

March 6, 2018
Board Meeting
Village of Sugar Grove
6:00 PM

President Michels opened the meeting at 6:00 PM and asked that Trustee Paluch lead the pledge lead the Pledge. The roll was then called.

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

Absent: Trustee Paluch

Quorum Established.

Also Present:

Administrator Eichelberger, Clerk Galbreath, Finance Director Anastasia, Community Development Director Magdziarz, , Director of Public Works Speciale, Water and Sewer Supervisor Merkel and Streets and Properties Supervisor Payton.

PUBLIC HEARINGS

None.

PUBLIC COMMENTS ON ITEMS SCHEDULED FOR ACTION

President Michels called for any public comment. President Michels called for public comment and as no member of the audience stepped forward and this item was closed.

President Michels then congratulated HR Green on achieving and award for the Sugar Grove Roundabout.

CONSENT AGENDA

- a. Approval: Minutes of February 20, 2018 meeting
- b. Approval: Vouchers
- c. Proclamation: Work Zone and Roadway Safety
- d. Ordinance: Proposing SSA #24 – Selective Label 20180306A
- e. Ordinance: Proposing SSA # 25 – Chelsea Senior Commons 20180306B
- f. Ordinance: Proposing SSA # 26 – Quantum Sign 20180306C
- g. Ordinance: Proposing SSA #27 – First Community Secure Bank 20180306D

Trustee Herron **moved to Approve the Consent Agenda as presented.** Trustee Montalto seconded the motion. President Michels then called for a roll call vote.

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

Motion Carried

GENERAL BUSINESS

Resolution: 2018 Road Program Bid Approval – D Construction 20180306PW1

Trustee Johnson **moved to Adopt a Resolution Approving 2018 Road Program Bid Approval – D Construction 20180306PW1**. Trustee Paluch seconded the motion. President Michels then called for a roll call vote.

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

Motion Carried

Resolution: 2018 Road Program Bid Approval– Struck and Irwin Paving 20180306PW2

Trustee Johnson **moved to Adopt a Resolution 2018 Road Program Bid Approval– with Struck and Irwin Paving 20180306PW2**. Trustee Paluch seconded the motion. President Michels then called for a roll call vote.

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

Motion Carried

President Michels asked additional projects would be considered with the favorable bid. It was answered that it is not enough saving and there is the possibility that the low bidder may not honor their bid.

Resolution: Authorizing Purchase of a Compact Excavator – 20180306PW3

Trustee Johnson **moved to Authorizing Purchase of a Compact Excavator – 20180306PW3**. Trustee Herron seconded the motion. President Michels then called for a roll call vote.

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

Motion Carried

DISCUSSION ITEMS

Amending the Sign Code

Community Development Director Magdziarz explained that he and his staff re-visited the draft of the sign code in response to some concerns about the proposal for pole signs. The attached Ordinance includes greater restrictions on the use of pole signs, as defined in the sign regulations.

A lot owner that chooses to display a pole sign is strictly limited to one freestanding sign on the entire property, and the pole sign is required to be externally illuminated and supported by two poles or legs.

Additionally, the master sign plan requirements are revised to permit, among other things, a property owner to add additional pole signs to accommodate signs providing direction as in a drive-up facility. It is Village staff's opinion that this will provide the property owner with some flexibility and gives the Village Board complete discretion with respect to approving such requests. All references to off-site advertising have been removed, except where off-site advertising is prohibited. Roof signage has also been addressed. The Planning Commission recommended approval of the comprehensive sign regulations amendment.

The Board discussed the proposed sign code amendments and felt comfortable knowing that within a PUD a petition could ask for a variance if need be. This item will move forward.

Zoning Ordinance Amendments

Community Development Director Magdziarz stated Section 11-13-2-G of the Zoning Ordinance requires "an annual study of the Zoning Ordinance" and "to make a report and recommendations for changes to the Planning Commission." The periodic text amendments the Village Board approves accomplish the intention of Section 11-13-2-G to keep the Zoning Ordinance current. Nevertheless, Community Development staff reviewed the Zoning Ordinance and found numerous references and grammatical errors, as well as technical corrections that require attention.

Many of the corrections can be characterized as printing mistakes found in the document following publication of various amendments. To be clear, there are a number of changes that are technical and more substantive in nature and they are described below.

