there was an unexpected increase in building permits issued;
- 4) State income tax – decreased \$37,869 in the projected activity from the budgeted amount for FY 2016-2017, the individual income tax rate decreased in 2015 to 3.75%;
- 5) Sales tax – increased by \$23,680 due to increased activity at businesses within the Village;
- 6) Court fines – increased \$11,500 as a result of court fine revenues being higher than anticipated;
- 7) Reimbursement - increased \$17,000 – the Village billed out developer reimbursable costs mid-February 2017. On the other half, you will see engineering costs are higher as well.
- 8) Rental Income – the recent rental of 160 Municipal to Mickey, Wilson has increased our projected year end by \$11,375.

The following are explanations of the major FY 2016 – 2017 expenditure differences:

- 1) Police Salaries – Overtime (01-51-6102) - increased \$15,000 due to two full-time patrol officers on worker comp injuries, and special event details such as the Corn Boil and Palmer Cup;
- 2) Police - Medical/Dental Insurance (01-51-6201) – decreased \$27,858 because of the change in how health insurance is calculated;

- 3) Police – Training/Memberships (01-51-6208) – increased by \$4,800 due to an unexpected scheduling of a Staff and Command School class in the area during the fiscal year;
- 4) Street – Salaries Full-Time and Seasonal (01-53-6101/6105) – There is a decrease in full-time salaries due to a vacant position, however, there is an increase in seasonal salaries to cover some of those duties. There were 2 seasonal employees, rather than 1;
- 5) Street - Unemployment Compensation (01-53-6204) – decreased \$7,500 as a result of a Street employee being terminated in FYE16 and no longer collecting unemployment benefits;
- 6) Street – Engineering Services (01-53-6303) – increased by \$23,000 due to engineering review of Right of Way permits;
- 7) Street – Landscaping Supplies (01-53-6606) – decreased \$20,000 due to a lower cost for supplies;
- 8) Building Maintenance - Repair and Maintenance Services – Buildings (01-54-6406) – increased \$16,200 as a result of the unanticipated repair to the furnace at 610 Heartland and parking lot repairs at the 140 Municipal lot;
- 9) Community Development – Engineering Services (01-55-6303) – increased \$69,000 as a result of the acceleration of the Settlers Ridge annexation agreement;
- 10) Community Development – Other Professional Services (01-55-6309) – there was an increase of \$29,000 due to the outsourcing of building permit plan review and inspections in July 2016; and
- 11) Finance – Other Professional Service (01-56-6309) – an increase of \$33,800 was due to the hiring of an interim Finance Director from GovHR.

#### Fiscal Year 2017 – 2018 General Fund

Staff is proposing a surplus of \$6,092 for fiscal year 2017 – 2018. This result includes an increase in transfer to the capital fund for the purchase of two new pieces of equipment in the Streets department, increase in general liability insurance premiums, Police pension contributions, part-time employee costs and inserting some economic development budget back for the Village. The Village is showing increases in several revenues (including, but not limited to building permits, state income tax and state sales tax). Total expenditures are expected to increase slightly from the fiscal year 2016 – 2017 projected actual and increase 2.88% from the fiscal year 2016 – 2017 approved budget.

#### Revenues (01-00-0000)

Fiscal year 2017 – 2018 revenues are estimated to increase by approximately \$59,000 from fiscal year 2016 – 2017 estimated actual. Significant changes include:

- 1) Building Permits (3310) – increase by \$27,000 due to the projection of homes being built in Settlers Ridge development;
- 2) State Income Tax (3410) – increase by \$18,000 in the expectation of the new businesses opening in the coming fiscal year;
- 3) Sales tax (3450) - increase by \$55,000, expectation of the automotive and filling stations category of sales taxes to increase with the new owner of the Shell gas station taking over, BP gas station opening, along with Dunkin Donuts;
- 4) Reimbursement (3761) – increased by \$17,000 because we billed out developer reimbursable engineering and legal service invoices expecting them to be collected over the next fiscal year; and
- 5) Rental Income (3820) – increased by \$28,000 due to the leasing out of the 140 and 160 Municipal Drive buildings.

