



**THE VILLAGE OF HAWTHORN WOODS
SPECIAL COMMITTEE OF THE WHOLE MEETING
VILLAGE BOARD AND FINANCE COMMITTEE
2 LAGOON DRIVE, HAWTHORN WOODS, ILLINOIS
SEPTEMBER 29, 2012
9:00 AM**

MINUTES

I. CALL TO ORDER AND ROLL CALL

Mayor Mancino called the meeting to order at 9:09 a.m. Roll call indicated the following Village Board members were present: Mayor Mancino, Trustees Riess, Morgan, Corrigan and Ponzio. Absent were Trustees DiMaggio and David.

Roll call indicated the following Finance Committee members were present: Mr. Zanco, Mr. Singh Kalra, Trustees Riess, Ponzio and Corrigan. Absent was Ms. Kosik.

Also present were Chief Operating Officer Pamela Newton, Chief Financial Officer Kristin Kazenas, Chief Administrative Officer and Village Clerk Donna Lobaito, and Public Works Director Erika Frable..

II. PLEDGE OF ALLEGIANCE

III. OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD

There was no public comment.

IV. PRESENTATION AND OVERVIEW OF THE 2013 OPERATING BUDGET

Mayor Mancino outlined the purpose of today's meeting. He noted that the Finance Committee will make a recommendation to the Village Board to put the budget on public display. There will be a public hearing regarding the 2013 budget at the November Village Board meeting.

Trustee Ponzio outlined the format for today's meeting. He noted that the budget will be placed on CDs for distribution to the public.

Ms. Newton reported that staff is presenting a balanced budget for 2013. She noted the revenue budget utilized conservative estimates. 2013 will be a bridge year with the anticipation of Mariano's being constructed and opening in 2014, Public Works truck loans being paid off, and the improving housing market.

Ms. Newton outlined the history of the budget since 2009. In 2009, the Village was spending more than it was receiving, that we had zero cash reserves and about 2 weeks of

money for expenditures in the bank. In 2010, the Village began turning around the Village finances by working as a team to improve efficiency. In 2011, we laid the foundation for a positive future by presenting a balanced budget without cutting resident services or programs. In 2012, we cut expenditures and presented a balanced budget once again. The 2013 budget reflects the Village reaching our goal two years early of accruing 35% of our operating budget in reserves. We now have over \$1 million in reserves. We will be investing in our municipal infrastructure and CIP this year with a new pavement management program and park improvements. Ms. Newton noted staff was committed to finding grant money and we continue to require three quotes for most all expenditures.

Ms. Newton noted the keys to success are donations, building team and monitoring the budget. She reported money is now going to the CIP from the reserves as a result of our success.

In the area of personnel, Ms. Newton noted that recently the Village hired a Public Works Superintendent who came to Hawthorn Woods from the Village of Vernon Hills with 23 years experience. Furthermore, the 2013 budget reflects the hiring of one full-time police officer in lieu of 4 part-time officers. Lastly, we will be adding .5 FTE for a Public Works mechanic to address our aging vehicle fleet.

V. REVIEW AND DISCUSSION OF 2013 OPERATING BUDGET

General Government - Ms. Kazenas reviewed the General Government budget. A 4.3% increase in revenues is anticipated over 2012. She also noted there will be a zero increase in the tax levy over last year. She said the budget reflects conservatism due to delays in the state income tax remittances. The budget also reflects no grant revenues, anticipating a budget amendment once funds are awarded and received. Lastly, she noted that the Village anticipated a sweep of \$92,200 of funds into reserves at year end 2012, however, it is anticipated we will be able to sweep \$375,000 into reserves due to our successes.

Planning, Building and Zoning – Commissioners Rein, Kaiser and LaGro were present. Ms. Kazenas noted that personnel services reflect a 52% increase due to the 2013 budget accurately reflecting proper personnel allocation into various departments so as to clearly depict where Village activities occur. In the Community Development fund, the Building and Zoning revenues reflect onetime revenue sources. This budget was prepared with conservative figures for 2013. Under contractual services, a slight increase was budgeted to reflect our ongoing intergovernmental agreement with the Village of Mundelein for building services.

