

**VILLAGE OF LAKE BLUFF
FINANCE COMMITTEE MEETING**

**Monday, April 22, 2019
6:30 PM**

**VILLAGE HALL BOARD ROOM
40 E. CENTER AVE, LAKE BLUFF, IL**

AGENDA

I. Call to Order – Roll Call

Trustee Mark Dewart, Chairman
Trustee Barbara Ankenman, Member
Trustee Paul Lemieux, Member

II. Approval of Minutes – March 11, 2019

III. Non-Agenda Items and Visitors

The Finance Committee allocates fifteen (15) minutes at this time for those individuals who would like the opportunity to address the Committee on any matter not listed on the agenda.

IV. Business Items

- A. Discussion Regarding FY19/20 Biennial Budget Update (Equipment Replacement Fund)

V. Informational Items

- B. Audit Fees Update

VI. Adjournment

The Village of Lake Bluff is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the facilities, are requested to contact R. Drew Irvin at 847-234-0774 or TDD number 847-234-2153 promptly to allow the Village of Lake Bluff to make reasonable accommodations.

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – March 11, 2019

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, March 11, 2019 at 6:00 PM in the Village Hall Board 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
Eric Grenier, Village Trustee (arrived at 6:55 PM)
Joy Markee, Village Clerk
William Meyer, Village Trustee
R. Drew Irvin, Village Administrator
Glen Cole, Assistant to Village Administrator
Bettina O'Connell, Finance Director
Marlene Scheibl, Assistant Finance Director
Jeff Hansen, Village Engineer
Anthony Miceli, Senior Vice President, Speer Financial

II. Approval of Minutes

Member Lemieux made a motion to approve the minutes of the February 23, 2019 meeting as presented; seconded by Member Ankenman and approved unanimously on a voice vote.

III. Business Items

Mr. Anthony Miceli, Senior Vice President of Speer Financial, was introduced to the committee. Mr. Miceli was in attendance at the meeting to answer any questions regarding a potential future bond issuance.

1. Discussion Regarding FY19/20 Biennial Budget Supplement & Capital

The preliminary FY20 General Fund budget presented at the February 23, 2019 Finance Committee meeting has increased from \$11,871,705 to \$11,991,134. VA Irvin said the increase of \$119,428 was for the addition of 5 items:

- \$30,000 in Fire Department expenses comprised of increases in personnel costs
- associated with changing the volunteer payment schedules from a bi-annual to a quarterly period.
- \$4,429 for medical insurance increase to North Shore Employee Benefits Cooperative ("NSEBC") for reserve assessment updates from their audit calculations.
- \$25,000 storm improvements to include the Boardman Court design as directed at the February 23, 2019 Finance Committee meeting.
- \$50,000 for police security cameras project rollover costs for cameras at the train station and the Village Green as presented to the Village Board.
- \$10,000 for improvements to the weapons room exhaust system

Member Lemieux inquired as to the staff involvement in the Boardman Court design. Engineer Hansen replied Christopher Burke will do the engineering study so there will be minimal time required from staff.

At the February 23, 2019 Finance Committee meeting, the committee requested staff review the projected Water Fund capital expenses for FY20 and determine the feasibility and effect of issuing debt to fund certain water system improvements. Working with the Village's Financial Advisor it was determined the Village could bundle project costs into one bond issuance of \$1,990,000 to limit the expenses. The Water Fund projections include debt issued in FY20 for \$1.99 million for a 15 year term with an average interest rate of 2.9%, an annual water rate increase of 1.5%, and a continuous \$250K annual infrastructure investment with a one-time increase to \$400K in FY27/28.

Mr. Miceli said the bond projections were fairly conservative and it would take 60 days from the start of the process to issue bonds.

VA Irvin said when evaluating the issuance of bonds to fund projects, the Village Board directed staff to meet the following objective:

- Maintain the fund balance at/above minimum approved fund balance percentage.
- Complete the Project List.
- Borrow funds so the Village can spread out the payments over the life of the projects.

