

DRAFT

**MEETING: HOFFMAN ESTATES SPECIAL FINANCE COMMITTEE
BUDGET WORKSHOP ON THE 2013 PROPOSED BUDGET**

DATE: NOVEMBER 15, 2013 AT 6:00 P.M.

**PLACE: ED AND MARY HENNESSY ROOM
VILLAGE OF HOFFMAN ESTATES
1900 HASSELL ROAD
HOFFMAN ESTATES, ILLINOIS**

I. CALL TO ORDER:

Chairperson Trustee Pilafas called the meeting to order at 6:00 p.m. The Administrative Assistant, Finance Department, called the roll. Members present: Chairperson Gary Pilafas, Vice-Chairperson Anna Newell, Trustee Karen Mills, Trustee Gary Stanton, Trustee Gaeta, Trustee Vandenberg, Mayor McLeod. A quorum was present.

ADMINISTRATIVE PERSONNEL PRESENT:

James Norris, Village Manager
Dan O'Malley, Deputy Village Manager
Patricia Cross, Assistant Corporation Council
Bev Romanoff, Village Clerk
Mark Koplun, Assistant Village Manager
Rachel Musiala, Director of Finance
Renee Bentley, Assistant Director of Finance
Jeff Jorian, Fire Chief
Greg Schuldt, Deputy Fire Chief
Mike Hish, Police Chief
Joe Nebel, Director Public Works
Ken Gomoll, Assistant Director Public Works
Gordon Eaken, IS Director
Fred Besenhoffer, Senior IS Specialist
Derek Razka, IS Specialist
Mike Hankey, Transportation & Engineering Director
Kevin Kramer, Director of Economic Development
Ben Gibbs, SCA General Manager
Bruce Anderson, Cable T.V. Coordinator
Patrick Seger, Director Human Resources Management
Algean Garner, Director Health & Human Services

Mike Victor, Resident

II. Approval of minutes – none.

DRAFT

NEW BUSINESS

1. Budget Overview

Village Manager Jim Norris gave the overview of the 2014 proposed budget. He explained the three main 2014 budget highlights: continued organizational creativity in streamlining operations and reducing costs by combining the Planning and Code Enforcement Division and continued refining Front Counter operations; use of fund balance for EAB response; and investing in our neighborhoods with increased street revitalization and storm water projects.

Departments were asked to hold their discretionary line items for 2014 to a 0% increase. The fiscal budget is balanced with current revenues. Fund reserves are only being used for Emerald Ash Borer response as previously approved by the Village Board. Projected results for 2013 revenues over expenses are just over \$1 million. This is a product of a continued slow increase in the economy and holding the line on expenses.

With the extension of the EDA by the state legislature in 2014 the EDA is no longer a separate fund. Beginning in 2014 the Village will receive five million dollars a year. The EDA is now a revenue of the General Fund. Going through the budget, especially in Police, Fire and Public Works where it looks General Fund related salaries and benefits are jumping, they are not. That is the product of the EDA not being a separate fund anymore.

With the proposed 2014 Budget the General Fund Fund Balance will be 22.6%, more than the 18% required but less than our goal of 25%. Major revenues are showing an increase with the exception of building permits. Non-discretionary costs (salaries, benefits and transfers) total 78.8%. General Fund by department increases are primarily due to moving personnel costs from the EDA Fund to the General Fund. The revenues by source of funds increase in EDA Incremental Taxes is a result in a flat amount for the Village expenses each year going forward. The 26.7% increase in Other Taxes is primarily due to an increase in the Public Safety Pensions property tax levies. The 50.4% decrease in miscellaneous is due to the Federal funding for Hassell Road. Expenditures by Object Funds: the 2.7% increase in employee benefits is related to the pension increase and the levy. The 10.9% decrease in miscellaneous employee benefits is due to reduced training costs related to training four new firefighters in 2013 and turnout gear being funded by the Capital Improvements Fund for 2014. Property Taxes are showing a 5% drop in EAV. Our recommended levy for 2014 shows a decrease in the corporate levy (the operating levy) due to an increase in the Police and Fire Pensions due to state and legislative changes. Additional revenues will be used to improve the infrastructure of the Village's neighborhoods. All of the revenues will be used for street and storm sewer improvements in 2014. The Village Board approved the use of \$1.5 million in General Fund fund balance to more aggressively combat the Emerald Ash Borer problem.

