

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – **June 27, 2016**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, June 27, 2016 at 6:00 PM in the Village Hall Conference Room, 40 E. Center Ave., Lake Bluff, Illinois.

Members Present: Trustee Steve Christensen, Chairman
Trustee Mark Dewart, Member
Trustee Barbara Ankenman, Member

Others Present: Kathleen O'Hara, Village Board President
Eric Grenier, Village Board Trustee
William Meyer, Village Board Trustee
John Josephitis, Village Board Trustee
Peter Friedman, Village Attorney
R. Drew Irvin, Village Administrator
Susan Griffin, Finance Director
Marlene Scheibl, Assistant Finance Director
Mike Croak, Building Code Supervisor

II. Approval of Minutes

Member Dewart made a motion to approve the minutes of the April 25, 2016 meeting as presented; seconded by Member Ankenman and approved unanimously on a voice vote.

III. Business Items

1. Discussion Regarding the Waiver of Building Fees for Other Governmental and Not-for-Profit Organizations

In February 2015 the Village passed Resolution 2015-7 approving a temporary easement agreement with Central Lake County Joint Action Water Agency (JAWA) for temporary staging activities for a period of up to 26 months from the commencement date at a cost of \$25,000. The need for this easement agreement is specific to the JAWA ozone generation and ancillary projects. JAWA is now requesting a waiver of building permit fees of \$196,620 for the \$6.554 million ozone generation system conversion project. Also, JAWA is requesting fee waivers of \$2,526 for two smaller projects: the replacement of an air conditioning system and the installation of new control valves in a boiler system. In the past the Village has approved requests from the Lake Bluff Park District, CLCJAWA, and the Union Church of Lake Bluff to waive building permit fees and, for the Park District, demolition taxes. During the discussion, questions were raised regarding the criteria and process to approve such requests (ad-hoc versus systematic approach). At the October 20, 2014 Finance Committee meeting the members discussed the options as: (i) grant a waiver, (ii) deny the waiver, or (iii) charge a reduced fee (a partial waiver). VA Irvin stated that the fees are meant to cover costs and Chairman Christensen commented that case-by-case decisions might be in the best interest of the Village by allowing the Board to take different factors into consideration. Member Renner had remarked the policy does not have to be a full waiver but could provide the option to grant a reduced fee which would still cover some of the costs involved. Trustee Grenier said there should be logic to the policy. The decision was made to continue to bring these requests to the Board for a decision on a case by case basis. At the April 21, 2016

Finance Committee meeting staff presented information from Glencoe, Highland Park, Lake Forest and Northfield regarding their fee waiver policies. Glencoe does reduce fees for charitable institutions to .25% of the value of the construction but not less than \$50. Highland Park does waive fees for nonprofits if a request is made. Lake Forest does waive the fees for city owned property such as Gorton and Ragdale and has only waived the fees once or twice in the past decade if requested for other nonprofits. Northfield has waived fees for the Park District twice in the past. The decision was made to continue to bring these requests to the Board for a determination on case by case basis and provide actual examples of direct costs of previously processed fee waivers. In regards to JAWA's request: 1). Staff estimated direct costs associated with these projects at approximately \$3,000 noting the project is to replace some very expensive equipment with a relatively small amount of changes to the building. 2). The Committee may consider charging a flat rate of \$6,550 which represents .1% of the project cost. 3). The Committee might consider a future effective date of any new policy that deviates from past practice of waiver of fees. Member Ankenman said the Village will not be the only entity to benefit from the waiver of fees. She asked why the Village would waive the fees for JAWA when the Village has the smallest population of all member of JAWA. Trustee Meyer added the Village would be subsidizing other entities if fees were waived. He asked about rationale for why the Village would waive fees and stated the rationale needs to be used consistently for charitable organizations so equal treatment is applied. Chairman Christensen responded that each case is unique and if each case is discussed then logic is being applied. He said the estimated direct costs of \$3,000 should not be waived. Trustee Grenier stated since the project cost involved more equipment than building the Village costs related to the project were not as high. VA Irvin said most communities charge 1%. The Village increased fees years ago from 1%-3% for the purpose of using the extra 2% for the increased wear and tear of the roads. Member Dewart asked if the Village maintained a separate account/reserve of the extra 2% to use for the roads. President O'Hara inquired if the JAWA project will cause wear and tear on the roads. VA Irvin stated it will not since it will just be equipment being rolled in and not major construction. VA Irvin asked if the equipment and labor costs of the permit can be split out. Building Code Supervisor Croak said approximately \$5.4 million is equipment. Chairman Christensen asked why a % would be chosen and not a direct cost. Member Ankenman responded if the direct costs are waived then the waiver is arbitrary and in this case, the waiver would benefit communities other than the Village. Trustee Meyer suggested the Village apply a formula such as Charge equals (Population Benefit-Population of Lake Bluff)/Population Benefit multiplied by Ordinary Charge. This would apply to an activity for those outside Lake Bluff. This would apply for most entities other than charitable. Member Dewart said a formula could be a guideline and then adjustments could be made if necessary. President O'Hara opined the Village should have a policy but this project should be exempt. Trustee Meyer agreed this project should be exempt but the policy should be based on a formula. President O'Hara said she would really prefer formula rather than case by case analysis. Chairman Christensen said the % should be more realistic since applying 3% in this case doesn't make sense. He questioned if the Village should charge JAWA the estimated direct costs of \$3,000. VA Irvin stated the Village should charge any expenses the Village incurs in house or out of house up to a certain dollar amount stated as "not to exceed a specific amount". Chairman Christensen agreed.