Ms. Kazenas noted the Village is a recipient of a \$90,000 to update our Comprehensive Plan, which will be addressed in 2013. It was also noted that the course work for staff has resulted in less reliance on consultants.

Elected Officials – Ms. Kazenas presented the Elected Officials budget which reflects a 44% decrease in expenditures primarily due to professional development. It was noted our elected officials do not receive a salary or benefits, and that their work is completely volunteered.

Administration – The Administration budget reflects a slight .5% increase in expenditures. It was noted the Avaya phone system has been paid off with an annual savings of \$8,500.

Legal – The Legal budget reflects a 10% increase, with more items being covered under the retainer. The Village is finishing certain land use matters and it budgeting for an ICC intervention.

Village Clerk – The Village Clerk budget reflects a decrease of 3.2% in expenditures, with \$500 being moved to the IT budget for online codification services.

Risk Management – The Risk Management budget reflects a 6.7% increase. It was noted that \$5,000 is allocated for urgent issues that are identified by the Safety Committee.

Human Resources – The Human Resources budget reflect a 58.4% decrease primarily due to a one time budget adjustment in 2012.

Technology – The Technology budget reflects a 125% increase due to the budgeting of service hours through our IT vendor. It is anticipated this block of time will last 18 months. There is no rate increase from ABN for their service hours, and they have not raised their rates since 2011.

Certain IT issues were discussed. It was acknowledged that many of our system problems have to do with the age of our equipment, which we are in the process of replacing right now. Migration to a hosted service is in the CIP, which should solve a number of our issues.

Police Department – Chief Paulus noted that Committeemen Gewalek, Singh Kalra and Morgan were present. Chief Paulus reported that revenues are anticipated to increase by 5.2%. She also reported that CERT will no longer be receiving state funding due to the economy.

Expenditures for 2013 will be increased by 6.3%. One full-time officer will replace 4 part-time officers as there has been much turnover with part-time officers causing increases in overtime hours.

Chief Paulus reported a decrease in the police pension expenditures by 1.1%. It was noted the Village has been following the independent actuary figures for funding of the pension.

It was noted that salary increases are due to the union contract and step increases.

Economic Development – Ms. Kazenas summarized the revenue increase in the 2013 budget. The 211.4% increase in revenues is due primarily from anticipated annexation fees and general fund fees. \$28,000 in donations is anticipated from the Krueger grading project. Another highlight was that personnel services reflect the allocation of personnel based on job responsibilities.

Canadian National – 2013 will be the final year of funding from the Canadian National fund. \$300,000 had been allocated to the impacted residents, with this portion of the project wrapping up May, 2013. The Village is also in receipt of \$175,000 for the coordination of signals on Old McHenry Road, which is not reflected in the 2013 budget.

Park Donation – There are no significant changes to this budget.

Capital Improvement Plan – The end fund balance for 2013 is projected at \$57,574. The Village has committed to funding a minimum \$20,000 per year for road improvements. Significant changes to the CIP include a new police vehicle, Heritage Oaks Park irrigation repairs, software upgrades and email hosting and back up plans.

Mr. Zanchi noted that other communities are using their Canadian National funds for the installation of walls to abate noise. Ms. Newton responded that there was much public comment when we were receiving the money and residents did not want a wall due to the visual affect, the fact that the wall would have to be placed on their private property and concerns about drainage.

Ms. Newton reported that the assistance with the coordination of the lights will be from Christopher B. Burke Engineering.

The Village Board and Finance Committee took a break at 10:40AM.

The Village Board and Finance Committee reconvened at 11AM. All members were still present.

Public Works – Erika Frable, PE, noted there was a quorum with committeemen Dan McConchie, Cliff Wright, Richard Hunt and Brian Ibbotson being present. Ms. Frable noted there is a 24.3% increase in the expenditure budget with employee headcount being funded based on job descriptions. It is anticipated overtime will be reduced. Other notable changes include an increase in the fuel and oil line item due to those rising costs, and the addition of .5 FTE for the mechanics position which is going from part-time to full-time.

Motor Fuel Tax – A .6% increase in revenues and an 8.9% increase in expenditures is budgeted. The personnel services line item is increased due to the allocation of personnel based on job descriptions. \$60,000 is budgeted for patching and \$20,000 for traffic signage.