#### Expenditures

Fiscal year 2017 – 2018 expenditures are estimated to increase by approximately \$60,000 from the fiscal year 2016 – 2017 estimated actual. Significant changes include:

#### Personnel

The total number of Full-Time Equivalent employees is changed to reflect the actual hours that Police part-time employees actually work. In the past, part-timers were budgeted at 6 hours per week, however, that has changed based on actual hours each part-time officer works. Also, there were 3 vacant part-time officer positions that are currently being filled by other part-time employees or through overtime. These were appropriately reclassified and removed from FTE numbers for staffing levels. This is all reflected in the accompanying staffing level worksheet. Non-represented employees are scheduled to receive a combination cost of living increase of 2.375% and a performance increase, assuming they receive satisfactory performance evaluations. For the represented employees, the patrol officers will be receiving a 2.50% increase, while the sergeants will receive a 2.25% increase. Health insurance premiums are budgeted at a 5% increase with the cost shared between the Village and employees.

#### Pensions

Non-Police pensions through IMRF are funded at 89.15%. The Village will contribute the required amount. Police Pensions are currently 35.51% funded. The state mandated contribution is \$261,720 (PUC 90%). The budgeted amount is \$356,414 (entry age 90% funded). The Village should continue to strive to contribute the recommended entry age contribution of 95-100% (which would be \$379,553 to \$402,691 for fiscal year 2017-18).

Vehicles & Equipment - The replacement schedule was looked at in-depth to determine if the vehicles and equipment to be replaced were fully funded. If instances were found where it wasn't this was adjusted in the budget for FY 2017-2018.

- Police Department - The transfer to the vehicle/equipment replacement (7010) will increase by \$30,000. Current vehicles to be replaced in FYE 2018:
  - (2) Ford Interceptor Sedan patrol vehicles will be replaced with (2) Ford SUV Interceptor patrol vehicles.
- Street Department – The transfer to the vehicle/equipment replacement (7010) will increase by \$41,504. The current vehicle scheduled to be replaced in FYE 2018
  - (1) Ford F-550 ½ Ton Dump Truck for Snow Removal/Field Maintenance.
- Community Development – The transfer to the vehicle/equipment replacement (7010) will decrease by \$640 in total, but we reclassified one of the Community Development vehicles to the Finance/Admin department as a pool vehicle. We changed the type of vehicle to replace from a Dodge Dakota truck to a type of hybrid/compact car. The Finance budget, because of the reclassification of the one vehicle, will have a new transfer expense to the capital fund within their budget of \$227 for the replacement of the new vehicle.

#### Administration

- 1) IRMA liability insurance premiums (6514) will continue to increase even with the use of an IRMA credit of \$32,500 that will be utilized to help defer the cost of the premium. This practice can be continued for up to three more years, if necessary. The additional expense for this fiscal year is \$15,980.

#### Police

- 1) Salaries – Full-time (6101) – In FYE 2017, one of the officers was off on an on the job injury, the officer was awarded a duty disability pension in FYE 2017. A new officer will be hired to replace his vacant position. The vacant position was not budgeted in FYE 2017. The represented patrol officers and sergeants are receiving 2.50% and 2.25% COLA increases, respectively;

- 2) Salaries – Overtime (6102) and part-time (6104) – hours are balanced to ensure that all patrol hours are either covered with overtime or part-time patrol officers. Part-time salaries also include the part-time Administrative Officer and part-time Office Assistant positions;
- 3) Police pension (6106) – increased to reflect the additional cost of police pensions - \$26,500; and
- 4) Medical/Dental Insurance (6201) - decreased insurance costs for the new way insurance costs are calculated – \$19,200;

#### Streets

- 1) Engineering Services (6303) – Increased \$10,000 due to additional engineering work needed to complete Village projects;
- 2) Landscaping supplies (6606) - decreased \$58,950 because there is no longer a transfer from the capital account for the parkway tree program; and
- 3) Snow & ice control supplies (6615) – increased by \$55,376 because of the cost of road salt and amount needed to purchase under the State purchasing program prior year purchase amount; and

#### Building Maintenance

- 1) Repair & Maintenance Services - Buildings (6406) – increased \$10,500 because there were two new expenses added. The replacement of the A/C units in the server rooms and landscaping expenses for 140 and 160 Municipal Drive.

