

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – **October 7, 2020**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, October 7, 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
 Regis Charlot, Village Trustee
 Mark Dewart, Village Trustee
 Joy Markee, Village Trustee
 R. Drew Irvin, Village Administrator
 Bettina O’Connell, Finance Director
 Jeff Hansen, Village Engineer
 Glen Cole, Assistant to the Village Administrator
 Jake Terlap, Public Works Superintendent
 Peter Friedman, Village Attorney

II. Oral Declaration Regarding In-Person Meetings of Subsidiary Boards and Commissions

Chair Ankenman said due to the COVID-19 emergency, this meeting will be held primarily virtually. As required by law, at least one representative from the Village will be present at Village Hall and the virtual meeting will be simulcast for members of the public who do not wish to view the virtual meeting from another location. The Board Room can accommodate 13 people, including members of the public body and Village Staff, while maintaining the six feet of social distance between individuals required by Executive Order 2020-43. Accordingly, the opportunity to view the virtual meeting at Village Hall is available on a “first come, first-serve” basis. She further stated Members of the public may view and participate in the meeting via online [lakebluff.org/Virtual Meeting](https://lakebluff.org/VirtualMeeting) or Dial-in: (312) 626-6799. (Enter meeting ID **818 9289 8136 Press #** when prompted for a Participant ID. Additional instructions are available in the agenda packet immediately following the agenda. Also, the meeting will be live-streamed at lakebluff.org/Channel19, broadcast live on Comcast Channel 19 and once available, a recording of the meeting will be posted on the Village website and periodically rebroadcast on Channel 19.

III. Non-Agenda Items and Visitors

Chair Ankenman said 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.

There were no requests to address the committee.

IV. Business Items

A. Continued Discussion Regarding 2020 Property Tax Levy Estimates and Police Pension Actuarial Recommendation

Chair Ankenman introduced the agenda item and questioned if a detailed schedule that forecasts what it may look like for the 2021 and 2022 tax years, keeping everything levied and taking the CPI could be provided. A discussion was had by the Finance Committee regarding the merit of the Tax levy with CPI and without and opened the floor for comments or questions.

Following a request from Village Administrator Drew Irvin, Finance Director Bettina O'Connell said the County provides an EAV estimate at this time of year; however, she noted, the estimates can still change and historically the change has further reduced the Villages EAV primarily due to ongoing homestead exemptions or senior exemptions which reduces EAV. A discussion followed.

Trustee Meyer said he is of the same opinion as he was during the last meeting; he stated that he did not favor increasing the taxes and rather supported tightening the belt on spending. He stated that the Committee should seek clarification on what exactly a tax freeze would look like.

In response to a question from Trustee Meyer, Finance Director O'Connell said her interpretation of a freeze is that we would request the exact same levy amount that we did in the prior year and disregard any changes to EAV and CPI. Unfortunately, the EAV is declining and that would have an effect on the overall calculation. Also, with CPI you are looking at the 2.1% increase from the maximum levy amount from the previous year.

Finance Director O'Connell provided a brief overview of the 2019 and 2020 levy chart comparing levies that included taking CPI, not taking CPI and a freeze on the requested tax extension.

Trustee Meyer questioned the effect that foregoing CPI would have on the average Lake Bluff homeowner's tax bill. Finance Director O'Connell said no CPI will still increase the average homeowner's tax bill because EAV was declining increasing the rate and ultimately the calculated amounts. Trustee Meyer asked what the dimension of the increase to the homeowner would be, Finance Director O'Connell said she would need to update the calculations to provide additional information for the next meeting but the estimated difference was about \$35 to \$40 dollars with the new EAV for a \$750,000 home.

President O'Hara inquired about the median home value in Lake Bluff right now, Village Administrator Irvin said he thinks the value is less than \$750,000.

In response to a question from Trustee Dewart, Trustee Meyer said if it is a straight linear function the calculation is \$29.40 instead of \$35. Finance Director O'Connell reviewed the 2020 extension estimate rate spreadsheet.

Chair Ankenman asked how the Library would impact the Village portion of the levy. Finance Director O'Connell said it is her understanding that the Library would seek CPI for the full increase.