Park Maintenance – A .6% increase in revenues is anticipated from field lease agreements. 11.1% increase in expenditures is attributed to the maintenance of these fields as well as the reallocation of personnel based on job descriptions.

Engineering – Ms. Frable reported an increase of 236.5% in expenditures due to the reallocation of the Village Engineer's salary.

The committee discussed the allocation of funds to maintain the parks. The status of creating a park district was also discussed so as to prevent double taxation by other park districts entering our borders. It was suggested this issue be placed on the Finance Committee agenda for further discussions. The committee also discussed the capital improvement items for public works.

Motion by Wright, second by Ibbotson to recommend the Village Board place the Public Works budget on display for 30 days. Upon a voice vote, the motion carried unanimously.

Mr. Hunt suggested the Village put less money into community events such as fireworks so that the road repairs could be better funded. Ms. Newton noted that the fireworks show and concerts are funded by donations. Mayor Mancino added that these events are funded to bring our residents together.

Motion by Ibbotson, second by McConchie to adjourn the Public Works Committee meeting. Upon a voice vote, the motion carried unanimously at 11:24AM.

Parks and Recreation – Ms. Carlson reported that the 2013 budget reflects an increase in revenue by 11.5% and an increase in expenditures of 12.1%. Significant changes include SRACLC funds for ADA compliance, no change in SRACLC dues, and more programming.

Community Events – Ms. Carlson reported that the 2013 budget reflects a 16.1% increase in revenues and a 41% increase in expenditures due primarily to personnel allocation based on job descriptions. Significant changes include an increase in firework costs and additional funding due to donations for special events. Trustee Corrigan thanked Ms. Carlson for a great job on the Farmer's Market and the Concerts in the Park events.

Aquatic Center – Ms. Johnson noted the 2013 budget reflects a .5% decrease in revenues and a 3.2% decrease in expenditures. Significant changes include enhances swim lessons due to the high demand, connecting the new server with a cost savings of \$18,000, daily admissions remaining unchanged, and a .3% rate increase for passes. An \$8,500 profit is anticipated.

It is anticipated there will be \$176,000 in the Aquatic Center Depreciation Fund at year end 2013. \$11,000 in mechanical upgrades is needed this year. The pricing for the room rental was discussed. Staff will evaluate the current pricing structure. Ms. Kazenas noted in 2013 postcards will be mailed regarding birthday parties in the Community Room. Ms. Johnson

noted that the increased marketing to Wauconda residents was very successful, and also noted more than half our swim lessons are for non-residents. She said in her first summer with Hawthorn Woods, there were 9 – 10 instructors per time slot for swim lessons, and last year we required 17 instructors per time slot. Trustee Corrigan said she has heard nothing but high praise for Ms. Johnson and her staff since her arrival. She said people have told her that the Hawthorn Woods life guards are some of the best trained.

Reserve Fund – Ms. Kazenas noted that we had a goal of 12% of operating funds in reserve at year end 2012, however, we reached our goal ahead of schedule. We now have 35% of operating funds in reserve. This was due to every team member and our elected officials participating in looking for new revenues while cutting expenditures.

This ended the presentation portion of the meeting. Ms. Kazenas noted that if any member had any specific questions, they should contact her and she will route those questions to the appropriate department head.

VI. APPROVAL OF A MOTION TO RECOMMEND THE 2013 OPERATING BUDGET TO THE VILLAGE BOARD

Motion by Zanchi, second by Ponzio for the Finance Committee to recommend the 2013 budget to the Village Board. Upon a voice vote, the motion carried unanimously.

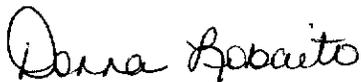
VII. ADJOURNMENT

Motion by Riess, second by Zanchi to adjourn the Finance Committee. Upon a voice vote, the motion carried unanimously.

Motion by Corrigan, second by Ponzio to adjourn the Committee of the Whole. Upon a voice vote, the motion carried unanimously.

There being no further business, the Committee of the Whole adjourned at 11:58AM.

Respectfully submitted,



Donna Lobaito
Village Clerk