



## FINANCE DEPARTMENT

### MAYOR

George D. Alpogianis

### 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 February 9, 2022 8:00 am

### Call to Order

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

### Roll Call

Management and Budget Analyst Conor Schultz called the roll for Committee Members:

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

**Committee Members Absent:** Alan Weel and Jack Drexler

Chairman Joe LoVerde started the meeting with New Business item number one, Capital Improvement Projects and Budget, being the Department Directors were present for discussion.

### New Business

#### **Capital Improvement Projects And Budget**

Management and Budget Analyst Conor Schultz presented a draft copy of the Capital Improvement Plan (CIP) summary for FY23-FY28 which included 88 total projects. Mr. Schultz went down the list while Committee Members asked questions, voiced concerns and offered suggestions. There was detailed discussion on a few of the larger items. The first item discussed was the Teen Center Mobile Home Unit to be purchased and used as a permanent home for the Niles Teen Center. The Committee Members agreed that the cost was very high and stated they would like staff to reduce the cost and explore other options. They suggested looking for other space to rent within the community, exploring intergovernmental agreements and school districts, finding space in a Village owned facility, or possibly partnering with Sterling, the Golf Mill Mall owners. The Committee Members asked staff to come back with a status report once all options have been exhausted. Village Manager Joe La Margo stated that staff will continue looking at alternative options.

The next large item discussed was the Village Hall Campus Redesign, a 2.7 million dollar project over multiple years with \$250,000 of that amount budgeted for design study in FY23. Village Manager La Margo said it was requested a few years ago that staff reexamine the architectural design of our Village campus to bring improve both aesthetics and functionality. Public Works Director Fred Braun said the scope of the project has expanded since the previous study done in 2019, mostly to accommodate the Holly Jolly event

and to improve traffic flow. Mr. Braun added that the Village applied for grant funding for this project. The consensus of the Committee Members was to go ahead with the preliminary engineering study.

Discussion continued with the Salt Dome and Storage Facility Project. Public Works Director Fred Braun stated a larger dome is needed for more storage capacity and the current dome is becoming unsafe. Finance Director Kent Oliven stated this is a multi-year project. He said the planning and design phase is underway and as the plans come in, the numbers will be more defined in future years. Bob Callero added that this has been on the agenda for many years. The Committee agreed there is a need for this project.

The next large item discussed was Fire Station #2, not currently on the FY23 budget, but tentatively slated in coming years for \$14,000,000. Fire Chief Marty Feld Station #2 is sixty (60) years old and the infrastructure is crumbling. George Van Geem asked staff to talk to Park Ridge and discuss consolidating with them. Feld added that the current station is in a great location to serve our community. He added that a study was done and the current 2.5 acres and square footage of the building is sufficient, but the layout is inefficient.

Discussion continued with the Lead Service Line Replacement. Village Engineer Tom Powers said there is an estimated fifty (50) emergency service repairs per year totaling \$600,000. He added that beginning in 2024, we will have seventeen (17) years to replace all lead pipes within the Village, as required by law. Mr. Powers said staff has been working on identifying how many lead pipes exist. Surveys have been sent out to residents asking them if they have lead or copper lines. Mr. Powers said staff is pursuing an IEPA low interest loan. If the Village is offered and accepts the loan, it required to replace the pipe to the meter with no charge to the resident.

Discussion moved to the Melvina Street Rehabilitation. Chairman LoVerde asked staff to entertain a meeting with Costco executives to see if they are willing to help fund the improvement costs. Economic Development Director John Melaniphy stated that he and Village Engineer Tom Powers have been meeting with all the stakeholders in that area to discuss traffic control measures. He added that the Village does not typically charge businesses or residents for roads. John added that the businesses generate a lot of sales tax. Mr. Powers stated they have asked for lighting and water main donations. Mr. Melaniphy stated they are discussing anticipated capacity issues with the YMCA and Grainger redevelopment in that area as well.

Chairman LoVerde asked why so many annual maintenance items were listed as Capital expenses. Finance Director Kent Oliven said the larger items with the larger dollar are listed under Capital projects to show them all at once. He said the funds are still coming from the General Fund. Mr. Oliven said some items may be removed from the Capital list and put back into operations within the General Fund. Village Manager Joe La Margo added that when these items are listed together it is easier to review, making things more transparent. He said it also keeps the operating expenses from looking so large. Mr. La Margo said items will not be listed as an operating expense if it was accounted for in the Capital Improvement Fund.