2. Village Department Overview.

a. General Government

Deputy Village Manager Dan O'Malley presented the overview for General Government. Accomplishments for 2013 include: nearly doubled traffic to the website from an average of 13,488 unique visitors per month in 2012 to an average of 24,022 unique visitors per month (through August 2013); received the GFOA Distinguished Budget Presentation Award for the 2013 Operating/Capital Budget and the Certificate of Achievement for the 2012 CAFR; and promoted economic development through enhancing the 75/85 Golf Road properties by demolishing the dilapidated buildings and offering for development.

Budget overview highlights for 2014 include an 8.7% increase in all Divisions overall, from the 2013 Budget. This equates to a proposed increase of \$288,360 department-wide. This is due to an increase in IS User Charges, reinstating the tuition reimbursement program, other contractual services and the reallocation of expenses due to the new EDA legislation. There is a 2.2% increase in salary and wages reflecting the annual merit increase and a \$10,000 decrease in Capital Outlay due to the completed purchase of a new postage machine to replace an outdated one in fiscal year 2013.

Highlights and priorities for 2014 include: Negotiate the successor collective bargaining agreement with Local 2061 Fire; continue working with Development Services personnel to redevelop the 75/85 E. Gold Road properties to improve the Hoffman Plaza shopping center within the Business Improvement District; establish a Wellness/Insurance committee to review the Village insurance program, educate staff on healthcare reform, and advance the Village Wellness Program.

Jim Norris explained that when the Village switched to an unlimited program for solid waste in 2006, rates were established based upon things that SWANCC had done in terms of the recycling rebate and things that the Village had done in terms of eliminating the dumpster permit. Getting a little bit paid to us for each dumpster that Groot sited on residential property for construction or clean-ups, we believed that we could make it through April of 2015 without an additional rate increase.

Unfortunately, both the recyclables market and the construction market went through a major change with the recession. Right now the fund is slightly better than break-even. Without a rate increase, this fund is going to run a deficit of \$196,000 by the end of the current contract. Residents currently pay either \$16/\$17 per month for curbside pick-up, once a week for recyclables and solid waste. The first option would be a \$0.50 month rate increase effective 3/1/14 which would reduce the deficit to \$97,000. Option two would be a \$1.00/month rate increase effective 3/1/14 which will balance the fund at the end of the contract period. The third option is to subsidize the Municipal Waste Fund with the General Fund fund balance through the end of the contract.

Mayor McLeod recommended the third option. Jim Norris asked if any members objected to subsidizing through the end of the contract. No objections were given. The budget will reflect this.

- b. **Police** – Chief Mike Hish explained the 2013 accomplishments for the Police Department including: Starcom interoperable radio system was delivered and brought on line; increased participation in the Junior Police Academy summer program; newly leased Panasonic in-car camera system was installed in all patrol vehicles; expanded and continued rapid deployment training with corporate partners, St. Alexius and schools; and a new Patrol Officer eligibility list was created resulting in seven new hires.

Budget overview highlights for 2014 include: a 2.9% increase in overall department budget; a \$10k increase in travel and training due to re-implementing supervisor training at Northwestern University School of Police Staff and Command; and an 11.1% increase in Other Contractual Services as a result of an increase in Northwest Central Dispatch assessment fees. This increase is offset by a \$10,000 reduction for in-car camera maintenance.

Highlights and priorities for 2014 include: work to secure funding in order to acquire a new police canine as a result of the retirement of K9 Bundo in 2013; Sergeant and Lieutenant promotional testing and eligibility list; resume participation in Northwestern University Police Staff and Command to provide training for Sergeants; and expand the Police Explorer program by increasing their visibility in the community through volunteerism.