1. The individual identified with responsibility for administering the Zoning Ordinance is referred to as the "building official," "zoning administrator," community development director" and other terms. A single identifier would remove confusion. "Community Development Director is recommended.
2. The word "must" is used extensively in the Zoning Ordinance, yet, by definition, Section 11-2-3, Rules, it is not recognized. Only the words "shall" and "will" are recognized as mandatory in the Zoning Ordinance. For that reason, all "musts", "cans", and some "mays" require change to "shall" or "will".
3. Chapter 4, Section 7, Accessory Uses, Structures and Buildings, is reorganized in an attempt to ease understanding of the regulations. No substantive changes are made.
4. Chapter 16, Planned Developments, included numerous errors and did not flow well. This Chapter is reorganized to flow better and improve understanding of the regulations. No substantive changes are made.
5. Section 11-4-7(3b) and Section 11-4-23(4e) regulatory addition to commercial outdoor storage yards and contractor's yards: "No chain link or mesh type fence with inserted screening slats or screening fabric shall be acceptable in complying with the screening standards." In administering the ordinance, staff has tried to persuade away from this type of fencing. This addition codifies that policy. Section 11-4-7(3c) and Section 11-4-23(4f) regulatory addition to commercial outdoor

storage yards and contractor's yards: "No equipment or materials shall be stored inside the area at a height greater than the height of the fence". This has not been a problem; however, staff can anticipate this being an issue in the future. Sunbelt Equipment Rental's Special Use Permit specifically allows the lifts to be extended above the height of the fence.

6. Section 11-13-8(D) requires that properties being considered for zoning change be posted with a sign notifying the public. This section has been revised to reflect the size of the signs that the village purchased for this purpose.
7. Section 11-16-2-1 includes language that limits the amount of land area devoted to nonresidential uses within a planned development district. The purpose of the planned development district is to provide flexibility in planning that will lead to a more creative product. This restriction is too limiting and unnecessary. The amendment proposes deleting this language.
8. Section 11-16-12/6 *Procedures for Approval of Preliminary and Final Plans* for the Planned Development district includes a provision to allow the planning commission/zoning board of appeals to waive the preliminary plan process. Since these planned development districts are large (at least 200 acres) and complex, there is no value in skipping this process and doing so has the potential of creating a rushed, inferior end product.

The Planning Commission recommended approval of the comprehensive zoning ordinance amendment. The Board reviewed the amendments and agreed with staff's recommendation. This item will move forward.

FY2018-19 Budget

Finance Director Anastasia stated that Staff faced a significant number of obstacles that were out of the control of the Village's ability to correct during budget preparation and review . For example, the State of Illinois enacted a 10% cut in the Local Government Distributive Fund (LGDF) for SFY2018 (July 1, 2017 through June 30, 2018) which affected the collection the Village received from Income Tax. The cut has totaled an estimated \$110,000 in reduced revenue the Village will see in the current fiscal year 2017-2018. On February 14, 2018, in Governor Rauner's Budget Address, he proposed to continue the 10% reduction on LGDF for SFY2019 (July 1, 2018 through June 30, 2019). Therefore, the reduction in revenue the Village will see for Income Tax, will remain the same in the proposed fiscal year budget as projected for the current year.

The next item that the Village has no control over is Medical Insurance. As a small group, Village employees are individually rated depending upon factors such as age and experience. Individual premiums increases varied between 7.1% and 28.1%, with a 17% average. In almost every department the medical costs increased in the proposed budget. The employee share of the premium was similarly increased.

The final major item the Village faced without control is the Police Pension contribution amount. In fiscal year 2017-2018 the Village committed to funding the Police Pension Fund at Entry Age Normal 90% (EAN90%) funding level. This is above the State mandated amount of Projected Credit Unit 90%. It has been the Village's goal to try to get to Entry Age Normal 95% in FY2018-2019, however, the Actuarial Study that was completed on the fund increased the contribution significantly from the prior year. In comparison, the fiscal year 2017-2018 EAN9096 contribution

level was \$356,417, whereas, the fiscal year 2018-2019 EAN90% contribution level has increased to \$401,861, an increase of over \$45,000. This increase used up the entire increase in the Tax Year 2017 levy plus more than the Village would have received, leaving less money coming into the Village for operating purposes through property taxes.

The initial draft budget for fiscal year 2018-2019 showed a General Fund deficit of over \$362,000. At the end of the Staff and Departmental budget meetings, the General Fund was showing roughly a \$216,000 deficit proposed budget. This change was accomplished by aggressively limiting expenditures. As presented, expenses for fiscal year 2018-2019 are \$144,250 LESS than fiscal year 2017-2018 projected expenses. In order to eliminate the remaining deficit and present a balance budget, Staff included increased revenues and a planned one year reduced vehicle transfer reduction, which are being presented to the Board as a part of the budget process. The revenue increase was in regards to building permits and inspections. In anticipation of updating the fee schedule from Community Development, we proposed an additional \$85,000 increase in Building Permit revenue. The other major change to balance the budget was cutting the Equipment Replacement Fund transfers by 50% in all departments throughout the General Fund, resulting in about \$131,500 shortfall of equipment replacement funding in fiscal year 2018-2019. This shortfall will need to be made up over the next several years. The current proposed fiscal year 2018-2019 budget has a \$127 surplus after those changes.

