

**VILLAGE OF HUNTLEY
VILLAGE BOARD WORKSHOP MEETING
October 16, 2008
MINUTES**

ROLL CALL:

A meeting of the Village Board of the Village of Huntley was called to order on Thursday, October 16, 2008 at 6:00 pm in the Municipal Complex Village Board Room, 10987 Main Street, Huntley, Illinois 60142.

ATTENDANCE:

PRESENT: Mayor Charles H. Sass, Trustees: Pam Fender, Jay Kadakia, Niko Kanakaris, Harry Leopold, Paul Mercer, and John Piwko.

ABSENT: None

IN ATTENDANCE: Village Manager David Johnson, Finance Director Jennifer Chernak, Director of Development Services Lisa Armour, Village Engineer Bill Geegan, Director of Public Works Jim Schwartz, Deputy Police Chief Todd Fulton, Management Assistant Barb Read, and Management Assistant Margo Griffin.

PLEDGE OF ALLEGIANCE:

Mayor Sass led the Pledge of Allegiance.

PUBLIC COMMENTS

None

ITEMS FOR DISCUSSION:

Village Manager Johnson opened his comments by thanking the Department Managers and Staff for their hard work in putting together the budget.

He stated that Village Staff is very much aware of the current economic conditions. Staff's philosophy is that the Village is not only going to survive the economic downturn, but we are going to create the momentum to excel when the economy turns. It is important that the Village remain focused on our established priorities and not stretch our resources too thin. Village Manager Johnson proceeded to review the budget calendar for Fiscal Year 2009.

FY2009 Budget Calendar

Friday, October 3, 2008	Budget requests due from Departments
Thursday, October 16, 2008	Village Board Workshop Meeting
October 16 – 24, 2008	Budget compilation - Draft

October 27 – November 14, 2008	Staff Budget review
November 17 – 18, 2008	Budget revisions
Tuesday, November 18, 2008	Staff review and finalization of proposed budget
Thursday, November 20, 2008	Property tax levy resolution – Village Board (20 days before adoption of levy)
Friday, November 21, 2008	Distribute proposed budget to Mayor and Board of Trustees
Monday, December 1, 2008	Publish Property Tax Levy Hearing Notice (Must appear no more than 14 days and no less than 7 days prior to hearing.)
	Publish Budget Hearing Notice
Monday 12/1 – Tuesday 12/2/08	Village Board breakdown sessions
Tuesday, December 2, 2008	Village Board Budget workshop
Thursday, December 11, 2008	Public Hearing – FY 2009 Proposed Budget
	Public Hearing – 2008 Property Tax Levy
	Additional Village Board Discussion
	Village Board Consideration of FY 2009 Budget
	Village Board Consideration of 2008 Tax Levy (levy finances 2009 budget)
Friday, December 19, 2008	File Property Tax Levy with Counties

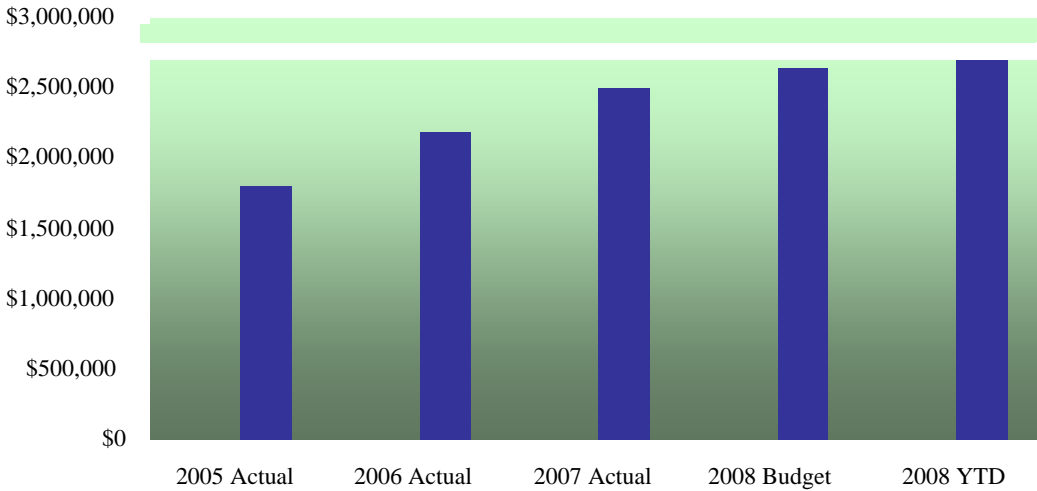
FY2008 Financial Review / Revenues and Expenditures

