

**VILLAGE OF LAKEWOOD
BUDGET WORKSHOP #1
MARCH 8, 2016**

The Budget Workshop #1 was called to order by President Smith at 6:07 p.m. at RedTail Golf Club. Present were Trustees Davis, Furey, Iden, Santowski, Serwatka, and Thomas. Also present were Village Manager Catherine Peterson; Village Clerk Janice Hansen; Village Treasurer George Roach; Deputy Village Manager Shannon Andrews; Chief of Police Leigh Rawson; Manager of Clubhouse Operations Chris Neuhart; and a member of the public.

President Smith thanked staff for all their long hours and efforts in preparing this Budget.

Village Manager Catherine Peterson gave an overview of the proposed budget process. She commented that the proposed budgets being presented this evening are enterprise funds and the Village is financially strong. The Village has traditionally been conservative with its finances which have allowed it to survive through difficult financial times. Preparation of the proposed budget began with the approval of the property tax levies for all funds in December 2015 and the elimination of vehicle sticker fees in January 2016. Preliminary revenue forecasts were generated and reviewed with each Department Directors.

LAKEWOOD UTILITIES OPERATING AND MAINTENANCE (O & M) FUND:

GENERAL: Village Manager Catherine Peterson commented that no rate increase is proposed. *Meter Fees* are based on fifteen new single family homes on the west side and fourteen townhome units. *Wages Part Time* is under budget due to the elimination of the Public Works administrative assistant position. *Physicals/Drug Testing* has been reduced as there are no new anticipated new hires. *Overtime* weekend rounds were performed by a part-time employee who has requested lesser hours. This creates a burden on overtime for regular full time employees. *Gas, Oil & Antifreeze* reflects an increase due to the reassignment of a diesel truck from Public Works. *Wearing Apparel* is over budget due to a mid year new hire. *Rental, Equipment* line item is for equipment needed for the repair of a large service leak on Fairway Drive. A contractor was hired to repair this issue due to its complexity. *Vehicle Maintenance & Repair* includes new truck tires. *Equipment O/M/R* includes State law requirements for annual inspections and certifications of all backflow devices within the Village. *Computer Services* includes IT Support, licensing for Fund Balance software and internet services. *Engineering Services* includes \$8,500 to compile a sewer atlas for the Village. *Legal Fees* is over budget due to an increase in over due water bill lien fees. *Contractual Services NEC* indicates an increase due to JULIE notices to locate polygon systems within the Village. *Dues & Subscriptions* has a slight increase for our general utility worker to participate in the North Suburban Waste Water Association. *Professional Development & Training* has a slight increase to cover continuing education required to secure and maintain certification for a class "4" wastewater operator.

Approved as submitted.

WATER DIVISION: Notable highlights include: *Water System O/M/R Supplies* is slightly over budget due to hydrant repairs after the Fall flush and the repair of a leak near the end of the Winter. *Chemicals* are over budget due to the need of additional chlorine for Well 4. *Water System O/M/R* is over budget due to an emergency repair of Well 1 at the cost of \$36,400 to install a new pump and motor, televising and

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general maintenance. *Water Testing Service* is over budget due to IEPA adding two new yearly tests. *Natural Gas* is under budget due to a mild winter season. *Water Meters* is over budget due to an increase in new building construction within the Village.

Approved as submitted.

SEWER DIVISION: Notable highlights include: *Equipment O/M/R Supplies* includes the 2015 purchase of a \$2,000 microscope to monitor wastewater sample testings. *Sanitary Sewer System O/M/R* includes \$16,200 in routine maintenance items and \$9,210 for equipment and pump repair for lift stations at Lakewood Road and RedTail Drive for service and evaluation. *Electricity* is over budget due to an excessive amount of rain within the past year causing an increase of inflow and infiltration of the sewer system. *Natural Gas* is under budget due to a mild winter season.

Approved as submitted

LAKWOOD UTILITIES CAPITAL IMPROVEMENT FUND: Bond payments for the Wastewater Treatment Plan begin to increase significantly in December of 2016 and will be fully paid in December of 2034. Early bond payments would have an annual interest savings of \$100,000 to \$75,000 per year. No decisions need to be made at this time but there will be a discussion in the Fall on how to proceed with this issue.

