

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