Analysis of Major Revenue Sources through September 2008

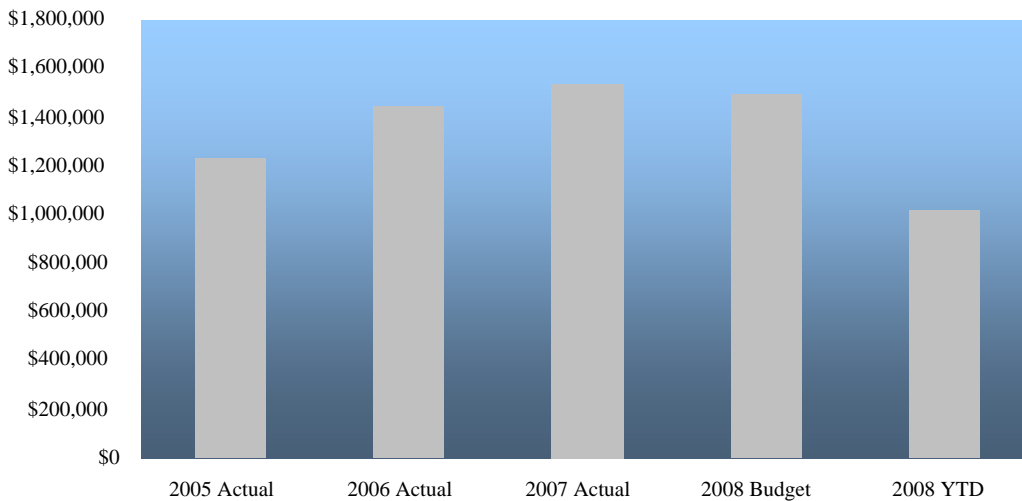
Property Tax

This revenue is derived from a tax levy on real estate valuations within the corporate limits of the Village of Huntley. Property tax revenues are received from the end of May 2008 through the end of November 2008. Property tax collections as of September 30, 2008 are \$2,704,620 which exceeds the budgeted number of \$2,640,000 by \$64,620. This line item is budgeted conservatively based on estimates received from Township Assessors as the actual tax levy amounts are not known at time of budget approval.

Property Tax Revenue History



Sales Tax Revenue History



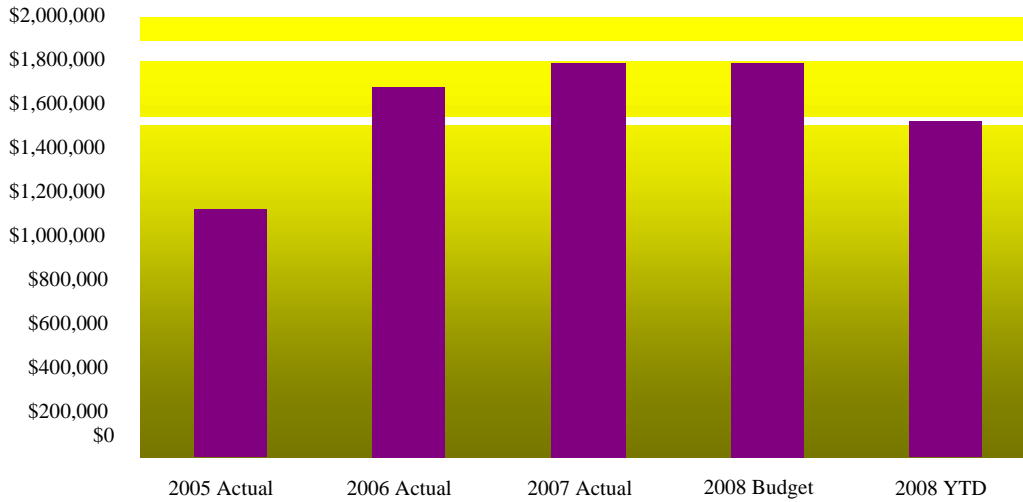
Sales Tax

Effective April 1, 2008 the State of Illinois sales tax rate increased from 6.5% to 7%. Sales tax is collected on all retail sales within the Village. Collections and distributions are in arrears. The Village's share of the sales tax revenue is 1%. Collections through September 30, 2008 are \$1,021,196 or 68% of the budgeted amount of \$1,500,000.

State Shared Tax Revenues

State shared revenues are comprised of Local Use Tax and Income Tax which are all based on the Village's official population of 16,719 (2005 Special Census) and Replacement Tax which is collected from corporations, trusts and public utilities. Collections as of September 30, 2008 are \$1,530,152 or 85% of the budgeted amount of \$1,795,000.