VA Irvin stated that when borrowing funds, those projects should be completed within 3 years. He added that the Village is waiting for information from the completion of the Village-wide flood study to prioritize other probable large-scale projects

VA Irvin said the water meters from Sensus are warranted for 20 years. If a meter fails during the 20 year warranty period, the price is reimbursable on a prorated basis up to the 20 year warranted life of the meter. The water meters should be reliable and useful for 20 years. The budget projections for the General and Water Funds meet the objectives of the Board. The General Fund projections include annual transfers to the Water Fund, one of those transfers can be eliminated to provide added flexibility in the General Fund. Chair Dewart asked in addition to the purchase of the new water meters, what other projects would the bond funds be used for. VE Hansen responded in addition to the water meter replacement project the fund would be used for the, Cambridge Lane water main, E. Sheridan Place water main and, Armour Drive water main projects and also valve/hydrant replacement. Member Lemieux asked if all the projects have longer term useful lives. VE Hansen said they all have long lives except for the valves. The valves may not have a long life. Member Ankenman asked why the funds must be used within 3 years. Mr. Miceli said for tax exempt borrowing it is a requirement that there is a reasonable belief the funds will be spent within 3 years. Member Lemieux said he would encourage the transfer from the General Fund to the Water Fund be continued. He asked how many years this transfer had been made. Director O'Connell said FY19 is the first year the transfer was made from the General to Water Fund. President O'Hara opined the General Fund balance should be kept at the 50% target and any fund balance in excess of that should be transferred to the Capital Project Fund.

2. Discussion Regarding the Water Fund Rate Analysis

In conjunction with the water revenue and expense discussions the Committee reviewed the effects of a an annual water rate increase on the Fund FD O'Connell referenced the water rate projections analysis that was included in the packet to illustrate changes and the impact of water rate modifications. VA Irvin said Water Fund projections include an annual 1.5% water rate increase.

Member Ankenman made a motion to recommend to the Village Board approval of the items in both the FY19/20 Biennial Budget Supplement and the Water Fund Analysis (+1.5% rate increase), seconded by Member Lemieux and approved unanimously on a voice vote.

3. Village Pay Plan & Comprehensive Fee Schedule

VA Irvin stated staff does not recommend any changes to the Comprehensive Fee Schedule.

Staff conducted a survey to compare the Villages Official Pay Plan to those in comparable communities. VA Irvin said changes which are made to the Official Pay Plan are made to salary ranges, not to individual salaries. Based on the results of this survey, staff recommends revisions to the maximum salary range for four positions: Admin Secretary, PW Superintendent, Police Chief, and Finance Director.

Member Lemieux made a motion to recommend to the Village Board approval of the four revisions to the Village's Official Pay Plan, seconded by Member Ankenman and approved unanimously on a voice vote.

4. Discussion Regarding Auditor Contract

Director O'Connell said the Village's current auditing firm, Sikich, LLP, has proposed a three year engagement addendum to extend their services through FY21. The new rates represent a 2% increase from the FY18 rate and a 3% increase thereafter. The state has mandated a new grant audit requirement which requires a formal audit opinion for grant monies in excess of \$300K, including MFT funding. There are no additional fees charged for the new grant audit requirements in the engagement extension. President O'Hara said consideration should be given to how long the Village has had Sikich perform the audit and how long the current audit manager has been on the engagement. Director O'Connell said Martha Trotter, the current Sikich audit manager, has completed two audits with the Village. Director O'Connell suggested the Village could consider preparing an RFP along with other municipalities in the future.

Member Lemieux made a motion to recommend to the Village Board approval of the audit engagement extension, seconded by Member Ankenman and approved unanimously on a voice vote. The consensus of the Committee was to try to secure the best price for the engagement extension.

