

**VILLAGE OF LAKE BLUFF  
FINANCE COMMITTEE MEETING**

**Monday, March 9, 2020  
6:00 PM**

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

AGENDA

I. Call to Order – Roll Call

Trustee Barbara Ankenman, Chairman  
Trustee William Meyer, Member  
Trustee Aaron Towle, Member

II. Approval of Minutes – February 24, 2020

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. Review of the Pay Plan
- B. General Fund Updates
- C. Review of the Water Fund
- D. Review of the Comprehensive Fee Schedule

V. Informational Items

VI. Staff Report

VII. 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 – February 24, 2020

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, February 24, 2020 at 6:00 PM in the Village Hall Board Room, 40 E. Center Ave., Lake Bluff, Illinois.

Members Present: Trustee Barbara Ankenman, Chair  
Trustee William Meyer, Member  
Trustee Aaron Towle, Member

Others Present: Kathleen O'Hara, Village Board President  
Megan Michael, Village Clerk  
Mark Dewart, Village Trustee  
R. Drew Irvin, Village Administrator  
Bettina O'Connell, Finance Director  
Marlene Scheibl, Assistant Finance Director  
Jeff Hansen, Village Engineer  
Glen Cole, Assistant to the Village Administrator  
Jake Terlap, Public Works Superintendent  
Michael Croak, Building Code Supervisor (arrived 6:15 PM)  
Michael Hosking, Police Chief (arrived at 6:30 PM)  
Peter Friedman (arrived at 6:45 PM)

II. Approval of Minutes

*Member William Meyer made a motion to approve the minutes of the February 10, 2020 meeting as presented; seconded by Member Aaron Towle and approved unanimously on a voice vote.*

III. Business Items

1. Review of the Strategic Plan Initiatives

VA Irvin reviewed the Village's five high level goals that facilitate the attainment of the Village's vision and are connected to the draft fiscal plan:

- 1). Economic Development-The Village strives to attract businesses which are an appropriate fit for the community. As a result of these efforts, the Village has a very low vacancy rate. The focus is around retention of the largest taxpayers. There is a continuing marketing/branding budget of \$25,000 for these activities.
- 2). Sense of Community-The Village branding initiative expressing the message to "Choose Lake Bluff" have most activities completed, with some marketing remaining.
- 3). Public Assets-This budget emphasizes a strong commitment to evaluate and invest in the Village infrastructure.
- 4). Environmental Sensibility-This is a newer initiative involving funding to preserve and enhance the natural heritage by initiating landscaping improvements. The large plan is done and now the Village is starting to implement the plan. It is anticipated the first step will involve removal of invasive species followed by new plantings. The Village is awaiting detailed planting plans from Teska. This project can range from \$30,000-\$60,000, depending on services required. Staff must now prepare a bid package with work likely to be done in the winter.
- 5). Stability-The Village has budgeted \$10,000 for a storm water utility fee analysis and \$30,000 for a study on shared services with the Park District. President O'Hara added that she had met with the Park District Board President and Executive Director and both

agree this is the time to look at some form of shared services between the Village and the Park District. VA Irvin said there should be a joint committee to choose the consultant for this study, in order that is an open process without any surprises.

VA Irvin noted Chief Graf had made a budget request to increase presence at the public safety center, which was not included in the draft budget. Fire volunteers are paid a stipend to be at the fire station. Currently, there is overnight coverage on the weekends. Chief Graf would like more overnight coverage. ALS calls require both an EMT and a paramedic, while the Fire Department may not have the necessary training to provide this level of service now, they are pursuing the required training. The Village is receiving more calls for ambulance service, but still less than a call a day which would not justify the expanded coverage at this time. Member Meyer asked if the Village will be able to maintain a volunteer Fire Department long term or if the Village was providing a training ground for volunteers to obtain training and move on. VA Irvin replied the Village appears to be able to maintain the department on a volunteer basis and a big part of that is Chief Graf. President O'Hara added that the Fire Department is highly regarded by other communities because Chief Graf is highly respected and the department is comprised of highly educated volunteers.

## 2. FY21-22 Preliminary Biennial Budget Review

Director O'Connell reviewed several of the differences in the current budget to prior years:

- The worker's compensation/liability insurance allocation was redistributed based on actual department loss experience resulting in some departments not having a budgeted amount where they previously had.
- The Fire Department contractual ambulance fee rate changed.
- The Public Works salaries and insurance premiums increased based on the negotiated contract.
- The tax levy allocation was revised to decrease the liability insurance levy and move that amount to the corporate levy.
- The General Fund contribution to the Capital Fund was increased from \$400K to \$500K.
- The extension of the levy includes a 2.5% increase.
- The contributions to the Vehicle Equipment Replacement Fund were reduced to \$260K to provide additional funding for road resurfacing. Chair Ankenman asked if the Vehicle Equipment Replacement Fund would remain adequately funded with this change. Director O'Connell replied the fund balance has grown over the last few years and based on changes to the useful lives of some vehicles/equipment, it will continue to be adequately funded.