2. Discussion Regarding Household Waste Collection Contract Renewal

The Village's contract with Groot Industries, Inc. ("Groot") for collection and disposal of solid waste, landscape waste collection, and collection of recyclable materials will expire on January 31, 2017. The contract provides for the possibility of extending the contract for another 5-year term with 120 day notice, current market conditions suggest the Village may be better off renegotiating the terms of the contract or putting the services out to bid in the marketplace. The purpose of the discussion is to provide the Finance Committee with an update regarding the Village's negotiations with Groot and get direction on possible service-level modifications.

On December 14, 2009 the Village Board approved a contract with the then Village's current recycling collection firm to provide all Village household waste services (collection and disposal of solid waste, landscape waste collection, and collection of recyclable materials). February 1, 2010 was the transition date. This transition to a privatized and modified household waste collections program saved the Village in excess of \$325,000 annually. The Village's experience with Groot under the current contract has been very good with only minimal service issues from time to time. Groot has been responsive to the Village's increased needs for waste and recycling collection in the Central Business District, successfully completed the work defined by the existing contract, and made the transition to privatized service a smooth one for residents. Using the terms in the contract regarding removal of landscape waste, Groot was also able to assist the Village in the timely removal of storm debris following the July 11, 2011 storm. The Finance Committee should discuss whether to negotiate or bid the contract and possible changes in service levels. The Village has not placed these services out to bid since the recycling contract was last bid and awarded to Groot in 2007. The proposed rate and scope of services offered by Groot are highly competitive and would possibly place the Village as the only community in the entire state to offer year round food scrap services. Groot has proposed pricing for both a 5 year and 7 year contract. Several changes in service could be achieved by either negotiating with Groot or going out to bid. The Village Board should consider moving to a modified Pay-As-You-Throw (PAYT) arrangement where residents would pay extra for additional waste collected. This would move toward the Village's larger goals to meet SWALCO's 60% Recycling Task Force recommendations. Groot is offering electronic waste recycling at the curb as part of their current proposal. One TV per pickup is offered provided that one person can lift the TV. Groot is also offering to accept food scraps in the landscape waste bags or offer residents a third cart for this new service (\$5/month).

VA Irvin stated the rates from Groot were very competitive but the Village has not put this contract out to bid in a long time. Groot would like to extend the contract 5-7 years. Member Dewart suggested if the Village puts the contract out to bid the Village may not receive the same service level with another vendor. Village Attorney Friedman said the lowest most qualified bid would be accepted.

Consensus of the Committee is the contract should be put out to bid.

3. Informational Update on the Automated Water Meter System Implementation

Finance Director Griffin said the water project kickoff meeting was held. One resident has already called to inquire about opting-out of the meter conversion. It will need to be determined what options will be given for residents who do not want new meters. One option would be to charge those residents a slightly higher fee since their meters will need to be read manually. VA Irvin said the leak detections analysis has been completed. There were eleven leaks found, seven leaks were at hydrants and were tightened, three leaks were at private services, and one was at the main in Tanglely Oaks. Sheridan Place is still on the schedule to be checked.

IV. Next Meeting

The next meeting is to be determined.

V. Adjournment

Member Dewart made a motion to adjourn the meeting at 6:56 PM; seconded by Member Ankenman and all members voted aye.

Respectfully submitted,

Marlene Scheibl
Assistant Director of Finance