

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 objectives:

- 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 funds 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 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 the 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 Village's 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 a 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 discussion.*

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