The Board asked that staff further evaluated building permits as they felt the number presented was not obtainable.

These proposed assumptions and reduction in equipment transfers, although in the short-term may be effective, are not a sustainable way to move forward for the long-term. The Village staffing levels are at a bare minimum without depriving services to the residents. Operating costs for all departments have stayed relatively the same from the prior year. At this time, the best option to help make Sugar Grove strive forward into the future, is to start to look at ways to increase our revenue. Any surplus at the end of the year should go immediately to repay the shortage of transfers to the Equipment Replacement Fund. Projects that are not a necessity should be put on hold until there are excess funds to put towards these projects.

The following items of proposed budget were then discussed
General Fund Budget Summary — This will include a brief overview of fiscal year 2017 — 2018 projected and fiscal year 2018 — 2019 proposed budget amounts.

- A) Waterworks and Sewerage Fund Budget Summary — This will include a brief overview of fiscal year 2017-2018 projected and fiscal year 2018 — 2019 proposed budget amounts.
- C) All Other Funds Budget Summary
- D) Fees presented to be increased in the fiscal year 2018-2019 budget:
 - i. Water/Sewer Rates
 - ii. NSF Fees
 - iii. Tag Fees
 - iv. Shut On/Off Fees
 - v. Road Maintenance Fees
 - vi. Garbage Rates

Fiscal Year 2017 — 2018 General Fund (Fund 01)

Fiscal year 2017 — 2018 General Fund is projected to finish with a deficit of (\$317,109) versus the budgeted surplus of \$107,592. Revenues are projected to be lower than budget by approximate \$210,692 (4.13%), while expenditures are expected to be over budget by \$214,009 (4.29%). Throughout the year, there have been many unexpected emergencies and items that had to be completed. These items were brought to the Board for approval. The fiscal year 2016-2017 allotment for the State salt purchase was not received and paid for until fiscal year 2017-2018. Therefore, it was not budgeted and was carried as a fund balance from fiscal year 2016-2017 in the amount of roughly \$82,000. An emergency repair of a sinkhole in Mallard Point was unbudgeted at a cost of \$97,188. Other items unbudgeted but approved by the Board knowing we would be using our excess reserve over the reserve policy of 25% were ADA Self-Evaluation (\$4,900); Queensgate Bridge repairs (\$22,600); Streets Barn repairs (\$16,600) and a Storm Water repair in Hannaford Farms (\$15,000). The unbudgeted items spent in FY2017-2018 totaled \$236,620, with the remaining deficit being spread out over multiple accounts and the decrease in revenues.

Staff projected and included 59 residential and 5 commercial building permits in the fiscal year 2017 — 2018 budget approved by the Village Board. As of February 28, 2018, 20 of the residential and 1 of the commercial building permits have been issued. We are estimating not to hit 59 residential permits but to have the majority of those permits to be issued in fiscal year 2018-2019 with Settlers Ridge subdivision. Home improvements continue to be strong and will likely increase before year-end.

The following are explanations of the major fiscal year 2017 — 2018 revenue differences:

- 1) Property Taxes — property taxes were collected at a higher rate than anticipated for tax year
2016 and the remaining amount not collected from tax year 2015 was collected;
- 2) Utility Taxes — telecommunication tax decreased \$22,569 due to the decreased usage of landlines and the switch of households using a cell phone as a home line instead of having a dedicated line;
- 3) Towing Fees — with the change in State law for the offenses that result in a tow;
- 4) State income tax — decreased \$110,083 in the projected activity from the budgeted amount due to the State of Illinois imposing a 10% reduction in Local Government Distributive Fund (LGDF) receipts to local governments in their SFY2018 budget, this is also proposed in the State's fiscal year 2019 budget;
- 5) State Sales Tax Rebate — the fiscal year 2017-2018 budget was under budgeted by almost
\$53,000, which is money the Village owes back per rebate agreements;
- 6) State Sales tax — increased by \$32,000 due to the opening of several businesses within the fiscal year generating sales tax. Even though we are expecting to collect more than budget, the rebate amount exceeds this amount;

The Board asked for a schedule of rebates including percentages and dates expiring.

