



FINANCE DEPARTMENT

MAYOR
George D. Alpogianis

TRUSTEES
John C. Jekot
Joe LoVerde
Danette O'Donovan

VILLAGE MANAGER
Matyas
Joseph S. La Margo

Craig Niedermaier
Dean Strzelecki

VILLAGE CLERK
Marlene J. Victorine

Finance Committee Meeting Minutes Village Hall Council Chambers August 3, 2022 8:00 am

Call to Order

Chairman Joe LoVerde called the meeting to order at 8:04 am.

Roll Call

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

Committee Members Present: Chairman Joe LoVerde, Alan Weel, Bob Callero, Jack Drexler, and Ray Czarnik

Committee Members Absent: None

Old Business

None

Approval of Minutes

The minutes from the July 6, 2022 Finance Committee meeting were presented for approval. A motion was made by Bob Callero, seconded by Ray Czarnik, to approve the minutes. On roll call, all concurred.

Accounts Payable Approval

The Accounts Payable registers for 2022- 7/1, 7/8, 7/15, and 7/22 were presented for approval. A motion was made by Bob Callero, seconded by Ray Czarnik, to approve the Accounts Payable registers. On roll call, all concurred.

New Business

Discussion of Bid Waiver and Purchase of 2022 International CV Cab Chassis

Fire Chief Marty Feld said the process to purchase a new ambulance started over a year ago by obtaining quotes in preparation for the budget. He said that since then, the market and availability have changed drastically and there is now a two year lead time to purchase an ambulance. He said John Giannetti, Fleet and Facilities Superintendent, was able to locate a chassis, that we can purchase on its own and take to have built, which will speed up the process. Chief

Feld said the total cost for the chassis and the build will be \$441,000. He said it was brought before the Finance Committee because when the process was started, the total cost was in the \$325,000 range. Chief Feld added that they have applied for a \$60,000 grant to cover a portion of the cost but have not received word back yet. Chief Feld said the turnaround time should be within this fiscal year. Mr. Giannetti said we need a Purchase Order to secure the chassis. Village Manager Joe La Margo said they would like approval from the Finance Committee to move forward with the purchase, before any decisions are made, being it is so far over budget.

A motion was made by Al Weel, seconded by Bob Callero, to recommend a bid waiver to proceed with the purchase of the 2022 International CV Cab Chassis to the Village Board. On roll call, all concurred.

**2018 Police Amnesty Program
Review
@8:30**

Chairman LoVerde stated that the Finance Committee is examining money owed to the Village, and that the amnesty program is a part of that process. Chief Tigera began the conversation by discussing the value of the amnesty program to the Village. He clarified that it is an opportunity for the Village to collect money owed. Even though it cannot collect 100% of money owed to the Police Department, it can still be successful. In 2018, the Village collected about 33% of outstanding, non-traffic police fines outstanding.

Deputy Director Thake clarified that outstanding tickets re sent to collections after sixty days of non-payment, and that these revenues are classified as General Fund revenues. Deputy Chief Romano also clarified that some revenues are shared via the Illinois Department of Revenue.

Amnesty programs were discussed in general, including the fact that offering them too often may incentivize individuals to leave tickets unpaid, and that they tend to be difficult to administer in terms of postage and receipt tracking. For that reason, there is not an amnesty program planned for the immediate future, but they remain an option for some time later. There was also a brief discussion of the Police Department's Immobilization Program, which also recovers revenue by immobilizing or towing vehicles that have amassed five or more citations.

Further discussion on tickets ensued, including the notion that the average ticket from PD is about \$100, but they can vary, and that liens are typically only filed in the instances of large tickets—usually over \$1000. When P tickets are adjudicated by the Village, defendants pay the court costs.

Finance Director Oliven explained that the Illinois Comptroller's Office does offer a debt recovery program which operates for the Village free of charge. He stated that he prefers that kind of system to amnesty programs, as amnesty programs could lead people to delay payments

in hopes of another amnesty period. Chief Tigera noted that some individuals with significant amounts owed to the Village are incapable of paying those amounts. Chairman LoVerde reiterated that this discussion was a part of a broader effort to collect money owed to the Village.

There was no motion made because this was a discussion.

