



2019 – 2022

STRATEGIC PLAN

October 2019





RAPP CONSULTING GROUP

October 2019

RE: 2019-2022 Strategic Plan – Village of Wauconda

Dear Mayor Knight,

I am pleased to present the 2019-2022 Strategic Plan and Summary Report to the Village of Wauconda. The plan reflects the organization's priorities, commitment to measurable results and the delivery of quality services.

It has been a pleasure assisting the Village of Wauconda with this important project. The Village Board and senior management team displayed clear thinking, dedication and focused effort.

I particularly wish to thank Village Administrator Kevin Timony and Executive Assistant Alise Homola for their help and support during the process.

Yours truly,

Craig R. Rapp
President

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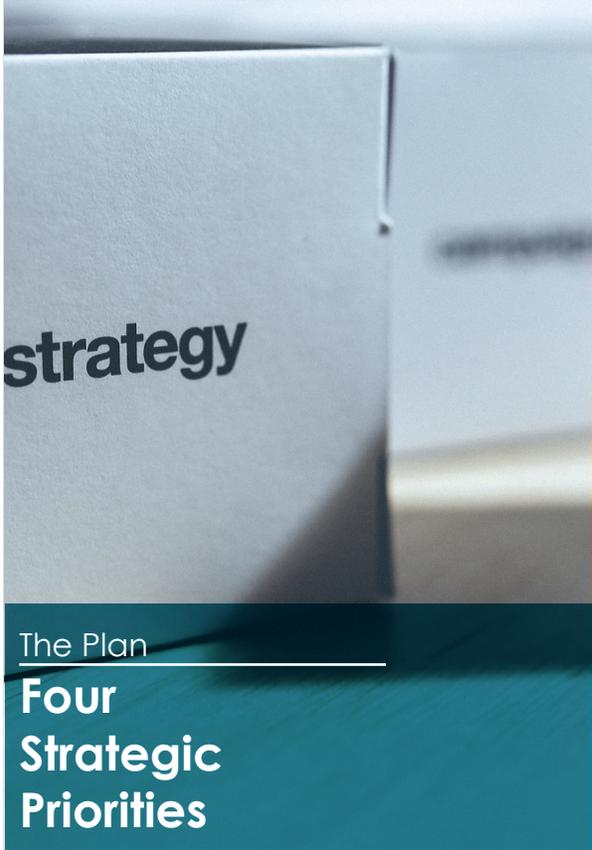
EXECUTIVE SUMMARY

From June through September 2019, the Village of Wauconda engaged in a strategic planning process. The process resulted in a strategic plan covering 2019-2022.

The plan consists of four strategic priorities—the issues of greatest importance to the Village over the next three years. Associated with each priority is a set of **desired outcomes, key outcome indicators, and performance targets**, describing expected results and how the results will be measured. The plan also includes **strategic initiatives** that will be undertaken to achieve the targeted outcomes.

The planning effort began with an examination of the operating environment via an environmental scan, and a SWOT analysis. On August 24, 2019, the Board and senior management team held a day-long strategic planning session. They drafted the organization's vision, mission and values to guide their work. They then developed a set of priorities, key outcomes and performance targets.

Based upon those priorities, the senior management team met on September 4, 2019 to identify a set of strategic initiatives and begin development of detailed action plans. The strategic priorities, key outcome indicators, performance targets and strategic initiatives are summarized here and on the following page.