The following are explanations of the major fiscal year 2017 — 2018 expenditure differences:

- 1) All Departments — Medical Insurance (01-XX-6201) — medical insurance in all of the departments will be over what was budgeted for the year. The insurance renewal

- came back at an average 17% increase for the Village, initially only budgeted a 5% increase;
- 2) Police Salaries — Regular (01-51-6101) — the new police officer was not hired until November 2017, 6 months after the fiscal year has started;
 - 3) Police Salaries — Overtime (01-51-6102) - increased \$33,000 due to the full-time patrol officer being hired late and the additional overtime needed to cover the NCAA Division I Golf Championships that were held at Rich Harvest Farms;
 - 4) Police — Legal Services (01-51-6307) — decreased by \$24,700 due to the low amount of labor issues during the year. Contract negotiations will start, therefore, there will be an increase back to the normal amount budgeted;
 - 5) Police — Grant Related Expenses (01-51-6618) — no grants were received in the fiscal year;
 - 6) Police — Transfer to Equip. Replacement Fund (01-51-7010) — an increase of \$17,038 occurred in the fiscal year to add the additional funds needed to switch the replacement cars from Sedans to SUVs;
 - 7) Street — Engineering Services (01-53-6303) — there is an increase of \$24,660 attributed to the approved expenses by the Board of ADA Self-Evaluation and the Mallard Point sink hole engineering;
 - 8) Street — Repair & Maintenance — ROW (01-53-6405) — increased due to the approval of the Queensgate Circle Bridge and Sidewalk repairs;
 - 9) Street — Landscaping Supplies (01-53-6606) — decreased due to the reduction in new development trees planted;
 - 10) Street — Snow & Ice Control Supplies (01-53-6615) — fiscal year 2016-2017 salt purchase was made in fiscal year 2017-2018 budget but was carried as a fund balance;
 - 11) Street — Transfer to Equip. Replacement Fund (01-53-7010) — was decreased by \$26,889 because we were able to move the replacement of some vehicles and equipment out another year or two;
 - 12) Building Maintenance - Repair and Maintenance Services —Buildings (01-54-6406) —increased \$16,600 as a result of the unbudgeted Board approved expense of \$16,600 for the Street Barns repairs;
 - 13) Community Development — Salaries — Regular/Part-Time (01-55-6101/6104) — were basically a wash as we hired Renee Hanlon as full-time moving her from part-time, as well as added Chris Hecklinger which you will see in the professional services account;
 - 14) Community Development— Engineering Services (01-55-6303) — increased \$46,720 as a result of the approval to use monies from the Settlers Ridge settlement to update the Subdivision Code;
 - 15) Community Development — Other Professional Services (01-55-6309) —there was an increase of \$50,975 due to the outsourcing of building permit plan review and inspections in July 2016, but you will see a large decrease in fiscal year 2018-2019 with the hiring of Chris Hecklinger to do the work in-house; and
 - 16) Finance — Other Professional Service (01-56-6309) — a decrease of \$6,800 was due to the decrease in property taxes paid at the 140 Municipal building, which was leased to Mickey, Wilson, Weiler, Renzi and Andersson, P.C.

Fiscal Year 2018 — 2019 General Fund (Fund 01)

Staff is proposing a surplus of \$127 for fiscal year 2018-2019. This result includes an assumption to increase the amount of building permit revenue we will generate, 50% reduction in equipment replacement transfers throughout all departments, an increase in IRMA credit used annually in comparison to the fiscal year 2017-2018 approved budget, increase in Police pension contributions, and projected increased State Sales Tax revenue. Total revenues are expected to increase from fiscal year 2017-2018 projected actuals but slightly decrease 0.93% from fiscal year 2017-2018 approved budgeted. Expenditures are expected to decrease slightly from the fiscal year 2017-2018 projected actual and increase 1.19% from the fiscal year 2017-2018 approved budget.

Revenues

Fiscal year 2018-2019 revenues are estimated to increase by approximately \$162,800 from fiscal year 2017-2018 estimated actuals. Significant changes include:

- 1) Building Permits (3310) — increase by \$96,000 due to the projection of homes being built in Settlers Ridge development, in addition to the proposed Community Development fee schedule update;
- 2) State Income Tax (3410) — decrease by \$20,000 in the anticipation of the approval of the proposed continued cut of the LGDF by 10% by the State;
- 3) State Sales Tax Rebate (3449) — increase in rebate amount of \$30,173 over estimated actuals with the opening of Culvers and Dunkin Donuts in fiscal year 2017-2018;
- 4) State Sales Tax (3450) - increase by \$31,000, with the opening of the Culvers, Dunkin Donuts and Auto Zone. This year will have full years with both gas stations open as well;
- 5) State Games Licenses (3453) — budgeted to increase by \$13,000 with the additional income being generated by Grahams C-Store;
- 6) Code Enforcement Fines (3515) — a new account was created to offset the cost of hiring the part-time code enforcement officer;

President Michels stated that he was leaning toward not hiring the code enforcement officer this year. Staff stated that the cost of hiring should be offset by fines generated. The biggest thing to keep in mind is that some people will be upset and state that the Village is picking on them, while others will say finally something is being done. Complaints are received more typically in the spring thru early fall and can be burdensome to staff to address as that is peak time as well for permits and inspections.

Staff has increased the revenue generated by permit, licenses, and fine amounts in the fiscal year 2018-2019 budget, as the fee schedules will be presented in addition to the budget ordinance.