#### Community Development

- 1) Salaries – Full-Time (6101) – the building inspector is now being outsourced. There will be an increase in the Other Professional Services (6309) account for this service;
- 2) Engineering Services (6303) – increased \$10,500 for work related to development plan review services; and
- 3) Other Professional Services (6309) – increased \$14,700 due to the building inspector position being outsourced.

Unlike the General Fund, which to some degree can be looked at on a single year basis, the following funds should primarily be with a multi-year view. Depending upon the timing of significant revenues, such as debt issuance and expenditures such as major capital projects, individual years may have wide fluctuations in surplus or deficit conditions.

#### Fund 50 Waterworks and Sewerage Fund

FY 16-17 – The Waterworks and Sewerage Fund is projected to finish with an overall deficit of \$2,638,332 versus the budgeted deficit of \$2,940,045. Operating revenues will be higher than budgeted by approximately \$157,450 due to higher water and sewer usage. The Settlers Ridge to Hanks water main project should be complete in the current fiscal year, causing the major deficit for the water and sewer fund.

FY 17-18 – Compared to estimated actual revenues of FY 16-17, revenues are anticipated to increase by \$105,084 as a result of the water and sewer rate increase of 6.25% and an increase in interfund transfer of \$25,000. Expenditures are anticipated to decrease by \$2,633,470 compared to the FY 16-17 estimated actual of \$6,624,596. The major differences are:

- Insurance Premiums (50-50-6514) – increase of \$13,980 for IRMA;

- Transfer to Equipment Replacement (50-50-7010) – increase of \$26,313 for the updated cost of replacement vehicles which were higher than the anticipated schedule to replace;
- SCADA Services (50-59-3213) – decrease of \$59,900 due to the SCADA system upgrade that occurred in FY 16-17;
- Other Professional Services (50-60-6309) – decreased by \$151,000 removing the expense for the rehab of wells #10 and #11 but still including the installation of 1,500 new meters,
- Repair and Maintenance Services - Buildings (50-60-6406) – decreased due to the rehab of the exteriors of wells 5 and 6 by \$30,000,
- Engineering Service (50-71-6303) – decreased by \$177,000 the Settlers Ridge and Hankes water main project will be complete in FY 16-17 with no other projects scheduled to be done,
- Automotive Equipment (50-71-7006) – decreased to \$0 as there are no vehicles to be replaced in FY 17-18,
- Other Equipment and Machinery (50-71-7007) – decreased by \$25,000, the replacement of the Bobcat Excavator is scheduled for FY 17-18,
- Water System Improvements (50-71-7011) – decreased by \$2,173,960 which consisted of Settlers Ridge to Hankes water main improvement construction of \$2,096,000, Fays Lane and Sugar Lane of \$60,400, Mallard Point to Settlers Ridge water main improvements \$17,600 all to be completed in FY 16-17. The budgeted amount is for the US 30 at Dugan water main project.

There were decreases in SCADA services (50-59-6313) of \$59,900 because of the hardware and software replacement that occurred in FY 16-17.

The water meter replacement program will be in its second year. It is anticipated to be completed in FY 18-19

These major projects will result in deficit spending FY 16-17, show a positive cash flow in FY 17-18 but then show a deficit in FY 18-19.

### Fund 30 General Capital Projects Fund

FY 16-17 Revenues - Projected to be \$45,000 higher than what was budgeted. Revenue is projected to be higher because of:

- Forfeiture (30-00-3520) – by \$11,000 for a police seizure
- Improvement Donations (30-00-3850) – from Settlers Ridge and Meadowridge developments; and
- Interfund Transfer (30-00-3990) – by \$21,980 to make sure the replacement schedule was being fully funded.

