

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – **June 8, 2020**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, June 8, 2020 at 6:00 PM in a Virtual Meeting.

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

Others Present: Kathleen O'Hara, Village Board President
Regis Charlot, Village Trustee
Mark Dewart, Village Trustee
Joy Markee, Village Trustee
R. Drew Irvin, Village Administrator
Bettina O'Connell, Finance Director
Marlene Scheibl, Assistant Finance Director
Glen Cole, Assistant to the Village Administrator
Mike Croak, Building Codes Supervisor
David Graf, Fire Chief
Jeff Hansen, Village Engineer
Mike Hosking, Police Chief
Jake Terlap, Superintendent of Public Works
Peter Friedman, Village Attorney

II. Approval of Minutes

Member Aaron Towle made a motion to approve the minutes of the May 27, 2020 meeting as presented; seconded by Member William Meyer and approved unanimously on a roll call vote.

III. Business Items

1. Continued Discussion Regarding the FY21-22 Revenue & Expense Modification

Chair Ankenman stated this discussion was a continuation from the May 27, 2020 Finance Committee meeting, in which a number of projects were reviewed, but more time and information was needed by the committee to finish the discussion.

VA Irvin referred to the memo in the meeting packet regarding potential project funding. He stated that the memo outlines adjustments to revenues due to COVID-19 economic impacts. He said that when the Village initially considered the water meter project, the approach was to proceed over a 3 year period and funded with three annual transfers from the General Fund to the Water Fund in the amount of \$400,000 each. Subsequently, it was concluded by the Finance Committee that the Village could bundle project costs into a bond issuance to limit expenses and fund the water system improvements without a loan/transfer from the General Fund. Village staff has determined and confirmed with the Village's auditors that the Village Board could approve a resolution to transfer back the \$400,000 inter-fund loan from the Water Fund to the General Fund to provide funding for certain projects.

Director O'Connell presented a slide showing the Water Fund Annual Operating Expenses vs. Fund Balance vs. Ending Net Position. She said this chart assumes \$250,000 of continuing capital expenses after FY2024, which may need to be funded with the General Fund revenues. The \$400,000 transfer back to the General Fund is not reflected in

Operating Expenses and does not affect the target balance of 25% of Operating Expenses plus two years of depreciation. VA Irvin added the water rates could also be increased in future years to help fund the capital projects.

A discussion followed regarding a potential storm water fee. Village Engineer Hansen asked Christopher Burke to provide a quote on the cost of an initial analysis to inform Village leadership on the possible implementation of a Storm Water Fee supporting various storm water improvements. VE Hansen said the cost for technical support and advice is about \$10,000. He went on to say that, Christopher Burke could present on 1). The structuring of a Storm Water Fee, 2). The potential income, 3). Fee-based funding dedicated purposes, 4). The fee approval process and 5). The potential pitfalls of the tax.

VE Hansen reviewed the general concept of an overland storm water flow route for the East Terrace, which has arisen in part due to the recent letters received from residents along Pine Court. He stated that the cost identified for a “pipe solution” is \$5M to upsize storm water pipes in the East Terrace to get the rainwater to the viaduct, and \$15M to get the water from the viaduct to Lake Michigan. Staff is studying alternate means to alleviate flooding in the streets and potential damage to property. VA Irvin, VE Hansen, and the Christopher Burke engineer walked the neighborhood to determine the potential of redirecting excess storm water into a swale to move water from west to east. VE Hansen said the Village received a proposal from Christopher Burke in the amount of \$23,100 to study this in greater detail. The study should answer the following questions:

- 1). will it impact homes?
- 2). what will it look like through their yards?
- 3). what type of performance can the Village expect?
- 4). what will it do to other properties as we re-route water?

VE Hansen said the proposal would determine how the Village could meet the Village's storm water criteria and identify the ideal location of an overland flow route for storm water. Chair Ankenman asked since the Village now has the model, does it need to go through Christopher Burke or is staff able to use it in-house. VE Hansen replied staff could provide the swale analysis; however, Christopher Burke has software to facilitate the study, which if purchased by the Village could cost an additional \$7,000-\$10,000 a year for a license.

Chair Ankenman said since the project to look at implementing storm water fees would potentially produce a revenue source, what would be the payback on the \$10,000 Utility Tax project. VE Hansen said it is not realistic to expect to collect revenue for this fiscal year. He said best case would be for next fiscal year. Chair Ankenman asked if there was any idea what the potential income the storm water fee would generate in terms of revenue for the Village. VE Hansen responded that the rates other municipalities charge varies widely based on need.