Trustee Dewart expressed his understanding that if the Library chooses to increase, even though the Village freezes, the tax bills still might go up some very small amount.

In response to a question from Trustee Ankenman regarding if the Library does increase its levy to include CPI does that impact what the Village is left with, Finance Director O'Connell said it is not an independent calculation and showed on the chart the portion of numbers that would be increased based on CPI.

Trustee Ankenman said their numbers are simply added to ours whether the Library takes CPI or not, or does it affect the pool of dollars available to the Village. Finance Director O'Connell said in the past when the Library did the \$20,000 increase it increased the percentage. So, she continued, if the Library votes to take it a certain way then we would increase the Village. A discussion followed.

Trustee Dewart said if the Village chooses to freeze at the total Village levy flat and foregoes \$91,000 dollars and the Library chooses to increase he thinks that further drives the Village into a hole. A discussion followed.

President O'Hara said this situation has happened before and supposedly we cannot do that, even though technically there are a sub-unit of the Village.

Village Attorney Peter Friedman said the statute provides that they can request the levy and the Village is obligated to extend that levy subjected to PTELL and other restrictions on rate.

In response to a question from Trustee Charlot, Finance Director O'Connell said that means the Village will still request the same \$4 million and the portion that the Library receives will be greater than it was in previous years and the Village part will be less.

Trustee Towle said it does not make him any more comfortable with increasing people's taxes on the Village side. He thinks the Village should capture any new EAV and not take the CPI this year. A discussion followed.

Village Administrator Irvin clarified that there is no new EAV, the EAV has dropped from the previous year.

In response to a comment from Trustee Towle, Finance Director O'Connell said the no CPI includes the EAV number from the County that was received and the freeze is basically duplicating last year's tax extension. She said when the EAV comes through it could still increase the per house hold property tax number because the EAV will be lower and when EAV decrease the taxes rate will increase per house hold to cover the same number. She said when the EAV comes back lower, even if the Village selects a freeze and request the same amount in total, the per household number could still increase to capture that same number of dollars.

Trustee Towle said in order to avoid an increase in our tax base we would have to do a freeze and no CPI, Finance Director O'Connell said what a freeze means is the amount that the Village is requesting would not change, so we are going to request the same total maximum levy number from the County. She noted that, if the EAV actually did shrink and in order to spread those tax dollars across all the homeowners, the per household amount would slightly increase to cover the same number from last year when the EAV was higher. A discussion followed.

Trustee Towle expressed his understanding that if the EAV decreased the levy would increase.

President O'Hara said, if we are requesting the exact same dollar amount as last year, the bucket that we are taking it out of which is the EAV has lost money; consequently, the Village would have to ask for more money to make it to that dollar amount if we freeze because it would be less EAV to meet that dollar amount.

Trustee Charlot asked what would happen if the Village sticks to the new EAV. He inquired as to how much less money would that be compared to the requested \$4 million.

Finance Director O'Connell said the Village is asking for the same extension but the difference is that it is being divided amongst all the households because the reduction in the EAV; she said that the number of people will be paying to get us to the \$4 million will be a little more. A discussion followed.

Trustee Markee asked that regardless of the column we chose there will be a slight increase in the tax bill somewhere; she said the question is how much; Village Administrator Irvin said the Village could request an extension less to match up with last year's EAV rate, to no change using the EAV today, than the Village would get fewer property tax dollars than we have last year. A discussion followed.

Chair Ankenman said if we look at in general the CPI factor of 3% entering into these calculations, in theory that represent the increase in cost of goods and services for everything and everyone on an average. That means that as a Village we are cost will increase, so if we freeze, and all the other cost increase at an average of 2% then we can do less with the same amount of money. She said along those same lines we have collective bargaining agreements that mandate certain compensation increases; so, as those cost go up, there is money somewhere else that has to be taken away from. Finally, she added, that the Police Pension funding--given the latest formulas to what we need to contribute and when the market as it is-- needs \$100,000 dollars more than the prior year. She said that these are all things that are eating away at the amount of available resources to provide the same level of services. She encouraged the Committee to keep a long term look at the expenses and note that the Village will have to say "no" to a lot of possible actions.