FY 16-17 Expenditures – Expenditures are expected to be \$22,400 higher than budget.

- Police Department – the police department purchased 1 new squad car and 1 sergeant vehicle. The Sedans are being replaced with SUV's. The expenses for these vehicles are slightly higher, but the cost to equip the vehicles were higher than expected by \$11,420;
- Public Works Department – the department will purchase an asphalt roller and grinder that we not budget for in FY 16-17 (30-53-7007).

FY 17-18 Revenues – Budgeted revenues will be higher than last year's budget by \$71,242.

- Interfund Transfer (30-00-3990) – will be increased because of readjustment in the replacement schedule pricing.

FY 17-18 Expenditures – Budgeted expenditures will be lower than last year’s budget by \$120,570. The most significant change is in the Finance Department where the financial software upgrade was completed in the amount of \$118,890 (30-56-7007).

- Police Department – replacement of (2) squad cars is scheduled to be complete. The increase in replacement cost resulted in an increase in expense by \$13,250;
- Street Department – the replacement of the 2005 Ford F-550 1 ½ Ton Dump Truck is scheduled.
- Finance Department – FY 16-17 budget, there are expenses for financial software and web site (30-56-7007), as well as a transfer out (30-56-9003) of \$90,000 (\$20,000 for sidewalks and \$70,000 for parkway trees), which will not occur in FY 17-18.

#### Fund 32 Industrial Tax Increment Financing District #1

TIF #1 is south and west of the airport near the intersection of U.S. Route 30 and Dugan Road.

FY 16-17 Revenues and Expenditures – Revenues are higher than budget because of a grant for the Dugan Road project, \$4,552. Expenditures are expected to be higher than the budget because of the Dugan Road project that was completed in FY 16-17.

FY 17-18 Revenues – There is a slight increase in the amount of property taxes that the TIF will receive.

FY 17-18 Expenditures – The decrease is a result of the Dugan Road project being completed in FY 16-17. Expenditures will be used for membership in the Illinois Tax Increment Association (ITIA) and annual TIF conference (split 50% with 33-50-6208).

#### Fund 33 Industrial Tax Increment Financing District #2 (north of airport)

TIF #2 is north and east of the airport near the intersection of Wheeler Road and Heartland Drive.

FY 16-17 Revenues – revenues were received through the TIF increment.

FY 16-17 Expenditures – the only costs incurred in FY 16-17 were audit services to complete the required annual TIF reports.

FY 17-18 Revenue and Expenditures – Property taxes will continue be collected in FY 17-18. It is anticipated that the TIF will receive \$20,143 in property taxes. Expenditures will be used for membership in the Illinois Tax Increment Association (ITIA) and annual TIF conference (split 50% with 32-50-6208).

#### Fund 35 Infrastructure Capital Projects Fund

FY 16-17 Revenues – Revenues are projected to be lower than budget by \$1,464,750. As part of that lower amount, the Village did not receive the Bliss Rd. & IL-47 grant payment reimbursements.

FY 16-17 grants budget consisted of:

- STP grant for Bliss Rd. & IL-47 of \$1,529,850
- Phase I engineering for IL-47 & I-88 of \$815,725
- Dugan & Granart of \$3,400,000.

FY 16-17 Expenditures – Street Department expenditures are expected to be \$1,965,325 in total lower in engineering services (35-53-6303) and streets/ROW improvements (35-53-7008)

because of no construction costs on the IL-47 & Bliss Rd. project.

FY 17-18 Revenues – Projected to be lower than the FY 16-17 budget by \$1,042,590. The grants line item (35-00-3440) will decrease because of lower anticipated funding for road projects:

- Denny Road Surface Transportation Program (STP) project of \$273,900 – Project is complete
- Bliss Rd. & IL-47 STP grant of \$1,229,850 to be received in FY 17-18.
- IL-47 & I-88 Phase I Engineering grant reimbursement reduced by \$506,000 received in FY 16-17.

