



BUDGET MEETING MINUTES  
March 16, 2020

Mayor Johnson declared a quorum and called the meeting to order at 6:43 p.m.

Present were Trustees Joe Seipts, Jake Schmidt, James Kidd, Aaron Wilson, Terri Bailey, Erick Beck, Mayor Steve Johnson, Deputy Clerk Penny Miller, and Attorney Tom Green

Also, in attendance were: Village Administrator Tim Savage, Community Development Director James Richter II, and Finance and Human Resources Manager Michelle Johannsen

Mayor Johnson asked Village Administrator Tim Savage and Finance and Human Resources Manager Michelle Johannsen to present the Budget.

Village Administrator Tim Savage thanked the Board for attending the budget meeting and is happy to present a balanced budget. The draft proposed budget including a narrative of various line items was previously emailed to trustees. Since the narrative contains a lot of detail, they will keep discussion primarily high level but will be happy to discuss specific line item questions throughout the presentation.

### **Internal Controls**

Finance and Human Resources Manager Michelle Johannsen stated that internal controls are always an important topic to discuss and ensure that everyone continues to remain vigilant in preventing opportunities for fraud. She went over the 5 components that make up a sound internal control system and provided examples of controls the Village currently has in place.

### **General Fund Summary**

Village Administrator Tim Savage reported that the Village is proposing a balanced budget. Total revenues are \$7,594,700 which is an increase of 0.5% from the prior year budget. Expenditures total \$7,525,200 which is an increase of 5.0% from the prior year budget. Operating transfers are at \$69,500. The projection for the fund balance as of May 2021 is 84% but will vary depending on the results of this year's final financial numbers.

Finance and Human Resources Manager Michelle Johannsen reviewed the graphs showing revenues and expenditures. The two major revenue sources are sales tax and state income tax which make up 75% of Village revenue. Police and Public Works make up 78% of the expenditures.

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**New/Major Projects - General**

Both Village Administrator Tim Savage and Finance and Human Resources Manager Michelle Johannsen reviewed new/major projects.

*State income tax reserve* - starting in July, the state will be withholding 5% of the Village's normal distribution of income tax to establish a reserve and depending on how the vote turns out on the graduated income tax, either the Village will receive a lump sum payment in January or the state will keep it. With the recent fluctuations in receipts it is hard to predict the amount, but we anticipate it could be \$100-125k if the entire year was withheld so we adjusted the budget accordingly.

*2020 Comprehensive Plan update* - the Village's comprehensive plan was last updated in 2010 so the community development department plans to review and provide updates as necessary.

*Building official* - additionally, it has become apparent through the transition with Loves Park to conduct building permit inspections, that having a dedicated building official to address day to day concerns and issues is warranted. We will be looking into alternatives and have included funds in the budget to do so.

*Village hall updates* - we will be continuing in our efforts to upgrade various portions of the building including lighting, doors and bathroom upgrades.

*173 median improvements* - funds were budgeted to address the board's concerns of the 173 median maintenance. We will be figuring out a plan between doing more mowings, replacing trees, and possibly landscaping.

*Land bank seed money* - the land bank is getting up and running and so an agreement will be forthcoming that will designate Village funds for utilization within the program. We have set aside approx. \$60,000 at this time.

*Williams Park access & boat launch parking* - we'll be looking further into Williams Park access and boat launch parking.

*IHDA rehab program* - the IHDA program ran into some delays with changes to the program, but it is anticipated all eight homes will still be rehabbed prior to grant expiration.

*Flood buyout grant application* - there are 2 grant applications currently under review by FEMA and we anticipate being able to submit an additional application by June, but we are awaiting word from IEMA.

**New/Major Projects - Police**

Village Administrator Tim Savage went over new major police items. The Village is finalizing a new contract with Winnebago County. There will be significant changes to how personnel expenditures are billed. Additionally, the Utility Tax Fund had been covering a portion of police protection costs, but with the change in revenue going 100% for roads, the General Fund will be covering an additional \$300,000 of personnel costs. Body cams and tasers are being implemented by the County; anticipate them being deployed in June/July.