- 1 FINANCIAL SUSTAINABILITY
- 2 COMMUNITY ENGAGEMENT
- 3 OPERATIONAL EXCELLENCE
- 4 ECONOMIC DEVELOPMENT

STRATEGIC PLAN SUMMARY 2019-2022

Village of Wauconda

Strategic Priority	Desired Outcome	Key Outcome Indicator	Target	Strategic Initiatives
Financial Sustainability	An ability to finance priority projects	-Cash reserves -Outstanding debt levels -EAV	-Increase to and maintain available debt margin of \$10,000,000	a) Long-term financial plan b) Fee-based services review
	Reduced dependency on economically sensitive revenues	-Economy sensitive revenue sources -General operating expense	-Decrease from current 87% dependency to 80% by 12/2022	
	Improved cost recovery on fee-based services	-Direct & indirect costs for fee-based services	-Achieve 75% cost recovery by 12/2022	
Community Engagement	A well-informed, satisfied community	-Feedback responses	=/> 75% say they are well-informed =/> 75% are satisfied	a) Communications Plan b) Volunteer database c) Elected official recruitment strategy d) Conduct Survey
	An Involved community	-Public attendance at events, meetings	-Increase volunteer participation between 2019-2022	
	An adequate pipeline of candidates for elected office	-Personal contacts -Media mentions	--On-going pool of five potential candidates	
Operational Excellence	Cost efficient operations	-Costs, Cycle times, Process improvements	-Per capita operating costs at or below CPI annually	a) Facilities analysis b) Service level standards c) Staffing needs assessment d) Training and development program
	Facilities and staffing adequate to meet service demands	-Facilities condition reports -Staffing ratios -Service level determinations	-Long-term facility plan & funding strategy in place by 12/2022 -90% of staffing targets met by 12/ 2022	
	Well-trained, competent staff	-Evaluations, licenses, certifications	-75% or greater meet required standards	
Economic Development	A successful 176 corridor development (including TIF district)	- Planned projects - Projects underway	-50,000 sq. ft developed by 12/2022	a) Façade grant program b) Annexation plan c) TIF redevelopment plan d) Business retention & expansion program
	Annexation and development of priority properties	- Plans - Concepts	-50 acres of priority properties annexed by 12/2022	
	An aesthetically pleasing Main Street	- Improvement projects	- 5 storefronts improved by 12/2022	

OUR VISION

Wauconda is a safe, welcoming “small-town” with something for everyone--engaged citizens, great schools, lakes and natural areas, a sense of history and a focus on the future.

OUR MISSION

To deliver cost effective services and make strategic investments that improve Wauconda's quality of life and ensure long-term sustainability.



OUR VALUES

EMPATHY

Put yourself in the shoes of the other person

OPENNESS

Be receptive, listen, communicate openly

RESPECT

Treat every customer like your neighbor,
your family

CONTINUOUS IMPROVEMENT

Strive to make things better every day

SAFETY

Keep Wauconda safe for all people
and activities

STRATEGIC PLANNING PROCESS

Strategic planning is a process that helps leaders examine the current state of the organization, determine a desired future state, establish priorities, and define a set of actions to achieve specific outcomes. The process followed by the Village of Wauconda was designed to answer four key questions: (1) Where are we now? (2) Where are we going? (3) How will we get there? (4) What will we do? The process is divided into a development phase and an implementation phase. The full process is depicted below.

- 1 Where are we now?
- 2 Where are we going?
- 3 How will we get there?
- 4 What will we do?

DEVELOPMENT

IMPLEMENTATION

Where we are

Where we're going

How we'll get there

What we'll do

Scan the environment
 –
 Conduct internal and external analysis (SWOT)
 –
 Develop Strategic Profile
 –
 Identify Strategic Challenges

Define our Mission
 –
 Articulate Core Values
 –
 Set a Vision
 –
 Establish Goals
 –
 Identify Key Intended Outcomes

Develop Initiatives
 –
 Define Performance Measures
 –
 Set Targets and Thresholds
 –
 Cascade throughout organization

Create Detailed Action Plans
 –
 Establish Accountability: Who, What, When
 –
 Identify Success Indicators
 –
 Provide Resources

Initiating the Process – Setting Expectations, Reviewing Current Situation

The strategic planning process began with a meeting of the senior management team and the consultant on June 17, 2019. The meeting included an overview of strategic planning principles, previous planning efforts, and guidance for preparing an environmental scan. The team examined the current vision statement, discussed organizational value proposition, and how to address the lack of a mission statement and organizational values.

The group debated the merits of various organizational value propositions, and brainstormed concepts for mission and values statements. They established a timeline and assignments for the preparation of the environmental scan, and developed ideas for presenting the vision, mission and values discussion to the Board at the strategic planning retreat in August.

Setting Direction: Mission, Vision, Value Proposition and Organizational Culture

On August 24th, the Village Board and senior staff held a daylong retreat to develop the strategic plan. As they addressed the question of “Where are we now?” the group was challenged to define the current organizational culture and its value proposition—understanding that an organization’s culture, and the value proposition it puts forth provide the foundation for the way in which services are delivered and strategic direction is set.

The three value propositions and core cultures are summarized as follows.

FOUR CORE CULTURES

Control Culture

(example: Military - command and control)

Strengths: Systematic, clear

Weaknesses: Inflexible, compliance over innovation

Competence Culture

(ex: Research Lab – best and brightest)

Strengths: Results oriented, efficient

Weaknesses: Values, human element can be ignored

Collaboration Culture

(example: Family-teams)

Strengths: Manages diversity well, versatile

Weaknesses: Group think, short-term oriented

Cultivation Culture

(example: Non-profit/religious group-mission/values)

Strengths: Socially responsible, consensus oriented

Weaknesses: Lacks focus, judgmental

THREE VALUE PROPOSITIONS

Operational Excellence

(ex: Wal-Mart, Southwest Airlines)

- They adjust to us (command and control)

Product/Service Leadership

(ex: Apple, Google)

- They ‘ooh and ‘ah’ over our products/services (competence)

Customer Intimacy

(ex: Nordstrom, Ritz-Carlton)

- We get to know them and solve their problems/satisfy their needs (collaborative)



The group engaged in an extended discussion regarding the value proposition and its relationship to the culture. It was generally agreed that customer intimacy reflects much of the current approach and that in a small town that is inevitable. Operational excellence has been important and will continue to be important for operational stability. Based upon that understanding, **customer intimacy** was determined to be the primary value proposition, with **operational excellence** as a secondary focus.