Expenditures

Fiscal year 2018-2019 expenditures are estimated to decrease by approximately \$144,000 from the fiscal year 2017-2018 estimated actual. Significant changes include:

Personnel

The total number of Full-Time Equivalent employees is changed to reflect the hiring of Renee Hanlon and Chris Hecklinger as full-time in Community Development. Renee went

from part-time to full-time. There was also an addition of a part-time code enforcement officer in Community Development. There were no changes to any of the other departments. This is all reflected in the accompanying staffing level worksheet. Non-represented employees are scheduled to receive a combination cost of living increase of 2.1% established from the CPI-U rate for December 2017 and a performance/step increase, assuming they receive satisfactory performance evaluations. For the represented employees, the patrol officers will be receiving a 2.75% increase, while the sergeants will receive a 2.25% increase and required step increases. Health insurance premiums are budgeted at a 10% increase for 2019 based on 2018's renewal, with the cost share between the Village and employees staying the same.

Pensions

Non-Police pensions through IMRF are funded at 92.01%. The Village will contribute the required amount. Police Pensions are currently 36.83% funded. This is due to the relatively young age of the fund and high level of current benefits provided for its size. The Village has made its full mandated contribution every year, and in many years contributed additional funds. The state mandated contribution is \$386,996 (projected unit credit 90%). The budgeted amount is \$401,861 (entry age normal 90% funded). The Village should continue to strive to contribute the recommended entry age contribution of 95-100% (which would be \$427,823 to \$453,786 for fiscal year 2018-2019).

Vehicles & Equipment

The replacement schedule was looked at in-depth to determine if the vehicles and equipment to be replaced were able to be kept any additional years. In instances where they were, the replacement schedules were adjusted to reflect the new replacement year. All transfers to equipment replacement fund in each department were decreased by 50% to have a short-term fix to the budget shortfall.

Administration

- 1) Insurance Premiums (6514) for IRMA should decrease annually based on the experience of the Village over the past 5 years. The last major claim dropped off for the 2018 insurance premium. The invoice decreased by \$35,842 from 2017. The same amount of credit from projected fiscal year 2017-2018 was used in the budget for fiscal year 2018-2019 credit, in the amount of \$43,284. We would be able to sustain this amount of credit for 4 more years at this rate.

Police

- 1) Salaries — Regular (6101) — The new officer was hired in November 2017 to replace the last vacant position. This brings the budget to the correct full staffing for full-time officers. The represented patrol officers and sergeants are receiving 2.75% and 2.25% COLA increases, plus applicable step 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. Parttime 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 pension of \$45,447 based on the new actuarial study completed for May 1, 2017; and

- 4) Legal Services (6301) — increased by \$24,000 due to contract negotiations for the Police Patrol and Sergeants unions set to begin, the current contract expires April 30, 2019;

Streets

- 1) Engineering Services (6303) — decreased \$17,000 as the two unbudgeted items have been completed (ADA Evaluation and Mallard Point Sink Hole);
- 2) Repair & Maintenance Service — ROW (6405) — decreased as an unbudgeted item for the Queensgate Circle Bridge and Sidewalk repairs have been completed in the amount of \$22,600;
- 3) Landscaping supplies (6606) - increased \$40,980 from the estimated actual of fiscal year 2017-2018 for builder funded parkway trees, based on the lot projections of new development homes to be built in fiscal year 2018-2019; and
- 4) Snow & Ice Control Supplies (6615) — decreased by \$65,079 from actual estimates because the full salt purchases will be made in the correct fiscal year. Also, this is with the new cost of road salt and amount needed to purchase under the State purchasing program based on the prior year purchase amount; and

Building Maintenance

- 1) Repair & Maintenance Services - Buildings (6406) — decreased \$19,600 because there were two expenses unbudgeted that have been completed in fiscal year 2017-2018. The replacement of the A/C units in the server rooms and the Street Barns repairs.

Community Development

- 1) Salaries— Regular (6101) — the building inspector was hired back in-house as well as the Planning and Zoning Administrator moving from part-time to full-time. There will be a decrease in the Other Professional Services (6309) account for this building inspector services;
- 2) Salaries — Part-Time (6104) — increased due to the addition of a part-time code enforcement officer, this expense is offset with a revenue of the same amount as code enforcement fines;
- 3) Engineering Services (6303) — decreased as work related to subdivision code update has been completed; and
- 4) Other Professional Services (6309) — decreased \$101,725 from the estimated actuals due to the building inspector position being brought back in-house.

Finance

- 1) Other Professional Services (6309) — increased by \$4,350 for a new GASB67/68 reporting requirement for the Police Pension Actuarial Study.

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

General Capital Projects Fund (Fund 30)

Fiscal Year 2017-2018 Revenues

Revenues are projected to be \$3,500 lower than what was budget for the year.