President O'Hara added that Governor Pritzker's recent State of the Budget address mentioned that there could be further cuts to the Local Government Distributive Fund ("LGDF") distributions. Chair Ankenman asked if there is any indication of the amount of worse case exposure for the Village. Director O'Connell replied it could amount to a decrease of \$20,000 annually. VA Irvin added there may be offsets to this decrease, such as an increase in EAV. President O'Hara said one thing which could be implemented would be a service tax. Trustee Dewart added automotive repair would provide the biggest dollars of service dollars in our community. VA Irvin said that due to the recent changes in state law which impact car trade-in taxes of used cars, this could affect trade-ins and car sales. Chair Ankenman stated that the budget was conservative with no element of surprise. Chair Ankenman asked what comprised the personnel costs and the head count and VA Irvin responded the Village has an employee headcount of 35 plus seasonal workers. Director O'Connell responded the salaries were budgeted at a 3% increase. The health insurance rates increased as anticipated, due to the NSEBC reserves being low, causing the rates to go up. The health insurance rates include eight months at one rate and four months at another. There was also an increase in the Public

Works medical insurance rates. Chair Ankenman said there doesn't seem to be any significant change in revenue projections or in the departments' expenditures. VA Irvin agreed adding that Sales Tax revenue was projected flat. Member Meyer asked if there was any specific area of the budget that staff was looking to the Board for guidance on, or if there were expenditures in any areas where more funds are needed. VA Irvin said the sanitary and storm sewer improvements are an area with no direct link to revenue, yet those are the areas where we need to fund improvements. Member Meyer asked if the Village as a home rule community had the ability to implement a service tax. VA Irvin said if service taxes are implemented they would most likely be on luxury services, not required services.

*Member William Meyer made a motion to make a recommendation to the Village Board to accept the FY21-FY22 Biennial Budget as presented; seconded by Member Aaron Towle and approved unanimously on a voice vote.*

3. Review of the Water Fund

Director O'Connell provided the Water Fund chart projecting the balance of the Unrestricted Net Assets based on 3 different water rates: no change in water rates, a 2% increase, and a 3% rolling 3 year increase with a flat rate thereafter. The Chart represents the affect on Net Assets at the different rate changes. She stated that staff's recommendation is to wait until the meter project is complete to provide a full analysis and to hold the water rates flat for FY21 and revisit the rates next year.

Member Meyer said he agrees with the staff recommendation to wait until the new water meter project is complete to see the effect of the change of the new meters, before implementing a new water rate. Chair Ankenman asked how long it would be before the Village had meaningful information from the new water meter project. Director O'Connell responded the Village is now 5 weeks into the project and about 800 meters have been changed and that usage data would be retrieved as soon as the project is complete. Chair Ankenman agreed the Village should not change the water rates at this time.

*The consensus of the Committee was to not make a change in the water rate for FY21 and to review water rates after the water meter project is complete.*

IV. Informational Items

1. Budget Schedule

The next scheduled Budget meeting will be Monday March 9, 2020 at 6:00 PM in the Village Hall Board Room.

2. Moody's 2020 Annual Issuer Report

VA Irvin commented that Moody's Investors Service had continued to rate the Village with an Aaa rating. The committee expressed their pleasure to hear this report.

V. Next Meeting

The next meeting will be Monday March 9, 2020 at 6:00 PM in the Village Hall Board Room.

VI. Adjournment

Member Meyer made a motion to adjourn the meeting at 6:52 PM; seconded by Member Towle and all members voted aye.