Chair Ankenman said the committee would need to study this option to determine how it would work and how to base the fees. Member Towle added the storm water is a priority for all the North Shore communities. He said whatever the Village can do to accelerate projects and fix problems we know about we need to find ways to do. Member Meyer said he agrees and added that the Village needs to address the storm water projects. Member Meyer said he is certainly in favor of proceeding with the three projects under consideration. Chair Ankenman said the committee is discussing three projects at very different costs. VA Irvin recommended since staff is adding in a project and it is a smaller one that will be easier to fund, maybe the committee should consider funding the smaller projects first.

Trustee Dewart asked since staff has looked at a number of communities who have storm water fees, what are the typical models on which fees are based. Member Towle mentioned lot square footage, for example as one basis, how do other communities calculate or base the rates?

VE Hansen responded most communities use “Equivalent Resident Unit” (ERU). He added that the Village wouldn’t measure each lot. Generally, there is a base cost for each lot. Commercial lots are typically measured and they would pay based on ERU’s. Usually churches and other non-profits are not excluded. Then the base rate is based on the specific project. Communities can issue bonds so they don’t have to wait for the fees to be collected in order to proceed with the projects the fees will finance.

Trustee Dewart inquired if the process for approval of a storm water fee is self-contained as far as the Village Board action. He asked does the Finance Committee discuss and then the Board would approve an ordinance much like the Board would do for other taxes or levies. VA Irvin asked Village Attorney Friedman to confirm the process. Village Attorney Friedman responded the ordinance itself to enhance legal authority would create the Storm Water Utility and that utility would be funded by the fees. Trustee Dewart asked if the Storm Water Utility would be a separate legal entity. Village Attorney Friedman confirmed it would be a legal entity by ordinance. Member Meyer noted since this is a tax it must be fair and applied in a way the makes sense. The issue of tying this tax to ERU’s is certainly something we can do effectively. Trustee Markee asked once the Village collects fees and they are in the Utility Fund, can they be transferred out of that fund for other purposes. Village Attorney Friedman said when the Village is imposing fees for storm water purposes, they must be used for that purpose. The expenditures must be related to the fees charged. Village Attorney Friedman asked Director O’Connell if this would be set up like any other Enterprise Fund and Director O’Connell responded it would be. She added if the Village were to take out debt, then the Village would use the fees collected to pay off those bonds.

Trustee Charlot asked what the total amount of cash is for the three projects the committee is discussing.

Chair Ankenman responded:

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|-------------------------------------|-----------|
| 1). Research Storm Water Fee option | \$10,000 |
| 2). East Terrace overland flow | \$23,100 |
| 3). Bath and Tennis | \$272,500 |

Chair Ankenman stated it seems everyone views the first project favorably so discussion should move on to the second project which is the East Terrance overland flow project. Trustee Markee asked if the committee discussed this before. VE Hansen responded it was only a discussion and had never been on the project list before. President O’Hara added the new project was introduced in the last month or so to try to do something for the residents in the East Terrace. Member Towle asked if the staff knows the dollars associated with a project like this. VE Hansen said he wasn’t sure but the cost of the feasibility study is \$23,100. He said there is a wide range of costs because the project itself is still not defined. This study could get us to the point where we have a reasonable estimate of the projects costs and provide options to present homeowners. Trustee Dewart opined it would seem to be reachable funding from storm water fees. Member Towle said even if the Village finds out it’s a \$2M project, we need data to support that. He stated \$23,100 is a fair amount to spend on this. Member Meyer said he totally agreed. VA Irvin said an overland flow route has always been out there but that the presumption has been in the past that residents would not support this but it would appear residents would be more receptive now. Member Towle said a project to study another potentially actionable storm water solution should be funded. Chair Ankenman asked if staff can equate how many residents will be affected, how many homes in East Terrace are impacted. VE Hansen replied two streets are closed, Rockland and Pine Court. Not all homes flood but at least seven homes, maybe ten homes at most, have expressed frustration with drainage in the area. Trustee Markee said she is looking at the cost proposal which includes \$5,000 for a field survey, if necessary. She inquired whether the Village could do the project without the field survey. VE Hansen replied \$5,000 is for field survey which we would want to include because we want to be able to tell residents how it will impact their property. Trustee Markee replied the Village should then spend the total \$23,100 for this project. Chair stated the committee has heard everyone’s comments on this project so let’s move on to discuss the last project.