In response to a question from Trustee Charlot regarding where the Village might look to balance fiscal plans, Village Administrator Irvin said certain capital initiatives would likely be deferred. He reminded the Committee as to how, in the past, investments in the Equipment Replacement Fund money first and then other capital projects have been identified for deferments.

Trustee Dewart said if we believe that Village expenses will increase next year and the \$93,000 constitutes that expected increase and we have \$100,000 potential increase to the Police Pension fund, does that mean the Village has an approximately \$200,000 gap to reconcile. Village Administrator Irvin said the Village is in a situation where we have approximately 30% of the Village revenues coming from property taxes, 30% from sales taxes (which took a big hit at the end of the first quarter of this year and the second quarter was not good) and the balance of revenue is from a variety of sources. He stated that this Board talked about revisiting revenue and expense projections in November, which is mid fiscal year for the Village, and gauge our comfort levels. Village Administrator Irvin said the good thing is there is Care Act money on the way to help with unforeseen COVID-19 related expenditures which will close some gaps. He said the Village of Lake Bluff has a diverse source of revenues and some are more variable than others.

In response to a question from Chair Ankenman, Finance Director O'Connell said we are looking at roughly \$260,000 dollars of decline and the Care Act money will close some of that gap. A discussion regarding the Care Act money followed.

Chair Ankenman said the programs have been helpful but we are still looking at possible decrease in revenue, so we need to look at a longer window.

Trustee Markee agreed with Trustee Towle and would love to see the Village lead by example with regard to holding taxes flat, especially for other organizations and taxing bodies. We thinks if we can hold of this year and try not to increase very much, she thinks this will send a message and shows leader from the Village is it tightens its spending as well.

Trustee Meyer said we have talked a lot about CPI and the Village expenses increase a lot by CPI, but questioned if we have a real sense of whether the Village expenses pursuant to consumer price index or by some other index that is closer to the overall U.S. economical inflation as all the consumption sectors have different rates. He wonders as we are trying to budget here what is the real number by which Village expenses increase. Village Administrator Irvin said the biggest being personnel services which approximately 37% of the Village budget largely is attached to CBA which will include increases in the neighborhood of 2.5%. The contracts and commodities portion of Village expenses is approximately 29% of the budget varies by services. He said the biggest is the labor fees is approximately 2.5% and based off of labor negotiations. A discussion followed.

Trustee Towle said we always have different capital projects, in different phases, which we are waiting on some other source of funds to complete, and asked if staff has any anticipation of certain projects that may not be done because of a lack of funds. Village Administrator Irvin commented on the Village projects that are on the State waiting list for funds and noted the Village could modify its plans to fit within its current revenue streams.

In response to a comment from Trustee Charlot, Village Administrator Irvin said he thinks the Finance Committee can certainly say that they are asking for the same amount of extension as they had last year. While that may be a net increase in some household's property taxes we would not be increasing last year extension.

Following a request from Village Administrator Irvin and sharing her screen with everyone, Finance Director O'Connell said if she goes to the freeze tab and uses last years' rate, then the calculated number would be 4.461 which reducing the amounts we would take in and further deplete the general funds by approximately \$114,000. The Library including they numbers would be even greater should be an additional \$9,000 dollars. A discussion followed.

President O'Hara asked if there have been any conversation with the Library about holding steady, Village Administrator Irvin based on preliminary conversations he thinks all the taxing districts (Library, School and Park District) in the Village would be looking for CPI given the uncertainty of economy.

Trustee Towle said he would be comfortable if we set our expectations the same as last years, knowing that still might increase the property tax bill for residents but this would show that the Village is not trying to expand its budget and program at this difficult times.

Trustee Meyer said he would be interested in knowing the figure that would result in a zero increase in our tax payer's tax bill. He said he understand that freeze is in respect to the Village number not with respect to the taxpayers and maybe the right approach is to do the same things as last year. Chair Ankenman said it sounds like that amount would be in the ballpark of \$30,000 less than the freeze amount.