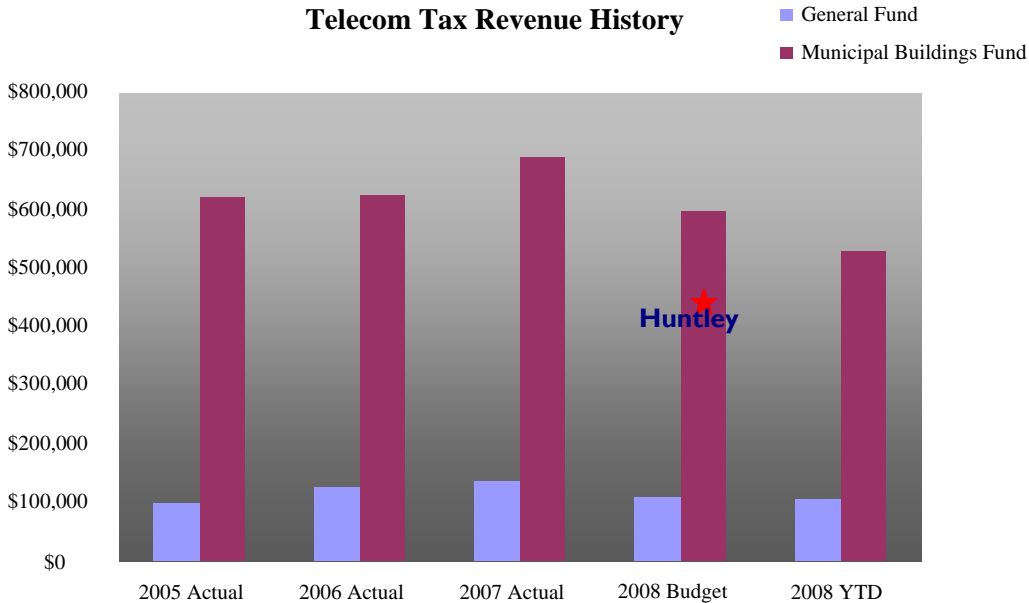
State Shared Tax Revenue History



Simplified Telecommunications Tax

This tax is collected for the use of all of the public right-of-ways located within the Village by providers of telecommunications services. The Village of Huntley rate is 6% of gross receipts of local, long-distance, and wireless calls from each service address within the Village for services originating from or transmitted into the Village corporate limits. (1% is allocated to the General Fund and 5% is allocated to the Municipal Buildings Fund). Revenues as of September 30, 2008 are \$636,718 or 89.68% of budgeted amount of \$710,000.

Telecom Tax Revenue History



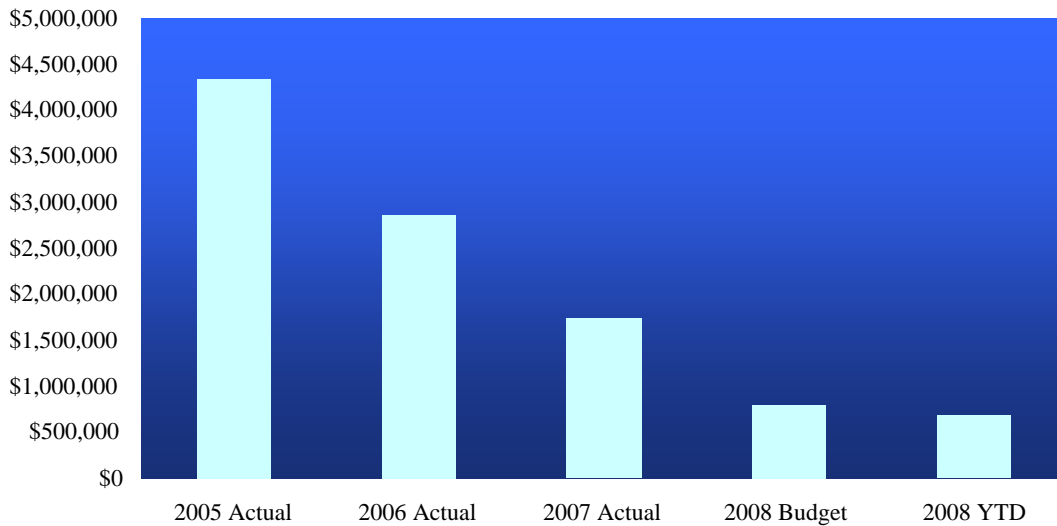
Building Permits

Building permits and administrative fees for the 2008 fiscal year are based on the construction of new homes, commercial buildings and residential and commercial improvement projects. Fees are based on the square footage of the house or unit. The 2007 housing market showed a dramatic decline in new housing starts; therefore the 2008 budget was conservative yet

optimistic on the prospect of future growth. Commercial building permit activity in 2007 and 2008 was relatively high. The valuation of commercial building activity in the Village the last two years is approximately \$50 million. Revenues as of September 30, 2008 are \$686,822 or 86% of budgeted amount of \$800,000.