FY 17-18 Expenditures – The expenditures are expected to be \$2,524,401 lower than FY 16-17 budget. Expenditures include the following project engineering and construction costs:

- Phase I Engineering IL-47 & IL-88 – Carry over from prior fiscal year - \$309,725
- Phase II Engineering IL-47 & IL-88 – \$815,725
- Phase I/II Engineering IL-47 & Bliss Rd. – \$144,800
- Phase III Engineering IL-47 & Bliss Rd. – \$176,800
- IL-47 & Bliss Rd. Construction – \$1,360,000
- Dugan Rd. & Granart Roundabout Retainage – \$300,000

#### Project Updates

Bliss Rd. & IL-47 – the additional STP funding needed for the project has been secured. Coordination with Kane County and IDOT is underway. Phase II engineering is almost complete with an estimated bid date of April 2017, with construction beginning the end of calendar year 2017.

IL-47 & I-88 – Phase I engineering is expected to be completed in FY2017-2018. Phase II engineering is expected to start in FY2017-2018.

#### Fund 41 Debt Service Fund

This fund pays the debt service on the 2009 Public Works Facility refunding bonds and the 2013A/B Building Program refunding bonds. Revenues to cover the bonds are received from a transfer from the Waterworks and Sewerage Fund, Infrastructure Capital Projects Fund, and General Capital Projects Fund.

#### Fund 47 SSA #10 – Sugar Grove Center

FY 17-18 Revenues and Expenditures - This SSA was established for maintaining the area near Jewel. The property taxes collected will be used for Storm Water and Detention Basin Maintenance.

#### Fund 57 Refuse Fund

FY 16-17 – The Refuse Fund is projected to be slightly above budget.

FY 17-18 – The Village Board approved a new contract with Waste Management effective August 2012. In accordance with the contract, increases will be in line with the Chicago Metropolitan Area Consumer Price Index increase, with a minimum of 3% and maximum of 5%. Staff has projected a price increase of 3.0% based on historical data. The residential costs will be reevaluated once the new contract has been approved.

#### Fund 80 Police Pension Fund

FY 16-17 - Revenues and expenditures are generally projected to be in line with what was budgeted.

FY 17-18 – Revenues are expected to increase as a result of an increase in the Village's contribution of \$24,414. Final numbers are being confirmed with the Police Pension fund auditors.

The Board discussed the proposed 2017-2018 budget.

They questioned if the projection for building permits was a little aggressive. Staff answered that in conversations with the current developers/builders it should be fairly accurate. They asked why police vehicles are getting larger. It was answered that with sedans becoming smaller and the increase in equipment it has become necessary.

The Board discussed the staffing levels and the projected increase and agreed with the proposal. They also indicated that they would like to work towards 100% of entry age contribution for pension fund.

President Michels asked how the accreditation process for the Police Department was going. It was answered that the first level should be achieved this calendar year.

The increase in Salt costs was questioned. Staff explained that while salt is still on hand it is unknown what the costs may be for upcoming years as the Village will have to enter into a new agreement for purchase this year. The last few years the price has been held by the agreement.

President Michels stated he would like to the Bike Bridge over the creek built and the next engineering phase is estimated to \$1000,00 he stated that he will talk to the Park District and the Township and ask for a contribution. He asked for support. Trustees Koch, Herron, and Montalto stated they would support with a contribution from others of \$25,000 per agency.

President Michels also stated that for future planning a access way to the triangle piece off of Wheeler will need to be built.

Trustee Koch asked for a chart of all bonds.

President Michels stated that he would like to see a few graphs in the budget. He asked that if the Board had any further comments that they forward them to the Administrator.

## **REPORTS**

Trustee Geary gave an update on Chamber Activities. Trustee Johnson stated Farmers Market is currently indoors the 2<sup>nd</sup> Saturday of each month. The candidate forum will be held on Tuesday March 14<sup>th</sup>.

President Michels stated he had met with the county of the Bliss Road project and the meeting went well.

## **AIRPORT REPORT**

None

## **ADJOURNMENT**

Meeting adjourned by Trustee Johnson and seconded Trustee Geary at 8:30 p.m.