Respectfully submitted,

Marlene Scheibl  
Assistant Finance Director

VILLAGE OF LAKE BLUFF

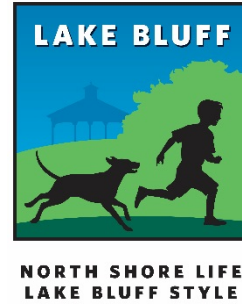
MEMORANDUM

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

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

DATE: March 5, 2020

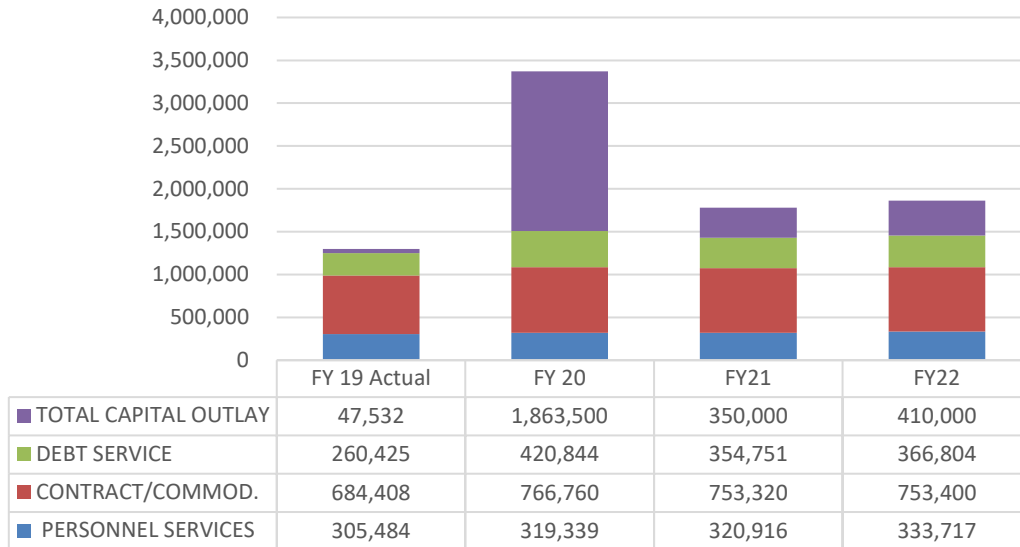
SUBJECT: Water Fund Budget Summary



As you will recall, the annual Water Fund projections and an analysis of the target reserve/changes in unrestricted net assets were reviewed at the February 17, 2020 Finance Committee meeting. The Committee recommended to evaluate the recapture of non-revenue water with the installation of new meters and to hold the water rates flat for FY21.

Changes to the Water Fund revenues and expenses are primarily related to debt service and infrastructure maintenance capital investments. The chart below illustrates the changes in expenses by category comparing FY19 actuals, and FY20-22 budgeted totals.

Water Fund Budgeted Expense Comparison



The attached draft Water Fund budgeted revenues and expenses reveal a flat (conservative) revenue outlook while expenses reflect the changes to capital as outlined in the long range capital plan.

### WATER FUND REVENUE PROJECTIONS

CODE/LINE ITEM	ACTUAL FY 17/18	ACTUAL FY 18/19	BUDGET FY 18/19	BUDGET FY 19/20	ACTUAL YTD 3/5/2020 FY 19/20	PROJECTED FY 19/20	PROJECTIONS		CHANGE %	
							FY 20/21	FY 21/22	FY 20/21	FY 21/22
<b>OPERATING REVENUES</b>										
45000 Water Sales	1,345,096	1,271,932	1,295,000	1,295,000	1,087,754	1,297,754	1,295,000	1,295,000	0.0%	0.0%
47000 Water Meter Sales	10,610	5,905	7,500	7,500	4,070	4,070	7,500	7,500	0.0%	0.0%
49000 Water Permits/Connect	0	0	25,000	25,000	0	0	0	0	-100.0%	0
48000 Tap-On Fees	20,197	14,400	0	0	21,600	21,600	25,000	25,000	0	0.0%
89000 Miscellaneous	587	298	500	500	268	375	500	500	0.0%	0.0%
<b>TOTAL OPERATING</b>	<b>1,376,491</b>	<b>1,327,750</b>	<b>1,328,000</b>	<b>1,328,000</b>	<b>1,113,692</b>	<b>1,323,799</b>	<b>1,328,000</b>	<b>1,328,000</b>	<b>0.0%</b>	<b>0.0%</b>
<b>NON-OPERATING REVENUES</b>										
300-39000 Bond Proceeds	0	0	0	1,930,000	1,950,909	1,950,909	0	0	-100.0%	0
603-75000 Interest Earnings	8,381	16,000	5,000	5,000	29,561	32,600	5,000	5,000	0.0%	0.0%
<b>TOTAL NON-OPERATING</b>	<b>8,381</b>	<b>16,000</b>	<b>5,000</b>	<b>1,935,000</b>	<b>1,980,471</b>	<b>1,983,509</b>	<b>5,000</b>	<b>123</b>	<b>-99.7%</b>	<b>-97.5%</b>
<b>WATER FUND REVENUES</b>	<b>1,384,872</b>	<b>1,330,250</b>	<b>1,333,000</b>	<b>3,263,000</b>	<b>3,094,163</b>	<b>3,307,309</b>	<b>1,333,000</b>	<b>1,328,123</b>	<b>-59.1%</b>	<b>-0.4%</b>
703-91000 Interfund Transfer In/Gen'l	0	400,000	400,000	0	0	0	0	0	0	0
<b>WATER FUND REVENUES &amp; Transfers-In</b>	<b>1,384,872</b>	<b>1,730,250</b>	<b>1,733,000</b>	<b>3,263,000</b>	<b>3,094,163</b>	<b>3,307,309</b>	<b>1,333,000</b>	<b>1,328,123</b>	<b>-59.1%</b>	<b>-0.4%</b>



