

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE  
MINUTES OF MEETING – **March 8, 2021**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, March 8, 2021 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

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-served” basis. She further stated Members of the public may view and participate in the meeting via online [lakebluff.org/VirtualMeeting](https://lakebluff.org/VirtualMeeting) or Dial-in: (312) 626-6799. (Enter meeting ID **880 3237 9888**) 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](https://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. Approval of Minutes – February 22,2021

*Member Meyer made a motion to approve the minutes of the February 22, 2021 meeting; seconded by Member Towle and approved unanimously on a roll call vote.*

IV. 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.

V. Business Items

A. Water Operating Budget Overview & Rate Analysis

Chair Ankenman referred to the Water Fund analysis schedules included in the meeting packet, and asked Finance Director O'Connell for a summary. Finance Director O'Connell shared the water rate analysis chart and explained the key changes affecting the Water Fund target reserves as (i) the one-time infusion of revenue from the 2019 G.O Bond income, (ii) a pay off on the 2019 G.O. Refunding Bonds in FY25 and an increase to the principal payment, (iii) an annual \$400k infrastructure maintenance investment as outlined in the long range capital plan, (iv) a potential rate increase to support the infrastructure maintenance schedule, and (v) CLCJAWA's long-range rate plan. She referenced the unrestricted net asset scenarios chart and pointed to the influences of rate increases. The chart illustrated a sharp decline in reserves if rates were kept static. Trustee Dewart sought confirmation that the unrestricted net asset balance trajectory (orange dotted graph line) would continue downward beyond the charted years. Director O'Connell reaffirmed that there would be continued decline assuming no changes are made. Trustee Meyer commented that in FY27 it appears the unrestricted net assets reach zero and with a 3% increase there is a slightly positive slope to the assets. He questioned whether an increase between 2-3% would bring the unrestricted net assets to the zero slope. Director O'Connell and Trustee Meyer both agreed that a 2.5% increase would balance the fund closer to the target.

Trustee Towle reiterated the importance of determining the best rate change amount to meet the reserve balance target, seeking further definition. Director O'Connell clarified that annually the snapshot view of the projections change largely related to water sales and purchases. The variances are also significantly related to CLCJAWA rates. Trustee Towle asked if the CLCJAWA rate was also a projection. Director O'Connell indicated that the CLCJAWA rate projections were part of a June Board of Directors meeting and are based off of the Districts forecasted sales growth from new membership. Member Meyer questioned why a proposed water rate increase would exceed the target inflation rate. Director O'Connell responded explaining that static rates have contributed as well as the newly planned annual addition of a 400k infrastructure maintenance commitment. Member Meyer affirmed that good long term infrastructure planning is the reason for the rate increase. Director O'Connell added that there are planned additions to the infrastructure maintenance commitment in later years for water tower painting and one-time additions that further affect reserves.

Trustee Charlot asked Director O'Connell if there is any recent data to indicate whether the new water meter installations have changed non-revenue water amounts. She revealed that upon first analysis of the September thru January quarterly reading data losses seem to have decreased to about 10%, however she repeated that the calculation needs verification with additional more frequent reading data to confirm that changes are not seasonal or related to COVIS-19 stay at home usages. Trustee Charlot is very interested in further analysis, and Trustee Towle added that originally the project planning specified six months of data for a comprehensive review. Director O'Connell explained that there are still some meters left to install, but when completed and weather permitting additional analysis will be forthcoming.

Chair Ankenman return to the CLCJAWA rate topic asking if their rate changes were related to partnerships with other communities or if community member usage has increased. Director O'Connell mentioned that the CLCJAWA's executive committee

forecast includes increased community membership. Chair Ankenman questioned if the CLCWAWA rate was not a commitment but rather a goal. President O'Hara clarified adding that in the past there were nine community members and CLCJAWA has increased their membership to thirteen, the completed expansion is what has decreased forecasted rates. She noted that they are seeking additional community membership but that the current rate decline is solely related to the expansion in FY2020. Chair Ankenman reiterated that the CLCJAWA rate is a vital part of the forecast and it is important to realize its significance.

Chair Ankenman asked for details on the \$400k annual infrastructure maintenance investment. Village Engineer Hansen explained the annual cost is related to water main replacement and updating, the investment assumes replacement of the Village mains every 75 years. Hydrants and valve replacement remain a key part of maintenance to ensure proper access to water mains. He added that this minimum investment is a good start as the Village's infrastructure is aging, and he plans to provide a map evaluating need and the impact of the annual investment. Chair Ankenman sought confirmation that \$400k was a reasonable amount of work to oversee. Village Engineer Hansen thought that once the maintenance program was established a bi-annual approach investing \$800k could be implemented to obtain economies of scale. Trustee Towle asked how far behind the Village was with infrastructure maintenance. Village Engineer Hansen described an aging infrastructure with some pipes over 100 years old, however he opined that age is not always the concern making it difficult to quantify and assess. Trustee Charlot questioned if a \$400k investment would provide for two miles of repair as earlier stated. Trustee Meyer recalculated the investment and determined it will provide for an inclusion of about ½ a mile in repairs per year, Village Engineer Hansen agreed and was confident the work could be managed. Trustee Towle asked when more information would be available from GIS consulting on the extent of the Villages current needs to 'catch-up' on its infrastructure maintenance repairs, Village Engineer Hansen indicated likely during the summer. Trustee Dewart reported that he was pleased with the infrastructure approach both in terms of financing and staff workload, he assumed that the sanitary sewer side of the aging infrastructure was similar. Director O'Connell added that the sanitary sewer approach in the capital plan has a similar \$300k investment funding from the Capital Fund every third year.