- c. **Fire** – Chief Jeff Jorian presented the budget overview highlighting the 2013 accomplishments: hired four new firefighters – three were funded by the 2012 SAFER grant, one is a replacement for a retired member; maintained existing Public Education program by offering another Citizen Fire Academy and reaching over 7,000 adults and children through Public Education events; working with the Public Works Department, IAFF Local 2061 and the Foreign Fire Insurance Board: completed a remodel of the training room and fitness room at Fire Station 22. This was accomplished using existing budgeted funds and FFIB funding. Several vehicle projects were completed including: placing a new ambulance in-service at Fire Station 23; Truck 22 refurbishment; Car 3 reconditioning; and the purchase of a new fire engine for Fire Station 22 (2014 delivery); transitioned into a new radio dispatch system through NWCD. Involved in replacement of all department mobile and portable radios; received a FEMA AFG grant for an improved station alerting system (\$164,960); and EMS Assistant Grant toward new training props and equipment (\$2,250).

Trustee Vandenberg asked about Station 24 the large amount for roof repairs and the substantial amount for redevelopment if one of the goals is to sell it. Jim Norris replied that over a year ago a group approached the Village about converting the station into a theater. This caused the Village to look at the possibility of repurposing the fire station. Under the old EDA legislation, if we sold the building anything we received as proceeds from the sale would go back to Sears. Under the new EDA legislation the money can come to the Village but can only be spent on items in the EDA not related to the arena. The Village has been looking at various ways to use it. The Arts Commission has a concept of potentially repurposing part of it for the arts. There is money sitting there as a

DRAFT

holding money. This would be a decision for the Board. The money will have to be spent on the roof; the inside of the building is getting damaged. Before we do anything substantial as a remodel, the northern side of the building has to be made ADA accessible

Trustee Vandenberg mentioned that there is nothing in the budget for reserve ambulance 22. Jeff Jorian replied that the Village would be manning that as the manpower is available. That is considered a reserve ambulance and every month a report indicates how much time it is actually used.

Budget overview highlights for 2014 include: a \$4,000 increase in Fire Prevention overtime due to mandatory training requirements for Fire Investigators; a 76.2% decrease in EMS Division training expenses due to change in hiring requirement; and a 26.9% decrease in overtime related to new hire paramedic training.

Highlights and priorities for 2014 include: hire three new firefighters (replacements for retirements); place new fire engine in service at Fire Station 22; conduct new hire and promotional testing; seek out additional grant opportunities for programs not currently funded (Thermal Imaging Cameras, small equipment, EMS supplies, etc.)

- d. **Public Works** – Public Works Director Joe Nebel explained the 2013 accomplishments including: purchased a new 70 ft. aerial lift truck and a used grapple truck for EAB removals and other forestry operations; replacement of a 1996 front line tandem axel dump snow plow truck; expanded services by extending the brush drop off program; replaced 586 sidewalk sections and contracted for 304 cuts due to deviations; replacements of four Village Hall supply HVAC fans; replacement of Public Works Center chiller and condensers; responded to 1,430 EAB related service requests; removed 800 Emerald Ash Borer (EAB) infested trees; replaced over 560 trees removed due to EAB.

Budget overview for 2014 included \$1.5m requested to address Emerald Ash Borer infestation for removals and replacements. This allocation will fund expanded contractual services and temporary staffing. An increase of \$22.5K for additional funding requested for the implementation of a spring brush pickup program; a 14.7% decrease in funding amount requested for salt compared to previous five year average.

Highlights and priorities for 2014 include: removal of 2,000 EAB infested Ash trees; dedicate \$550,000 for replacement trees from EAB removals; further enhance the curbside branch/brush pick up program by offering both spring and fall services; replace roofs at both Public Works buildings

Water/Sewer accomplishments include: 2013 sanitary sewer critical repair at Route 59 was completed through a joint effort with Streamwood. The completed work included lining 710 feet of 18" pipe and rehabilitation of 3 manholes with 61 vertical feet; the Cross Connection Control Program reached its highest compliance rate. 90% residential properties and 94% of commercial properties are in compliance; SCADA server upgraded replacement was completed.