### WATER FUND EXPENDITURES

046-800

CODE/LINE ITEM	ACTUAL FY 17/18	ACTUAL FY 18/19	BUDGET FY 19/20	ACTUAL YTD 3/5/2020 FY 19/20	PROJECTED YEAR END FY 19/20	REQUESTED BUDGET FY 20/21	REQUESTED BUDGET FY 21/22	% CHANGE EST ACTUAL TO BUDGET FY 20 - FY 21	\$ CHANGE	% CHANGE EST ACTUAL TO BUDGET FY 20 - FY 22	\$ CHANGE	CHANGE % BUDGET FY 20 - FY 21	CHANGE % BUDGET FY 20 - FY 22
<b>PERSONNEL SERVICES</b>													
	0	0	0	0	0	0	0	0	0	0	0	0	0
40000 Salaries	202,973	203,741	194,957	125,829	149,662	201,127	207,161	3.2%	(6,170)	6.3%	(12,204)	3.2%	6.3%
40100 Overtime	11,899	9,456	8,100	2,704	3,000	8,000	8,000	-1.2%	100	-1.2%	100	-1.2%	-1.2%
40200 Seasonal/Temp	0	0	0	0	0	0	0	0	0	0	0	0	0
40300 Part Time	0	0	0	0	0	0	0	0	0	0	0	0	0
40400 Medical Insurance	40,872	43,236	62,497	39,431	47,627	57,670	63,437	-7.7%	4,827	1.5%	(940)	-7.7%	1.5%
40410 Dental Insurance	977	939	1,309	1,017	1,318	1,320	1,452	0.8%	(11)	10.9%	(143)	0.8%	10.9%
40420 Life Insurance	558	568	530	391	427	507	522	-4.3%	23	-1.5%	8	-4.3%	-1.5%
40600 Work Comp/Liability Deduct	0	0	0	0	0	0	0	0	0	0	0	0	0
40610 Work Comp/Liability Prem	9,530	7,409	14,400	9,633	9,633	15,292	15,445	6.2%	(892)	7.3%	(1,045)	6.2%	7.3%
40700 Unemployment Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
40900 Other Employee Benefits	200	0	0	0	0	0	0	0	0	0	0	0	0
40980 IMRF Retirement	21,051	21,241	20,702	0	20,702	21,000	21,700	1.4%	(298)	4.8%	(998)	1.4%	4.8%
40970 Social Security/Medicare	16,807	18,892	16,844	0	16,900	16,000	16,000	-5.0%	844	-5.0%	844	-5.0%	-5.0%
40990 IMRF NPL Change	(95,262)		0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PERSONNEL SERVICES</b>	<b>209,606</b>	<b>305,484</b>	<b>319,339</b>	<b>179,004</b>	<b>249,270</b>	<b>320,916</b>	<b>333,717</b>	<b>0.5%</b>	<b>(1,577)</b>	<b>4.5%</b>	<b>(14,378)</b>	<b>0.5%</b>	<b>4.5%</b>
<b>CONTRACT SERV/COMMODITIES</b>													
41100 Maintenance-Vehicle	1,540	835	1,600	0	0	1,600	1,600	0.0%	0	0.0%	0	0.0%	0.0%
41200 Maintenance-Equip.	1,312	3,512	5,000	0	0	5,000	5,000	0.0%	0	0.0%	0	0.0%	0.0%
41300 Technology Services	2,122	1,989	2,260	1,806	2,305	2,420	2,500	7.1%	(160)	10.6%	(240)	7.1%	10.6%
41314 Other Profess. Serv.	14,844	21,598	25,000	5,229	9,000	25,000	25,000	0.0%	0	0.0%	0	0.0%	0.0%
41315 Engineering Serv.	0	0	9,000	1,615	2,500	9,000	9,000	0.0%	0	0.0%	0	0.0%	0.0%
41318 Contractual Labor	47,312	22,645	22,000	11,913	15,000	22,000	22,000	0.0%	0	0.0%	0	0.0%	0.0%
41490 Water Analysis	1,955	735	2,500	1,955	1,955	2,500	2,500	0.0%	0	0.0%	0	0.0%	0.0%
42400 Training/Education	184	72	0	397	397	500	500	0	(500)	0	(500)	0	0
42420 Uniforms/Clothing	235	208	250	324	335	350	350	40.0%	(100)	40.0%	(100)	40.0%	40.0%
42440 Dues	650	690	750	680	680	750	750	0.0%	0	0.0%	0	0.0%	0.0%
42450 Recruitment	0	0	0	0	0	0	0	0	0	0	0	0	0
43210 Telephone	2,104	2,484	2,100	226	414	500	500	-76.2%	1,600	-76.2%	1,600	-76.2%	-76.2%
43230 Electric	2,257	3,048	3,000	2,054	3,400	3,000	3,000	0.0%	0	0.0%	0	0.0%	0.0%
43300 Postage	7,031	7,335	6,200	5,776	6,200	6,200	6,200	0.0%	0	0.0%	0	0.0%	0.0%
43400 Printing/Publish.	7,982	2,445	5,200	2,654	3,000	5,200	5,200	0.0%	0	0.0%	0	0.0%	0.0%
43550 Office Supplies	32	52	400	0	0	400	400	0.0%	0	0.0%	0	0.0%	0.0%
43560 Gasoline & Oil	3,127	3,103	5,200	2,308	3,300	3,500	3,500	-32.7%	1,700	-32.7%	1,700	-32.7%	-32.7%
43575 Water Meters	13,356	12,214	20,000	1,889	1,889	10,000	10,000	-50.0%	10,000	-50.0%	10,000	-50.0%	-50.0%
43640 Maint. Supplies-Vehic.	669	1,683	2,800	97	600	2,800	2,800	0.0%	0	0.0%	0	0.0%	0.0%
43650 Maint. Supplies-Equip.	1,767	173	500	448	500	500	500	0.0%	0	0.0%	0	0.0%	0.0%