Fiscal Year 2017-2018 Expenditures

Expenditures are projected to be \$57,154 lower than budget for the year, due to the Streets department not purchasing the Ford F-550 1/2 Ton Dumb Truck for Snow Removal. This was pushed to fiscal year 20182019.

Fiscal Year 2018-2019 Revenues

In August 2017, the Village implemented a Road Maintenance Fee in the amount of \$5.59 per month that was added to the Utility Bill. The proposed fiscal year 2018-2019 budget has the monthly amount going to \$6.29. This increase of \$0.70 is the same total amount the monthly fees would have increased if the garbage rates were adjusted the same percentage as the contract states from D.C. Trash. Instead, we are not increasing the garbage rates, only increasing the Road Maintenance Fee. Increasing this amount will generate an estimated additional \$28,500 annually to go towards infrastructure projects.

Fiscal Year 2018-2019 Equipment Replacement

All equipment replacement transfers from the General Fund were reduced by 50% in fiscal year 20182019 as a short-term solution for the budget deficit.

Police Department o #43 2013 Ford Interceptor Sedan will be replaced with Ford SUV Interceptor patrol vehicle; o #49 2013 Ford Interceptor Sedan will be replaced with Ford SUV Interceptor patrol vehicle.

Street Department — o Ford F-550 1/2 Ton Dump Truck for Snow Removal/Field Maintenance; o Vermeer Brush Chipper

Community Development — The transfer to the vehicle/equipment replacement (7010) will begin to fund the replacement of the two new Chevy Trax we purchased in fiscal year 2017-2018. The 3rd vehicle was reclassified to the Water and Sewer Department as a pool vehicle for Administration and Finance.

Fiscal Year 2018-2019 Engineering Services

A new expense added to the Capital Project Fund in the fiscal year 2018-2019 budget was the 25% committed funds for the Blackberry Creek Bike/Pedestrian Bridge Phase I Engineering. The total Village portion is \$28,719 with the total Phase I engineering costing \$114,876. The Sugar Grove Park District, Sugar Grove Township and Kane County Forest Preserve are the other entities combining to complete the 100% total project.

Industrial Tax Increment Financing District #1 (Fund 32)

Fiscal Year 2017-2018 Revenues and Expenditures

Revenues continue to be above budgeted amounts due to the increase in the EAV and increment generated from the TIF. The actual activity has surpassed the budgeted total by over \$100,000 in fiscal year 2017-2018. Expenditures continue to be low as the activity within the TIF is at a minimum.

Fiscal Year 2018-2019 Revenues and Expenditures

Revenues were budgeted at a 5% increase over the prior year actual collections for the TIF. In the fiscal year 2018-2019 there was \$50,000 added to the budget as an expense to possibly hire a consultant to create marketing material and market potential development sites within the TIF redevelopment area.

Industrial Tax Increment Financing District #2 (Fund 33)

Fiscal Year 2017-2018 Revenues and Expenditures

The revenues in the TIF have steadily increased as well due to the EAV within the area. The increment was over \$24,000 above the budgeted total for fiscal year 2017-2018. Expenditures are at a minimum with just the annual membership for the Illinois Tax Increment Association (ITIA) as well as the annual conference.

Fiscal Year 2018-2019 Revenues and Expenditures

Revenues in the TIF were estimated at a 5% increase over the prior year projections to anticipate another positive increase in the EAV over the base value. The expenditures still include the annual membership and conference for ITIA, but additionally \$30,000 was added for legal and consulting services for the possibility of redevelopment agreement work for the TIF area.

President Michels asked if the Village should perhaps make a policy of not having a balance of more than \$250,000 and distributing funds over that to other taxing bodies. Staff explained that for a TIF to work there needs to be available money. It is better to have it then to have the developer pre-pay and have to pay them back. Staff further explained how the two TIF's could benefit each other if they were contiguous as they are already in such close proximity to each other. This will be brought back for their discussion. It may also benefit Crown Development who is eager to start discussions about their parcels and a possibility for a TIF. President Michels asked if expenditures could be shown to be all in one TIF area.

Infrastructure Capital Projects Fund (Fund 35)

Fiscal Year 2017-2018 Revenues

The revenues are projected to come in below budget by \$895,526 due to an in-depth look into the projects and what the current grant totals should be. Below are the grants that were budgeted in fiscal year 2017-2018 in comparison to the re-calculated grant amount we will receive. The matching expense was also adjusted in fiscal year 2017-2018:

STP Grant Bliss Rd. & IL-47- Budget \$1,229,850; projected \$45,270;

Phase I Engineering IL-47 & 1-88 — Budget \$309,725; projected \$447,371;

Denny Rd. & Bliss Rd. — Budget \$0; Projected \$29,393.