VE Hansen provided a review of the Bath and Tennis project to alleviate the flooding. Chair Ankenman said it seems this project may affect only one home or are more homes affected. VE Hansen provided a map to demonstrate the streets and water flows.

Trustee Dewart asked if this solution was to add another sewer line rather than increase the size of the existing line. VE Hansen responded yes. Member Towle asked if there has been any kind of above ground solution considered. VE Hansen said the home is so low the water can't be diverted. VE Hansen added that this home was built three feet lower than planned. VE Hansen said staff has already talked to the railroad to see if a swale could be run to the railroad but the Village was told the application would cost approximately \$5,000 and would be denied.

Chair Ankenman asked if it was fair to say there is one homeowner significantly impacted and two other homes affected. She asked for the number of homes actually affected, not the number the model shows. VE Hansen responded there is one home that the flooding creates a moat around and one other home which was flooded once in July 2017, which was in excess of 100 year storm. He stated the kind of flooding staff looks at is over the window well. We don't look at flooded yards.

Trustee Markee asked if the other house flooded or took water. VE Hansen said he is not sure if they had water in their basement and he was not sure if they did how it got there.

Member Towle asked if the home which is significantly impacted has always flooded. VE Hansen responded he believed it had flooded once before 2015 and three or more times since.

President O'Hara asked who approved the building of this home 3 feet lower than the approved plan. VE Hansen said it was prior to the past Village Engineer Russell so he is not sure who reviewed this. VE Hansen said the water could only run to the railroad due to the elevations.

Member Towle asked so running underground pipe through backyards was not feasible. VE Hansen said the solution staff is recommending is the same distance and the Village already has easements for this route. Member Meyer said draining the road better provides more benefits to others than just one home. Trustee Markee said she thought the neighbor said in their letter that their basement had never flooded.

Chair Ankenman asked if the committee members wanted to transfer the money back from the Water Fund to the General Fund as a funding for these projects. Member Towle inquired how long this project has been on the project list. Chair Ankenman said the residents had come to the Village about this in 2017. Trustee Dewart said at that point the Board had authorized a study to assess options.

Chair Ankenman asked if there was a motion.

Member Towle commented he doesn't want to make a habit of spending in this magnitude to help only one homeowner in a home which should not have been built so low but the Village has been contemplating this project for 3 years and did approve it at one point so if staff can figure out a way to fund it, we should.

Member Meyer said he agrees with Member Towle and would certainly like the Village to do something. Member Meyer suggested the Village inquire to see what contribution the homeowner could make toward the project. He said even if they could contribute a portion of the \$272,500.

Chair Ankenman said the committee has not discussed the homeowner contribution before. Member Towle agreed this should be explored even if it means continuing the discussion to a special Finance Committee meeting. VA Irvin said the Whites were on the call. Mr. Jeff White responded that he didn't know if they had anything to contribute as they

have already spent \$70,000 on damages they've incurred due to flooding. He said he also took on water from four houses on Green Bay Road and four houses on Forest Hills. He said he was taking on water from 8 acres plus a home in Lake Forest. He said homeowners Gallagher's have not taken water in their basement but do have up to 3 feet in their yard.

Chair Ankenman asked how deep the moat was around his home and how long it stays there when it floods. Mr. White responded it is 5 feet deep and 3 years ago, when it flooded they couldn't get their cars out of driveway. He said it takes a couple of hours for the water to recede once it stops raining.

Chair Ankenman asked if staff could do more research into the White's financially participating in the improvement and can the committee continue this discussion after more information is provided.

Member William Meyer made a motion recommending the Village Board approve the \$10,000 to fund the project for a Village wide assessment for a storm sewer model; seconded by Member Aaron Towle and approved unanimously on a roll call vote.

Member Aaron Towle made a motion recommending the Village Board approve the \$23,100 to fund the project for the feasibility study of the East Terrace neighborhood overland flow path; seconded by Member William Meyer and approved unanimously on a roll call vote.

IV. Adjournment

Member Meyer made a motion to adjourn the meeting at 7:06 PM; seconded by Member Towle and all members voted aye.

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Respectfully submitted,

Marlene Scheibl
Assistant Finance Director