Purchasing Policy Amendment to Police Related Funds

@39:30

Chairman LoVerde introduced this topic, and Deputy Village Manager Thake explained what language would be added to the relevant section of the purchasing policy. The change would exempt purchases from the four police seizure funds from the Village of Niles Purchasing Policy Manual, unless there is a split cost with non-police seizure funds. The Police seizure funds are:

- DUI Fund
- Drug Asset Forfeiture Fund
- Article 36 Fund
- Federal Equity Share Fund

Village Attorney Grcic said that this change exists to provide maximum clarity when police seizure funds are used. These funds exist within the authority of specific federal and state guidelines that govern what items can be seized under what conditions, and how the police department must register seizures. The State has the capacity to audit these funds, and the Police Chief is the primary contact for these funds and their potential audits. The change to the manual clarifies that purchases from seizure funds are separate from other fund purchases, and they use a different process.

Police Chief Tigera reiterated that the Police Department maintains sophisticated practices for ensuring these funds are maintained and used in accordance with all regulations. The Village Manager and the Mayor are involved in approving purchases. Revenues going into these funds are typically shared revenue streams with State and Federal agencies based on local seizures. The Police Chief is the fiduciary and the Village Finance Department administers the funds. The Chief's point was that notification to the Finance Committee is impossible given the regulations as they are currently written.

Chairman LoVerde asked whether the money is considered a part of the Village's budget. Finance Director Oliven and Assistant Finance Director Nannini clarified that the Village uses only one accounts payable system and an associated checking account. Even though the seizure funds are separate from the rest of the Village's fund structure, they are still audited in the Village's annual financial audit and they still appear in both accounts payable registers and budget documents.

There was discussion about the presence of the seizure funds within the budget. Finance Director Oliven stated that because the funds run

through the Village's accounts payable system, there is still some attempt to budget their revenues. The Finance Department can also access some information regarding revenues and expenses within these funds during the year, but the actual operation of the funds during the fiscal year falls to the police department.

Village Attorney Grcic clarified that the "change" is more of a clarification, and that the change in language in the Purchasing Manual is intended to emphasize existing policy. The Village Attorney recommended bringing the language to the board of trustees so that the issue can be recognized and the purchasing manual can be changed.

A motion was made by Al Weel, seconded by Ray Czarnik, to recommend the Purchasing Policy Manual amendment for Police related funds to the Village Board. On roll call, all concurred.

Audit Update @1:05

Finance Director Kent Oliven gave an update on the audit. He reviewed the audit schedule provided by our audit firm, Sikich. Mr. Oliven stated the audit firm was on site the first week in June for preliminary fieldwork. He said Finance staff has been gathering and uploading materials auditors' portal so they can work on it as they are available. Mr. Oliven said we are on schedule with the timeline. He said the first draft of the Annual Comprehensive Financial Report (ACFR) should be received late October for staff review, with the final audit being received at the beginning of December. He stated that we will apply for an automatic two month extension with the Illinois Office of the Comptroller, so that the due date is around Christmas. Member Bob Callero asked if staff will have the audit before they start the budget process for next year. Village Manager Joe La Margo said staff will begin the budget process earlier this year, starting with the Capital budget, but will receive the audit and have time for adjustments before the budget is presented to the Finance Committee. Chair LoVerde asked staff to keep the audit updates on the Agenda each month.

Discussion of Vehicle Sticker Enforcement @1:17

Village Manager Joe La Margo opened by saying that some residents have been avoiding purchasing vehicle stickers. IT Director Rehman Ali said staff has been working with the Secretary of State to receive license plate numbers and will work to see who has purchased and who has not. Mr. Ali said it is staff's intention to begin sending non-compliance notices to all resident who have not purchased stickers. He said depending on the results, we can revisit how to phrase the letter and if multiple notices will be needed. Police Chief Tigera said there is a 30 day grace period, after June 30th, before the police start issuing tickets for vehicles with no sticker displayed. This will encourage residents to purchase the sticker or request a court date. Village Attorney Danielle Grcic explained the adjudication process stating that if the resident shows compliance, the court will generally reduce the fine but the court cost is still charged. She added that late fees are applied if the ticket is not paid within 30 days.

Village Manager La Margo stated there are several convenient ways for residents to pay. Finance Director Oliven explained the multiple ways residents are notified to purchase their vehicle stickers. He stated that preprinted application are mailed out but only to resident that have purchased in the past, since they are in our software system.