Fiscal Year 2017-2018 Expenditures

The expenditures are projected to be below budget by \$2,654,649 due to the research on the actual grant amounts and project completion percentages. The construction and engineering for Bliss & 11--47 intersection has not been completed.

Fiscal Year 2018-2019 Revenues

Revenues are budgeted higher than the projected actuals of fiscal year 2017-2018 due to the potential of Bliss & IL-47 construction and Phase III engineering being complete. Also, the remainder of IL-47 & 1-88 Phase I engineering will be paid out once reimbursed from the State

of Illinois. The Non-Home Rule Sales Tax budgeted amount increased by \$58,960 over the fiscal year 2017-2018 budget due to realizing the total sales tax generated from the business which open throughout the year.

Fiscal Year 2018-2019 Expenditures

Expenditures are budgeted \$1,330,000 over estimated actuals of fiscal year 2017-2018. All projects in fiscal year 2018-2019 have a dedicated funding source from MFT Funds from the State, Grants, or the Road Maintenance Fee collected monthly. Below are the schedules projects for fiscal year 2018-2019:

- Phase I Engineering IL-47 & 1-88 - \$95,309
- Phase III Engineering IL-47 & Bliss Rd. - \$231,141 • Phase III Construction 11--47 & Bliss Rd. - \$1,360,000
- 2018 MFT Road Program Engineering - \$30,206
- 2018 MFT Road Program Construction - \$221,507
- 2018 Road Program Engineering (Road Fees) - \$15,120
- 2018 Road Program Construction (Road Fees) - \$110,880

The remaining revenues from the NHRST collections are used to pay the debt service payments for the 2013A Bonds.

Debt Service Fund (Fund 41)

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

SSA# 10 Sugar Grove Center (Fund 47)

Revenues are projected to be collected 100%, as this was established to maintain the area near Jewel. The taxes collected are used for Storm Water and Detention Basin Maintenance. Due to the reduction in work needed in the area, the Village did not levy taxes for Tax Year 2017, collected in 2018, for SSA#10. The fund balance in the account will be reduced until we need to levy taxes again.

Waterworks and Sewerage Fund (Fund 50)

Fiscal year 2017-2018 is projected to have a deficit of (\$89,767), and fiscal year 2018-2019 proposed budget is to have a deficit of (\$1,507,574). The deficit will use fund balance to provide funding for the projects to complete in the proposed budget. Completing all the projects and operating expenses, will bring the fund balance below the fund balance policy of 25% of operating expenses in the Waterworks and Sewerage Fund. At the end of the fiscal year 2018-2019 the recommended fund balance is \$912,767 and the projected fund balance with the proposed budget will be \$500,159, a shortage of (\$412,608).

Fiscal Year 2017-2018 Revenues

Revenues are estimated to come in \$427,440 (10.46%) over the approved budget for the year. With the continuous efforts of the Utility department, the meter changes outs have made a huge impact on getting the residents correct billing. The amount of meters that are estimating has drastically been reduced, leaving around 1,100 meters to be replaced in fiscal year 2018-2019.

We have been successful in working with residents to get their past due balances caught up to get our receivable to a reasonable amount.

Fiscal Year 2017-2018 Expenditures

Expenditures are estimated to be \$551,691 (13.62%) over the approved budget for the fiscal year. There were a two major reasons the estimated actuals are above what was budgeted. First, the installation of the new water meters which was contracted with UMI, Inc. went over budget, but a lot more meters were completed than expected within the fiscal year. The second and largest impact, was the money was paid to Swallow Construction for the remainder of their contract and settlement for the Settlers Ridge to Prestbury Water Main project. Even though the revenues were over what was budgeted, this settlement was in the amount of \$621,000 and used the increased revenue to fund.

Fiscal Year 2018-2019 Revenues

The fiscal year 2018-2019 budgeted revenues reflect an increase in water and sewer rates of 6.25% as recommended by the Utility Rate Committee. This is year 2 of the 3 year rate plan. The average usages were recalculated for residents and non-residents now that there is better data from the new meters. Revenues are proposed to increase by \$210,441 over fiscal year 2017-2018 approved budgeted revenues. The major revenue increases were within water and sewer sales, while there was a decrease in water tapon fees, due to the decrease in new development projections that we charge tap-on fees too.

Fiscal Year 2018-2019 Expenditures (50-XX-XXXX)

Administration

- 1) Insurance Premiums (6514) — decreased by \$17,921 based on the decrease in the Village's 2018 premium received from IRMA; and
- 2) Transfer to Equipment Replacement (7010) — decreased to \$58,475 with the funding of the two vehicles purchased in the fiscal year.

