

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – **March 17, 2018**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Saturday, March 17, 2018 at 8:30 AM 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
R. Drew Irvin, Village Administrator
Betinna O'Connell, Finance Director
Marlene Scheibl, Assistant Finance Director

II. Approval of Minutes

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

III. Business Items

1. Review of the FY19 Proposed Pay Plan

The FY2018-2019 proposed pay plan was provided for the Finance Committee's review and discussion. This policy document, which is updated annually, establishes the authority and official guidelines by which the Village Administrator may appoint, promote, evaluate, and compensate all Village employees except those subject to one of the Village's three collective bargaining agreements. VA Irvin stated staff is not recommending any changes to the FY19 Proposed Pay Plan. He said the goals of the pay plan are to attract talented employees and retain them, maintain equity among similar positions, and stay competitive with the market. There doesn't appear to be any need to change the ranges and policies at this time since the Village is achieving those goals. Discussion ensued regarding police duties and functions. Chair Dewart added that he is pleased that salary increases are not just a fixed amount but are related to performance and market. Members discussed the auto policy for personal use of Village vehicles.

Member Ankenman made a motion to recommend the Village Board accepts the FY19 Proposed Pay Plan; seconded by Member Lemieux. The motion was unanimously approved.

2. Finalize Financial Policies with regard to the Proprietary Funds

The Draft Budgetary and Financial Policies were presented. At the February 22, 2018 Finance Committee meeting, there was discussion concerning the water fund policy which required that the fund maintain a balance reserve of 25% of operating expenses plus three years of depreciation expense. Following that discussion, the Finance Committee unanimously recommended the fund balance policy be revised to require a fund balance reserve of 25% of operating expenses plus two years of depreciation expense. The draft policy presented included this revision and was discussed by committee members. Member Lemieux asked if the definition the Village uses for a balanced budget is the definition common to other municipalities. VA responded Staff will research the definition used in other municipalities, as well as GFOA Best Practices, and report back to the Committee.

Member Ankenman made a motion to recommend the Village Board accepts the amendment to the Proprietary Funds reserve policy; seconded by Member Lemieux. The motion was unanimously approved.

3. Discussion Regarding the Water Rates

Director O'Connell reviewed the Water Fund and prepared two different scenarios for the Committee's consideration. The first scenario shows water rates remaining constant. The second scenario shows a 2.6% increase to the water rate in FY20, then the water rate remaining constant until FY26 when the bond matures. Director O'Connell suggested the Village Board could then consider a rate reduction. President O'Hara said some members of CLCJAWA would like to consider expanding to allow the addition of new members in order to keep rates lower. Other members prefer not to expand. VA Irvin said the biggest issue is the nonrevenue water. The Village has used leak detection services to analyze and repair significant issues, however, sometimes leak locations are difficult to determine. Member Ankenman inquired about the Village water meter replacement project sequence and timing. Chair Dewart said the Village is doing this incrementally by trying to pick the worst candidates first and then moving on in the process. Member Lemieux said he would like to see statistical data before the meters are chosen from meter suppliers. He would like to see every data point so the Village can review the variability in the meters. Member Lemieux stated the field performance would see if the meter may or may not perform well at low flow and the design performance would show how the design is intended to perform. For the meters the Village picks, the data of each point at low, medium and high flows should be reviewed. He suggested the Village needs to see the variation of data for new meters. The Village should not invest in new meters if unsure of their performance. If all meters are equally flawed, then the only savings would be the administrative savings. Chair Dewart said the data sheets should be requested from the manufacturers. Member Lemieux said the standard deviation information needs to be available. Director O'Connell said the variability is more in technology than in meters. Member Ankenman said the human factor is also significant. There should be increased training to eliminate human factor as part of the process. Staff will review Siemens specifications and information on different models and share them with the Committee.

Member Ankenman made a motion to recommend the Village Board leave the current water rates and depreciation expense unchanged; seconded by Member Lemieux. The motion was unanimously approved.

4. Discussion Regarding Capital Initiatives-Simpson Ave Storm Water Improvement Project

VA Irvin said the Village cannot make a recommendation on this project at this time. The Village had asked residents in this area, “other than the 140 year event, when have your homes taken on water?” They then followed up with one resident and found that the home had experienced seepage dependent on the size of the rain. The Village’s goal is to try to eliminate water coming in residences during storm events which are less than 100-year storms. VA Irvin said there is the possibility that downspouts and grading could help. This may require a non-public solution. One approach is for the Village to recommend improvements that homeowners complete individually. Member Ankenman asked what the cost of the initial work would be. VA Irvin said surveying work is not expensive and can point homeowners in the right direction. The Village may be able to present solutions to residents. Member Ankenman said the Village could provide perspective to homeowners. VA Irvin said the Village might find synergy with another project and decide to take on this project. The Village needs to wait for data to provide solution. Homeowners have not provided information. Chair Dewart asked how Special Service Areas work. VA Irvin described how SSA’s are established. The cost of the project is spread out over time and included on those residents’ tax bills.

5. Discussion Regarding FY17 GFOA CAFR Comments

Finance Director O’Connell reported the Village received the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the year ending April 30, 2017. The GFOA review of the CAFR includes a grading summary and related comments/suggestions for improvements. All the CAFR grading categories received a grade of proficient. There were three comments: 1). A request to separate the Village and Library IMRF changes in net pension liability and related ratios; 2). A request to separate the Village and Library’s deferred outflows/inflows; 3). The Schedules of Employer Contributions to IMRF and Villages Proportionate Share of Net Pension Liability with IMRF have different dates, which should be the same.

VA Irvin asked if the Committee would like these comments presented each year and the consensus of the committee is they would.

6. Discussion Regarding Biennial Budget process

VA Irvin asked the Committee if they would like to see Staff continue the process of preparing a Biennial Budget. Chair Dewart asked if it would continue as two years or a rolling two years. Member Ankenman said she thought the efficiencies in the process were gained by preparing a two year budget with only required revisions in the second year. VA Irvin agreed from a staff point of view, the efficiencies are gained by reviewing the second year for necessary revisions only. He opined the level of detail is greater with the biennial budget process as it is. Member Lemieux said when he had asked about this at a prior meeting he was only trying to understand if it was a rolling two years or an incremental two years. He was not asking for any change in the process. He agreed the process loses its efficiencies if the budget process is a rolling two years. Director O’Connell added that the Capital spending is what changes the most and this process allows us more time to review Capital spending. VA Irvin said the current process does provide for more time to review capital spending and planning.

IV. Next Meeting

VA Irvin said there should be a meeting scheduled for the purpose of discussing of water meters in the coming months.

V. Adjournment

Member Ankenman made a motion to adjourn the meeting at 9:57 AM; seconded by Member Lemieux and all members voted aye.

Respectfully submitted,

Marlene Scheibl
Assistant Finance Director