Finance Director Mr. Oliven said he brought the idea to eliminate vehicle stickers to the Finance Committee in the past. He said vehicle stickers bring is a large sum but in an inefficient way, stating time and resources needed. He said if the Village and our neighboring communities raise our gas tax by three (3) cents, like the City of Chicago did at the start of 2021, it would cover the cost of the stickers, in a much more efficient way. He said the tax would be collected automatically from the gas stations. 1:36:45 Chairman LoVerde said at that time, the Finance Committee agreed to discuss it future but someone had already designed the vehicle sticker and it was too late. He said the Committee directed staff to look into ways of better enforcement. He also said there was discussion about commercial companies within the Village not purchasing stickers. Chairman LoVerde asked if it is within the law to apply a fee for businesses with commercial trucks that are registered in Niles. Village Attorney Grcic said it is possible if we make an amendment to our ordinance. Chairman LoVerde added that if the Village decides to continue with the vehicle stickers, we must look into charging the businesses in addition to the residents. Mr. La Margo said staff will explore ideas, adding that we do not want to drive businesses out of Niles. Mr. Oliven said staff will do an analysis of neighboring communities and what they are charging for vehicle stickers. Village Attorney Grcic will look into ways to refine the ordinance and expand the definition for purchasing vehicle stickers to include businesses and independent contractors with trucks registered in Niles. Staff will present the information gathered to the Committee at a future meeting.

**Discussion on Options for
Outsourcing Payroll Duties
@1:52:00**

Deputy Village Manager Thake requested that agenda item 7 be considered before item 6 in order to accommodate for staff availability. Chairman LoVerde agreed, and Village Manager LaMargo began explaining the item. The Village met with a company called Lift HCN to explore the potential for outsourcing some or all of payroll duties. There is a follow-up meeting at the end of August. Manager LaMargo noted that their team was very focused on IT integration during their initial meeting, which is an important component of this opportunity and a large part of the cost-benefit analysis. Members from IT, the Village Manager's Office, HR, and Finance were present at the meeting.

Chairman LoVerde stated that this issue has been approached in the past. He said that finance department has had a consistent number of staff for years—11 people—and that we used to do payroll successfully in-house. He recounted that the Village's financial software system—Tyler Technology's Munis—was supposed to effectively handle payroll. He suggested that outsourcing payroll for a

municipality is more complicated than doing so for a private business. He asked why, given those things, we are seeking to outsource payroll. He also stated that he believes the Village should keep payroll in-house, within the Finance Department.

Chairman LoVerde asked for staff feedback on the issue. Manager La Margo said this conversation emerged from trouble hiring a new accountant and/or a new payroll clerk. He said that the Mayor asked him to explore the possibility of outsourcing, and that it made sense given the Village's hiring difficulties and the burden placed on the Assistant Finance Director.

Member Drexler asked if there would be a staff offset if there was outsourcing. Staff clarified that the current number of employees would not change, and that there would still be need for an additional accountant. Director Oliven stated that over the years, despite the Finance Department remaining mostly at 11 full-time staff, the number of responsibilities and reporting mandates—from other governments and account standards—has increased. He also noted that, for payroll outsourcing, some work must still be done by the Village to prepare the payrolls.

Assistant Finance Director Laurie Nannini recounted from the meeting with Lift HCN that the Village does have more capabilities in our current software that are currently underutilized. Chairman LoVerde stated that it is critical for the Finance Department to have sufficient staff for accomplishing required work and annual mandates. He reiterated his desire to do payroll in-house using the software appropriately, and to acquire additional accounting help.

@2:09:30

Discussion ensued about the Senior Accountant role within the Finance Department. The Village Manager recounted that for a time the role was advertised as an Accounting Analyst, which was a more entry-level position, and that only recently has it been changed to a high-compensated role. Member Weel agreed with Chairman LoVerde that outsourcing payroll seems unnecessary at this time, especially because we have no payroll errors at this time.

Manager La Margo explained that he is approaching this issue as an opportunity to assist the Finance Department and improve its operations. Assistant Director Nannini clarified that although she spends more time than desired on payroll, she continues to fulfill other duties including annual audit preparation and daily cash management. Chairman LoVerde asked Assistant Director Nannini what she would need to improve the situation; she responded that the Village does not necessarily need a full-time payroll clerk, as long as Munis is utilized appropriately. A full-time accountant is a position with much more value to the Village, and would do more to focus her work on more important issues. A part-time Payroll Clerk might also be helpful.

