

Wauconda 2015
WATER • SPIRIT • WONDER
STATE OF THE VILLAGE

Wauconda Illinois

2014-2019

Strategic Priorities



Financial Stability

Development

Infrastructure

Excellence in Governance

Service Sustainability

2015
State of
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Village



Financial Sustainability

- Began 2014 with a Moody's Aa2 bond rating and ended the same despite industry pressures
- Created TIF in 2014
- Revenues are showed modest gains
- Strategic expenditures in support of goals.
- Made difficult decisions to improve financial sustainability.
- Increased Financial Fund Reserve Policy to 25% of Revenue

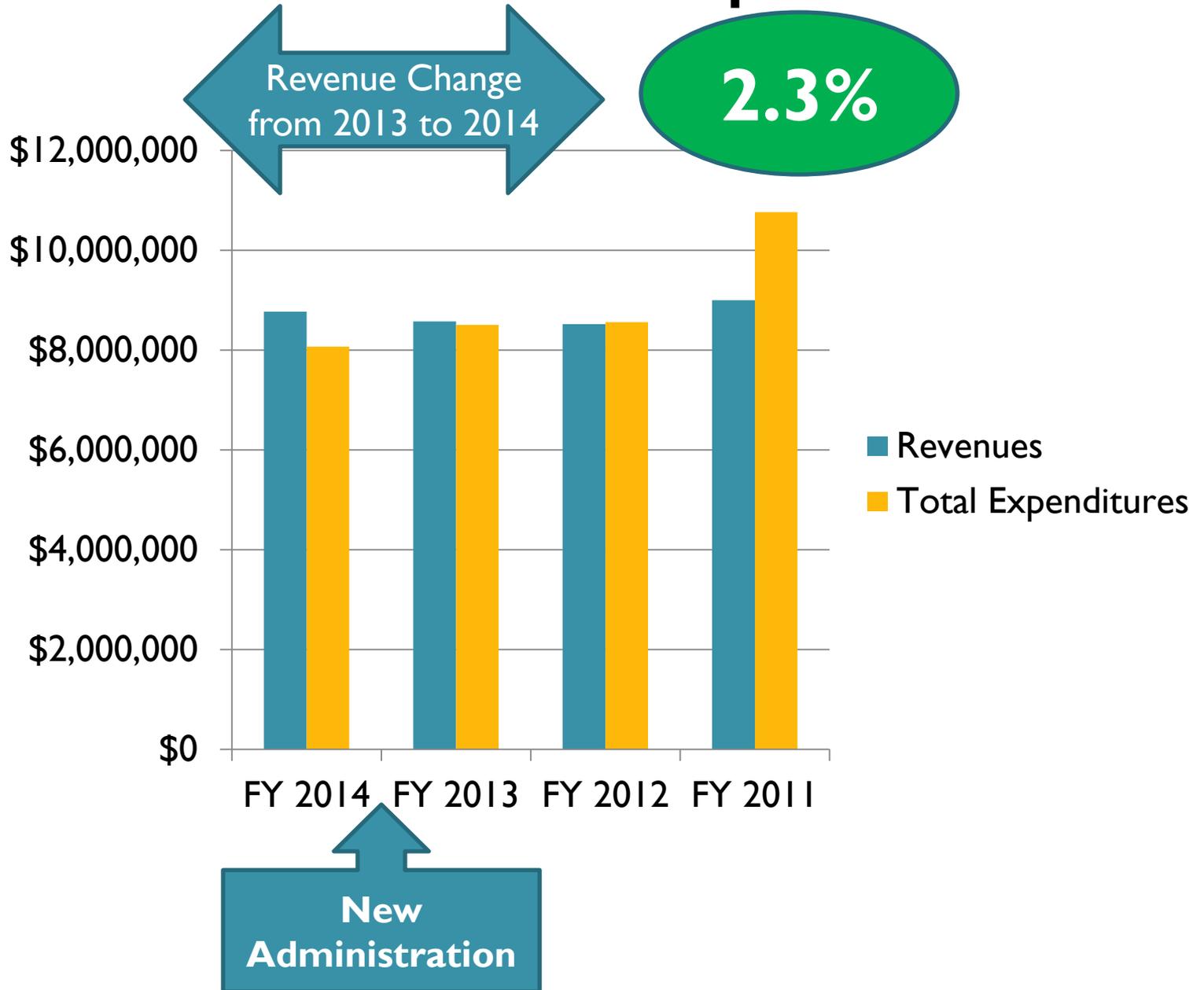
Moody's Rating Summary

- The Aa2 rating reflects the village's moderately sized tax base in the northwest portion of the Chicago (Baa2negative) metropolitan area;
- above average demographic profile;
- relatively stable financial operations and
- maintenance of healthy reserves;
- and an **above average debt burden.**