### WATER FUND EXPENDITURES

046-800

CODE/LINE ITEM	ACTUAL FY 17/18	ACTUAL FY 18/19	BUDGET FY 19/20	ACTUAL YTD 3/5/2020 FY 19/20	PROJECTED YEAR END FY 19/20	REQUESTED BUDGET FY 20/21	REQUESTED BUDGET FY 21/22	% CHANGE EST ACTUAL TO BUDGET FY 20 - FY 21	\$ CHANGE	% CHANGE EST ACTUAL TO BUDGET FY 20 - FY 22	\$ CHANGE	CHANGE % BUDGET FY 20 - FY 21	CHANGE % BUDGET FY 20 - FY 22
43670 Maint. Supplies-Util.	3,069	5,727	2,000	1,701	2,000	2,000	2,000	0.0%	0	0.0%	0	0.0%	0.0%
44100 Water Purchases	627,108	593,776	650,000	458,139	550,000	650,000	650,000	0.0%	0	0.0%	0	0.0%	0.0%
45900 Minor Equipment	1,005	83	1,000	72	100	100	100	-90.0%	900	-90.0%	900	-90.0%	-90.0%
46100 Miscellaneous Expense <sup>3</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CONTRACT/COMMOD.</b>	<b>739,661</b>	<b>684,408</b>	<b>766,760</b>	<b>499,284</b>	<b>603,575</b>	<b>753,320</b>	<b>753,400</b>	<b>-1.8%</b>	<b>13,440</b>	<b>-1.7%</b>	<b>13,360</b>	<b>-1.8%</b>	<b>-1.7%</b>
<b>OTHER (Debt: 900-</b>													
41450 Bank Service Charges	500	500	1,200	250	250	1,200	1,200	0.0%	0	0.0%	0	0.0%	0.0%
47802 Bond Principal Payment	0	180,000	180,000	180,000	180,000	191,000	196,000	6.1%	(11,000)	8.9%	(16,000)	6.1%	8.9%
47807 2019 Bond Principal Payment	0	0	85,000	0	0	0	40,000	-100.0%	85,000	-52.9%	45,000	-100.0%	-52.9%
47805 2019 Bond Interest Payments	51,109	46,595	37,644	21,409	21,409	112,551	79,604	199.0%	(74,908)	111.5%	(41,960)	199.0%	111.5%
47801 2019 Bond Interest Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
47803 Debt Issuance Expense	0	0	60,000	16,050	16,050	0	0	-100.0%	60,000	-100.0%	60,000	-100.0%	-100.0%
47804 Paying Bond Agent Expense	0	0	7,000	0	0	0	0	-100.0%	7,000	-100.0%	7,000	-100.0%	-100.0%
70000 Contingency	3,870	33,330	50,000	0	0	50,000	50,000	0.0%	0	0.0%	0	0.0%	0.0%
<b>TOTAL OTHER</b>	<b>55,479</b>	<b>260,425</b>	<b>420,844</b>	<b>217,709</b>	<b>217,709</b>	<b>354,751</b>	<b>366,804</b>	<b>-15.7%</b>	<b>66,092</b>	<b>-12.8%</b>	<b>54,040</b>	<b>-15.7%</b>	<b>-12.8%</b>
<b>CAPITAL OUTLAY</b>													
58250 Equipment	9,711	0	10,000	0	0	10,000	10,000	0.0%	0	0.0%	0	0.0%	0.0%
58300 Meter Auto Read System	0	16,136	1,193,500	342,937	950,000	0	0	-100.0%	1,193,500	-100.0%	1,193,500	-100.0%	-100.0%
55800 Water Tower Improve	0	0	0	0	0	0	0	0	0	0	0	0	0
49410 Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0
55810 Water Infrastructure	38,355	29,800	660,000	541,348	550,000	340,000	400,000	-48.5%	320,000	-39.4%	260,000	-48.5%	-39.4%
55810 Water Infrastructure Misc	895	1,596	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CAPITAL OUTLAY</b>	<b>48,961</b>	<b>47,532</b>	<b>1,863,500</b>	<b>884,285</b>	<b>1,500,000</b>	<b>350,000</b>	<b>410,000</b>	<b>-81.2%</b>	<b>1,513,500</b>	<b>-78.0%</b>	<b>1,453,500</b>	<b>-81.2%</b>	<b>-78.0%</b>
<b>FUND TOTAL EXPENSES</b>	<b>1,053,707</b>	<b>1,297,849</b>	<b>3,370,443</b>	<b>1,780,283</b>	<b>2,570,554</b>	<b>1,778,987</b>	<b>1,863,921</b>	<b>-47.2%</b>	<b>1,591,456</b>	<b>-44.7%</b>	<b>1,506,522</b>	<b>-47.2%</b>	<b>-44.7%</b>
<b>TRANSFERS-OUT</b>													
71500 Vehicle Replace Transfer	15,000	15,000	15,000	7,500	15,000	15,000	15,000	0.0%	0	0.0%	0	0.0%	0.0%
<b>TOTAL TRANSFERS-OUT</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>7,500</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>FUND TOTAL EXPENSES &amp; TRANSFERS OUT</b>	<b>1,068,707</b>	<b>1,312,849</b>	<b>3,385,443</b>	<b>1,787,783</b>	<b>2,585,554</b>	<b>1,793,987</b>	<b>1,878,921</b>	<b>-47.0%</b>	<b>1,591,456</b>	<b>-44.5%</b>	<b>1,506,522</b>	<b>-47.0%</b>	<b>-44.5%</b>