STRATEGIC PLANNING PROCESS

ASSESS CURRENT ENVIRONMENT

- Senior Management Review
- Previous Plan status
- Vision/Mission/Values
- Environmental Scan
- Stakeholder engagement
- SWOT Analysis

SET PRIORITIES, TARGETS

- Strategic Planning Retreat
- Operating Environment
 - Culture, Value Proposition
 - Vision/Mission/Values
 - Internal SWOT
- Challenges, Priorities
- Outcomes, KOI's, Targets
- SWOT Analysis

IMPLEMENT THE PLAN

- Implementation Session
 - Strategic Initiatives
 - Action Plans
- Refine details
- Final Review, Approval

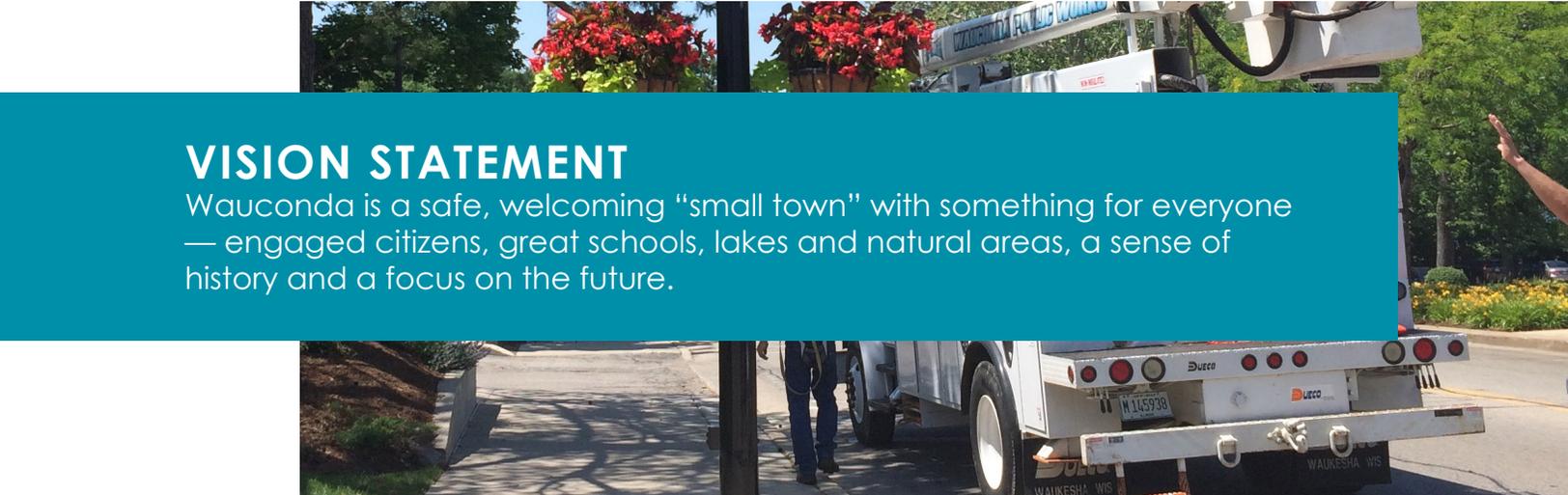
The group then directed their attention to their mission, vision and values statements. They agreed that the vision statement needed updating. They examined the current statement, and spent time debating their purpose and long-term aspirations for the community. They compared their vision statement to statements from other communities. A brainstorming process ensued, resulting in the identification of key concepts the group favored for the vision. These were then used by the consultant over the succeeding weeks to create a draft statement which was reviewed by the Village and put into final form. The final version is listed on the following page.

The group then turned its attention to their mission and organizational values. Similar to the process used for the vision statement, the group reviewed sample statements, discussed their beliefs, considered the decision regarding value proposition and organizational culture, and identified concepts that reflected their consensus. These were used by the consultant to draft a mission statement and a list of values. The mission and value statements are listed below.