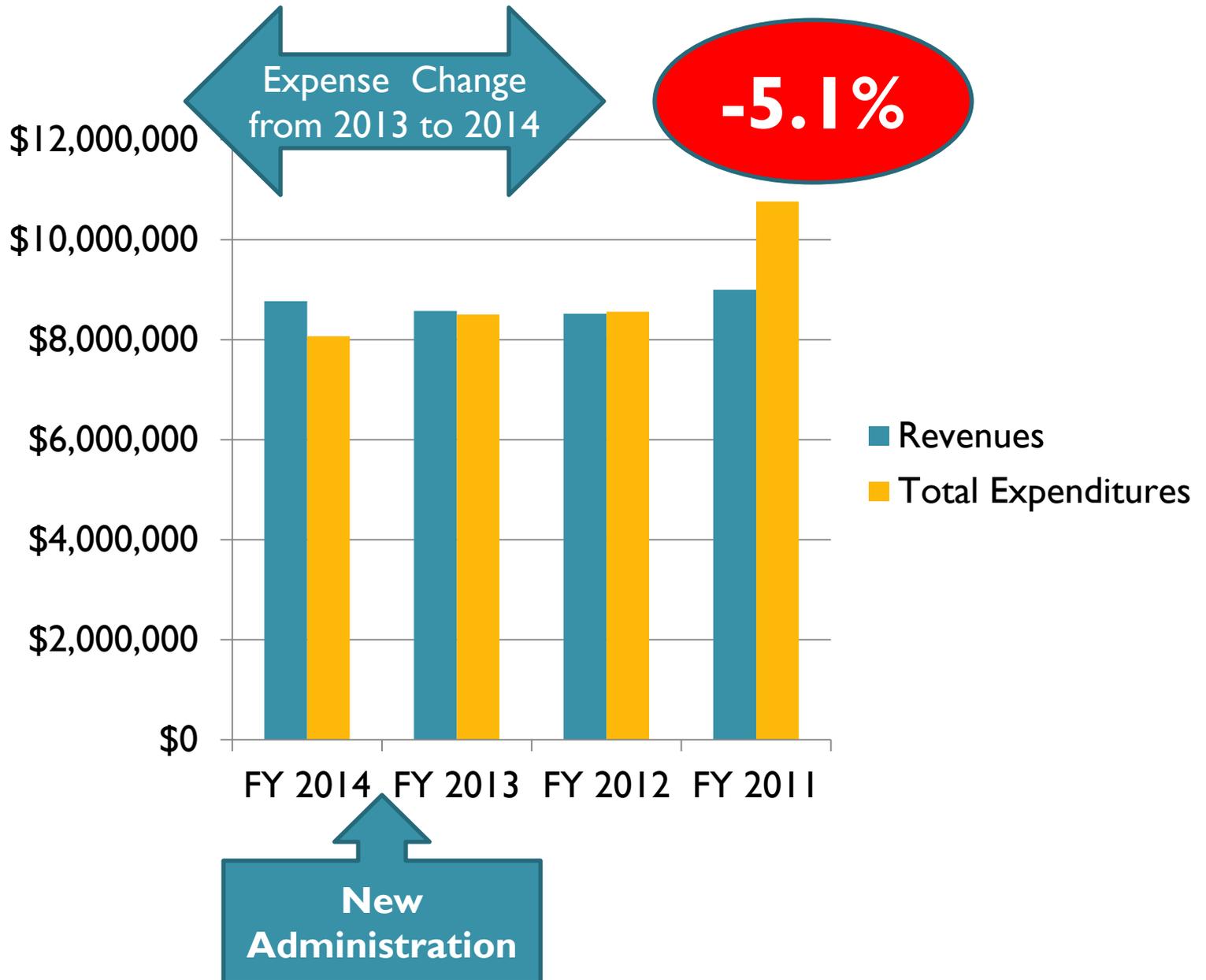
Financial Stability

- **General Fund 2014 Audit Highlights**
 - Excess of Revenues over Expenditures
\$745,000
 - Revenues performed \$184,000 better than budget
 - Expenditures were held in check
 - End of year total fund balance is \$3.0 million
 - Unassigned fund balance is equal to 37% of expenditures (well above 25% policy)