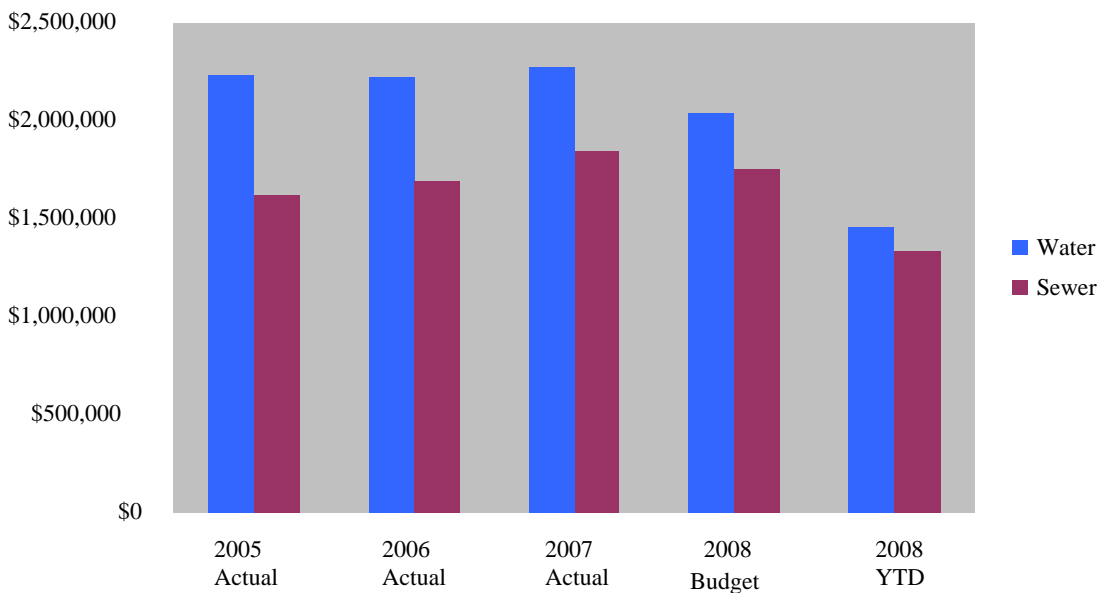
Village Manager Johnson noted that there have been 108 residential building permits issued through September 30, 2008.

Building Permit History



Water/Sewer Sales

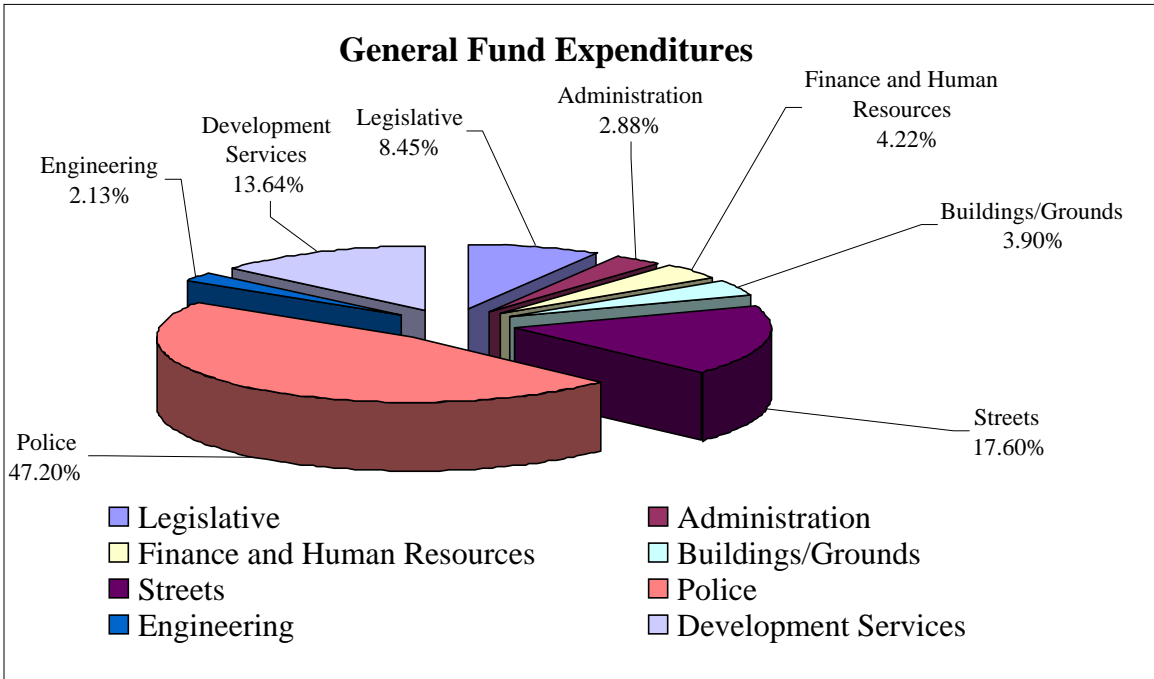
Budgeted revenues and expenses are dependent upon customer usage, new home construction and weather conditions. Water Revenues as of September 30, 2008 are \$1,441,761 or 71% of the budgeted amount of \$2,042,500 and Sewer Revenues are \$1,321,534 or 75% of the budgeted amount of \$1,755,000.