MISSION STATEMENT

Our mission is to deliver cost effective services and make strategic investments that improve Wauconda's quality of life and ensure long-term sustainability.



VISION STATEMENT

Wauconda is a safe, welcoming "small town" with something for everyone — engaged citizens, great schools, lakes and natural areas, a sense of history and a focus on the future.



VALUES

EMPATHY

Put yourself in the shoes of the other person

OPENNESS

Be receptive, listen, communicate openly

RESPECT

Treat every customer like your neighbor,
your family

CONTINUOUS IMPROVEMENT

Strive to make things better every day

SAFETY

Keep Wauconda safe for all people
and activities

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Reviewing the Environment, Setting Strategic Priorities

Following the vision, mission and values discussion, the leadership team continued the process of assessing the operating environment. This was done via a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis--a process that examines the organization's internal strengths and weaknesses, as well as the opportunities and threats in the external environment. To facilitate this, a SWOT questionnaire was distributed to the Board and senior staff in advance of the planning session. Using the SWOT data, a small group review process revealed the most frequently mentioned characteristics in each area.

STRENGTHS

- Knowledgeable staff
- Team approach to problem solving
- Financially stable/responsible
- Elected official stability

WEAKNESSES

- Village facilities (outdated/location/number)
- Financial limitations
- Current staffing (insufficient)
- Outdated ordinances/codes/policies/procedures

SWOT Analysis

- Efficiency
- Economic/business development
- Expansion, recreation/natural resources
- Community engagement

OPPORTUNITIES

- Lack of economic development
- Aging workforce
- Possible recession
- State issues-reduction in funds, fiscal condition, unfunded mandates
- Property taxes

THREATS



A sense of history and a focus on the future

The group used this information to identify those opportunities that would be helped the most by the Village's inherent strengths and which external threats were most likely to exacerbate their weaknesses.

STRENGTHS LEVERAGING OPPORTUNITIES

(Make good things happen)

- Identify inefficiencies (staff)
- Identify and target engaged community members for next steps
- Sell stability

WEAKNESSES EXACERBATED BY THREATS

(Keep bad things from happening)

- Financial dependency—economy sensitive revenues: state, taxes
- Lack of economic development
- Lack of clarity regarding service levels and efficiency
- Small number of staff and aging workforce

Following this exercise, the group examined the results, and engaged in additional brainstorming to identify the strategic issues and challenges facing the Village.



STRATEGIC ISSUES/CHALLENGES

- Financial stability
- Economic development
- Operational efficiency
- Workforce/staffing
- Engaged community
- External communication
- Internal communication
- Infrastructure/roads

Based upon the challenges and issues identified, the group engaged in a facilitated discussion regarding the most important issues and priorities. The following priorities emerged as the most important over the next three years.

STRATEGIC PRIORITIES

FINANCIAL SUSTAINABILITY

OPERATIONAL EXCELLENCE

COMMUNITY ENGAGEMENT

ECONOMIC DEVELOPMENT

Defining the Priorities

To clarify the meaning of each priority, the group identified key concepts which were used to create guidance, and ultimately, definitions.



Key Outcomes, Indicators, and Targets by Priority

With concepts/definitions in place, the group determined the most important outcomes to be achieved for each priority, defined Key Outcome Indicators (KOI's), and developed Performance Targets. KOI's define progress toward desired outcomes. Performance Targets define successful outcomes, expressed in measurable terms.

The alignment created between priorities, outcomes and targets is important, not only for clarity, but also for maintaining a disciplined focus on the desired results.

Financial Sustainability

- a. Outcome:** An ability to finance priority projects
KOI: Cash reserves; Outstanding debt levels; EAV
Target: Increase to and maintain debt margin of \$10,000,000
- b. Outcome:** Reduced dependency on economy sensitive revenues
KOI: Economically sensitive revenue sources; General operation expense
Target: Decrease from current 87% to 80% by 12/2022
- c. Outcome:** Improved cost recovery on fee-based services
KOI: Direct & indirect costs for fee-based services
Target: Achieve 75% cost recovery by 12/2022



Community Engagement

- a. Outcome:** A well-informed, satisfied community
KOI: Feedback responses
Target: \geq 75% say they are well-informed; \geq 75% say they are satisfied
- b. Outcome:** An involved community
KOI: Public attendance at events, meetings
Target: Increase volunteer participation between 2019-2022
- c. Outcome:** An adequate pipeline of candidates for elected office
KOI: Personal contacts; Media mentions
Target: On-going pool of five potential candidates