DRAFT

Water/Sewer budget overview for 2014 includes: a 23.4% increase in total requested water operating expenditures which includes the 15% increase from the City of Chicago; a \$710k water capital outlay requested for the development of a western area emergency water supply, I-90 water main extension/relocation and a Village wide leak survey; a 3.1% increase in total requested sanitary sewer operating expenditures; a \$598K sanitary sewer capital outlay request for the rehabilitation of Chippendale lift station; replacement pump and grinder for the WDA lift station and engineering for phase V sanitary sewer rehabilitation program.

Highlights and priorities for 2014 include: \$42,500 for engineering services for the Phase V Sanitary Sewer Rehabilitation Program and \$100,000 for additional critical sanitary sewer repairs throughout the Village; \$315,000 for Chippendale sanitary lift station rehabilitation; \$60,000 for Village wide leak survey to reduce unaccounted for water loss; \$40,000 for system valve exercising and evaluation to reduce valve failure as part of 5 year program; continue joint effort with the City of Elgin for a permanent emergency water supply for the western development area.

Motion by Trustee Mills, seconded by Mayor McLeod for a ten minute recess. All ayes, motion carried.

Chairperson Trustee Pilafas called the meeting back to order at 7:20 p.m. The Administrative Assistant, Finance Department, called the roll. Members present: Chairperson Trustee Gary Pilafas, Vice-Chairperson Trustee Anna Newell, Trustee Karen Mills, Trustee Gary Stanton, Trustee Gaeta, Trustee Vandenberg, Mayor McLeod. A quorum was present.

- e. **Development Services** – Assistant Village Manager Mark Koplin presented the 2013 accomplishments including: St. Alexius Women's and Children's Hospital addition; CN sound mitigation plan approved, 62 applications have been approved to date, \$1.01 million approved and \$40,000 reimbursed; Barrington Road interchange, Phase I design is complete, Phase II design is underway, efforts made to secure funding, community meetings held; Grants, awarded the ITEP Grant in the amount of \$676,000 for Western Area Recreation Trail; CMAP workforce development report should be completed by the end of 2013; Audi of Hoffman Estates opened; sustainability plan adopted; addressed 100% of Development Services projects (11) for implementation in 2013; completion of RTA Flexible Transit Study, began implementation; reorganization and efficient utilization of Code/Finance staff sources; recognition of all Code staff ICC trained and certified; Rickey Rocket's will open late November; Hassell Road and Palatine Road reconstruction complete; progress has been made on the Bode Road plans for 2015 construction; technical support for new infrastructure funding.

Budget overview for 2014 included: 4.6% increase in overall budget; 6.7% increase in salaries due to new rental registration program (2.0 FTE's) and previous EDA salaries now funded in Development Services; \$2,650 for Fire Inspector uniforms moved, plus shirts for Code personnel; an increase of 12.5% commodities increase for rental registration (supplies, forms); \$31,000 for professional services Code phones and computers for rental registration, increase in nest removals, grass cutting; \$160,000

DRAFT

revenue reimbursing the Village for staff time (CDBG, STP projects, Roselle Road TIF, Barrington Square TIF); \$1.3M for CN noise mitigation funds remaining through April 2015.

Highlights and priorities for 2014 included: infrastructure, \$5M 2014 street reconstruction/resurfacing project, rebuild storm sewers; Barrington Interchange, finalize funding, Barrington bridge widening/reconstruction to begin, completion of Phase II design; continue implementation of Sustainability Plan, Village Commission and staff to implement. Identify/implement cost savings projects/programs; STP Street Projects, Hassell Road and Palatine Road punch list work in 2014, Bode Road, complete design for 2015 construction; research, evaluate and pursue additional grants, manage existing grants; shopping center revitalization; work on I-90 improvements; preliminary work on update to Village Comprehensive Plan; customer service improvements at front counter; continuation of CN sound mitigation program; re-start business outreach/retention program; funding for startup of Golden Corridor Manufacturing Group non-profit; continue development with 59/90; rental registration program implementation.