5. Building Permit Fee Waiver Policy

Over the past several years, the Village Finance Committee and Village Board have taken a variety of approaches to consider requests by other local government agencies or not-for profit organizations to reduce or eliminate development related fees. Village Staff recommends the Village Board approve a policy which would enable staff and/or the Village Board to grant a fee waiver or reduction in development related fees for non-profit agencies. VA Irvin presented two possible alternative policy approaches. Both alternatives are the same in regards to the definition of the eligible applicant organizations and require the applicant to submit a written request. Alternative 1 would authorize the Village Administrator to approve waiver of fees up to \$5,000 and the Village Board to consider fee waiver requests in excess of \$5,000. Alternative 2 would only consider waivers for fees in excess of \$1,000 and those waivers would be reviewed and approved by the Village Board. Member Lemieux asked if there was an average range for a typical waiver request. VA Irvin said there is not a typical amount, there is a wide range of amounts. Discussion ensued regarding the two alternatives and ensuring adequate transparency in the policy selected.

Consensus of the Committee was to recommend to the Village Board approval of Alternative 2 for the Building Permit Fee Waiver Policy.

IV. Informational Item

VA Irvin informed the committee he was anticipating receiving an application for an External Financing Request in the amount of \$15,000 for the Village of Lake Bluff's 125th year celebration Committee.

V. Next Meeting

The next meeting is to be determined.

VI. Adjournment

Member Ankenman made a motion to adjourn the meeting at 6:57 PM; seconded by Member Lemieux and all members voted aye.

Respectfully submitted,

Marlene Scheibl
Assistant Finance Director

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Finance Committee Members
 Kathy O’Hara, Village President
 R. Drew Irvin, Village Administrator