Operational Excellence

- a. Outcome:** Cost efficient operations
KOI: Costs; cycle times; process improvements
Target: Per capita operating costs at or below CPI annually
- b. Outcome:** Facilities and staffing adequate to meet staffing demands
KOI: Facilities condition reports; Staffing ratios; Service level determinations
Target: Long-term facility plan & funding strategy in place by 12/2022
- c. Outcome:** Well-trained, competent staff
KOI: Evaluations, Licenses, Certifications
Target: 75% or greater meet required standards

Economic Development

- a. Outcome:** A successful 176 corridor development (including TIF district)
KOI: Planned projects; Projects underway
Target: 50,000 sq. ft. developed by 12/2022
- b. Outcome:** Annexation and development of priority properties
KOI: Plans; Concepts
Target: 50 acres of priority properties annexed by 12/2022
- c. Outcome:** An aesthetically pleasing Main Street
KOI: Improvement projects
Target: 5 storefronts improved by 12/2022

STRATEGIC PLANNING PROCESS

ASSESS CURRENT ENVIRONMENT

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SET PRIORITIES, TARGETS

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Implementing the Vision – Developing Strategic Initiatives and Action Plans

To successfully address the strategic priorities and achieve the intended outcomes expressed in the performance targets, it is necessary to have a focused set of actions, including detailed implementation steps to guide organizational effort.

The Village of Wauconda will accomplish this through a set of strategic initiatives. Strategic initiatives are broadly described, but narrowly focused activities that are aligned with the priorities and targeted to the achievement of outcomes expressed in the Targets. On September 4, 2019, senior staff and the consultant met to identify strategic initiatives. Following this session, staff teams worked to develop detailed action plans for each initiative.

Financial Sustainability

- Long-term financial plan
- Fee-based services review

Community Engagement

- Communications plan
- Volunteer database
- Elected official recruitment strategy

Operational Excellence

- Facilities analysis
- Service level standards
- Staffing needs analysis
- Training and development program

Economic Development

- Façade grant program
- Annexation plan
- TIF redevelopment plan
- Business retention & expansion program



Strategic Planning Participants

The strategic plan was developed with the hard work and dedication of many individuals. The Board of Trustees led the way, taking time out of their schedules to commit to long-term thinking. They defined a direction and a set of outcomes that are important to the citizens, businesses and stakeholders with whom they partner and serve.

The Village's senior staff supported the Board and offered challenges to conventional thinking.

Board of Trustees

Lincoln F. Knight, *Mayor*

Chuck Black, *Trustee*

Tim Howe, *Trustee*

Adam Schlick, *Trustee*

Richard G. Morino, *Trustee*

Tom Shaw, *Trustee*

Jeff A. Sode, *Trustee*

Cheryl Falk-Novak, *Village Clerk*

Senior Staff

Kevin Timony, *Village Administrator*

Brad Fink, *Director of Public Works*

David Wermes, *Chief of Police*

Greg Anderson, *Director of Community Development*

Tom Lyons, *Director of Finance*

Lori Emch, *Deputy Finance Director*

APPENDIX I

SWOT Results

Strengths

- Balanced budget
- experienced staff
- transparency by elected officials & staff
- good working relationships with public
- TIF district
- completing Lake Michigan water project
- good working relationships with other governmental agencies
- experienced staff / leadership
- solid core
- sound financial planning
- future planning and development
- customer care
- location
- community programs / activities
- partnerships--internal
- advisory boards, commissions and committees
- village website
- village staff / public access
- experienced elected staff and leadership
- solid financials
- strong working partnerships / general liking of our fellow officials and department heads
- everyone on the same page
- good communication throughout the group
- honest, trustworthy and transparent
- consistent
- proactive
- solid identity of who we are
- our committees and the work they do
- Respect amongst all staff and elected officials
- All members bring something different to the table
- Our new budget sheet with allocation for future spending is easy to read and understand with cost codes allocated correctly
- Village administrator with clear vision/direction
- Positive community involvement from board and staff
- Knowledgeable and experienced staff
- Balanced budgets
- Strong administrative leadership team

- The police departments greatest strengths are:
- Police/Community relations
- Volunteering for community events
- Selective enforcement
- Compassion for victims
- Communication
- Internal and External Diversity
- Department Directors working together
- Village camaraderie
- Devoted Employees
- Stable Political Culture
- Stable elected leadership (professional and easy to work with)
- Department heads with professional experience in their field
- Employees that want to see the Village succeed
- Hands-On elected officials
- Employees with institutional knowledge
- Openness to change and try new things
- Lake Michigan water
- Updated water infrastructure system
- Cooperation within departments
- Experienced staff
- Balanced Budget
- Dedicated and Experienced Staff
- Officials/Staff Community Involvement
- Officials/Staff Strong Collaboration
- Police Officers
- Dedicated Public Works' Staff
- Village Board & Administrative Staff that makes decisions solely with the mindset the Village must run lean and any money spent is not the Village's money but that of the residents. I have heard this mantra time after time.
- Village Board & Administrative Staff that continually attempts to find ways to reduce costs and increase efficiencies.
- A strong Village Administrator
- Dedicated and knowledgeable staff
- Cohesive elected leadership
- Cooperative mindset
- Strong Board
- Great core of key staff members
- Great opportunities for savings
- No dysfunction among board or between board and staff