Chairman LoVerde wrapped up the budget discussion. He requested a monthly revenue and expense report be given to the Committee Members. He said it is very helpful for the Committee to have the budget to actual, year-to-date, to reference. George Van Geem requested a memo related to our fund balance policy in the General Fund and what percentage of coverage we have compared to annual expenses. He said the Village has always been

very generous with that coverage and we carry a lot of money in reserves. He said he would like to have someone analyze the reserve fund to see exactly how tight we can make that and if we could spend down the reserves before we ask for another tax dollar – to pay for some of the back log. Mr. Oliven said he would like to bring back a review of the current fund balance policy. He said he is required by ordinance to recommend where funds in excess of that policy should be directed to within this budget.

Chairman LoVerde said it is important to have another discussion about the additional dollars above the actuarial contribution for the Pensions. He added that we are in a place where we can make the pension situation much better. He would like to discuss the five revenue sources that should be funding the pensions. Mr. Oliven said it will be part of the upcoming fund balance discussion that he just referenced.

#### **FY21 Audit Update**

Finance Director Kent Oliven stated that after multiple requests, he received an early draft copy from the audit firm that had not yet gone through their standards department. He stated that he did not yet have the firm's draft adjusting journal entries (AJEs), trial balance, TIF reports, governance letter, or communication letter on internal controls. He noted that the "Great Resignation" has hit many audit firms hard as baby boomers have retired early due to the pandemic and high recent stock market returns. He suggested that this might be the reason that the audit firm is so many months behind. He said staff is starting to review the draft audit and he is hoping to come back with more information at the March meeting.

#### **FY22 Audit RFQ Update**

Finance Director Kent Oliven stated that the Village received Request for Qualifications (RFQ) from five (5) of the fourteen (14) audit firms that were notified. He said this is a much lower number than expected. He stated that audit firms do not have enough staff right now. Mr. Oliven said the internal task force met and four (4) qualified firms received Request for Proposals (RFPs). He added that our current audit firm did not put forth an RFQ so they did not receive an RFP. Once all RFPs are reviewed by the team, they will make a recommendation to the Finance Committee next month.

#### **Approval of Minutes**

The minutes from the January 5, 2022 Finance Committee meeting were presented for approval. A motion was made by Bob Callero, seconded by Al Weel, to approve the minutes. All concurred.

#### **Accounts Payable Approval**

Accounts Payable registers for 2021- 12/31, 2022- 1/7, 1/14, 1/21, and 1/28 were presented for approval. A motion was made by George Van Geem, seconded by Bob Callero, to approve the Accounts Payable registers. All concurred.

#### **New Business Discussion of Class 6b Incentive Agreements**

Chairman LoVerde opened discussion about the Class 6b Incentive Agreements. He asked John Melaniphy to verify if there is a claw back feature in our Class 6b incentive program that allows the Village to take away the incentive and get money back if a business does not live up to the contractual agreement. Economic Development Director John Melaniphy stated that the Village would not get any money back, but that, if necessary, the Village could stop the incentive from moving forward and it would be passed on to Cook County. Chairman LoVerde asked Village Attorney Danielle Grcic to look into seeing if there is a way we could get back the money that the business would have paid in taxes had they lived up to the agreement. Ms. Grcic said she will look into it and email her findings to the Committee.

**Other Business**

Chairman LoVerde inquired about the Village vehicle stickers. He said he thought we were getting away from the selling the stickers. Village Manager Joe La Margo said staff is looking at different avenues to make the process easier. Finance Director Kent Oliven said that he had presented an alternative to what he thought was an inefficient tax in a previous Finance Committee meeting, but that the Finance Committee instead had recommended to keep the stickers and to have it enforced better by police. Staff is looking into getting software to identify if a resident has registered for a vehicle sticker or not. Chairman Lo Verde would like to add discussion on the vehicle stickers for trucks from Niles businesses to a future agenda.

**Public Comments**

None

**Executive Session**

None

**Adjournment**

A motion to adjourn was made at 10:40 am by Bob Callero, seconded by George Van Geem. All concurred.