# MEMORANDUM



**Date:** March 5, 2020

**To:** Chair Ankenman and Members of the Finance Committee

**From:** R. Drew Irvin, Village Administrator  
Bettina O’Connell, Finance Director  
Glen Cole, Assistant to the Village Administrator

**Subject: Comprehensive Fee Ordinance - Green Building Incentive**

Each year, Village Staff reviews and recommends changes to the Village’s [Comprehensive Fee Schedule](#) to reflect the cost of providing public services and the comparable costs charged by area municipalities. Since last year’s review, the Village adopted its [Sustainability Plan](#) (Res. 2019-50) including the following action step:

- EC-3** In lieu of regulation, explore how to monitor and incentivize commercial use of green technologies, such as renewable energy or sustainable building materials. Consider aligning programs to rating systems such as LEED or Energy Star.

One way to achieve this goal would be to offer an incentive or rebate to construction projects that achieve recognition under standards such as the U.S. Green Building Council’s [LEED certification](#) or the [PHIUS+](#) standard maintained by the Passive House Institute US. Projects built to these standards advance a number of the Village’s sustainability goals. The following LEED or PHIUS+ certified projects are known to have been built within the Village:

Certification	Year	Project	Value	Permit Fees
LEED	2009	PNC Bank Renovations	\$400,000	\$12,500
LEED	2009	Lake Bluff Elementary School	<i>Waived – Governmental Body</i>	
LEED	2014	Target	\$10,000,000	\$334,943
PHIUS	2017	Single-Family Residence (142 E. Woodland)	\$650,000	\$38,687

As an example of an incentive that could promote the construction of more green buildings, the Village could waive or rebate 25% of building permit fees for qualifying projects. While the Village’s financial incentives are limited unlikely to influence behavior on their own, they build upon the cost savings that efficient buildings provide over their lifetimes and, importantly, defray the incremental added costs of green buildings *early* in a building’s lifecycle.

The only comparable incentive offered by the Village today is a 25% reduction in permit fees for structures designated as landmarks under the Historic Preservation ordinance. (For reference, the Village’s building permit fees are a flat 3% of construction value. By definition, new construction projects – which are the highest value – are unlikely to qualify for the landmark fee incentive but are the projects most likely to qualify for a green building incentive.)

Historically, less than one qualifying project occurs annually. The Board may consider applying a diminishing formula or a cap to limit its exposure for large new construction projects. Additionally, if eligible projects become more frequent, the Village Board could revisit the incentive structure as part of its annual review of the Comprehensive Fee Schedule.

Staff reviewed and did not recommend other policy alternatives that would satisfy the EC-2 goal, including:

- Expedited Building Permit Review.** Large municipalities often offer expedited permit reviews to projects that meet these criteria. Such an incentive, while possible, would be of limited benefit in Lake Bluff. Plan reviews are conducted by the City of Lake Forest alongside the City’s permits, which limits the ability to prioritize single projects. Additionally, there are only a limited number of projects under review at a single time between the Village and the City. Any priority that could be offered would be minimal and a weak incentive.

- **Other Financial Incentives.** Some communities offer property tax abatements, impact fee reductions, grants, and financing assistance for green projects. Compared to these alternatives, a discount on the permit fee is advantageous in that it has an immediate payback for the owner at the time the cost is incurred; ties incentive payments closely to the actions to be incentivized; is simple for the Village to administer; does not expose the Village to financing risk; and does not affect revenues received by other taxing jurisdictions.
- **Zoning Incentives.** Some communities offer density bonuses or other zoning advantages to projects that meet these certifications. In essence, these create an indirect financial incentive by allowing additional economic return rather than trading a zero-sum loss of the Village's revenue. Implementing these incentives is complex and requires careful review, which may not be merited by the limited number of foreseeable projects. Additionally, the Village has repeatedly reviewed and not recommended further changes to residential bulk regulations. An incentive scheme that did not include residential projects would exclude most of the Village.
- **Mandatory Requirements.** The Sustainability Plan contemplates achieving this goal using voluntary incentives rather than regulation, such as amendments to the building or zoning regulations.

As part of Staff's review, a number of nearby communities were surveyed as to their use of the above incentives. A number of these communities have plans that encourage or contemplate incentives for the construction of these buildings, including Lake County, Deerfield, Glencoe, Libertyville, Highland Park, Northfield, and Winnetka. However, only one surveyed community – Northbrook – has an active incentive program in place (attached). Northbrook staff indicated that they do not believe this program has been effective and that they are looking at more targeted incentives for specific elements such as projects that incorporate solar panels and bio-swales.

At its March 9 meeting, the Finance Committee should provide guidance to Staff regarding this proposal.

**Attachment:**

- Northbrook, IL Code of Ordinances – Chapter 6, Article 15, Green Building Initiative

## ARTICLE XV. - GREEN BUILDING INITIATIVE

## Sec. 6-230. - Purpose.

The village desires to establish a set of incentives to promote the use of environmentally friendly building techniques for both public and private sector construction projects and encourage sustainable development throughout the village.

