



## FINANCE DEPARTMENT

### MAYOR

George D. Alpagianis

### VILLAGE MANAGER

Joseph S. La Margo

### VILLAGE CLERK

Marlene J. Victorine

### TRUSTEES

John C. Jekot

Joe LoVerde

Danette O'Donovan Matyas

Craig Niedermaier

Dean Strzelecki

## Finance Committee Meeting Minutes Village Hall Council Chambers January 5, 2022 8:00 am

### Call to Order

Chairman Joe LoVerde called the meeting to order at 8:05 am.

### Roll Call

Assistant Finance Director Laurie Nannini called the roll for Committee Members:

**Committee Members Present:** Chairman Joe LoVerde, Robert Callero, Alan Weel, and George Van Geem

**Committee Members Absent:** Jack Drexler

**Others Present:** Village Manager Joe La Margo, Assistant to the Village Manager Kathy Thake, Village Attorney Danielle Grcic, Finance Director Kent Oliven, Assistant Finance Director Laurie Nannini, Economic Development Director John Melaniphy, Management and Budget Analyst Conor Schultz, and Administrative Assistant Joy Athanasiou

### Old Business **FY21 Audit Update**

Finance Director Kent Oliven stated that we have not received our audit draft back for review. He said the audit firm has been slow to request information from staff. Staff is working on gathering everything and sending it back as fast as possible. Mr. Oliven stated that once the draft audit is received, it will take about a week to review and return back to the audit firm.

Finance Director Oliven continued by saying the Village could be faced with a unique FY21 audit situation. He stated that if more than \$750,000 of federal grant money is received in one fiscal year, we would be subject to a single audit. Mr. Oliven said that Fire Chief Marty Feld has applied for several grants and that \$730,000 to \$740,000 has already been received. He said we could be in a place where the audit would be finished but we would have to have our current audit firm come back to perform the single audit at a later time.

### **FY22 Audit Request for Qualifications (RFQ) Update**

Finance Director Kent Oliven said that staff just sent out a twenty four (24) page Request for Qualifications (RFQ) to fourteen (14) different audit firms. The RFQ will be out for fifteen (15) days.

Once received, an internal task force, consisting of Chairman LoVerde, Village Manager Joe La Margo, Finance Director Kent Oliven, and Assistant Finance Director Laurie Nannini will review the RFQ's. The next step will be to send out a Request for Proposal (RFP) to the qualified firms. Once all RFP's are reviewed by the team, they will make a recommendation to the Finance Committee next month. The Finance Committee will be given all the materials and information needed to review and make a recommendation to the Village Board in March. Mr. Oliven added that this is an 8 year contract with an asterisk, meaning that after the next mayoral election, there is a two (2) month window that allows the new Mayor and Board to cancel the contract.

### **Approval of Minutes**

The revised minutes from the November 10, 2021 Finance Committee meeting were presented for approval. The Committee requested another revision be made to reflect what was stated on the audio recording in regards to the TY20 Tax Levy discussion. In the last paragraph of the minutes, under the discussion on the TY20 Tax Levy, it "The Chair stated" where it should read "The Finance Committee concluded." Conor Schultz agreed to make the revision. A motion was made by Bob Callero, seconded by George Van Geem, to approve the November 10, 2021 minutes with the discussed revision being made. All concurred.

The minutes from the December 1, 2021 Finance Committee meeting were presented for approval. A motion was made by Bob Callero, seconded by Al Weel, to approve the December 1, 2021 minutes. All concurred.

### **Accounts Payable Approval**

Accounts Payable registers for 2021- 12/03, 12/10, 12/17, 12/18, and 12/24 were presented for approval.

There were several questions and comments from the committee members. Chairman LoVerde asked staff to remind departments to support local Village restaurants and give them first consideration when ordering for events. George Van Geem brought attention to the large amount paid out for holiday light installation. He suggested possibly scaling back next year, due to the property tax increase, to show residents that the Village is taking our situation seriously.

A motion was made by Bob Callero, seconded by Al Weel, to approve the Accounts Payable registers. All concurred.

### **New Business** **Water Usage at 6931 Lexington**

Assistant Finance Director Laurie Nannini stated that the resident at 6931 Lexington applied for leak relief assistance due to a high water bill. The Finance Department performed the leak relief calculation, which showed a slight increase in water usage, but not enough to warrant a leak relief credit. Laurie Nannini stated that the resident is appealing the decision and requested it be reviewed by the Finance Committee. The Committee received the Leak Adjustment Calculation and Account History in their packet prior to the meeting.