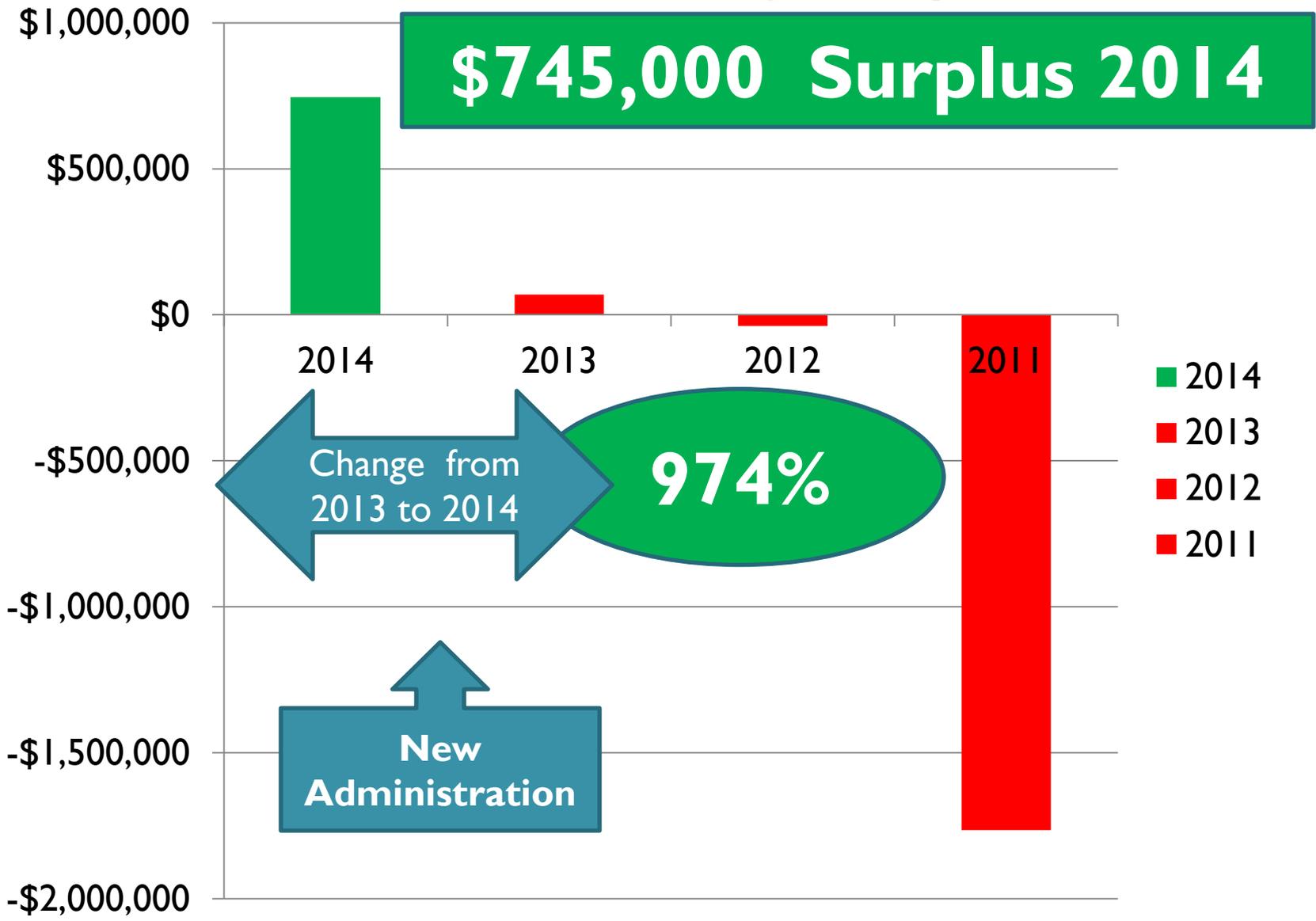
Total Revenues and Expenditures



Total Revenues and Expenditures



General Fund Budget Surplus



\$745,000 Surplus 2014

Change from 2013 to 2014
974%

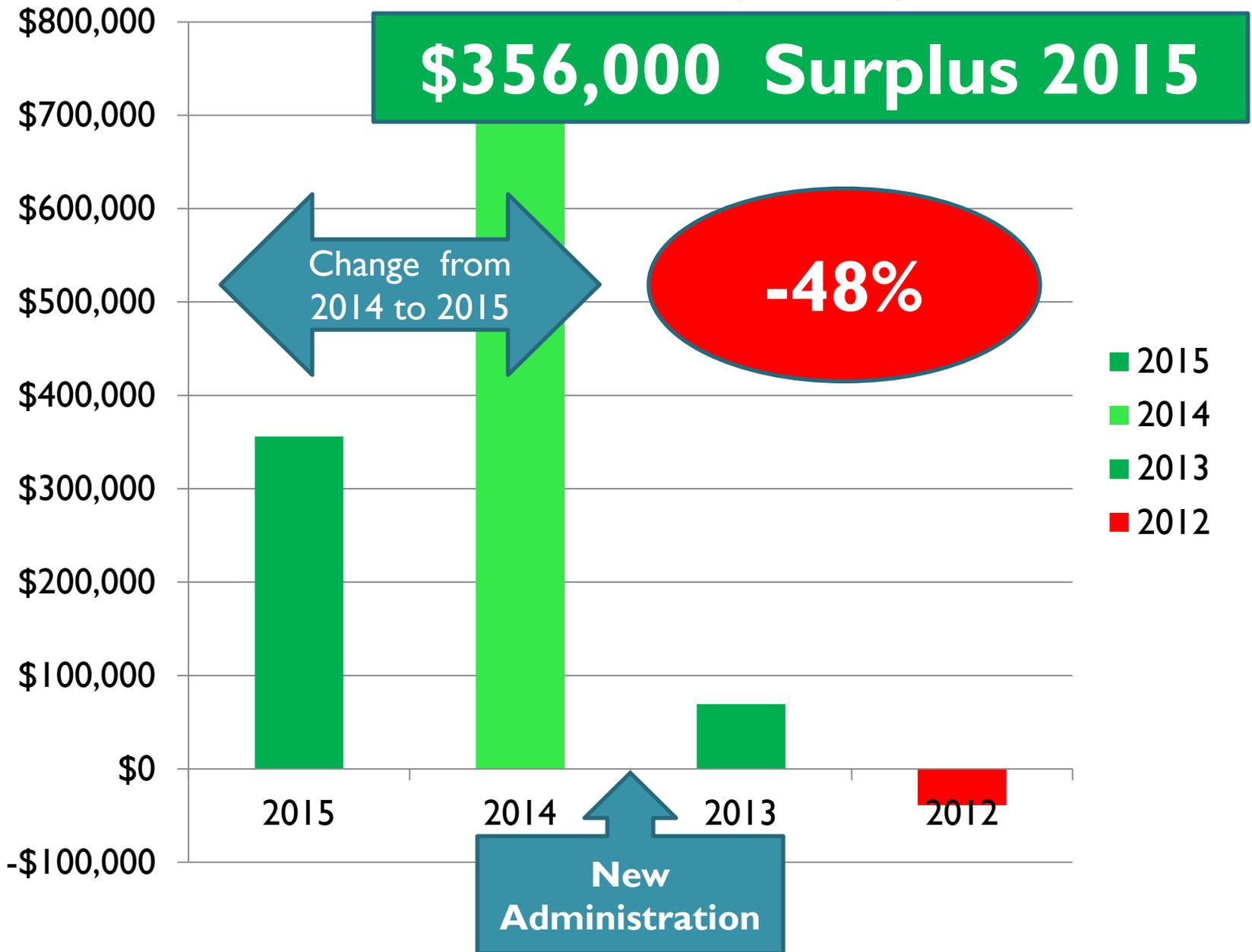
New Administration

- 2014
- 2013
- 2012
- 2011

What does having a surplus mean?

- We spent \$745,000 less than what was budgeted.
- This was a record for Wauconda.
- Why? We made necessary cuts in expenses to prepare for difficult times ahead.

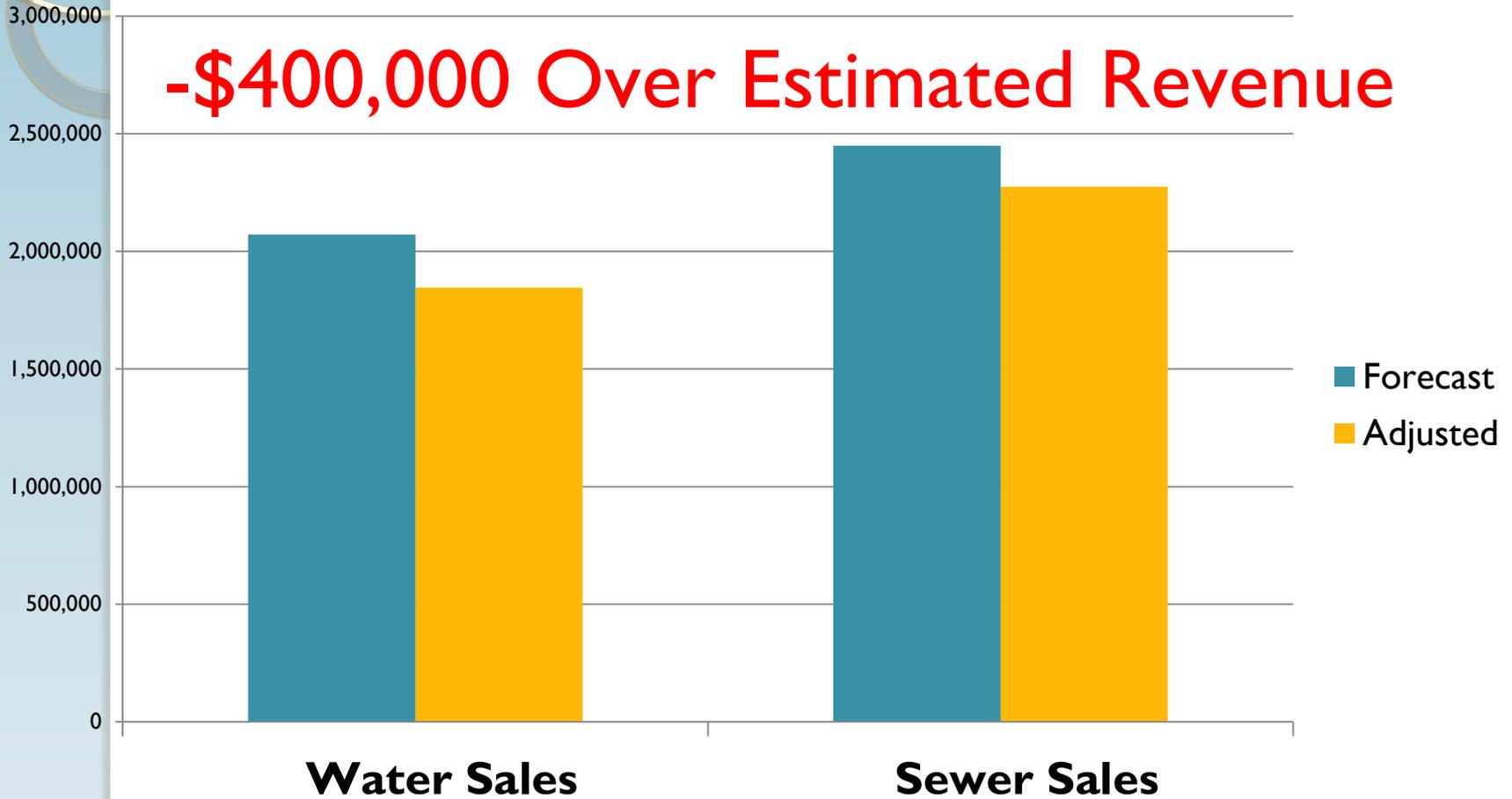
General Fund Budget Surplus



What does having a smaller surplus mean?

- We spent \$356,000 less than what was budgeted.
- This was the second highest surplus for Wauconda and two straight years of surpluses.
- Why is it 48% less than 2014? We are getting diminishing returns. Each change saves less money.

