

**VILLAGE OF LAKEWOOD
BUDGET WORKSHOP #2 MINUTES
MARCH 27, 2018**

The Budget Workshop #2 Meeting was called to order by President Serwatka at 6:04 p.m. at Turnberry Country Club. Present were Trustees Davis, McMahon, Odom, Rexroat, and Stephan. Also present were Chief Administrative Officer Jeannine Smith; Village Clerk Janice Hansen; Village Treasurer Jean Heckman; Chief of Police Michael Roth; Benefits Coordinator Susan Villie; Water/Wastewater Operator Gary Zickuhr; and a few members of the public.

GENERAL CAPITAL FUND: Chief Administrative Officer Jeannine Smith commented that the General Capital Fund is used to separate the capital expenditures from the General Fund. This allows the Board and staff to review General Fund expenditures separately from those associated with the Capital Improvement Plan.

Notable highlights include: *State Funding Lake Avenue* increases to include a rebate of funds expended relative to the 2017 Street Program. *Transfer in-Reserves* include a 48% reduction in year over year anticipated capital expenditure items. *Equipment* includes police equipment used for processing arrestees as well as finger print processing. *Street MR (2018 Street Program)* the FY 2018/2019 program consists of north and south Muirfield Lane and various patching and crack filling throughout the Village. *Vehicles* increased to include a new plow; pick up truck and salt controller to replace aging equipment.

Trustee Davis mentioned that the General Capital Fund needs a five to ten year assessment of capital improvement needs.

Trustee McMahon commented that he would like staff to check with bond council to ensure the Village is in compliance with the appropriate amount of funds within the Reserve Fund. Village Treasurer Jean Heckman replied that the Village has 40% currently in Reserves; it is imprudent to go below 35%.

Accepted as submitted.

ENTERPRISE FUNDS: Enterprise Funds include Lakewood Utilities Operating and Maintenance and East Sewer Fund, Lakewood Utilities Capital Improvement Fund, East Sewer Fund, Refuse Fund, and RedTail Golf Course Fund.

LAKEWOOD UTILITIES OPERATING AND MAINTENANCE AND EAST SEWER FUND:
This includes water and sanitary sewer operations for the west side of town; 1,053 residences and 6 commercial entities. Sewer operations for the east side of town include 324 residences. The proposed budget is prepared with no rate increase for sewer and water charges since May of 2014.

Notable highlights include: *Salaries – Regular* reductions include change of percent of allocation of administrative salaries. *Water System O/M/R* increases to include well #3 maintenance as the well is approximately 50 years old and has a maxed out its useful life. *Water meters* increased to

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include 200 meters to replace aging residential meters. *Vehicles* increases to include the replacement of the 2007 Pick Up Truck. *Sanitary Sewer O/M/R Supplies* increased to reflect the manhole cover replacements identified in the east side smoke testing project.

Accepted as submitted.

LAKWOOD UTILITIES CAPITAL IMPROVEMENT FUND is used to collect one time revenues (i.e. bond proceeds or connections fees) for capital expenditures in Lakewood Utilities and to fund debt service payments. This fund has no staff or operating expenses.

Notable highlights include: *Transfer to Lakewood Utilities O & M* there is no change in proceeds which are transferred to the Operating and Maintenance Fund and are applied to the Wastewater Treatment Plant bond payment. *TIF* is closed, no future transfers are anticipated.

Accepted as submitted.

REFUSE FUND is used to account for residential refuse collection services and client billing, which is handled internally by staff and helps to reduce the overall costs for residents. The Village is in the last year of a six year 2012 contract which expires August 31, 2018 for refuse collection services for residential customers. The refuse contract will go out to bid in this new fiscal year.

Accepted as submitted.

REDTAIL GOLF COURSE FUND total net operating revenue over expenditures is projected at 13% over estimated FY 2017-2018. Increases in revenues are due primarily to an increase in range fees. Expenditures increased by \$14,000 due primarily to an increase in costs associated with grounds maintenance.

Notable highlights include: *Range Fees* increased due to price increases as approved by the Village Board. *Golf/Pro Shop, Salaries – Regular* decreases due to a restructuring of the Golf Manager's salary. *Lease Payments Golf Cart* increased to include an additional ranger picker cart and a one time payment of \$1,800 for the lease-end beverage cart purchase. *Snack Bar Sales* increased to include additional menu items and price increases. Estimates for FY 2018/2019 are \$8 per round of golf estimated at 28,500 or \$228,000. *Hourly Wages – Part Time/Seasonal* increases due to rate of pay increases. *Other O/M/R Supplies* increases due to the purchase of additional kitchen storage racks for food and beverages and food prep supplies. *Pesticides* increased due to expansion of sprayed areas. *Equipment Rental* increased due to the rental of a tractor that will be used for cutting back invasive plant species around pond edges. *Telephone* increases due to an upgraded phone for Leigh Thornton. *Wages – Full Time* decrease due to a reduction of administrative time allocated to this fund. *Copier Lease/Service* increase due to a

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new lease program for a contract which will be presented to the Village Board for consideration at a future date. *Other Capital Projects* increased to include projected expenditures related to the meeting room renovation. *Equipment Leases* increased to include the annual payment for a new fairway mower lease. *Miscellaneous Income* increases to include advertising fees for whole signage sponsorships.