Analysis of General Fund and Capital Expenditures as of September 30, 2008

General Fund Operations

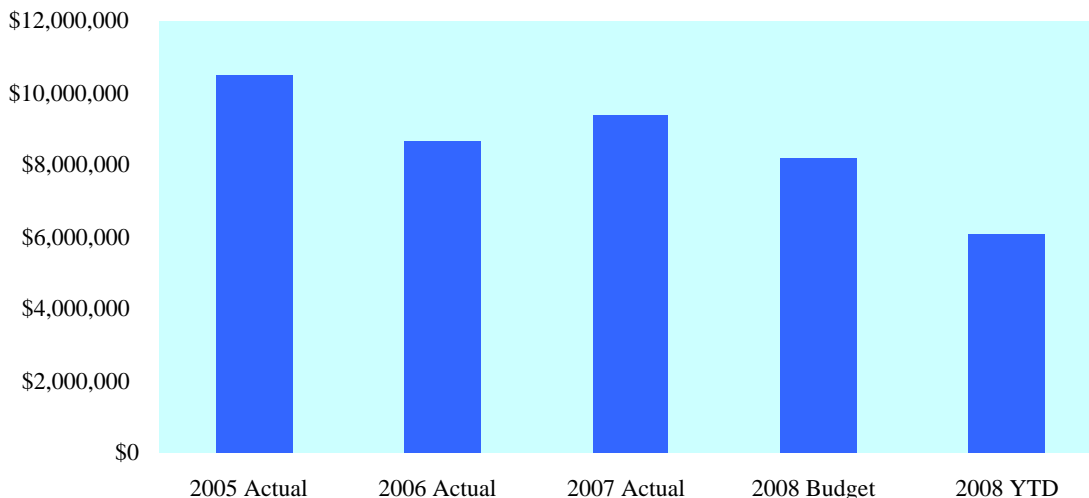
The 2008 General Fund expenditures of \$6,092,965 are 74% of the total budget of \$8,211,200 as of September 30, 2008. All departments are within their allocations and have been operating conservatively and responsibly as expected in this economic climate. Village Manager Johnson noted that while most surrounding communities have an employee ratio of 4.63 employees per 1,000 residents, Huntley maintains a conservative ratio of less than 4 employees per 1,000 residents.



General Fund Expenditure History

A review of the Village's General Fund expenditure history depicts steady spending levels. This is of particular importance because it clearly illustrates that the Village did not become overly reliant on one-time development related revenues to fund operations during the housing "boom" years.

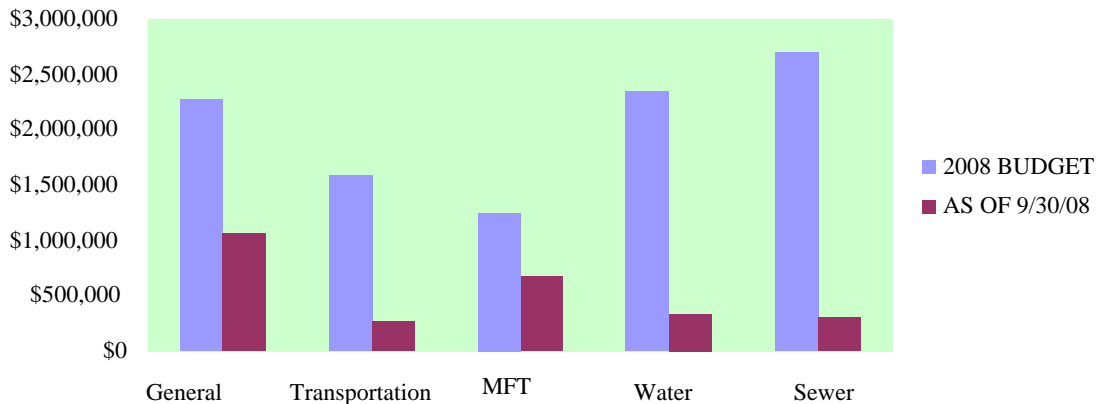
General Fund History



Major Capital Project Funds

- The General Capital Projects Fund has a 2008 budget of \$2,278,900 of which \$1,069,876 has been expended to date. The budgeted amount includes carry over from the 2007 budget of \$845,000 and \$1,076,400 in new project along with \$257,500 in capital purchases and a \$100,000 Interfund loan to the Motor Fuel Tax Fund if needed.
- The Transportation Fund budget of \$1,585,000 is primarily allocated to the design engineering for the interchange, set aside for the Route 47 widening project and carry over from 2007 projects.
- The Motor Fuel Tax Fund budget of \$1,250,000 is for the 2008 Street Improvement Program which has expended \$673,004 to date.
- The Water Capital Fund budget of \$2,346,100 allocated \$2,000,000 to the Deep Well Project and \$146,100 for capital purchases and \$200,000 to be transferred to the Equipment Replacement Fund.
- The Sewer Capital Fund originally budgeted \$6,150,000 in 2008 of which \$6,000,000 was for debt issuance, however the project is now a phased project and only \$2,200,000 is allocated for the project in 2008.