Notable highlights include: Sewer and Water Tap On fees are based on a total of fifteen west side new single family homes. *Engineering Services* includes the costs associated with the preliminary and phase II engineering for the extension of utilities to Routes 47/176 with an expense of \$24,000. *Capital Improvements* includes \$350,000 for the painting of Water Tower 2 which was built in 2001 and cleaned in 2014. *Transfer to Lakewood Utilities O & M* includes setting aside Restricted Funds for Debt Service Reserve of \$100,000 for Series 2010 Bonds prepayments.

Approved as submitted

EAST SEWER FUND: The Board had approved a \$2,117,787.50 bid from Merryman and the construction oversight contract with Strand in the amount of \$273,00 for the East Sewer Project during the past year. The Village is awaiting the final loan documents from the State of Illinois to begin the project. It is anticipated that the East Sewer and Lakewood Utilities O & M will be combined in Fiscal Year 2017/2018.

Notable highlights include: *Wages Full Time* has been adjusted to reflect the anticipated operating environment until the services are fully combined with Lakewood utilities. *Water Testing Service* is in the final year once the East Sewer Project is completed. *Sewer System Contract Pay* assumes a zero percent rate increase from the City of Crystal Lake. *Contractual Service NEC* an increase due to JULIE notices to locate polygon systems within the Village.

Approved as submitted.

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LAKE PATROL FUND: Notable highlights include: *Decal Sales* are assumed to remain flat. *Wages Part Time* reflects a 3% increase in salary for the returning lake patrol officer and the second officer at a flat rate. *Miscellaneous Equipment* includes five buoys purchased as part of a multi-year replacement program. *Dispatch Services \$500* is based on a projected number of calls for service on the lake. *Equipment* includes the purchase of a new pier.

Approved as submitted

REFUSE FUND: In June of 2012, a six year agreement was renegotiated with MDC. Per this agreement, there is an annual adjustment to the cost based on the Consumer Price Index. Hence, a conservative increase of one percent is being added to the rate charged in the coming year.

Notable highlights include: *Equipment* includes funds to purchase a laser printer replacement.

There was a general consensus by the Board of Trustees to add a \$6 a year fee to resident's utility bill to subsidize the Village's Electronics Recycling Program. The program will be open to Village of Lakewood residents on a scheduled basis and manned by Village volunteers.

Approved as submitted.

IMPACT FEE FUND: This fund grows as repayment is made for internal loans. Notable highlights include: *Interfund loan receivable (silt project)* is in the final year of repayment of \$33,940 from SSA#1. RedTail Golf Club will continue to make payments of \$9,538 through 2026. *Interfund Loan Receivable (splash pad)* \$17,500 is in the final year. *Interfund Loan Receivable (general fund annexation)* \$21,740 is in the final year from Planning and Zoning (General Fund) for expenses related to 2010 Annexation.

Approved as submitted.

REDTAIL GOLF CLUB: it is estimated that there will be approximately \$184,000 in cash reserves at the end of the current fiscal year. Notable highlights include: continued vacancy in the position of Golf Course Superintendent. The continuation of two employees to the seasonal maintenance staff with a total of nine seasonal employees. The continued services of a turf management consultant. \$17,000 for the replacement of three irrigation control boxes. \$35,000 for bunker renovations. \$7,000 for the ongoing removal of emerald ash borer diseased trees.

Notable highlights include: *Memberships* should increase by \$5,500 to \$40,400 due to the introduction of the Senior Membership program. *Food and Beverage Cost of Goods* shows a 40% escalation due to a minor food cost increase. *Professional Development and Training* increased by \$175 for BASSET training. *Contractual Services* increases by \$1,500 for needle tyne procedure to greens. *License and Permits* has an increase of \$75 for the State of Illinois Tobacco Resellers License requirement. *Equipment Leases* increases by \$1,664 for a four year lease to replace two utility carts and one mower deck for a greenside bank mowing unit.

Approved as submitted.

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With nothing further to discuss, Trustee Thomas, seconded by Trustee Iden, moved to adjourn the Budget Workshop #1. Voice Vote: All Ayes. Motion declared carried. The Workshop #1 adjourned at 7:07 p.m.

Janice S. Hansen
Village Clerk

Approved: _____ Dated: March 22, 2016