P. W. Administration

- 1) Medical/Dental Insurance (6201) — increased due to the insurance renewal average increase of 17% for the Village;
- 2) IMRF Contributions (6206) — decreased slightly as the IMRF contribution rate decreased from 9.56% to 9.19% in 2018;
- 3) Other Professional Services (6309) —was reduced by \$24,000 because the H2O Supply Maps into GIS were not being completed, this project was put on hold; and
- 4) Safety Supplies (6604) —increase by \$6,000 to replace the shoring for the department.

Water Operations

- 1) Other Professional Services (6309) — remained the same as the fiscal year 2017-2018 approved budget even though we will go over budget for the estimated actuals. We expect to stay within budget as the amount of meters to be replaced is lower than in fiscal year 2017-2018;
- 2) Electricity (6511) — was reduced due to realizing the true cost of the electrical aggregation program with Dynegy; and

- 3) Specialized Supplies (6603) — was decreased by almost \$150,000 as there are not as many meters to be purchased and replaced. There are around 1,125 meters to be replaced and 930 radios.

Water Capital

- 1) Engineering Services (6303) — increased by \$120,000 for the engineering to complete the remaining work on the Settlers Ridge to Prestbury Water Main;
- 2) Automotive Equipment (7006) — is budgeted for \$447,559 to replace the 2006 Tandem Vactor (\$369,846) and the 2002 F-350 1 Ton Utility Truck (\$77,713); and
- 3) Water System Improvements (7011) — increased drastically to complete major projects: remaining work for Settlers Ridge to Prestbury Water Main (\$700,000), IL47 & Cross St. Water Main (\$600,000), Tudor Court Storm Water Pipe (\$15,000), Strafford Woods Storm Water Pipe (\$30,000), and Well 11 Repair (\$250,000).

Sewer Capital

- 1) Engineering Services (6303) — budgeted \$10,000 for the engineering on the Wheeler Road Lift Station Rehab; and
- 2) Sanitary Sewer System Improvements (7012) — budgeted \$197,300 for the Wheeler Road Lift Station Rehab project.

Water Capital Fund (Fund 51)

The Water Capital Fund is a new fund created in fiscal year 2017-2018 to form a dedicated fund to transfer money for equipment replacement, vehicle replacement and infrastructure improvement projects separate from the Water Fund. In the past, the transfers being made for equipment and vehicle replacement was internally being transferred within the same fund. Creating the Water Capital Fund will designate and earmark these funds for those specific uses only, not to get confused with the Waterworks and Sewerage Fund Balance. Since this is the first year for the fund, the only activity is equipment and vehicle replacement transfer revenue of \$58,475 into the fund, which year 1 of the equipment and vehicles purchased in fiscal year 2018-2019.

Refuse Fund (Fund 57)

Fiscal Year 2017-2018

Revenues are projected to come in lower than budgeted due to the change in refuse disposal provider from Waste Management to D.C. Trash. At the time of the budget, the proposal were not in and we were unaware of the significant savings the Village would receive by changing providers. In relation to the revenues being decreased, the expenses were also decreased drastically to mirror the revenues.

Fiscal Year 2018-2019

The refuse fund has a fund reserve that is 25% of operating expenses on an annual basis. The Village policy is to have only a 12.5% reserve balance in the fund, therefore, we are recommending no increase to the monthly refuse fee. The monthly expense will increase by 3% per the contract with D.C. Trash beginning with the August 2018 billing. The current rate being charged by D.C. Trash is \$16.56 per month and will increase to \$17.06 per month.

Police Pension Fund (Fund 80)

Fiscal Year 2017-2018

Revenues and expenditures are generally projected to be in line with what was budget for the fiscal year.

Fiscal Year 2018-2019

Revenues are expected to increase as a result of the increased contribution at Entry Age Normal 90% funding level per the actuarial study. The increase to revenue will increase from the Village's contribution amount of an additional \$45,447.

Trustee Montalto asked that the Administrator work with the Chief to insure that towing is being handling correctly.

President Michels asked that all departments review their training and membership to see if can be lowered.

The need to plan for radio for the Police Department which are expensive was briefly discussed.

Trustee Lendi asked the if the 50/50 Tree program is utilized. It was answered yes fully every year. Trustee Johnson asked if a resident could plant their own parkway tree. It was answered yes, then can. A permit (free) is needed.

Budget discussion will continue at the March, 2018 meeting. The public hearing is scheduled for April 3rd meeting. It is the goal to have budget adopted at the April 17, 2018 meeting.

PUBLIC COMMENTS

None.

REPORTS

Reports from all liaisons were given. .

President Michels stated there will be a meeting on Monday with IDOT to discuss funding for the 47/88 interchange projects.

AIRPORT REPORT

Mr. Wolf stated that the sale of Wheeler Road Park by the City of Aurora to the Park District is 99% complete. .

ADJOURNMENT

Motion to adjourn made by Trustee Johnson seconded by Trustee Montalto at 9:25 p.m.