2008 CAPITAL PROJECTS



FY2008 Major Project Status Report Update

1. Full Interchange at I-90 and Route 47
 - Design engineering has commenced
2. Route 47 Widening from Kreutzer Road to Reed Road
 - Document preparation in process for March 2009 Bid Letting
3. Haligus Road at Huntley/Dundee Road Traffic Signals
 - Underground work is completed
 - Traffic signals will be installed before the end of 2008

4. Haligus Road at Reed Road Traffic Signals
 - Underground work is completed
 - Traffic signals will be installed before the end of 2008
5. Traffic Signal at Haligus Road and Algonquin Road
 - Traffic signal installed as part of the Algonquin Road Widening Project and to be completed by the end of 2008.
6. Algonquin Road Widening Project
 - Village watermain relocation – completed
 - Pedestrian/bike path installation – per McDOT not completed until Spring 2009.
7. Village of Huntley's 2008 Street Improvement Program
 - Project completed in the Woodcreek and Cove Subdivisions as well as all of Janice Drive, Martin Street between Dean Street and Grove Street and Mill Street between Grove Street and Myrtle Street.
8. Transit Station Site Selection and Transit Oriented Development Guideline Project
 - In process
9. Decorative Street Lighting Installation
 - West Main Street – completed
 - Around the Town Square – completed
10. Construct Phase II of the South Sanitary Sewer Interceptor from Powers Road to South of I-90
 - Construction in process
 - Substantial completion anticipated by December 2, 2008
11. Repaint Water Tower 2 at Well No. 7
 - Project awarded on September 25, 2008.
 - Completion scheduled for Spring 2009
12. Salt Storage Facility Construction
 - Completed in 2008
13. Special Census
 - Enumeration process scheduled to be completed December 2008

Five-Year Capital Improvement Program – Summary of Project by Year 2008-2012

Year	Project	Total Project Cost	Project Cost for Year	Project Balance
2008	Reconstructed Full Interchange I-90 & Rt. 47	\$6,000,000	\$600,000	\$5,400,000
	Route 47 Widening (Kreutzer to Reed)	\$5,680,425	\$500,000	\$5,180,425
	Annual Street Improvement Program	\$1,000,000	\$1,000,000	
	Algonquin Water Main Relocation	\$640,000	\$640,000	
	Algonquin Road Bike Path	\$75,000	\$75,000	
	Halgus Road Traffic Signalization	\$600,000	\$600,000	
	Phase II Sewer Interceptor and Water Main Crossing (Powers to South of Tollway)	\$2,500,000	<u>\$2,500,000</u>	
	2008 TOTAL		\$5,915,000	
2009	Annual Street Improvement Program	\$1,000,000	\$1,000,000	
	Reconstructed Full Interchange I-90 & Rt. 47	\$6,000,000	\$825,000	\$4,575,000
	Route 47 Widening (Kreutzer to Reed)	\$5,680,425	\$1,726,808	\$3,453,617
	Algonquin Road Landscaping	\$425,000	\$425,000	\$0
	Phase III I-90 Lift Station	\$2,500,000	<u>\$1,250,000</u>	\$1,250,000
	2009 TOTAL		\$5,226,808	
2010	Annual Street Improvement Program	\$1,000,000	\$1,000,000	
	Reconstructed Full Interchange I-90 & Rt. 47	\$6,000,000	\$825,000	\$3,750,000
	Route 47 Widening (Kreutzer to Reed)	\$5,680,425	\$1,726,808	\$1,726,809
	Phase III I-90 Lift Station	\$2,500,000	<u>\$1,250,000</u>	\$0
	2010 TOTAL		\$4,801,808	
2011	Annual Street Improvement Program	\$1,000,000	\$1,000,000	
	Reconstructed Full Interchange I-90 & Rt. 47	\$6,000,000	\$750,000	\$3,000,000
	Route 47 Widening (Kreutzer to Reed)	\$5,680,425	<u>\$1,726,809</u>	\$0
	2011 TOTAL		\$3,476,809	
2012	Annual Street Improvement Program	\$1,000,000	\$1,000,000	
	Reconstructed Full Interchange I-90 & Rt. 47	\$6,000,000	<u>\$750,000</u>	\$2,250,000
	2012 TOTAL		\$1,750,000	

Unfunded Projects not listed above: Kreutzer Road Extension
 Freeman Road Infrastructure Improvements \$4,000,000
 Main Street Streetscape Improvements (Rt. 47 to Church) \$1,000,000
 Deep Well Development (Kreutzer and South of Tollway) \$2,000,000

FY2009 Preliminary Revenue Outlook

The national and state economic conditions drive the Village's preliminary revenue outlook for FY2009. Revenue projection philosophies for each of the Village's major revenue sources are briefly described below:

Property Tax Revenue

Historically, the Village budgets conservatively based on estimates received from the Township Assessors. Since property taxes are collected in arrears, it is likely that the Village will see new growth added to its property tax base; however, we are also aware that property reassessments may have an impact on our future property tax collections. Firmer property tax revenue projections will be available within the next two months.

