

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE  
MINUTES OF MEETING – February 22, 2018

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Thursday, February 22, 2018 at 6:00 PM in the Village Hall Conference Room, 40 E. Center Ave., Lake Bluff, Illinois.

Members Present: Trustee Mark Dewart, Chair  
Trustee Barbara Ankenman, Member  
Trustee Paul Lemieux, Member

Others Present: Kathleen O'Hara, Village Board President  
Joy Markee, Village Clerk  
R. Drew Irvin, Village Administrator  
Betinna O'Connell, Finance Director  
Marlene Scheibl, Assistant Finance Director  
Jeff Hansen, Village Engineer

II. Approval of Minutes

*Member Ankenman made a motion to approve the minutes of the January 22, 2018 meeting as presented; seconded by Member Lemieux and approved unanimously on a voice vote.*

III. Business Items

1. FY19-FY20 Preliminary Biennial Budget Review

VA Irvin reviewed the budget process and the benefits of the biennial budget process. He explained since some budgeted items were routine, they required very little review or discussion. By preparing a biennial budget, it saved staff time and resources and provided more time to review the non-routine items, such as the Capital Projects. The Finance Committee and other Village Board members have appreciated the more in depth review of the Capital Projects and long term planning. Member Lemieux asked if the biennial budget was a rolling two year budget or an incremental two year budget. VA Irvin responded it was an incremental two year budget. Chair Dewart added that the first biennial budget was for the FY16-17 and FY17-18 fiscal years. The Committee discussed looking into a rolling two year budget in the future. Chair Dewart stated the Village is now preparing the second biennial budget. He said the Board now receives more information from Village staff for longer term planning, particularly when it comes to Capital planning.

VA Irvin said the suggested goals for this meeting should be to discuss risk tolerance for reducing the General, Capital and Water Fund balances. The draft budget is aggressive in regards to Capital, including storm water improvements, road improvements, and equipment vehicle replacements. If the Committee approves the final CIP project list, those amounts will be the amounts included in the budget. There is more work being done researching the "Deep Tunnel" project, a large storm water pipe solution for the viaduct and other identified east side storm water issues. VA Irvin shared updates on operational items including Fire/EMS. He stated that the Fire Proposal to the Rockland Fire Protection District has been released. VA Irvin said a total of \$1.2 million has been budgeted to be transferred from the General Fund to the Water Fund for water meter replacements over the next 3 years. The Capital Project list was updated to show aggressive Capital Works projects. Two sets of fund balance projections were developed, one showing the projections assuming a Property Tax freeze and the other without the freeze. The Project list includes Street Rehab non-MFT of \$675K which is higher than

recent years. The last few years the budget has been \$500K but Village staff has determined the amount should be closer to \$700K annually if the Village wants to keep up and not fall behind in the Village road maintenance program, which also includes \$25,000 for crack sealing. The Village is applying for a grant from CMAP (“Chicago Metropolitan Agency for Planning”) to do an assessment of the Village pavement conditions. A discussion was had regarding this assessment “tool.” Chair Dewart said the crack sealing has functioned well throughout the Village. Village Engineer Hansen stated the crack sealing should be done within 5 years of paving for best results. VA Irvin said the crack sealing has extended the life of the streets. Member Lemieux asked where the additional funds will come from for the Street Rehab. Director O’Connell said the funds come from the General Fund. The asphalt prices seem to be staying stable. Member Ankenman asked how many total miles the Village has. Village Engineer Hansen responded that there are 30 miles. He said the Village is trying to do more storm basin reconstruction. The goal is not to stretch the dollars per mile but to try to do it more thoroughly. The Village could spend \$40-50K to do their own study even if the Village does not receive the grant. The consensus of the Committee was to proceed with budgeting \$675,000 for the Street Rehab non-MFT. Chair Dewart said the projected FY18 shows the \$2 million transferred to the Capital Fund which brings the target operating reserve down to 46.8% so it is important to look at how the Capital projects expenditures affect the target operating reserve. The FY18 projected target operating reserve is 46.8% but if necessary, the Village could transfer funds back to the General fund from the Capital Project Fund. It is important the Committee agrees what the balance of the target operating reserve should be in order to determine if it is necessary to delay some capital projects in order to maintain the balance required. Member Lemieux opined the projects are discreet enough that it would be possible to determine which projects not to move forward with. Village Engineer Hansen said it is also possible to proceed with the engineering on the project but choose not to bid the proposal. Member Lemieux asked if the \$1 million in FY19 budget would also be moved to the Capital Project fund. Director O’Connell responded it would. All Committee members agreed with the plan to move forward with the Project List as presented if the projects are discreet enough that they could be delayed if needed.