Trustee Vandenberg asked about the number of years the tax rebates for businesses that are listed in the 2013 and 2014 budget go out. Jim Norris responded that when they get to the dollar amount they are done or “x” number of years. One is existing for Audi, Infiniti, Cabela’s, Mariano’s, and ADT. Mark Koplin will provide a list.

CDBG 2013 accomplishments include single-family property rehabilitation (3 houses) and bank funds for future infrastructure improvements (streets in 2014). Highlights and priorities for 2015 include a 5% increase in federal funding; \$110,000 single-family property rehabilitation no interest loans (up to \$25,000 each); \$220,000 for 2014 street reconstruction (Bedford Road).

Roselle Road TIF 2013 accomplishments include coordination with new owners of Hoffman Plaza regarding development and explored options for sale of 75 and 85 East Golf Road. Highlights and priorities for 2014 include: continue with Hoffman Plaza potential redevelopment; coordinate with Hoffman Plaza redevelopment; and traffic signal construction/approval.

Economic Development 2013 accomplishments include: opening of the Saddle Room and Stone Eagle; Tate & Lyle; Higgins Road/Prairie Stone Parkway traffic signal; and additional way-finding signage for 59/90 attractions. Highlights and priorities include: promote 59/90, marketing and signage; marketing for continued development; Village Green improvements; and ITEP Grant for extending recreation trail south to Shoe Factory Road.

Jim Norris explained the way the EDA worked from 1990 – 2013 is that any built property in Prairie Stone would pay their taxes to the County collector; the collector would then send those to the Village. First we had to take out for legal program expenses, trustee and legal fees. Then bonds were issued for the development of the park (1990 & 1991 senior and junior lien bonds). Over time the senior lien bonds were paid

DRAFT

off first and then the junior lien bonds were paid off, the last thing to be paid to Sears are the notes. That was the impetus for the renewal of the EDA. There used to be both Phase I and Phase II revenues that would come both to the Village and the other taxing districts. Beginning in 2014, five million goes to the Village, an additional (up to) \$350,000 for legal, and reporting and audit fees as needed relating to the EDA. Any money not used goes back to the taxing district – 55% to Sears, 45% to Taxing Districts (excluding Village of Hoffman Estates).

Sears Centre highlights for 2013 include: increased new event business/income to 51% (23% in 2012); fastest sellout – Florida Georgia Line – three minutes; hosted Big Ten Women's Basketball Tournament (likely return in 2015); Glory Kickboxing and TNA Wrestling events on Spike TV; booked record number of Christian concerts; indirect expenses savings vs. 2013 budget (\$90,000); eliminated savings vs. 2013 budget (\$90,000); eliminated one full-time staff position; booked record number of Hispanic & Indian concerts; attracted USA Gymnastics & LFL Football back to SCA; achieved record family show attendance (circus – 28,899); implemented ice rental program (on pace to rent 1,000 hours); expanded and improved Levy food offerings & resources (includes new craft beer, grill, dessert, and coffee carts).

Budget overview 2013 vs. 2014: a 6% increase in event income, 50% increase of event income from new business, \$56,000 increase in food and beverage commissions; and \$27,000 increase in phase 2 of I.T. projects.

Highlights and Priorities for 2014 include: Number of events down by 9 vs. 2013 actual; operating income up by 6% vs. 2013 actual; ancillary income up by \$70,000 vs. 2013 actual; event income up by \$85,000 vs. 2013 actual; capital spending only includes the Phase 2 of IT upgrade; food and beverage, \$30,000 remains of capital investment by Levy, increased commission with new agreement; and American Tower DAS income, one or two cell carriers at \$2,700 per month each with a possibility of more over the next year.

- f. **Health and Human Services** – Accomplishments for 2013 include: nursing staff provided 4,852 patient visits which included 1,866 vision and hearing screenings, 2,147 preventative health screenings and 300 hours of community education. Clinical psychology staff had 1,140 client contacts including: 2,120 hours of individual counseling, 85 hours of family counseling, 133 hours of couples counseling, and 30 hours of psychological testing. Received an APA grant for \$13,000 to assist with Accreditation of the Clinical Psychology Training Program. Clinical psychology staff completed 330 hours of community education.