Sales Tax Revenue

Based on the economic downturn, staff does not anticipate making significant revenue projection increases in sales tax. It will be important for the Village to monitor the retail sales activity on the Huntley Grove (Tucker)/Wal-Mart project for the purpose of understanding the true impact on future sales tax revenues. It is possible that the Village may realize \$200,000 in sales tax revenue from the project in 2009 (based on April 1, 2009 opening).

However, Village Manager Johnson noted that the Village will not count on a significant increase in overall sales tax revenues from all sources due to lower consumer spending.

State Shared Tax Revenues

Preliminary projections from the State indicate that there may be a modest increase in the State Shared Tax Revenues. Based on previous experience and trends, we are estimating a 4% increase in State Shared Tax Revenues.

It is also important to note that this is the revenue source that will realize an increase upon formal completion and certification of the Village's new official population number. This number will be derived from the Special Census. Original estimates were for an additional \$600,000 in revenue. Based on the processing timeframes of the Federal and State governments it is not an absolute that the Village will collect any of this revenue in 2009; therefore, it is recommended that this new revenue source be deferred until the 2010 budget.

Simplified Telecommunications Tax

This revenue source has remained fairly constant over the last three years and no major changes are anticipated.

Building Permits

Building permit revenue continues to dramatically decrease, and there is no reason at this point to believe that this trend will reverse itself in 2009. Based on the state of the residential housing market a 60% – 70% reduction in building permit revenue is contemplated for 2009 (from the 2008 budget amount of \$800,000). Staff will continue to monitor the local housing market through the budget process to refine this number.

Proposed FY2009 Capital Improvement Projects

Mayor Sass reviewed the FY2009 Capital Improvement Projects and noted that these projects are being presented for discussion purposes. It is important to note that staff is continuing to analyze funding sources for these projects and more detailed funding plans are forthcoming as a part of the budget process.

1. Annual Street Improvement Program - \$1,000,000
 - Douglas Street from Church Street to Timer and if budget / bid allows - Phillip, Kathleen, Mathew, Michael, Charles, Carl, Brittany, and Elizabeth
 - **Current anticipated funding source – Motor Fuel Tax, Capital Project and Transportation**

2. Reconstructed Full Interchange I-90 and Route 47 - \$825,000 (set aside)
 - “Start-Up”/Phase I Engineering to be completed by mid-summer 2009
 - **Current anticipated funding source – Newly established (FY09) Tollway Interchange Fund**

3. Route 47 Widening (Kreutzer Road to Reed Road) - \$5,680,425
 - March 2009 bid letting (subject to funds being made available through a State Capital Bill)
 - **Current anticipated funding source – Capital Project, Water Capital and Sewer Capital**

4. Reed Road Widening and Reconstruction from Haligus Road to Cambridge Drive - \$1,259,100
 - Project is a part of the McHenry County Council of Mayors Surface Transportation Program - 80% Federal Funds and 20% Local Share (up to \$700,000 maximum)
 - **Current anticipated funding source** - Subject to a development agreement with Centegra

5. Huntley/Dundee Road Resurfacing – Main Street to Kreutzer Road \$500,000
 - Project is a part of the McHenry County Council of Mayors Surface Transportation Program - 80% Federal Funds and 20% Local Share (up to \$700,000 maximum)
 - **Current anticipated funding source – To be determined**

6. Algonquin Road Landscaping - \$500,000
 - This is the final component of McDOT’s Algonquin Road widening project.
 - **Current anticipated funding source – Capital Project**

Village Manager Johnson noted that the County will either replace the 41 trees that were removed for the project or reimburse the Village approximately \$20,000. Trustee Leopold stated that he would prefer that the Village not landscape the medians in order to save money.

7. Phase III I-90 Lift Station (set aside) \$1,250,000
 - Proposed for 2010 / 2011 construction in Capital Improvement Program
 - **Current anticipated funding source – Debt Issuance**

8. Deep Well Development / South of I-90 - \$1,000,000
 - Originally removed from Capital Improvement Program in May 2008. Staff is requesting that the Village Board authorize reconsideration subject to verification of funding source.
 - **Current anticipated funding source – Water Capital / Debt Issuance**

Village Manager Johnson noted that this project would not include a treatment plant and only the Well.