(Ord. No. 08-24, § 2, 5-13-2008)

## Sec. 6-231. - Definitions.

As used in this article, the following terms shall have the following meanings:

*Covered permits* means permits issued by the development and planning services department for new buildings, additions, demolitions, alterations and site work.

*Green Building Official* means the member of the village staff appointed by the village manager to oversee the administration of the Green Building Initiative.

*LEED* means the Leadership in Energy and Environmental Design Green Building Rating System, which is a USGBC-designed voluntary, consensus-based national rating system for developing high-performance, sustainable buildings.

*LEED accredited professional* means a person who has received the LEED accredited professional designation from either USGBC, the Green Building Certification Institute or another entity authorized by the USGBC to grant such designation.

*LEED rating system* means either the most current version of a LEED Green Building Rating System that has been adopted by the USGBC or a pilot LEED rating system accepting project applications, as determined at the time of commencement of building design (for projects described in subsection 6-232(a)) or application for the Green Building Initiative (for all other projects).

*LEED checklist* means a scorecard developed by USGBC to show the credits pursued and total points anticipated for a project under the selected LEED rating system.

*Project* means new construction or alteration undertaken on a building or structure by any person or entity.

*USGBC* means the United States Green Building Council, a private nonprofit organization.

(Ord. No. 08-24, § 2, 5-13-2008; Ord. No. 2015-22, § 2.A., 3-24-2015)

## Sec. 6-232. - Village projects.

- (a) For each project involving construction of a new building for use and occupancy by village employees commenced after June 1, 2008, village staff shall seek the highest level of certification achievable under the most appropriate LEED rating system, as determined by the Green Building Official and village manager; provided that attaining such certification must be cost-effective and within the limits of available funding for the project.
- (b) If the scope, design, or type of a project described in subsection 6-232(a) limits the feasibility of attaining LEED certification, village staff shall incorporate cost-effective green building practices into the design and operational plans for the project to the extent practicable.

(Ord. No. 08-24, § 2, 5-13-2008)

Sec. 6-233. - Incentive program.

- (a) *Voluntary program.* Any person or entity required to obtain covered permits for a project may participate in the Green Building Initiative Incentive Program described in this section. Participation in the Green Building Initiative is entirely voluntary. Any person or entity not participating in the Green Building Initiative shall have the right to undertake a project in any manner otherwise authorized under the Northbrook Municipal Code.
- (b) *Application.*
- (1) *Fee.* No fee shall be required in connection with an application for the Green Building Initiative Incentive Program.
  - (2) *Contents.* Any person or entity that desires to apply for the Green Building Initiative Incentive Program set forth in this section must submit to the village, on a form provided by the village, the following information:
    - a. Proof of registration of the project with the USGBC;
    - b. Identification of the specific LEED rating system to be applied to the project, as determined by the applicant;
    - c. A LEED checklist indicating the LEED credits the applicant intends for the project to achieve; and
    - d. The name and contact information of a member of the project team who is a LEED accredited professional.
  - (3) *Partial applications.* A person or entity may apply for the Green Building Initiative Incentive Program for only a portion of a project if the applicant intends to seek LEED certification for only a portion of the buildings included within the scope of its application for the covered permits. In such event, the Green Building Official shall determine which, if any, covered permits are eligible for expedited permitting and review pursuant to subsection 6-233(c) and a pro-rata portion of the covered permit fees eligible for rebate under subsection 6-233(d).
  - (4) *Acknowledgment.* Any person or entity who files an application for the Green Building Initiative Incentive Program shall be deemed to acknowledge and agree that:
    - a. Participation in the Green Building Initiative is entirely voluntary;
    - b. Any action, inaction, approval, or disapproval by USGBC does not constitute any deprivation of rights by the village;
    - c. Any decision by the Green Building Official or village manager to expel an applicant from the Green Building Initiative Incentive Program pursuant to this section does not constitute a deprivation of such applicant's rights; and
    4. The applicant shall have no right to appeal or otherwise challenge a determination of the Green Building Official or village manager with respect to an application except as expressly set forth in this section.
  - (5) *Timing.*
    - a. An applicant seeking expedited permitting and review, as provided in subsection 6-233(c) must submit its application for enrollment into the Green Building Initiative simultaneously with its application for the covered permits.
    - b. An applicant seeking only permit fee rebates, as provided in subsection 6-233(d), may submit its application for enrollment into the Green Building Initiative at any time prior to obtaining a final

certificate of occupancy from the department of development and planning services.