Weaknesses

- Outdated facilities
- Revenue scarce and large %dedicated to 1 project
- Limited financial flexibility
- traffic count for retail businesses
- separation of village facilities
- lack of land for village expansion; landlocked
- maintenance of facilities
- technology implementation
- training programs
- lack of unified development codes
- business recruitment program
- cost recovery for programs
- demographics not or underserved teens
- public transportation
- Our facilities could use an upgrade, which we are looking into
- Doing some reorganization internally
- Number of bodies doing the work I think we could use some more help
- To be honest I feel we have a good grasp on what our weaknesses are, and we are trying to address them.
- Our current building code should be either 2017 or 2019 versions
- Departments for example should be as close to self-sufficient as possible, we should not provide 50 plus% of the funding to operate the departments
- Our village hall and building department look dated and tired
- Some dated facilities
- Some policies and procedures in need of updates
- The police departments greatest weakness:
- Poor condition of our facilities
- Building and parking lot security
- Lack of facility space
- Not enough personnel/staffing
- Having no Administrative supervisor to monitor all administrative functions
- *too many duties assigned across the entire police department
- Antiquated procedures
- No police department community center/Training room
- The villages greatest weakness:
- Too much political red tape

- Lack of communication
- Lack of facility space
- Lack of economic growth
- Ability to make decisions without fear of public scrutiny
- Political favoritism
- Building/PW Permit Procedure
- Staffing Levels
- Contracted Employees
- Service Request Management
- Unfunded fixed asset and capital improvement program (e.g. street maintenance, vehicles/equipment, etc.)
- Operating expenses rising faster than revenues
- Strong dependency on economically sensitive revenues to fund day-to-day operations
- Unbalanced staffing levels across organization (more than we need in some areas, less than we need in others)
- Unfavorable collective bargaining agreements
- Absence of consistent leadership/management over past decade
- Aging Village facilities and the number of facilities (too many)
- Inconsistent, unclear, and/or absence of certain Village policies/procedures (personnel, financial, customer service processing, etc.)
- Organizational silos (each department acts as its own separate entity instead of as one, unified Village organization)
- Debt
- old guard vs. new guard
- Absence of unified vision for Village
- Personnel matters
- Operating inefficiencies (redundant or outdated)
- Police pension funding obligations
- Inconsistent policies
- Conflict between departments
- Communication between departments
- Staff Workload
- Limited staff bandwidth for future improvements
- Outdated ordinances
- Communications
- Economic Development--Residents have to leave our community to get essentials.
- Development/Incentive of future Board candidates
- Burdensome collective bargaining contracts
- Budget constraints
- Limited financial capabilities due to debt

Opportunities

- business development
- Capitalize on our vicinity to the lake, forest preserves and outdoor activities
- Our connected community spirit
- Utilizing new technologies to reduce unnecessary staff work
- Utilizing new technologies to provide residents with more relative information
- Walkable downtown/Bangs lake area
- The greatest opportunities for the police department are:
- Potential to expand police services to Port Barrington and Volo
- Capitalize on purchasing property to build a new municipal center
- Training opportunities
- Fostering new program
- Outside agency relationships (Task Forces)
- The greatest opportunities for the village are:
- Economic development (RT12 corridor)
- Expand services
- Dispatch Center Consolidation (Lake County)
- Evaluate service contracts and associated costs
- Lakemoor/Volo Development
- Lake Michigan Water
- Active Business Ownership on Main Street
- Bangs Lake
- TIF district development
- Implementation of financial forecasting and policies
- Consolidation of Village facilities
- Consolidation of services with neighboring agencies/districts (e.g. Township)
- Delivery of services to neighboring agencies through IGA (e.g. Volo, Port Barrington, Island Lake)
- Major residential/commercial development
- Streamlined Village services to reduce annual operating expenditures
- Private investment in existing commercial developments (i.e. facade improvements)
- Wauconda as Lake County destination (Phil's Beach, Bangs Lake, downtown)
- Community Spirit
- Cooperation with other municipalities
- Phil's Beach
- TIF district
- Redesigned Website / Village App