Water/Sewer Revenue Error in 2013

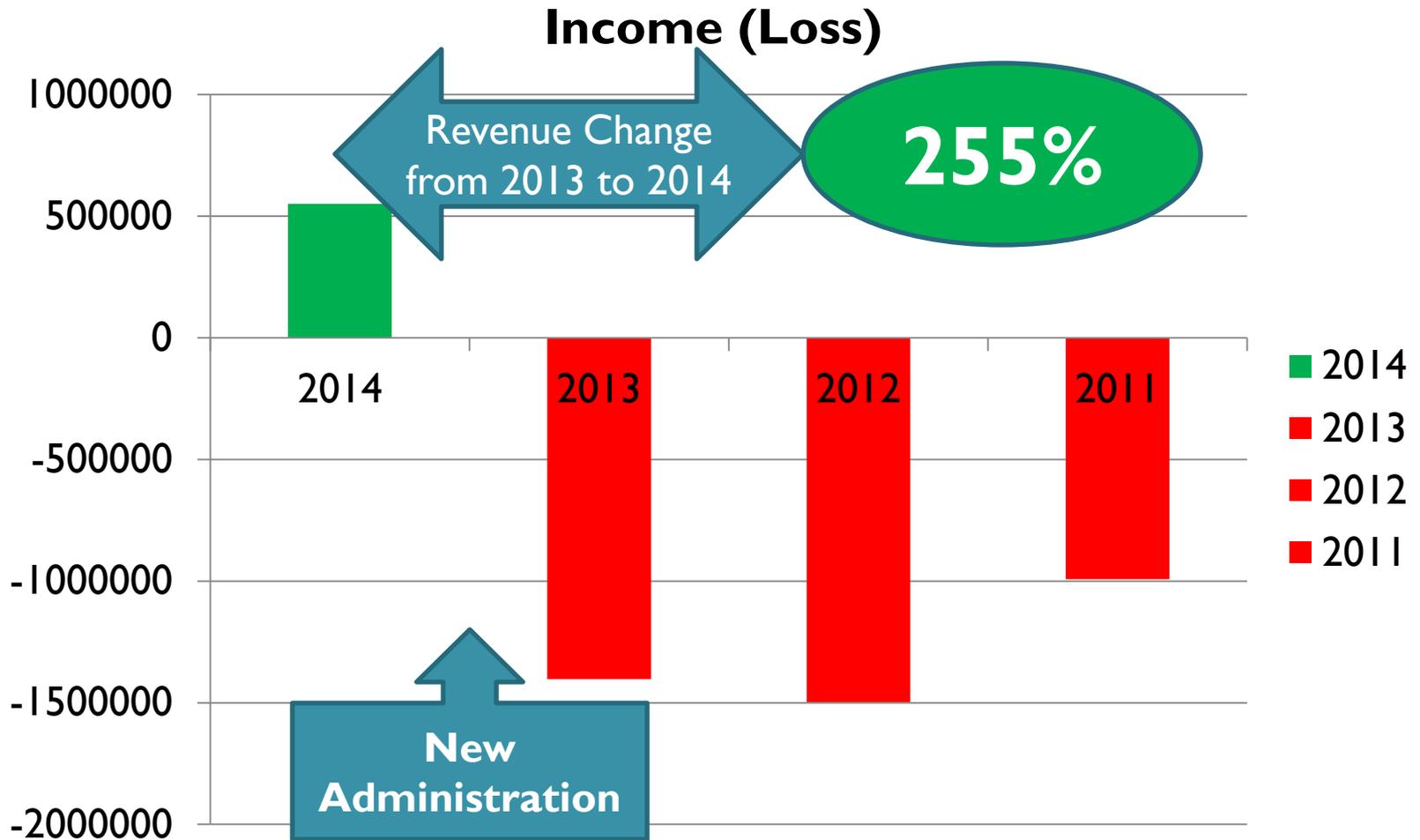


Financial Stability

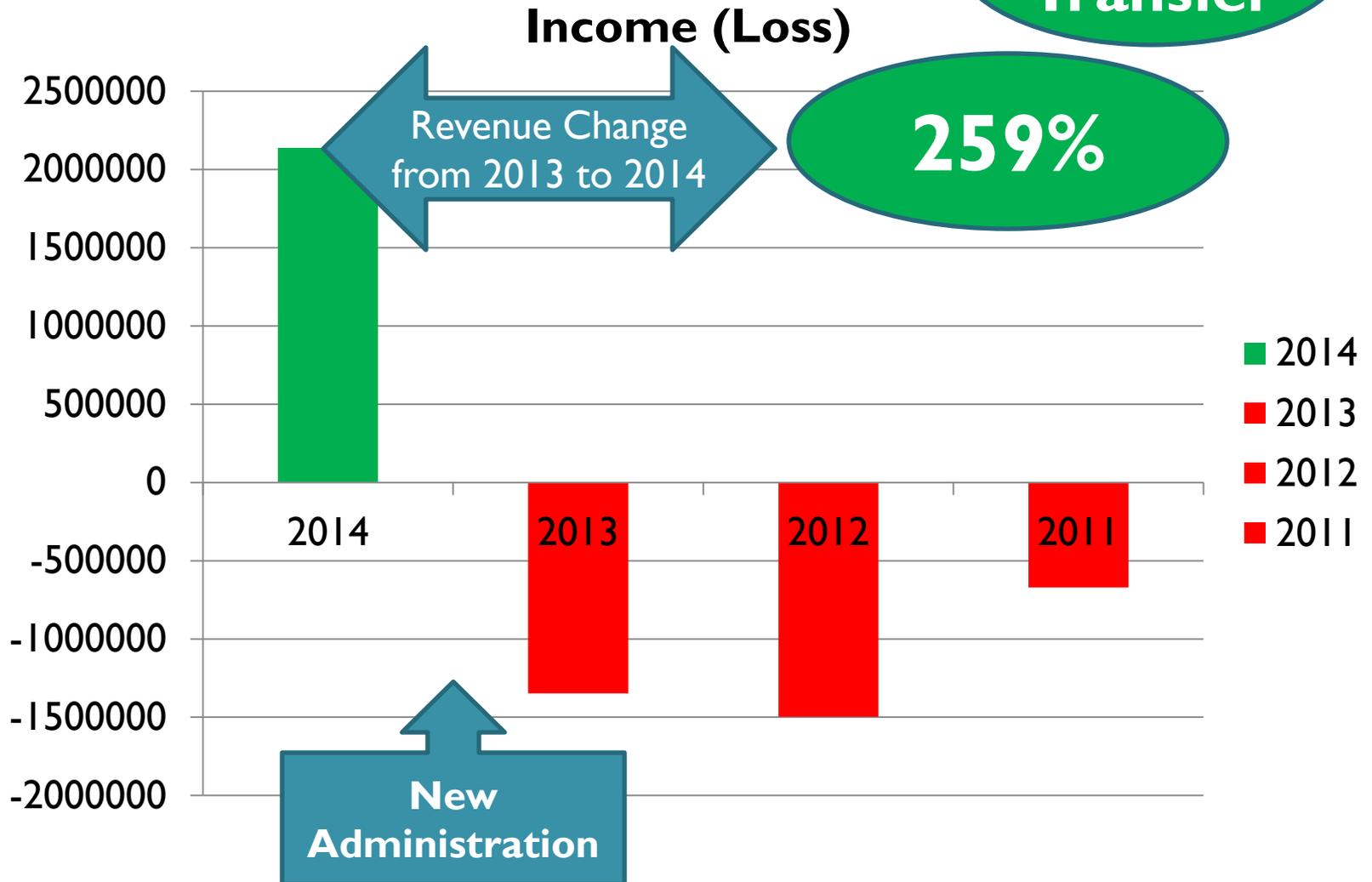
- Water & Sewer Funds
 - Net Change in Position \$2,136,710
 - Net income \$549,477
 - Debt service principal and interest payments approximately \$1 million

Water Fund

Income (Loss) Before Contributions



Water Fund Net Change in Position



Why was \$1.6 million Transferred?