Trustee McMahon questioned the salary percentage distribution within RedTail Golf Course Fund. Benefits Coordinator Susan Villie and Treasurer Jean Heckman clarified process and will produce an employee list with all salaries within this fund.

Trustee McMahon pointed out a discrepancy in line item *Lease Payments – Cart* with will be corrected within the final budget.

Accepted as submitted.

IMPACT FEE FUND: is a fee imposed by a local government on new or proposed development to pay for all or a portion of costs of providing public services to the new development; to help fund and pay for construction or needed expansion offsite capital improvements. These fees are used to fund infrastructure or public services such as parks, schools, roads, sewer, water treatment, utilities, libraries and public safety buildings to the newly developed areas. This fund grows as new development occurs, interest accrues and repayments are made for internal loans. Existing loan repayments include: *Interfund Loan Receivable (Silt Project)* RedTail Golf Club will continue to make annual payments of \$9,538 for the SSA#1 silt removal project through 2026. *Interfund Loan Receivable (General Fund Litigation Settlement)* Fiscal Year 2018/2019 will be payment 7 of 10 in the amount of \$34,555 for the fire litigation settlement.

Accepted as submitted.

MOTOR FUEL TAX FUND is a tax imposed for the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. This year the MFT rate is expected to be \$25.75 per capita. Expenditures in FY 2017/2018 are anticipated to be significantly lower than projected to lower costs associated with the completion of the Lake Avenue resurfacing project. Projects approved by the Village Board for funding within this budget include North and South Muirfield Lane and various patching and crack filling of Village streets. Total project costs are split between the General Fund Capital Reserve in the amount of \$88,577 and the MFT in the amount of \$100,000.

Accepted as submitted.

SPECIAL SERVICE AREAS the following is a summary of the levies and associated expenditures for each of the SSA's within the Village:

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SSA #2 (*Brighton Oaks*) tax levy of \$1,000 is established to cover the cost of the electricity for the street lights in the neighborhood per Village agreement with the homeowners' association.

SSA#3 (*Westlake Woods*) tax levy is specifically for the eventual replacement of the sanitary sewer in the subdivision. The levy amount is \$6,600; \$1,600 will fund the contract mowing of the detention ponds and the remainder applied to the reserve.

Trustee Davis commented on line item *Ground Maintenance* lot mowing expenses. This SSA needs to be assessed carefully next year to ensure proper reserves are in place for the possible replacement of the sanitary sewer system within the subdivision.

SSA#4 (*Hidden Lakes*) levy specifically sets aside the eventual replacement of the "v" curb in the subdivision. The levy amount is \$5,560 which represents an increase of \$500 over the current year.

SSA#5 (*The Reserve*) levy is established to cover the cost of long-term maintenance, repair, and replacement of wetlands, stormwater detention areas, ponds, outlots, streetlights, entry features, signs, fixtures, and/or structures of the stormwater drainage system. The levy amount is \$2,000.

SSA#6 (*Cambria*) levy is established to cover the cost of long-term maintenance, repair and replacement of wetlands, stormwater detention areas, ponds, outlots, streetlights, entry features, signs, fixtures and/or structures of the stormwater drainage system. The levy amount is \$500.

SSA#7 (*Woodland Hills/Autumn Ridge*) levy is established to cover the cost of long-term maintenance, repair and replacement of wetlands, stormwater detention areas, ponds, outlots, streetlights, entry features, signs, open spaces, open space fees to the Land Conservancy of McHenry County; appurtenant fixtures and/or structures of the stormwater drainage system, private roads and back up to any unfulfilled homeowners' association obligations. The levy amount is \$500.

SSA#8 (*Turnberry Lakes*) levy is to cover the costs of weed and algae control and eradication for the Turnberry Lakes 1 through 4; electricity for aerators, and maintenance of the public access to Turnberry Lakes 1 and 3. The levy is \$41,000.

Accepted as submitted.

TAX INCREMENT FINANCING DISTRICT on June 13, 2017 the Board dissolved the TIF district for Illinois Route 47 and Illinois Route 176 Redevelopment Project Area. Engineering expenditure items related to extension of utilities were applied in FY 2017/2018. The final balance in the fund is zero (\$0).

Accepted as submitted.

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With nothing further to discuss, Trustee Davis, seconded by Trustee Stephan, moved to adjourn the Budget Workshop #2 meeting. Voting Aye: Trustees Davis, McMahon, Odom, Rexroat, and Stephan. Voting Nay: None. Motion declared carried. The meeting adjourned at 7:07 p.m.

Janice S. Hansen
Village Clerk

Approved: _____ Dated: April 12, 2018