- Attracting Businesses
- Economic Development Residents have to leave our community to get essentials.
- Tiff development
- Streamlining facilities management
- Public/Private partnerships
- Shared services among other entities
- Tax Increment Finance (TIF) District already established
- Bustling downtown
- Great Community Support

Threats

- Economic recession
- State funds potentially being reduced
- Lack of high traffic locations for business development
- high taxes by other agencies
- state of affairs with Illinois in general
- traffic congestion
- workforce development
- lack of some services may keep businesses from coming
- national, regional, local economy
- property taxes
- one-stop shop for developers
- community outreach / educational programs
- rumors and nonverified stories
- A fragile state (Illinois) in regard to taxes, financial obligations etc.
- Becoming stagnant and resting on our laurels
- Financially being able to maintain a balanced budget
- Financially staying ahead of our pension obligations
- Losing businesses that we currently have
- Not close to trains and mass transit
- Property taxes
- Revenues that flow through the State of Illinois to the Village
- The State of Illinois' fiscal condition
- The next economic recession
- Greatest Threats to the police department:
- Building conditions
- Lack of revenue
- Caught behind technology
- IT transition, computer and data security
- Greatest Threats to the village:
- Lack of economic development (Donut hole)
- Getting closed in developmentally
- Fragmented Parcel Ownership in the TIF
- Lakemoor/Volo Development
- Unfunded Federal and State Mandates
- Workforce Shortages for industrial Park Businesses
- Unfunded state mandates
- Economic downturn / recession that impacts Village revenues

- Financially unsustainable collective bargaining agreements
- Debt
- Unknown future elected leadership
- Staff turnover
- State legislation
- Lack of expansion possibilities
- Property Taxes
- Economy
- Keeping Businesses
- Illinois state financial situation
- Sales tax revenue reduction/implications as a result of the new Woodmans in Volo
- Reluctance of IDOT to improve access
- Limited opportunities for expansion
- Illinois' terrible economy
- Flyover community
- High property taxes

Greatest Challenges

- Long-term financial sustainability
- Pension funding
- New/improved revenue
- funding pensions
- treatment plant upgrades
- attracting new businesses
- program funding
- maintaining and upgrades to infrastructure
- dwindling federal and state resources financial
- unfunded mandates (if any)
- Lake Michigan water just finishing it up
- Financial continuing to find a way to keep a balanced budget
- Continuing to find ways to continue economic development
- Continuing to work towards our road issues
- Coming up with a solid, overall plan for the Village of Wauconda tweak our present version
- Cannabis should we, shouldn't we and if we do...how
- Making sure we tie up loose ends and finish what we start
- Paying down our debt
- Keeping a balanced budget and operating cost
- Business development
- maintaining infrastructure, streets specifically
- restructuring and funding the long-term capital equipment replacement plan
- Bringing Lake Michigan water to the Village the challenges it brings once it's here
- Greatest police department challenges:
- Staffing levels and turnover
- Recruiting
- Modernizing infrastructure
- Greatest village challenges:
- Financial sustainability
- Economic development and growth
- Staffing diversity
- Maintaining Roads
- Staffing
- Upper Management Turnover
- Long-term financial sustainability

- can we continue to cover rising operating expenses with current revenues, while also meeting capital improvement needs?
- Maintaining a sufficient street maintenance program
- Can we continue to fund needed improvements at the necessary frequency without incurring additional debt?
- Keeping rising water/sewer rates in check
- funding future system maintenance and capital improvements.
- Improve sales tax base
- Finalize Lake Michigan Water project
- Keeping/Attracting Businesses
- National Economy
- Public Works Infrastructure
- Repercussions of the State's financial situation
- Economic Development
- Tiff Development
- Onboarding Lake Michigan Water
- Increasing sales tax base
- Increasing EAV
- Strategic Economic Development
- Making capital improvements with limited funds
- Long term planning

APPENDIX II

Environmental Scan



AGENDA SUPPLEMENT

TO: Mayor Knight & Board of Trustees

FROM: Kevin Timony, Village Administrator

ITEM: Strategic Planning – Environmental Scan

In preparation for the upcoming Strategic Planning Workshop on Saturday, August 24th, the following is an “environmental scan” of the Village of Wauconda organization to help provide the group with some background and general context of the organization in order to help facilitate discussion. Please feel free to contact me if you have any questions regarding any of the below and/or if you require any additional information.