- The \$1.6 million transfer was to correct the misallocation of expenses from the general fund to the water fund that has been occurring for the previous 4 years.
- Only water/sewer expenses are allowed to be charged to the water fund.
- By charging other expenses it bypassed state tax law for our village.

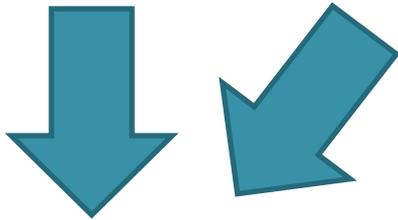
Fund Segregation

**Property
Tax**



Sales Tax, etc.

Water Bill



General Fund



**Cost
Misallocations**



**Water/Sewer
Fund**

What does misallocation mean?

- By charging expenses like the salary and benefits of the Economic Development Director and the entire Village IT budget to the water/sewer fund it had the effect of taxing customers through the water bill. Now that it has been fixed, water bills have normalized and charges are fair.

Moody's on the water fund

- The village's Waterworks and Sewerage Fund closed fiscal 2014 with a \$537,000 operating surplus before transfers, which reversed a multi-year deficit trend.
- Connection with the Central Lake County Joint Action Water Agency could impact operations of the village's Waterworks and Sewerage Fund as the village will be exposed to rate increases implemented by the Authority.

Moody's on the water fund

- Notably, as part of the village's bond ordinance, automatic rate increases of 4% annually started taking place for both water and sewer services on July 1st, 2014.
- **The ability to meet any increased payments to the Authority and maintain healthy operations without future General Fund support will be a focal point in future credit reviews.**

Financial Sustainability – Debt Refinancing

- General Obligation Debt and Alternative GO Debt Refunding in 2014 and 2015 -> **\$620,000** in interest savings
- Special Service Area Debt for Liberty Lakes:
 - SF Dwelling -> Save between **\$182 - \$253 annually** through 2032
 - Townhome -> Save between **\$90 - \$126 annually** through 2032

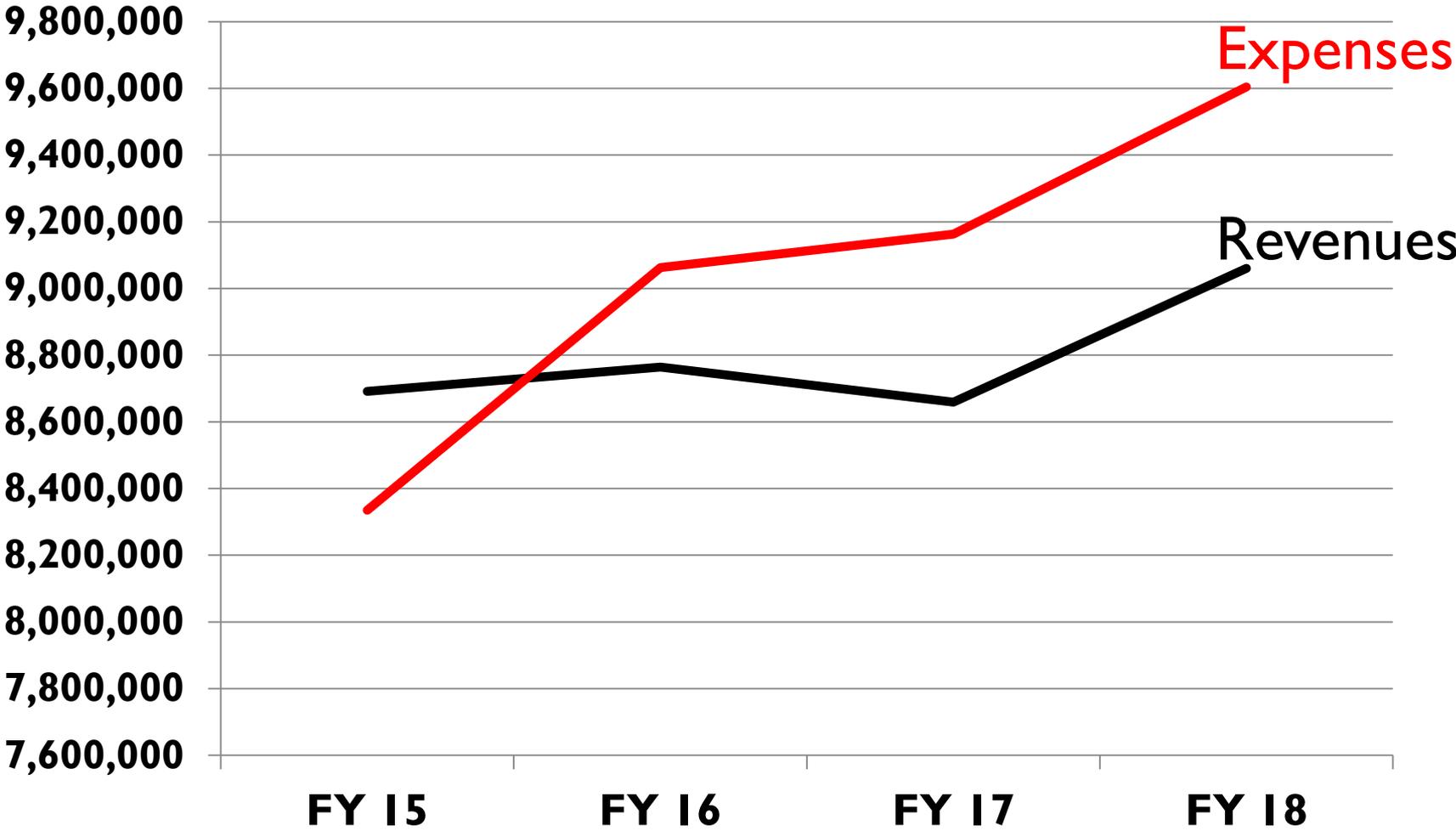
“New Normal” in Municipal Finance

- Learn from your past experiences
- Commitment to fiscal health (strategic planning, monitoring budgetary & financial policies) is now demanded
- Future presents an opportunity to reshape government
- Successful organizations will be those who have strong leaders
- Communities that work cooperatively will be more successful
- The “new normal” is here to stay

Steps to Attaining Financial Fitness

- Review budgetary & financial policies annually
- Evaluate current service levels for effectiveness
- Document & fund capital equipment needs
- Carefully track federal & state legislation
- Embrace technology
- Consolidate services via intergovernmental cooperatives where practical and feasible
- Don't compromise internal controls

4 Year Forecast



Financial Sustainability

2015
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Calls for 50% reduction in the income tax received by cities.