Member Callero stated that he believes the department needs another "hands-on" person, as opposed to another consultant or more outsourcing, and agreed that the payroll should be done in-house. He

also stated that the payroll ought to be done in-house and that we may need to offer more salary to hire the right person as the accountant.

Manager LaMargo asked whether the Finance Committee would support posting the Payroll Clerk and Senior Accountant job at appropriate payment levels. Assistant Director Nannini reiterated the value offered by a full time accountant.

Member Weel asked IT director Rehman Ali whether payroll infrastructure is “ineffective” as of today. Director Ali answered no, the payroll infrastructure is not ineffective. He went on to explain that the Village owns a good set of software modules, but is struggling to either implement them or develop internal capacity for them. He notes that the software has already helped in the sense that payroll used to be managed full-time by a payroll clerk, and is now, effectively, managed part-time by other Finance staff. He says that there is more capability to pull from the system, too. He stated that staff could be exploring ways to improve existing staff’s software capability.

Chairman LoVerde asked Director Ali his opinion of Lift HCN’s abilities. Director Ali said that the meeting was more an instance of sharing the Village’s capabilities, which are broad enough that some of the Lift HCN staff seemed skeptical that outsourcing was necessary.

Manager LaMargo stated that he received feedback from the Finance Department prior to meeting with Lift HCN, and that he always intends for this process to be a collaborative effort between his subject matter experts. Member Weel suggested that a process examination is welcome, but it sounds to him like the primary challenge is locating another employee.

Member Czarnik said that outsourced payroll has been a complicated issue in his experience, in that it can delay corrective measures when payroll errors occur. Member Drexler stated similarly that outsourcing can lengthen communication change and that complications arise from that.

Chairman LoVerde summarized the conversation, emphasizing from everyone’s contributions the need for a full time accountant and a part-time payroll clerk. Village Manager La Margo said that the Village could post an ad for an Accountant, as opposed to an Accountant Analyst. Assistant Finance Director Nannini reiterated that it would be better to have a full accountant, as opposed to the accountant analyst, which is a lower-level position.

Deputy Manager Thake clarified that a Senior Accountant is a non-union position with a pay range of \$82,000 to \$111,000; an accountant is a union position and the pay range is \$69,000 - \$91,000. A Senior Accountant, according to Finance Director Oliven, is someone with an accounting degree.

A motion was made by Bob Callero, seconded by Ray Czarnik, to attempt to fill the accounting position and put the outsourcing payroll discussion on hold. On roll call, all concurred.

**Debt Management Policy
Recommendation @ 2:53:00**

Finance Director Kent Oliven presented the Debt Management Policy at the previous meeting. After reviewing, the Committee agreed to recommend the policy to the Village Board.

A motion was made by Al Weel, seconded by Ray Czarnik, to recommend the Debt Management Policy to the Village Board. On roll call, all concurred.

**Monthly Committee Updates
@2:53:30**

The Finance Committee complimented staff on the monthly update reports. They also had suggestions for the monthly reports, including a larger typeface and a kind of summary that highlights the important parts of the report. Finance Director Oliven agreed and said staff will also provide a full report on a quarterly basis.

Chairman LoVerde told the Finance Committee about an instance of gas tax enforcement that he had heard about recently. The person in question allegedly had a large gas tax bill of \$125,000, including large amounts of interest and late fees. Chairman LoVerde said that kind of story is why he would like to see local revenues as well as arrears.

Director Oliven stated that he was responsible for notifying that business of their large amount due. He said that he is aware of the issue and that the Village is willing to both waive fees and work on a payment plan, but it's a part of a broader effort by the Village to enforce amounts due. Director Oliven also clarified that some taxes, like the gas tax, are not billed to businesses-those businesses are expected to report amounts due to the Village. Chairman LoVerde asked what kind of authority staff has to waive various fees, penalties, and interest associated with this kind of event. Director Oliven replied that late fees are at times waived, but amounts owed are typically not waived.

Other Business

Public Comments

None

Executive Session

None

Adjournment

A motion to adjourn was made at 11:10 am by Bob Callero, seconded by Al Weel. All concurred.