Village Administrator Irvin explained a larger plan to establish accurate infrastructure costs/needs and how initial investments are part of the strategy with regular investments to maintain the system. Trustee Towle reiterated that the infrastructure investment plan needs to be analyzed on a regular basis to determine where best to allocate resources. Village Administrator Irvin pointed to historical data and capital improvement tracking of the past twenty years to illustrate Village capital spending over time.

Chair Ankenman proposed that the Committee provide direction on a potential rate increase to stabilize long term unrestricted net assets. Trustee Towle questioned what the impact would be on the average homeowner. Director O'Connell opined that average household usage is difficult to determine as it varies from one household to another and is not necessarily reflective of house sizes. Trustee Dewart added that a 2% increase to his own bill would be about five or six dollars, annualized to about fifteen dollars. He relayed a story about a recent water main repair in his neighborhood and that he perceived a small increase to be completely acceptable for the work involved in assuring water services are restored. Trustee Towle agreed that an increase is reasonable and would like to see a 2.5% rate increase to stabilize unrestricted net assets. Trustee Dewart added that additional analysis more frequently

will ensure good stewardship and responsibility to the 25% reserve levels. Trustee Meyer echoed Trustee Towle's opinion and reiterated that water is a critical function not to be deferred, he indicated he was also in favor of a 2.5% rate increase to stabilize unrestricted net assets with a bi-annual review. Trustee Markee also stated that she was in agreement with the rate increase assuming a commitment to revisit the analysis when additional data is available regarding the nonrevenue water and the meter replacements.

*Member Meyer made a motion to increase the water rate 2.5%; seconded by Member Towle and the motion passed on a unanimous roll call vote.*

#### B. Pay Plan

Village Administrator Irvin outlined the FY20-21 proposed pay plan memo, reviewing some simple changes to full time salaries with the goal of maintaining a competitive pay schedule while avoiding pay compression to ensure internal equity. A community survey was included and some adjustments recommended to change the maximum range of the building code supervisor position to meet the market. The second element related to the utilization of part-time staff. He explained that with 34 full-time staff members the Village also utilizes part-time, seasonal and interns as needed. He indicated that Village Engineer Jeff Hansen would like to add an engineering intern with remaining budgeted dollars. Village Administrator Irvin clarified that not all interns work in the administrators office and recommended striking "Administrative" from "Administrative Intern" to provide more flexibility recognizing that interns may be used to support other departments/functions; and he also recommended uniformly revising the hourly pay ranges for these positions to a minimum of the currently effective state minimum wage and a maximum of \$21.25 (which is the maximum for seasonal laborers under the FY2020 plan).

The last item detailed suggested changes to the personnel manual. The Village President recommended that the Village revise its personnel manual to recognize Christmas Eve and the half day before Thanksgiving as paid Village holidays, consistent with area school calendars. Additionally Village Administrator Irvin recommended the Village offer a one-time incentive of \$750 to employees who provide a written notification of retirement at least six months prior to their retirement date.

Chair Ankenman asked how many holidays the Village currently has. President O'Hara responded explaining her reasoning for the additional holiday requests, noting that Christmas Eve is a holiday and no one comes to Village Hall, similar to the day before Thanksgiving. She has historically closes Village Hall on Christmas Eve and a half day before Thanksgiving per executive order and would like to see the additional closures memorialized as official holidays. Village Administrator Irvin reported that the Village staff currently have eight holidays and four floater days, he relayed survey data that no other communities have the day before Thanksgiving as a holiday, however most are closed for Christmas Eve. A listing of the current eight holidays was shared. Trustee Meyer suggested that Martin Luther King Day be added to the list. Chair Ankenman asked how the Village's holiday schedule compared to other municipalities. Village Administrator Irvin replied that the Village's schedule is pretty standard. Trustee Towle questioned the comparison related to collective bargaining units. Village Administrator Irvin said that holiday schedules are not uniform across all staff. The Committee continued to discuss the eight holidays and the four floating holidays with a variety of scenarios.

Chair Ankenman asked if the one-time notice of retirement incentive proposed allows an employee to extend their employment. Village Administrator Irvin affirmed employment could be extended and indicated that other communities offer similar incentives.

*Member Meyer made a motion to accept the recommended changes to Personnel Policies with regards to adjusting the maximum range of the building code supervisor position, the intern title, and revisions of the part-time hourly rate to meet current state wage requirements; seconded by Member Towle and the motion passed on a unanimous roll call vote.*

Village Administrator Irvin will provide a sample notice of retirement incentive form at a future date.

VI. Informational Items & VII. Staff Report

The Committee scheduled a March 22, 2021 meeting to address the remaining agenda items.

- Draft Capital Improvement Plan Document Review
- FY21 Deferred Budget Items

VIII. Adjournment

Member Meyer made a motion to adjourn the meeting at 6:59 PM; seconded by Member Towle and the motion passed on a unanimous roll call vote.

Respectfully submitted,

Bettina K O'Connell  
Finance Director