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Annual costs will be \$67,000. One-time cost for hardware is \$76,000. First years cost is \$143,000. Tr. Kidd asked Lt. Stanley if the Village is receiving grants for equipment. She replied that they are working on some grants and will only work on those which are cost effective.

Per the ad hoc committee findings, it was recommended the squad car decals and uniforms be updated; funding was included in the budget. The records management system has been extensive but is currently now on hold due to the COVID-19 virus. Lt. Stanley explained that this system allows every agency in Winnebago County to be able to share information between departments to aide in protective services. The long-awaited Strong Neighborhood House is planned to be built this summer.

**New/Major Projects - Roads**

Village Administrator Tim Savage asked for any comments on the upcoming road projects listed (finish Stonehedge and Mildred; Construction of Mitchell Path; Elm Ave pond sediment management; curb repairs along Main Street Machesney; 251 sidewalks; Hawksview; Pine Al; resurfacing approximately 6.5 miles; planning for Alpine & Indigo; and IDOT will be resurfacing IL 251 from Forest Hills Rad north to the state border). Tr. Schmidt asked if IDOT would consider resurfacing IL 251 south of Forest Hills Road. Village Administrator Tim Savage stated they will give it their all to attempt to have repairs considered, however, this project has already been awarded so will be a separate effort.

**Outstanding Debt**

Finance and Human Resources Manager Michelle Johannsen went over the outstanding debt. Bonds were issued with the passage of the original road referendum to jump start the program, so after this year, that debt will be paid off and there will be no road debt remaining. TIF projects were the motivation to issue the other debt notes and after 2029 they should all be paid in full. We are watching the markets and will be considering whether we can pay down some debt or refinance over the coming months.

**Discussion**

Discussion followed regarding some open items from the budget kick-off meeting. COLA, 2% vs 2.3%. There was a consensus to go with 2.3%. Tr. Kidd asked to address “other”. He asked if there is interest to bid out the Village Attorney position; he noted this is not a personal attack. He asked if it could be put out for bid for next year to see if there is a value to having an inhouse attorney. Discussion followed regarding previous meeting topics on this matter. It was determined that no other Board Member wanted to pursue the issue. Village Administrator Tim Savage brought up the donation to the Ski Broncs. He stated that at the workshop it was determined that the Ski Broncs is too far outside the boundaries of Machesney Park and will be removed as a donation. He asked if anyone has any updates on the Helping Hand Food Pantry. Mayor Johnson said he spoke with a representative who now understands that the donation needs to go 100% towards the pantry and not the toy drive; past spending on the toy drive was due to miscommunication. Village Administrator Tim Savage suggested that the community work together to better coordinate toy drives.

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Tr. Seipts asked what the Village can do to help promote and get the word out regarding small businesses during this time. Village Administrator Tim Savage stated that businesses can remain open to carryout customers with no sit-down service. Community Development Director James Richter II stated he will provide that information on Destination Machesney.

Tr. Schmidt asked what is happening with the I90 corridor and Tr. Kidd asked about attracting businesses. Village Administrator Tim Savage and Community Development Director James Richter II discussed the possibilities for a hotel, truck stop, industrial and other commercial growth at the site. They have been in contact with numerous developers, owners, and retailers and shopping centers for the outlet concept both locally and at the ICSC convention. Access does have a major part in a business locating there. The Village has the state park along the south side which blocks the view and there are longer distances between the on and off ramps compared to the entrances to the sites, which can make the sites less desirable. However, Community Development Director James Richter II stated that the Village is still going after the big retailers and his list of businesses is very comprehensive.

The timeline for the passage of the May 1, 2020-April 30, 2021 Budget was presented:

- Public Hearing, Monday, April 6, 2020 @ 5:55pm
- 1<sup>st</sup> reading at the Board Meeting on Monday, April 6, 2020 @ 6:00 PM
- 2<sup>nd</sup> reading and final approval of the FY2021 budget at the Board Meeting on Monday, April 20, 2020 @ 6:00 PM.

Mayor called for Public Comment. There was none.

Trustee Wilson moved to adjourn; seconded by Trustee Bailey. Motion carried by voice vote. Meeting adjourned at 7:40 p.m.

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Penny Miller, Deputy Clerk  
for Lori J. Mitchell, MMC  
Village Clerk