FROM: Bettina K. O’Connell, Director of Finance

DATE: April 18, 2019

SUBJECT: Vehicle and Equipment Replacement Fund Budget Considerations

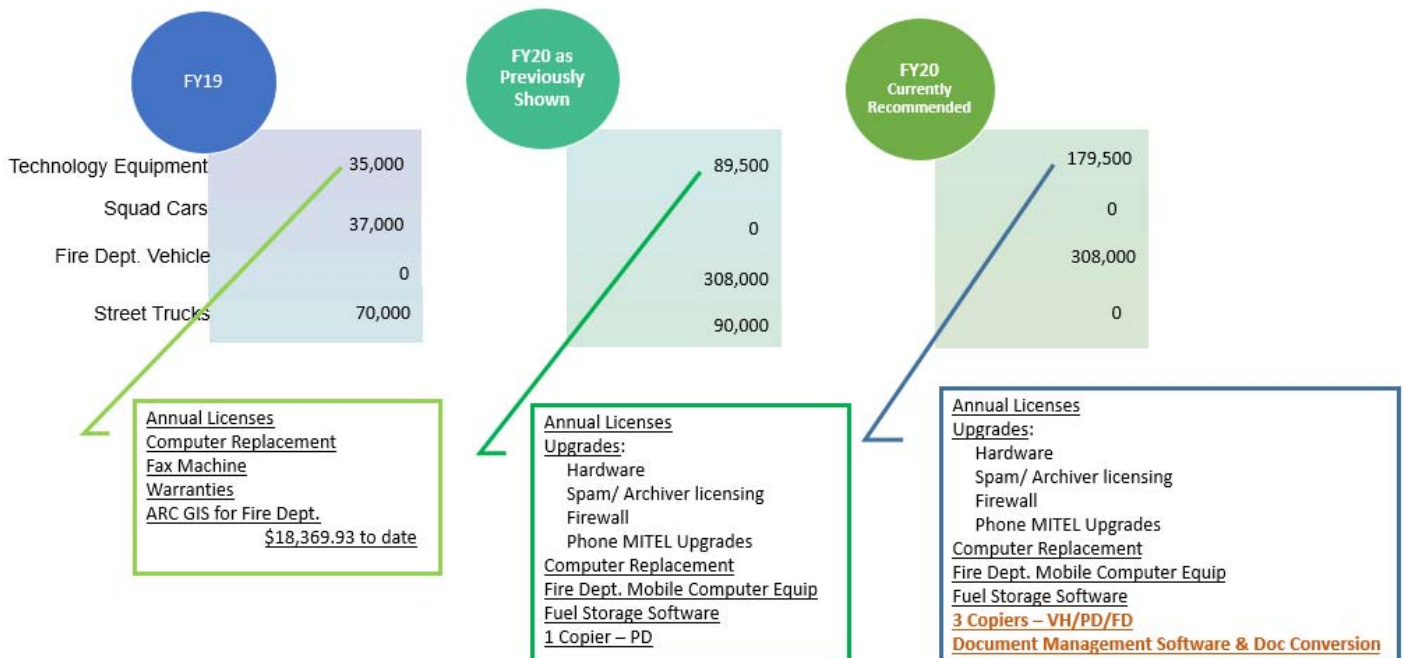


NORTH SHORE LIFE
 LAKE BLUFF STYLE

Historically the Vehicle/Equipment Replacement Fund was created for the purpose of amortizing the replacement cost of vehicles and equipment/computer infrastructure with a useful life in excess of three years and a minimum value of \$5,000. Contributions to this Fund are made by the General fund and Water Funds based on a schedule of assets and their replacement timetables. The FY20 tentative biennial budget update contains \$487,500 in budgeted Vehicle/Equipment Replacement Expenses. These costs are allocated for technology and fire department equipment.

The FY2019 Vehicle/Equipment Replacement Expenses included \$70,000 for the purchase of a new 1 ton dump truck for the Public Works Department. This budgeted amount was ‘rolled-over’ to the FY20 Budget due to increasing costs with an estimated expense of \$90,000. Recently staff secured an opportunity to purchase a truck for \$74,602. This change prompted inclusion of the additional \$4,602 expense in the FY19 Budget Amendment to allow for the purchase of the truck in the current fiscal year. As a result of the expedited purchase in FY19, staff has reevaluated the FY20 Vehicle/Equipment Replacement Expenses and made the following suggestions:

Vehicle/Equipment Replacement Fund
 Budget Considerations



- Initially one copier was scheduled for replacement in FY20 and two others the following year. Staff recommends that the Village Hall, Police & Fire Department copiers be replaced this year as parts have become obsolete and the equipment consistently has mechanical problems. The total estimated cost of \$28,000 is an increase of \$20,800, however it has a net neutral effect.
- A review of the current records management functionality and practices has identified resource needs. Staff would like to pursue a records and process management solution that integrates with the current ERP and can be easily used in all aspects of each person's workflow with the goal of evaluating accounts payable, utility billing, general ledger, building and clerk functions, and after which process documentation can be completed and incorporated into the records management software. Estimated additional costs for implementation are \$30,000 and \$20,000 for document conversion. Following an Internal review and study, staff will present a detailed plan to the Finance Committee prior to procurement.

Attached is a copy of the initial Vehicle/Equipment Replacement Fund Budget and the updated version for your consideration.