Village Administrator Irvin commented on the procedural motions and upcoming Finance Committee meetings.

Trustee Towle made a motion to continue the items. Trustee Meyer seconded the motion. The motion passed on a unanimous roll call vote.

B. Discussion Regarding Possible Changes to Village Ambulance Fee Schedule

Chair Ankenman introduced the agenda item and commented on the previous information discussed at the prior meeting. She said she thinks what we can expect is that on an annual basis we will be paying the City of Lake Forest (City) approximately \$400,000 dollars for all the service calls and then see what the Village expected to collect. She said given the level of service and reimbursement rate of approximately \$400 dollars that could make our total collections for transported calls to just over \$200,000 yearly, and then factors in we may only collect about \$100,000 from the public. There is an outflow of \$400,000 the City and an inflow from the user of the service of \$100,000, leaving a gap of approximately \$300,000 to the Village for the overall services we are absorbing. Chair Ankenman said the memorandum discusses how the Village might be able to capture an additional \$3,000 to \$5,000 yearly to offset that difference if there is no transport, and lift assistant fees that are less than what we pay to the City.

In response to a question from Trustee Charlot, Village Administrator Irvin said we are limited by law in the fees the Village can charge to Medicare and Medicaid customers despite the expensive nature of those services. However, he said that the Village can bill them for services rendered when this is no transportation but care is provided or if there is a lift assist to try and close the gap between lose revenue. He said the expected revenue shown in the memo is a conservative estimate based off the small quantity of calls the Village sees.

Trustee Charlot asked what would happen if we assume those ambulance services ourselves, would be better for the Village to assume this services.

Trustee Meyer said the answer he received as that the deal with the City because they have an economy scale which the Village cannot match. Village Administrator Irvin said we have been looking at how the Village could do this service in a sustainable matter and moving forward and using the new structure, Staff has done an analysis which is still being scrutinized. He commented that the Village has recently resolved a dispute with the City of Lake Forest over ambulance billing.

Village Administrator Irvin introduced the queued caller Brian Renner.

Mr. Renner said when he served on the Village Board and Finance Committee years ago when they had discussions regarding ambulance services, specifically, the Governments role in helping with health care. At the time, he said that the Village was not only discussing the Village expenses but the individual out of pocket costs

residents would be charged. He inquired how the Village participates in the residents cost for ambulance services.

Village Administrator Irvin said Staff has talked about how much the Village would be willing to subsidize the call, and at the time was \$533 dollars that was the maximum the Village was prepared to subsidize for transports. Since then, he added, the Village has had a cap on that fee as negotiated with the City and the recent negotiations have resulted in elimination of that cap because the City refuses to be in a position where they subsidize the Village's services. He said now we are at the point where the rates have gone above that cap but there is a newer higher cap budget figure and the result would have both the Village and residents paying more.

Mr. Renner said he thinks it is important because aside from the Village budget cost, there is individual cost to the resident and it is important that as this matter is being discussed that the residents understand their portion, and what the Village is covering and how that works. A discussion regarding rates followed.

Trustee Dewart said it would be helpful to ask Staff to recirculate the old memo where of the Committee discussed the Village's subsidy. A discussion followed.

Village Administrator Irvin said he would look for it and noted that Andre's Medical Services, who bills patients on behalf of the Village, does send out collection notices for unpaid bills.

Trustee Meyer made a motion to recommend to the Village Board to adopt the ambulance fees and recommend the amendment to the comprehensive fee schedule to reflect this fee schedule. Trustee Towle seconded the motion. The motion passed on a unanimous roll call vote.

In response to a question from Trustee Dewart, Village Administrator Irvin said the City does not bill their residents for lift assist they have chosen to do subsidize that service through their property taxes. A discussion followed.

In response to a question from Trustee Charlot, Village Administrator Irvin said the Village formula is based off their budget in the fire department, and based on a formula that supports this functionality and service. A discussion followed.

Trustee Meyer said it looks like the City has someone on the order of 150 to 200 EMS calls a month which would certainly place their economy of scale on a manual bases higher than the Village and we need more information to understanding this. A discussion followed.