Freezing property tax levy for 2 years.

A reduction of \$730,000 for Wauconda, in annual revenues that go to support our operations.

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Development

- Total permits of **670** in 2014— 9% increase over the last year.
- Added **\$5,848,393** in construction in 2014.
- Welcomed **25 new businesses** to Wauconda in 2014.

Retained Business

- **Small Town Brewery Business Retention**
In 2014 Small Town Brewery , through a joint effort with the Village was able to locate a new facility to expand into and remain in the Village.
- **Slyce Parking expansion** - The owners of Slyce completed significant improvements to their property with the addition of parking, a patio area and landscape improvement along with repaving their existing parking area.

New Businesses

- Lakeside Travel Advisors
- Fire Mark, Inc
- Atlantic Construction Company
- Rick & Tony's (Two Sisters Pizza)
- Gustano DeLattorre Villarreal
- Accuvission
- Lemiron Partners LLC
- Dust & Dirt Cleaning Service
- Allied Building Products
- American Backflow Prevention
- VIP Risk Solutions, Inc
- GKG Fullfillment LLC
- Your Exterior Solutions

New Businesses

- Whisk Bakery & Coffee Shop
- Unraveled, Inc
- Silverback Industries LLC
- Wise Solutions DBA
- Unique Coatings & Windows
- Morrisroe Electric, Ltd
- Spiritual Natural Healing
- Oriental Elegance
- HeliValue\$, Inc
- Wauconda Café
- Multiservicios Unidas
- CIC Corporation

Development

- **TIF District Establishment** – In December 2013 the Village adopted its first Tax Increment Finance (TIF) District intended to help bring redevelopment to an underperforming and blighted area of the Village.
- **TIF Policy and Procedures** – In 2014 the Village took a Pro-active step in adopting TIF Policies and Procedures to assist with the administration of TIF applications
- **TIF District Marketing Brochure** - In 2014 a TIF Marketing Brochure was created to highlight the TIF District including critical demographic information needed to attract developers to the district.

Development

- **Hotel Study Completed** – In 2013 a Hotel Study was completed evaluating the market potential for a hotel being located within the Village. The study suggests Wauconda can support a 50-room hotel.
- **Retail Market Analysis** – In 2014 a Retail Market Analysis was prepared for the Village. The study provided additional data to support an Economic Development goal to attract additional Retail Development.
- **Route 176 Corridor Transportation Study** – In 2014 a Route 176 Corridor Transportation Study was prepared. The study suggests alternatives for improved transportation infrastructure within the TIF District including a potential traffic signal along Route 12 needed to better serve our community.

Development

- **Building Inspection Services** – In 2014 transitioned to hiring a Part-Time Building Inspector saving the Village approximately \$52,000 over a 12-month period when compared to using an outside service.

Development

- **ICSC Retail Connections National & Regional Events – Chicago 2013 & 2014** – Village Officials attended the ICSC Retail Connection events feature retail developer site selectors/brokers providing incite into various retail business owner plans for the year and coming years.
- **Lake County Partner Economic Development Meetings** – the Village partners with Lake County Partners to gather economic development demographics and officials participate in quarterly meetings. Lake County Partners focus is on bringing jobs to the County, and jobs result in spin offs for new housing opportunity and retail development.
-
- **Route 53/I20 Corridor Planning – CMAP Meetings** – Village Officials have participated in Route 53/I20 Meetings.
- -Voted last week to send to State Tollway Authority

Development

- **Rezoning of 14-acre Sarno Property on Route 12** – The Village rezoned a 14-acre parcel of residentially zoned property along Route 12 to the Retail Business Zoning District in an effort to attract retail development.
- **Rezoning of 9-acre Schubert Property on Route 12 and 59** - The Village rezoned a 9-acre parcel of residentially zoned property along Route 12 and Route 59 to the Retail Business Zoning District in an effort to attract retail development.
- **Rezoning for “The Landings” Mixed Use building on Main Street** – In 2014 the Village rezoned and granted approval for “The Landings” Mixed Use Building to be built at the corner of Main and Park Street in the Village Downtown area. The owners have submitted building plans plan to break ground this spring.

Development

- **Gateway Signs** – In 2014 two Wauconda Gateway Signs were installed.
- **Downtown Way-finding Signs** – In 2014 Way-finding Signs were installed along Main Street directing visitors to the Downtown area of the Village.

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Infrastructure

- Significant resources have been committed to obtain Lake Michigan water
- Funds are limited for other capital expenditure

Lake Michigan Water

- Internal Project has three phases
 - Phase I (2014/15) = \$5.2 million (nearly complete)
 - Phase II (2015) = \$4.1 million
 - Phase III (2016) = \$5.1 million
- External Project = \$25 million
 - Partnering with Volo
 - Unincorporated Accounts
 - Wauconda share = \$17 million
- Connection Fees → Water Agency = \$15 million
- Total Village of Wauconda Cost (Preliminary Est.) = **\$46.5 million**

Lake Michigan Water

- How to Pay for Project?
- Referendum – Authorized up to \$41 million in Property Taxes for Project (Debt Limit Restrictions)
- Water Rates to Make up the Rest

Lake Michigan Water

- Impact to Average User?
- Average User = \$200,000 Home; 6,000 Gallons of Water Used per Month
- Implementation Date = 2018

Lake Michigan Water

- Average User (6,000 gallons per month)
- Water Rates -> Increase \$2.50 to \$2.90 per 1,000 gallons in 2018
(Preliminary Projection)
- Monthly Water Bill Increase = \$15 to \$17.40 per month

Lake Michigan Water

- Property Taxes (\$200,000 home)
- 2018 Taxes -> Adds \$25 to \$26 per month (Preliminary Projection)

Lake Michigan Water

- Impact on Average User (6,000 gallons) and \$200,000 Home?
- Approximately \$43 per month in 2018
- Working to lessen Impact:
 - Lower Interest Rates (2.0% - 2.3% versus rates used in analysis)
 - Lower Project Costs (Shorter Transmission Main, Lower Internal Project Cost)
 - Connection Fees – Spread Over Longer Period of Time
 - Commitment of Reserves to Project
- Will be able to Fine Tune these Numbers After Preliminary Engineering Complete

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Infrastructure

Evaluated **52 miles** of streets in Pavement Management Program.

Some **87% of all streets** rated 'satisfactory', 'good' or 'excellent'.

	Average Score	Total Length (mi)	Average Width (ft)	% Between 86 - 100	% Between 70 - 85	% Under 69
Overall	87.4	52	26.8	61%	34%	5%

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Infrastructure

- Good infrastructure key to quality of life and economic development.
- Joint purchasing with Lake County on crack sealing contract
- Focus on Preventive Road Maintenance in order to make best use of limited funding

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Infrastructure

- We spent \$406,000 on Roadway resurfacing projects in 2014
- We received \$50,000 in Jobs Now funding in support of these projects.



Communications Infrastructure

- The Village is in the process of hiring a new website firm for a complete revamping of the Village's website.
- We are also currently evaluating a new alert system to provide text, email and voice messages to those subscribed to the service in emergency and non-emergency situations.