## 2. Review of the Water Fund

Director O’Connell presented two Net Position projections and explained their differences. She reviewed Attachment A and noted that it includes depreciation and Attachment B does not include depreciation and is based on Cash Flows. The current Village Water Financial Policy states the fund balance reserve should be 25% of operating expenses plus 3 years of depreciation expense. This fund balance amount may not be necessary especially in FY21-23 when CLCJAWA is scheduled to lower their rates. The lower rates are based on new community members which would generate revenue in connection fees and the decrease in debt service. Director O’Connell recommended the policy be changed to 25% of operating expenses plus 2 years of depreciation. Member Lemieux asked how much of the rate decrease is attributed to each of these two factors and what would happen if one of the two factors didn’t occur. Village Engineer Hansen said there are certain system improvements which could be funded by other members. VA Irvin said the budget does include the replacement of the water meters. Member Lemieux inquired about the need for the water meter replacements. VA Irvin said the life of the water meters is about 20 years and many of the Village’s water meters are much older than that. The meters are losing accuracy on low flows. The goal is try to have the project done in 3-4 years. Director O’Connell said in addition to the meters needing to be replaced due to their age, there would be operational/administrative efficiencies (more accurate and more timely billing) realized from their replacement. There are 1,000 or more customer-read meters which involve mailing cards to those residents to read their own meters. This results in readings which are sometimes not accurate. Of the customers who return their cards with the reading, approximately 80% of the meter reading cards are returned after the billing has already come out. This involves adjustments to all those accounts. Also, there are some customers who do not return their cards resulting in estimates to their accounts. One

customer had estimates for 5 years. Chair Dewart said predicated on these assumptions it would be more appropriate to amend the policy to 25% of operating expenses plus 2 years of depreciation

3. Review of FY19 Capital Projects

The Capital Project list was reviewed along the updated unresolved funding source project list. Chair Dewart said the Project List is the amount which should be included in the budget. VA Irvin said the resurfacing of the train station lot is moving up on the list from medium to high priority although it might not all be done. Village Engineer Hansen said the lot is just not going to last. Member Lemieux asked if its' condition is due to usage.

Village Engineer Hansen responded it was more due to age. Village Engineer said the Forest Cove outfalls project must also be prioritized, though this project was previously not on the list. Member Ankenman asked if the high priority list is getting done. VA Irvin said everything on the high priority list is included in the proposed budget except the Oak Terrace storm sewer improvement project. Village Engineer Hansen said the Village wide storm sewer model needs to be done right and will identify other parts of the project. Member Ankenman inquired about the possibility of using Blodgett train track crossing as an alternate route when the underpass floods. Village Engineer Hansen said it can be used for emergency vehicles only. It can't be used for traffic. Member Ankenman asked why it can't be used for traffic just while the flooding is occurring, for example, 36 hours. VA Irvin said the railroad would never approve its usage for any purpose other than emergency usage. Village Engineer Hansen said if a big pipe is done for the underpass then it will also help the homes which flood in that area. Usually when the underpass is closed it is just for a few hours and it has only happened a handful of times. VA Irvin said the Moffett Road culvert is the most costly project and will go to bid June 15. Trustee Markee asked if the East Prospect brick sewer lining project is ongoing. Village Engineer Hansen said there were problems with the pipe for the project but it will be completed in March. Chair Dewart confirmed with the Committee members that the consensus is for staff to proceed with the Project List as shown. VA Irvin said the Equipment Replacement Fund was underfunded during the recession years and should be increased by \$100K. Director O'Connell reviewed the schedule with staff and asked for the life of each vehicle. The police squads are the vehicles most often replaced. VA Irvin also noted the budget does not include water rate increases.

IV. Next Meeting

VA Irvin said the only remaining topics left to discuss for the budget are the Proposed Pay Plan, which may include salary range changes based on market adjustments and a final look at the water rates. The next meeting is to be determined.

V. Adjournment

Member Ankenman made a motion to adjourn the meeting at 7:46 PM; seconded by Member Lemieux and all members voted aye.

Respectfully submitted,

Marlene Scheibl  
Assistant Finance Director