Al Weel requested that the leak relief calculation form be revised to make the refund request clearer. Chairman LoVerde

suggested there should be discussion in the future to review and update our current policy, which was passed in 2014. The committee members and staff agreed. Mr. Oliven and Mr. La Margo both stated they did not have leak relief programs or formal policies in place at their previous municipalities. Mr. Van Geem stated that the Village buys the water and still has to pay for the water when there is a leak, which he believes is why the Village set up the 50% leak adjustment program years ago. It prevents tax payers from subsidizing the cost of another residents' leak. Mr. Oliven agreed there needs to be a consequence to give the resident an incentive to call a plumber and get the leak resolved.

Finance Director Oliven said the Finance Department is moving toward a couple different practices that would help identify leaks earlier, if approved by the Village Board. The first would be monthly billing, which would help identify a leak after one month instead of three. The second, would be fixed point radio reads instead of drive-by reads. This works with a software program that would allow staff to set up alarms, alerting them when there is excess usage, allowing them to notify residents.

After discussion, a motion was made by Al Weel, seconded by Bob Callero, to approve a leak relief credit in the amount of \$111.47 for 6931 Lexington. All concurred. Chairman LoVerde stated, for disclosure, that this is his neighbor.

### **Discussion and Collection Options on Delinquent Accounts**

Chairman LoVerde opened discussion on collection options for delinquent accounts. He suggested that Groot bill residents directly instead collecting of on their Utility Bill along with water and sewer. He stated that we do not want to assume more work and more debt. He added that we currently have delinquent water and sewer accounts and we do not want to encourage more delinquencies. He also stated that this would take the load off of the Finance Department by having the customers deal directly with Groot. Chairman LoVerde asked about the cost and if Groot would be on board. Village Manager Joe La Margo stated that Groot is on board Assistant to the Village Manager Kathy Thake said the cost would be about \$100,000 for Groot to bill residents directly. Ms. Thake said that Groot is in the process of analyzing our address list to give us an accurate cost. They are comparing it with what they are currently servicing to be sure there are no gaps. Village Manager La Margo added that Groot bills quarterly which would help space out bills for residents.

### **Budget Comments and Timeline**

Chairman LoVerde opened discussion by bringing attention to the ongoing subsidies for the four (4) entities, including the Senior Center, Family Services, Fitness Center, and the Niles Bus. Chairman LoVerde said that during the upcoming budget meetings, Department Directors need to be aware of how much the Village subsidizes these programs. He said they need to work harder to get the number down. Chairman LoVerde requested a budget to actual from staff for the four (4) entities to see where we are at right now. He stated that these entities offer great services and programs but at some point they will be detrimental to the Villages' future.

Village Manager Joe La Margo said Department Directors are aware of the subsidy amount and are in the process of discussing wants versus needs. He said he would like to track program revenue to make it easier for the Finance Committee and residents to see and to determine if a program should continue or discontinue based on performance. Village Manager La Margo stated the Village Board did their part by increasing the tax levy to help fund pensions so now staff needs to do their part to help reduce costs without negatively impacting services.

Management and Budget Analyst Conor Schultz reviewed the budget timetable. He stated that today, Jan 5, 2022, is the due date for the departments to have their operating budgets submitted. He said staff will then begin the budget review process with each department. He said they are also discussing Capital Improvement Projects (CIP) with Public Works, Police, Fire, and Fitness. Staff will be meeting to review the CIP budget, which will be part of the formal budget process this year, separate from the operating budget. Staff will be working on budget plans for the rest of the month. Staff is planning to have a version of the Budget available at the February Finance Committee meeting. Village Manager Joe La Margo added that the plan is to bring the CIP budget to the Finance Committee in February for review and to bring the Operating Budget for review in March. He said separating them will make it easier to go through by not bringing too much to the Committee for review at once.

### **Other Business**

George Van Geem stated he would like to see several items on upcoming agendas. These items include,

- 2021 Audit - on agenda until completed
- Salary Study
- Quarterly Financial Statements
- General Fund Investment Review - strategy and intent
- General Banking Service
- Financial plan for a new Fire Station
- Tax Sharing subsidies - report and summary
- Subsidy Study - time frame for dealing with issue

Finance Director Kent Oliven stated that our current software lacks in reporting. He said Community Development Director Chuck Ostman is looking into a better reporting software program. Mr. Oliven said that new reporting software would help the Department Directors and would allow staff to provide detailed information on revenue spending by department to the Finance Committee at least quarterly, if not more.

### **Public Comments**

None

### **Executive Session**

None

### **Adjournment**

A motion to adjourn was made at 9:10am by Bob Callero, seconded by Al Weel. All concurred.