Communications Infrastructure

- Replaced the antiquated phone system in to take advantage of better performing technology at a lower cost to the Village.
- The file servers in the Police Department and Village Hall were replaced due to antiquated technology and required capabilities and to facilitate the upgrade of new versions of the financial software.
- Nine workstation computer were replaced Village wide due to failing and antiquated equipment some of which were ten years old.



Natural Resources

- Worked with the Channel Alliance Group to pursue grants, obtain the necessary permits and coordinate Village services in support of the overall project to dredge the mouth to the channel to improve drainage, boat access and wildlife habitat. This was done with no added cost to the Village.

Excellence in Governance

2015
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- 2014: Placed **focus on innovation** in government.
- Continue to review the **efficiency and effectiveness of Village services** in order to meet our mission and advance our strategic goals.



Strategic Planning

- The Village undertook new efforts to develop a strategic plan in 2014.
- Four focus groups consisting of residents, business owners, community service groups and other government agencies participating in identifying strategic issues and opportunities for the Village.
- Together we have a way forward that we all can agree on

Excellence in Governance

- **Changing Culture**
 - in order to empower our professional staff and create a professional culture of effective leaders
- **Instill Objective Decision Making Process**
 - Internally and with elected officials
- **Effectively Manage in times of high change**



Governance Effectiveness

- Two governance effectiveness sessions were completed to identify ways to define our roles and find ways to more effectively work together for the good of the community.
- This establishes our way forward and we are developing a Code of Ethics to guide our efforts

Governance Effectiveness

- We have revised:
 - Noise Ordinance to address complaints from homeowners on after hour noise generated at bars and restaurants downtown.
 - Simplified liquor licenses
 - Are revamping Village Code Book

Governance Effectiveness

- Lake Management Plan developed with Integrated Lakes Management
 - Helped to minimize Milfoil plants in the lake
- The Village held two Mariano's job fairs to assist those residents seeking employment to utilize their skills with the growing grocery chain.

Governance Effectiveness

- SWALCO recycling efforts continue to help us effectively reuse and recycle electronics, textiles, shoes and much more.
- Our continued cooperation with the Bangs Lake Advisory Committee helps us use public private partnerships to effectively manage the jewel of Wauconda- Bangs Lake

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Service Sustainability

- 2014: Placed **focus on innovation** in government.
- Continue to review the **efficiency and effectiveness of Village services** in order to meet our mission and advance our strategic goals.

Service Sustainability

- Agreements with School District #118 were reached on keeping a school resource officer in the schools, on the enforcement of traffic and parking regulations on school grounds, and for cooperation during emergency situations at schools.

Service Sustainability

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- Currently, the Police Department is looking to provide code compliance services to one of our neighbors to the south.
- In addition, staff continues to evaluate the feasibility of contracting with an outside agency to provide emergency dispatch operations to realize cost efficiencies.

Police Department Success

- Completed replacement of outdated policy manual adding a daily training bulletin to compliment employee understanding and policy compliance. Researching implementation of IL Chiefs of Police Accreditation Program.
- Purchased new Tazers for patrol staff through a grant from IPRF.
- Completed four union collective bargaining agreements, 1 sergeants, 1 patrol and 2 dispatch.
- Hired new TC and new Officer.
- Restarted the Police Explorer program.

Police Department Success

- Brought in prescription drug disposal box (averaging 25 pounds of pills per month since inception) at no cost to the Village.
- Brought in Sharps disposal box at no cost to the Village.
- Brought in drug incinerator at no cost to the Village.
- Brought in opioid drug overdose emergency treatment naloxone at no cost to the Village.

Police Department Success

- Saved \$14,000 on \$25,000 roof replacement project through roof repair and recycled insulation project.
- Updated outdated HVAC system, predominantly heat controlling system.
- Updating computer system as ongoing project for modernization of IT equipment.

Police Department Success

- Approximate saving using one Deputy Chief of \$108,000 (salary only).
- Reduced the overall Department fleet by 2 administrative vehicles, 1 patrol vehicle and 1 boat.
- Put chief's vehicle into the fleet to reduce number of new vehicles needed for upcoming FY and purchased a vehicle for the chief from funds saved via seized vehicles and auction of surplus.

Police Department Success

- Completed four union collective bargaining agreements, 1 sergeants, 1 patrol and 2 dispatch.
- Hired new TC and new Officer.
- Restarted the Police Explorer program.

Crime

Year	Population	Violent Crime	Sex Assault	Robbery	Aggravated Assault
2013	13792	4	0	0	4
2012	13662	10	1	1	8
Change	1%	-60%	-100%	-100%	-50%
Year	Property Crime	Burglary	Larceny-Threat	Motor Vehicle Theft	Arson
2013	124	19	102	3	0
2012	156	19	131	6	0
Change	-21%	0%	-22%	-50%	0%

Dispatch

2014 Calls for Service

Agency	Police	Fire	Public Works	Total	Total X PPC	Actual
Wauconda	12,983	4,553	243	17,779	WFD	\$100,000
Tower Lakes	2,130	DNA	6	2,136	\$68,559	\$26,000
Lakemoor	11,914	DNA	11	11,925	\$382,758	\$70,000
	Budget	\$1,021,973.00		31,840		\$196,000
	Price Per Call	\$32.10				
	Market PPC	23.92				

The Cost per call represents around a \$400,000 loss per year to the Village

Red Light Camera

- 2014 Red Light camera 37.9% approved by Police for a total of 1,866 tickets.
- 2015 Red Light camera 27.4% approved by Police for a total of 227 tickets.