- (6) *Approval.* The Green Building Official will review all applications. If the official determines that the application is complete, he will enroll the project in the Green Building Initiative and notify all affected departments.
  - (7) *Subsequent documentation.* An applicant with a project enrolled in the Green Building Initiative shall provide documentation to the Green Building Official relating to the status of the project's registration and application for LEED certification upon request. Documentation requested by the Green Building Official may include, without limitation, a copy of the project's LEED application (which may be in draft form) that includes LEED submittal templates and supporting documentation for all LEED prerequisites and credits proposed for the project. An applicant shall, if offered by the USGBC, submit its project for design phase review to determine the likelihood of receiving LEED certification. The applicant shall provide to the village copies of all materials prepared for and resulting from such review, including, but not limited to, comments and determinations provided by USGBC.
- (c) *Expedited permitting and review.*
- (1) *Prioritization.* After receiving notice that a project has been enrolled in the Green Building Initiative, the department of development and planning services shall prioritize the enrolled project over all other projects not enrolled in the Green Building Initiative for permitting and review for the covered permits. Enrolled projects shall be processed in the order received.
  - (2) *Noncompliant determinations.* At any time prior to the issuance of the final certificate of occupancy for a project seeking expedited permitting and review, the Green Building Official may, in consultation with the village engineer and after discussion with the applicant, determine that the applicant has not incorporated into a project's design, engineering, or construction green building elements and requirements:
    - a. Identified in the applicant's Green Building Initiative application; or
    - b. Otherwise sufficient to qualify the project for certification under the selected LEED rating system.Upon such determination, the Green Building Official shall issue a notice of noncompliance to the applicant and, subject to the appeal process described in subsection (c)(3), expel the project from the Green Building Initiative. If a project is expelled from the Green Building Initiative, the Green Building Official shall have the discretion, after consulting with the director of the department of development and planning services, to revoke the priority status of any permit submitted by the applicant relating to the expelled project.
  - (3) *Appeals of noncompliant determinations.* An applicant may appeal to the village manager a noncompliant determination made by the Green Building Official pursuant to subsection (c)(2) by filing a written appeal with the village clerk within fifteen (15) days of such determination. The appeal shall state the alleged error or reason for the appeal, and include supporting documentation demonstrating the applicant's intent to comply with the requirements of this article. The village manager may request additional written or oral information from the applicant or Green Building Official in considering the appeal. Within thirty (30) days of the receipt of the appeal, the village manager shall issue a written determination:
    - a. Affirming the determination of noncompliance by the Green Building Official, in which case the expulsion shall remain in place;
    - b. Finding the applicant has made a good faith effort to pursue LEED certification but is unable to incorporate sufficient green building elements and requirements for causes outside of the

reasonable control of the applicant, in which case the expulsion may be lifted and the project reenrolled in the Green Building Initiative; or

- c. Reversing the determination of the Green Building Official, in which case the expulsion shall be lifted and the project shall be reenrolled in the Green Building Initiative.

The determination of the village manager shall be final.

- (d) *Permit fee rebates.* Projects enrolled in the Green Building Initiative shall be eligible for rebates of fees paid for the covered permits in the amounts set forth in this subsection (d). The rebates set forth in this section shall be paid to the applicant upon submission to the Green Building Official of proof of receiving the applicable level of LEED certification from USGBC and a determination by village staff that the project is otherwise in compliance with all other village codes and requirements. All requests for payment of permit rebates under this subsection (d) must be made no later than three (3) years after the village has issued a certificate of occupancy for the property.

- (1) The first of each of the following projects to attain a LEED certified rating or higher shall receive a one hundred (100) percent refund of all covered permit fees:
  - a. Newly constructed commercial building;
  - b. Newly constructed institutional building;
  - c. Newly constructed residential building; and
  - d. Alteration of an existing building, regardless of the use of the property.

The Green Building Official shall determine the classification of projects for purposes of this subsection (d)(1).

- (2) Subsequent projects that are rated LEED Certified shall earn a ten (10) percent rebate for all covered permit fees.
  - (3) Subsequent projects that are rated LEED Silver shall earn a twenty (20) percent rebate for all covered permit fees.
  - (4) Subsequent projects that are rated LEED Gold shall earn a thirty (30) percent rebate for all covered permit fees.
  - (5) Subsequent projects that are rated LEED Platinum shall earn a forty (40) percent rebate for all covered permit fees.
  - (6) For each project that achieves any of the following credits in the LEED for new construction rating system version 2.2 (or similar credits in another LEED rating system, as determined by the Green Building Official), the project shall receive an additional one (1) percent rebate in covered permit fees for each credit achieved:
    - a. Sustainable Sites Credit 6.1: Stormwater Design: Quantity Control;
    - b. Sustainable Sites Credit 6.2: Stormwater Design: Quality Control;
    - c. Water Efficiency Credit 1.1: Water Efficient Landscaping: Reduce by fifty (50) percent;
    - d. Water Efficiency Credit 2: Innovative Wastewater Technologies; and
    - e. Water Efficiency Credit 3.1: Water Use Reduction: Twenty (20) percent reduction.
- (e) *Recognition.* Each project enrolled in the Green Building Initiative shall receive the following forms of public recognition:
    - (1) Permission to include a statement of enrollment in the Green Building Initiative on construction signs and marketing materials for the enrolled project; and

- (2) A featured mention of the project on a dedicated section of the village website and monthly newsletter promoting the Green Building Initiative;

Provided, however, that any project expelled from the Green Building Initiative shall lose the right to all forms of recognition set forth in this subsection 6-233(e) and shall promptly remove or discontinue the same.

(Ord. No. 08-24, § 2, 5-13-2008; Ord. No. 2015-22, §§ 2.A., B., 3-24-2015)

Sec. 6-234—6-240. - Reserved.