Village Administrator Irvin summarized the discussion and said he will provide historic information regarding this matter.

C. Discussion Regarding an Update to the Local Stimulus Grant Program

Chair Ankenman introduced the agenda items and provided information regarding the program then opened the floor for comments from the committee.

Trustee Towle said he thinks the businesses and restaurants have done a really great job of opening up options for diners to enjoy and he is concerned that when the weather changes the options will no longer be available. He thinks whatever the Village can do to encourage them, whether tents or heaters, to stay open and keep those options

available to residents the Village should supports. He does wonder instead of increasing the maximum liability to \$140,000, we could be just modify the qualification of the original grant program and keep the maximum liability at an estimated \$75,000 and expand the qualification process. Chair Ankenman said meaning you would lower the threshold to maybe 15%. A discussion followed.

In response to a question from Trustee Towle, Village Administrator Irvin said you could do exactly what you are describing and he thinks the simplest way to do this is to use the exact same program and use this as an option, as these defined qualified expenses and roll that into it and say that the money that the Village has allocated for this will not change and it is a first come first serve basis and when the money runs out it is gone.

Trustee Meyer said we have to watch expenses and put that cap it but expanding the availability of the funds and other good purposes is also of importance. He said the Village should give the businesses some extra supports but he would like to see the liability cap.

Trustee Dewart said we need to adjust the barrier to entry because of certain circumstances we might be limited the number of applicants. He said we may expand the uses of funds based on the limited interest so far, and asked if the Village has limited the entry of businesses by the established guidelines. Village Administrator Irvin said he thinks the answer is yes but it was purposeful. The idea of setting the bar 25% decline in revenues that threshold was set after being talked about to a great extent and the idea was to try to provide money to those businesses that were the most hurting.

Trustee Dewart said he is concerned with opening up the qualified expenses, if there is a barrier to entry, then the possible future outlay could again be about \$6,000 dollars. A discussion followed.

Trustee Charlot questioned the success of the stimulus program and said businesses have lost revenue, and we are about to enter a new phase of loss revenue and he thinks we should be more aggressive in providing funds that will allow business to remain open. He asked how the Village might make it easier for people to do business. A discussion followed.

Trustee Markee said she thinks the Village offered the program and the businesses that needed to utilize the program did so and, outside of Whitehead Studios, which she believe was planning to close regardless of the pandemic, she did not notice any other businesses closing. She does not think the program was a failure but rather it might be made better; she said she liked the idea of possibly doing a separate grant to get ahead of the curve. Trustee Markee said she would also add portable heaters onto the list of qualifying expenses. A discussion followed.

President O'Hara asked what would happen if we keep it at the original \$75,000 dollars and then review the program in a few months. A discussion followed.

Village Administrator Irvin said he has been in conversations with the restaurants for months and he has an idea of which ones will be doing what. He said many of the owners have already purchased a lot of the supplies during the summer and winter and availability of tents and heaters are limited at this point and most of this would expenses that have already incurred. He would say that right now for the restaurants had it very good this summer because of the weather and he thinks the difficult period

for the restaurants will be the first quarter of next year because things tend to go dormant for restaurants after the holiday season until early spring. Village Administrator Irvin said he thinks there is time to review and modify the program, but he thinks the first quarter window is when the restaurants will be seeking funding. If the Village desires to take action now, it could extend the program and send letters to qualifying businesses, extend the current modifies under current terms and extend the deadline.

Trustee Dewart said he thinks there are two pieces to this: an operational subsidy and fixed expenses; he said he thinks the notion to extend the current program to cover the first quarter makes sense. In response to a question from Trustee Dewart, Village Administrator Irvin said there can be retroactive funding and also reduce the minimum decline in revenue to 20% going back to the original dates of purchase. A discussion followed.

Following an extensive discussion, the Finance Committee took no action on this item.

V. Adjournment

Member Towle made a motion to adjourn the meeting at 7:58 PM; seconded by Member Meyer and the motion passed on a unanimous roll call vote.

Respectfully submitted,

Bettina O'Connell
Finance Director