I. FINANCIAL ENVIRONMENT

A. Fund Balances (Cash)

	Projected Cash & Investments <u>4/30/2020</u>	FY20 Budgeted Cash <u>Inflows</u>	FY20 Budgeted Cash <u>Outflows</u>	Unaudited Actual Cash & Investments <u>4/30/2019</u>	Actual Cash & Investments <u>4/30/2018</u>
GENERAL FUND	3,059,110.95	7,789,862.00	7,722,201.19	2,991,450.14	1,864,024.02
GENERAL FUND - RESTRICTED	874,218.71	2,638,257.00	2,495,919.81	731,881.52	698,505.00
TOTAL GENERAL FUND CASH & INVESTMENTS	<u>3,933,329.66</u>	10,428,119.00	10,218,121.00	<u>3,723,331.66</u>	<u>2,562,529.02</u>
WATER/SEWER FUND	6,810,231.54	5,575,382.00	5,863,402.00	7,098,251.54	5,986,242.94
WATER/SEWER FUND - RESTRICTED					
Lake Michigan Water	1,523,686.80	2,185,133.00	4,740,491.00	4,079,044.80	7,722,303.79
W/S Capital Projects	-	1,229,600.00	1,229,600.00	-	-
TOTAL W/S FUND - RESTRICTED	<u>1,523,686.80</u>	3,414,733.00	5,970,091.00	4,079,044.80	7,722,303.79
TOTAL W/S FUND CASH & INVESTMENTS	<u>8,333,918.34</u>	8,990,115.00	11,833,493.00	<u>11,177,296.34</u>	<u>13,708,546.73</u>
SPECIAL REVENUE AND DEBT SERVICE FUNDS					
MOTOR FUEL TAX FUND	112,574.15	383,281.00	563,067.00	292,360.15	166,950.15
TIF #1 FUND	514,335.62	233,065.00	102,840.00	384,110.62	202,631.55
DEBT SERVICE FUND	68,928.71	706,190.00	699,750.00	62,488.71	57,046.90

B. FY 19/20 Budget Highlights

- Balanced operating budget (General Fund) (+\$14,814)
- **87%** dependency on economically sensitive revenues to fund operations.

The dependency calculation is a stress test that monitors the Village's dependence on revenues that are sensitive to the economy and other external factors outside of the Village's control. These include video gaming, sales tax, use tax, income tax, PPRT, electric utility tax, natural gas tax, and telecommunications tax. In other words, these revenues in aggregate can drop 13% before the Village is unable to cover general operating expenses.

- Per capita operating cost: **\$965 per capita**

The per capita operating cost is calculated by taking the total of the Village's operating expenses, minus debt service, and dividing by the Wauconda population of 14,125. This data point should be tracked annually and monitored relative to inflation.

C. Village Debt

- Moody's General Obligation bond rating: **Aa2** (June 2019)
- Total Village debt (all categories): **\$34,899,213** (April 30, 2019)
- Legal debt limit: **\$33,362,180** (April 30, 2019)

The legal debt limit is governed by state statute and limits the amount of general obligation debt a non-home rule government may issue to 8.625% of its total assessed valuation.

- Total Village debt applicable to legal debt limit: **\$28,570,000** (April 30, 2019)
- Available debt margin: **\$4,792,180** (April 30, 2019)

The available debt margin reflects the dollar amount of general obligation debt available to the Village in order to stay within the legal debt limit (a.k.a. how much money legally is available for the Village to borrow in general obligation debt).

D. Water/Sewer Rates

- Rates as of July 1, 2019:
 - Combined water & Sewer rate = **\$17.14** (per 1,000 gallons)
 - Water service only = **\$8.38** (per 1,000 gallons)
 - Sewer service only = **\$8.76** (per 1,000 gallons)
- Based on current 5-Year water/sewer rate plan (adopted July 2018), water/sewer rates are scheduled to increase as follows from 2019 to 2022:
 - Combined water & Sewer rate: Average Annual Increase = **10%**
Total Increase Over Term = **33%**

*Utility Billing Clerk is being counted in this department to reflect primary water/sewer billing duties

- Average employee age: **46 years**
- Average employee tenure: **12 years**
- Current major contracted services in lieu of FT/PT employees:
 - Director of Finance
 - Accountant
 - Payroll processing
 - Police dispatching
 - IT services
 - Part-time electrical and plumbing inspections

B. Collective Bargaining Units

- Total Village bargaining unit members: **40 (75% of total full-time employees)**
- AFSCME (public works and clerical)
 - Total bargaining unit members: **17**
 - Current contract: 5-year agreement (May 1, 2015 – April 30, 2020)
- FOP (patrol officers)
 - Total bargaining unit members: **17**
 - Current contract: Expired April 30, 2019 – currently in contract mediation
- ICOPS (police sergeants)
 - Total bargaining unit members: **6**
 - Current contract: Expired April 30, 2019 – contract negotiations pending