

Minutes
Village of Niles
Finance Committee Meeting
Village Hall Council Chambers and Remote Participation
June 30, 2021
8:00 am

Call to Order

Chairman Joe LoVerde called the meeting to order at 8:08 am.

Roll Call

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

Committee Members Present: Chairman Joe LoVerde, George Van Geem, Robert Callero and Alan Weel (via Zoom)

Committee Members Absent: Jack Drexler

Others Present: Acting Village Manager Hadley Skeffington-Vos, Assistant to the Village Manager Kathy Thake, Finance Director Kent Oliven, Assistant Finance Director Laurie Nannini, Public Works Director Fred Braun, Village Engineer Tom Powers, Civil Engineer Tim O'Brien, Economic Development Director John Melaniphy, Utilities Superintendent Jack Grana, Management and Budget Analyst Conor Schultz, and Administrative Assistant Joy Athanasiou

Old Business

None

Approval of Minutes

The regular minutes from the April 22, 2021 Finance Committee meeting were presented for approval. A motion was made by George Van Geem, seconded by Al Weel, to approve the minutes. On voice vote, all concurred.

Accounts Payable Approval

The Accounts Payable registers for 2021- 4/23, 4/30, 5/4, 5/7, 5/14, 5/21, 6/4, 6/11, and 6/18 were presented for approval. A motion was made by George Van Geem, seconded by Al Weel, to approve the Accounts Payable registers. On voice vote, all concurred.

New Business

Utility Billing Rates

Finance Director Kent Oliven informed the Finance Committee that the IEPA was going to deny the revolving fund loan necessary to fund the Greenwood stormwater management project for the Golf Mill area. The decision is based on water rates not increasing in over six (6) years, sewer rates not increasing in over seven (7) years, and the loss in summer 2020 of the Village's largest water customer, Aqua Illinois, that the operating income would turn negative starting this year. Mr. Oliven noted that Aqua Illinois accounted for around 40% of the Village's water sales and that amounted to a net revenue subsidy to the Water Fund of a little over \$3 million per year – thereby keeping water and sewer rates below Niles' comparable communities.

Mr. Oliven stated that he modeled what rates the IEPA would need to approve the loan and it amounted to a \$0.88/1,000 gallon increase in water rate and an additional \$0.12/1,000 gallon increase in sewer rates per year for the next five (5) years starting January 2022. Such an increase would just get to a five (5) year debt service coverage rolling average of 1.0.

The Finance Director's proposal would be an overall increase in water and sewer rates of 9.1% per year. Mr. Oliven stated that prior to the water rate freeze over six (6) years ago, the water rates had increased an average over 10% per year for eight (8) years, so this percentage increase was larger.

Finance Director Oliven stated that there was one large existing customer who should probably have a lower increase in order to protect the loss of jobs

to any other community with lower rates. Mr. Oliven suggested a 2% per year increase, but admitted that had not been part of his modeling.

Mr. Oliven also suggested that because there is a fixed cost to providing a basic level of service, that all customers should share some of that burden. He stated that for this reason most municipalities have either imposed a minimum purchase, have a fixed fee on their bill or both. He suggested that such a system should be implemented at a later date.

Mr. Oliven also suggested that a water and sewer rate study should be commissioned to set water and sewer rates over the longer term. Staff has raised concerns about the Village's water rates in the past, and with Aqua's departure, it is time to ensure an accurate rate for the Village's customers. Mr. Oliven also stated that the Village's inclusion of Stormwater within the Water Fund is unusual and that it would be prudent to create a separate fund for Stormwater, funded by its own separate utility.

Chairman Joe LoVerde asked about the 0.25% home rule sales tax ordinance, which establishes sales tax funding for stormwater projects, with any excess going to pensions. Mr. Oliven confirmed that this ordinance is still on the books, but that he did not learn about it until after the FY22 budget and that the Finance Committee and the Village Board decided to devote all of that additional 0.25% home rule sales tax to the pensions.

Finance Committee member Bob Callero suggested a scenario with a 10% rate increase in the following January and then abiding by the current 0.25% home rule sales tax ordinance, using that revenue for stormwater projects. Mr. Oliven agreed to provide that at the next meeting.

Additional clarification discussion ensued.

Finance Committee Meeting Schedule

Finance Director Kent Oliven requested that the Finance Committee meetings be held at a regular scheduled day and time. After discussion, the Committee agreed to meet the first Wednesday of the month at 8 am in the Council Chambers. Mr. Oliven added that meetings will be held in person beginning next month.

FY21 Audit Update

Finance Director Kent Oliven informed the Committee that the finance department is late in beginning the audit. He said the department is in need of another accountant to help with reconciling. He also said staff is struggling to find outside temporary help to assist with the audit, which has been done in previous years.

Audit RFP & RFQ Update

Finance Director Kent Oliven stated it is time to go out to RFQ/RFP for professional auditing services. Our contract with our current audit firm, Seldon Fox, expired last year but was extended one year. Mr. Oliven is in the process of gathering information for the request. He stated it is good to have a new firm to perform our audit.

Final Water Meter Reading Update

Finance Director Kent Oliven stated that the Community Development Department will no longer be performing pre-sale house inspections beginning August 1, 2021. They will no longer be providing final meter reads to the Finance department. The Finance Department will need to find another way to obtain the meter read for final water payments. He stated that Public Works or a meter reader may need to do this in the future.

Mr. Oliven also stated that there are still some residents who have not scheduled to have their old water meters replaced with the new AMR meter. He suggested possibly adding a fee to their utility bill which would prompt

them to schedule the replacement The fee would be removed once the meter have been replaced.

Other Business

None

Public Comments

None

Executive Session

None

Adjournment

A motion to adjourn was made at 10:04 by Robert Callero. Seconded by George Van Geem. On voice vote, all concurred.

Prepared by Joy Athanasiou on July 2, 2021