9. Municipal Complex Build-Out - \$400,000
 - Build-out / shell of the unfinished areas of the Village Hall and Police Department
 - **Current anticipated funding source – Municipal Building Fund**

On-Going Service Programs

Mayor Sass reviewed the current service programs offered by the Village. He noted that in addition to providing specific municipal services such as snow plowing and police patrol, the Village funds many programs on an annual basis. The following is a list of the Village’s major programs which account for an estimated \$1,350,000 in spending. Approximately 75% of major program spending is directly attributable to the Village’s annual Street Improvement Program.

Major Programs:

1. Residential Wastehauling Program
2. Annual Independence Day Celebration
3. Farmer's Market
4. Senior Transportation Services (funding commitment to Grafton Township)
5. Public Information (Website, newsletter and Village calendar)
6. Employee Assistance and Wellness Program
7. Mosquito Abatement / Management Program
8. 50/50 Tree Replacement Program
9. Pavement Management Program (Crack Sealing)
10. Street Improvement Program
11. NPDES Program - It was noted that the NPDES Program costs the Village approximately \$15,000 yearly. The Village pays a fee to the State to maintain this stormwater program as it is necessary to comply with the Illinois Environmental Protection Agency's regulations.
12. Backflow Prevention Program - Public Works Director Jim Schwartz stated that the Backflow Prevention Program is outsourced to BSI and paid for through a fee on all utility bills.
13. Economic Development Marketing Program
14. B.A.S.S.E.T. Education and Training
15. Bicycle Patrol
16. Citizen Police Academy
17. Crime Prevention
18. D.A.R.E.
19. National Night Out Against Crime
20. School Resource Officer - Finance Director Jennifer Chernak stated that School District 158 pays for 50% of the officer during the school year.

Village Board FY2009 Program, Service, Capital Project Goals and Requests

The Village Board reviewed the following list of projects/programs that have been suggested for consideration over the last year by either the Village Board as a whole or Trustees individually. For the purpose of the workshop meeting, the Village Board was asked to rate each item below by its importance. Rating: 5 (greatest importance) to 0 (least important).

1. Algonquin Road Median Landscaping – Overall the Village Board rated this item as low priority as the cost may be prohibitive. Staff will research the possibility of mowing the medians and being reimbursed by McHenry County Department of Transportation (McDOT). Trustee Fender stated that she did not care for the grass that the County is planting and would rather have a cement median. Trustee Kanakaris stated that he would prefer more landscaping along the sides of the road and no additional landscaping on the median. Trustee Piwko stated that he wants better landscaping in the median than just the grass. Trustee Kadakia stated that he would like a low maintenance planting in the median. Trustee Leopold stated that if any other plant material is put in the median then an irrigation system will need to be installed. Average Rating: 1
2. Replacement of Village Entry Signs – It was the consensus of the Village Board to begin the design work for new entry signs and to leave the existing signs in place until new signs were installed. Average Rating: 3.75
3. Emerald Ash Borer Monitoring Program – It was the consensus of the Village Board to continue with the program in place. It was recommended that Staff continue to update residents through newsletters, press releases and the Village website. Average Rating: 0
4. Downtown Revitalization Plan – It was the consensus of the Village Board to hire a consultant to begin the process to prepare a long-range revitalization plan. This plan should also include infrastructure and funding sources. Average Rating: 5
5. Hazardous Household Material Collection Program – the Village Board directed staff to locate available collection programs in the area for resident use and publicize this information in the newsletter and on the website. The Police Department is currently working on beginning a pharmaceutical recycling program. Average Rating: 0
6. Sidewalk Replacement Program – The Village Board directed staff to look into a 50/50 program for those residents who wish to replace their sidewalks for reasons of aesthetics or spalling, which is not covered under the Village’s Street Improvement Program. Average Rating: 2-3
7. Green Fleet Initiative Program – The consensus of the Village Board was to proceed with this program. Average Rating: 4-5
8. Alternative Energy Exploration (Wind farms) – The Village Board directed staff to investigate wind farms and other alternative energy programs. It was suggested to look into becoming part of a consortium. Average Rating: 3 – 4

The Mayor asked the Village Board if the Trustees had other goals, requests or comments and the following items were discussed:

Street Salt – Due to the higher expense involved with purchasing salt, less salt has been ordered for the upcoming winter season. The residents will be notified of a change in

plowing and salting procedures and the salt inventory will be well monitored for security reasons. The Village is expecting the first delivery of salt in the next few weeks.

Further Refinancing of the Municipal Complex – it is not possible to refinance at this time due to call provisions of the bonds.

Wal-Mart Revenues – When will Wal-Mart open? Village Manager Johnson stated that the store is anticipated to open in April, 2009.

Trustee Leopold thanked the staff for their work.

EXECUTIVE SESSION: None

POSSIBLE ACTION ON EXECUTIVE SESSION: None

ADJOURNMENT:

There was a MOTION made to adjourn the meeting at 7:45pm.

MOTION: Trustee Leopold

SECOND: Trustee Fender

Motion carried unanimously

Respectfully submitted,

Barbara Read
Management Assistant