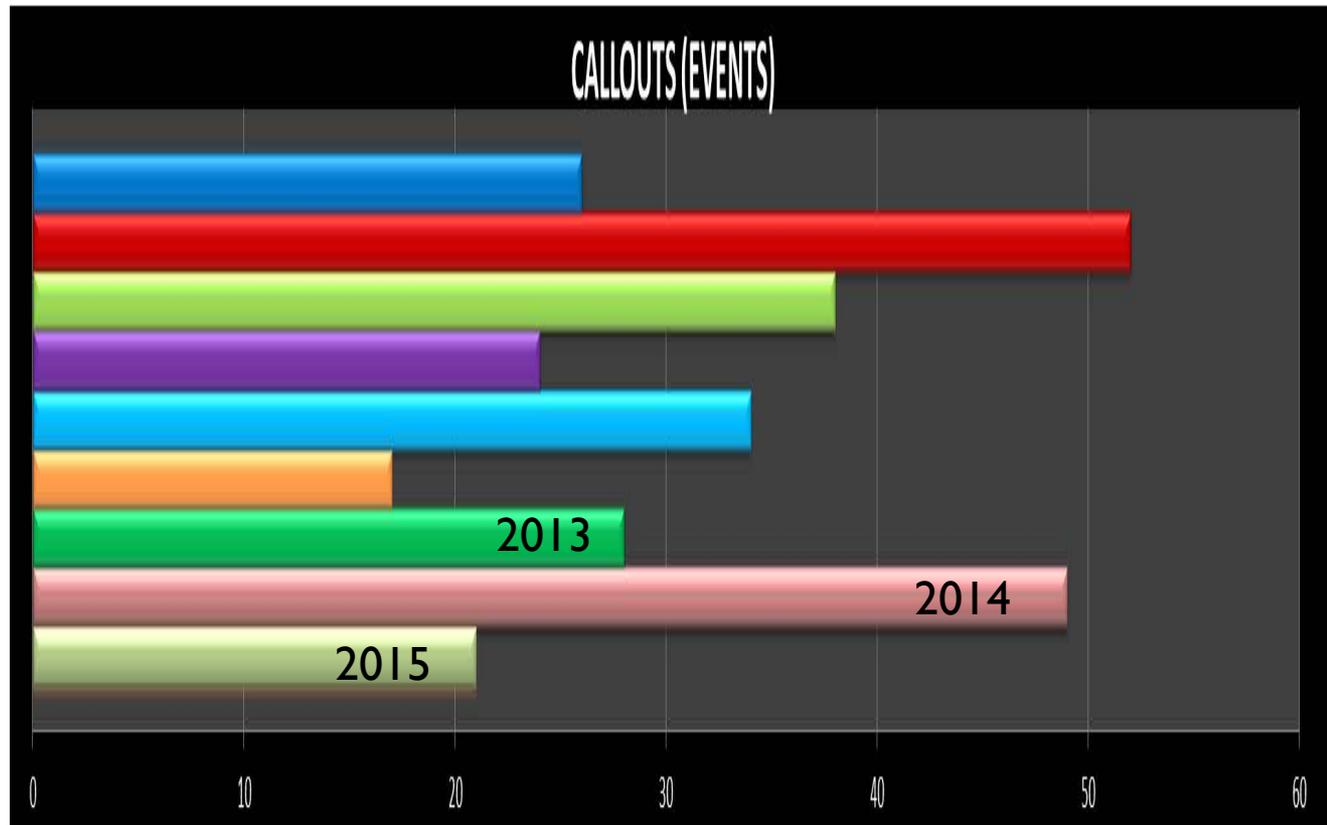
Public Safety

- A new emergency alert siren has been acquired and is the process of being installed in the northern section of the community to provide better coverage of the severe weather alert system.

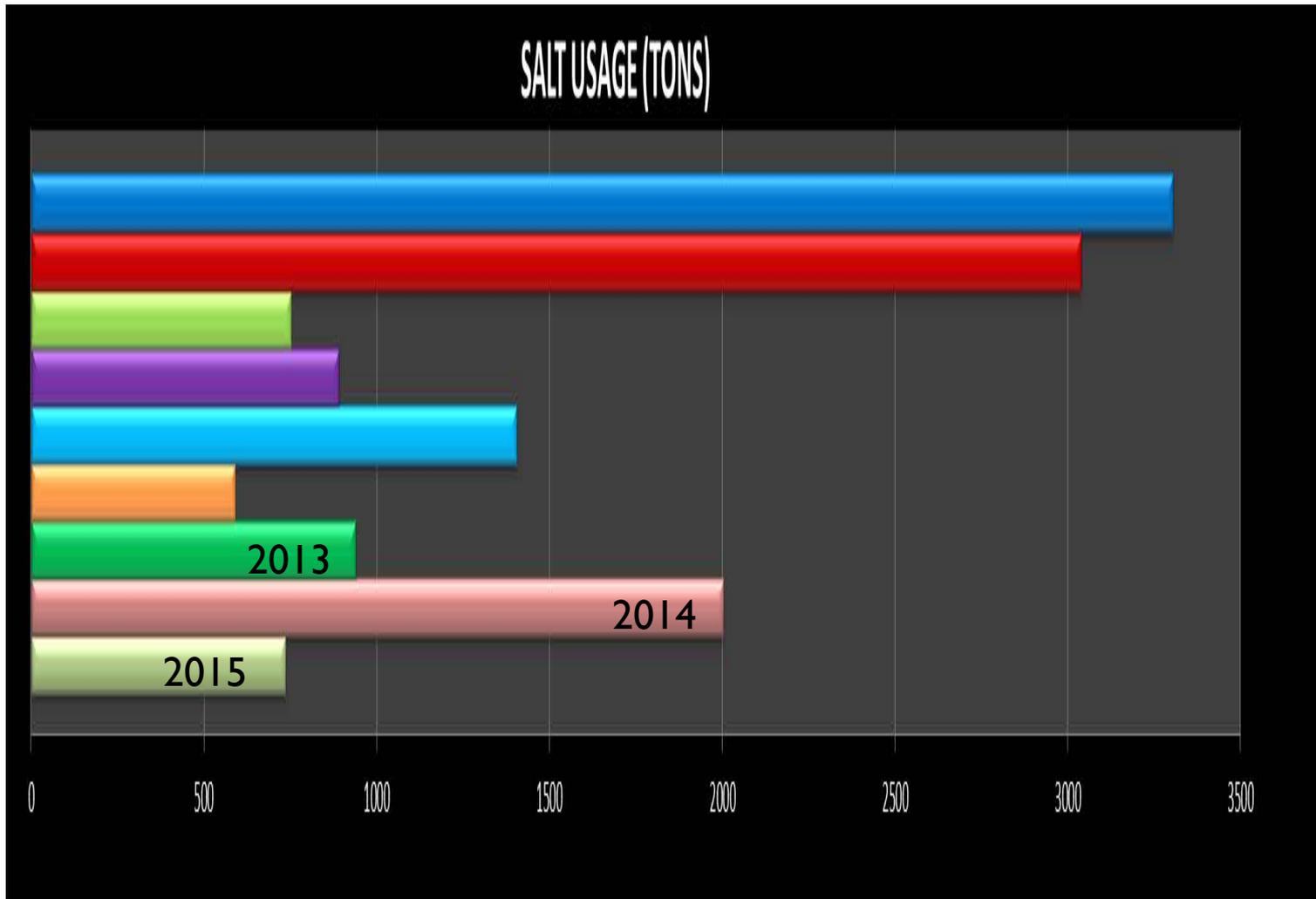
Public Works Billing Changes

- Public Works revamped the water billing process to lengthen the billing cycle and reduce the late payment penalties by 50%.
- Extended Billing cycle from 14 days to:
 - Day 1 - Bill is dated
 - Day 24 - Payment is due
 - Day 25 - 10% penalty added
 - Day 46 - Service terminated

Public Works Snow & Ice Events



Public Works Salt Usage



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Civic Engagement

- Supported and established new community events.
 - Complaint Free Community
 - Holiday Walk
 - Street Dance
 - Trick or Treat on Main Street
 - Wauconda Fest
 - Wauconda Triathlon
 - Cruise Night
 - Turkey Trot Race
 - Bunny Hop Race

Moving Forward

- The biggest challenges facing the community will be:
 - A significantly reduced state shared revenues due to the state's fiscal crisis
 - Exponential growth in pension obligations for the Police Department as mandated by state statutes
 - Finding ways to address aging vehicle and equipment without sufficient revenues to replace these items and maintaining service levels for core services

Moving Forward

- Finding qualified professional staff to fill current and future vacancies
- Managing the perception of the community due to political discourse
- Remaining competitive with our neighbors when it comes to attracting and retaining new residents and businesses.
- Retaining and attracting top notch professional staff.



Frank A. Bart

Mayor of Wauconda