Budget overview for 2014 included: a 3.3% annual wage adjustments for staff; a 2.9% increase in employee benefits due to increased costs of health insurance premiums and IMRF; a \$940 increase due to renewal fee for licensed professional staff and lab licensing fees (renew every two years); a 26.9% increase in contractual costs accreditation of the Clinical Psychology Training Program (costs of accreditation are covered by an APA grant).

DRAFT

Highlights and priorities for 2014 include: a self-study for APA accreditation; expand back-to-school clinics to include school physicals; host anti-bullying/violence prevention workshop; implement education series for seniors; and continue collaboration with HRM to expand the Employee Wellness Program.

- g. **Information Systems Fund** – accomplishments for 2013 included: implemented password synchronization between exchange in the Cloud and our on premises network passwords; revised the WebQA online customer service system to better serve our residents and also trained Village employees in the updated system; tested, customized and implemented the Employee Access Center module of SunGard; maintained 99.9% uptime on premises; improved the private VPN with Verizon Cellular in security and performance by adding Sierra Wireless devices for Police and Fire; and all police vehicles have replace in-car cameras and backend software with a stable system.

Budget overview for 2014 includes: a 5.7% increase for capital outlay due to network router replacements and several smaller additional system upgrades; a 13.1% increase in contractual services; a 48.5% capital outlay due to replacement for core of phone system, wireless controllers, and network storage devices, which are all at end of lifecycles; a 26.3% decrease in commodities due to a decrease in quantity and costs of data processing supplies, including toner and ink.

Highlights and priorities for 2014 include: expand use of new modules in SunGard, including paperless purchase orders, Employee Access Center, Job Applicant Center, and online application process; continue to examine Cloud computing with an emphasis on moving our Geographical Information Systems.

- h. **Boards and Commissions** – Jim Norris stated that the Fire and Police Commission 2013 budget was \$156,000. There was both entry level fire testing and promotional testing that did not get completed in 2013 and the funding needs to be carried over to 2014. It is not shown in the budget so we need an amendment to carry over \$85,000 from 2013 to 2014 for fire testing. Environmental Commission has been eliminated and there is a slight increase in the 4th Fest. The actual 4th Fest subsidy amount is reduced by almost half of what it was in the 2012 budget. The Village subsidized it in 2013 for about \$56,000 by getting Front Row on early and leveraging our partnerships with other communities. We have met with Elgin and Hanover Park Township and should get more personnel assistance which potentially decreases the overtime. The Youth Commission has increased due to upgrading with grants and donations to upgrade the computers used for Project Alice. Slight increase in the Arts Commission due to the growing Platzkonzert, and an increase in the Sustainability (Green) Commission which absorbed the Environmental Commission.
3. Direct staff to publish the Notice of Availability of Budget and Public Hearing on the 2014 proposed with committee's concurrence, the Public Hearing will be scheduled for Monday, December 2, 2013 at 6:55 p.m. in the Council Chambers prior to the Village

DRAFT

Committee Meetings. (Notice of this public hearing will be given at least one week prior to the hearing date).

Motion by Trustee Vandenberg, seconded by Trustee Gaeta. Voice vote taken. All ayes, motion carried.

4. Direct staff to draft the Tax Levy and Tax Abatement Ordinances, which will appear on the December 2, 2013 Board agenda.

Motion by Trustee Mills, seconded by Trustee Gaeta. Voice vote taken. All ayes, motion carried.

5. Motion to recommend approval of the 2014 Operating & Capital Budget to Village Board with amendments to subsidize the Municipal Waste Fund from the General Fund through the balance of the contract and to carry over the money for the Fire & Police Commission.

Motion by Trustee Mills, seconded by Trustee Vandenberg. Voice vote taken. All ayes, motion carried.

III. Adjournment:

Motion by Mayor McLeod, seconded by Trustee Gaeta to adjourn the meeting at 8:15 p.m. Voice vote taken. All ayes motion carried.