VEHICLE/EQUIPMENT REPLACEMENT FUND

ACTUAL CODE/LINE ITIF Y 91/92	ACTUAL FY 15/16	ACTUAL FY 16/17	ACTUAL FY 17/18	BUDGET FY 18/19	ORIGINAL BUDGET FY 19/20	REVISED BUDGET FY 19/20	CHANGE % ORIGINAL FY 19 - FY 20	CHANGE % REVISED FY 19 - FY 20
300-37500 Interest Income	1,166	4,294	12,787	3,000	3,000	3,000	0.0%	0.0%
300-38980 Sale of Vehicles/Equipment	12,200	7,300	0	1,500	1,500	1,500	0.0%	0.0%
300-39150 Interfund Transf/Finance	40,000	25,000	40,000	40,000	40,000	40,000	0.0%	0.0%
300-39160 Interfund Transf/Comm Devel	4,000	4,000	4,000	4,000	4,000	4,000	0.0%	0.0%
300-39170 Interfund Transf/Police	35,000	60,000	60,000	60,000	60,000	60,000	0.0%	0.0%
300-39180 Interfund Transf/Fire	100,000	100,000	100,000	120,000	120,000	150,000	0.0%	25.0%
300-39190 Interfund Transf/Streets	40,000	40,000	40,000	60,000	60,000	60,000	0.0%	0.0%
300-39192 Interfund Transf/Sanitation	0	0	0	3,000	3,000	3,000	0.0%	0.0%
300-39194 Interfund Transf/Forestry	15,000	15,000	15,000	26,000	26,000	26,000	0.0%	0.0%
300-39196 Interfund Transf/Parks	25,000	25,000	25,000	32,000	32,000	32,000	0.0%	0.0%
300-39198 Interfund Transf/Sewer	0	0	0	35,000	35,000	35,000	0.0%	0.0%
300-39300 Advance from Water Fund ¹	0	0	15,000	15,000	15,000	15,000	0.0%	0.0%
	<u>272,366</u>	<u>280,594</u>	<u>311,787</u>	<u>399,500</u>	<u>399,500</u>	<u>429,500</u>		

620-58100 Technology Equipment	4,696	18,637	30,316	35,900	35,000	89,500	-2.5%	149.3%
660-59200 Community Development	0	0	0	0	0	0	----	----
710-59010 Squad Cars	38,895	70,428	47,076	37,000	37,000	0	0.0%	-100.0%
730-59300 Fire Dept. Vehicle	0	0	0	0	0	308,000	----	----
830-59410 Street Trucks	0	0	0	70,000	0	90,000	-100.0%	28.6%
850-59420 Pick-up/Utility Truck	0	0	0	0	0	0	----	----
860-59500 Parks Tractor	0	0	0	0	0	0	----	----
850-59425 Aerial Bucket Truck	0	0	0	0	0	0	----	----
850-59700 Stump Grinder	0	0	0	0	0	0	----	----
850-59750 Trailer for Stump Grinder	0	0	0	0	0	0	----	----
	<u>43,591</u>	<u>89,066</u>	<u>77,392</u>	<u>142,900</u>	<u>72,000</u>	<u>487,500</u>		
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136,982 365,757 557,284 776,680 1,018,280 1,330,780
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VEHICLE/EQUIPMENT REPLACEMENT FUND

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300-39160 Interfund Transf/Comm Devel	4,000	4,000	4,000	4,000	4,000	4,000	0.0%	0.0%
300-39170 Interfund Transf/Police	35,000	60,000	60,000	60,000	60,000	60,000	0.0%	0.0%
300-39180 Interfund Transf/Fire	100,000	100,000	100,000	120,000	120,000	150,000	0.0%	25.0%
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300-39192 Interfund Transf/Sanitation	0	0	0	3,000	3,000	3,000	0.0%	0.0%
300-39194 Interfund Transf/Forestry	15,000	15,000	15,000	26,000	26,000	26,000	0.0%	0.0%
300-39196 Interfund Transf/Parks	25,000	25,000	25,000	32,000	32,000	32,000	0.0%	0.0%
300-39198 Interfund Transf/Sewer	0	0	0	35,000	35,000	35,000	0.0%	0.0%
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730-59300 Fire Dept. Vehicle	0	0	0	0	0	308,000	----	----
830-59410 Street Trucks	0	0	0	70,000	0	0	-100.0%	-100.0%
850-59420 Pick-up/Utility Truck	0	0	0	0	0	0	----	----
860-59500 Parks Tractor	0	0	0	0	0	0	----	----
850-59425 Aerial Bucket Truck	0	0	0	0	0	0	----	----
850-59700 Stump Grinder	0	0	0	0	0	0	----	----
850-59750 Trailer for Stump Grinder	0	0	0	0	0	0	----	----
	43,591	89,066	77,392	142,900	72,000	487,500		
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