

VILLAGE OF LAKE BLUFF

FINANCE COMMITTEE

**Monday, April 25, 2016
6:00 PM**

**VILLAGE HALL CONFERENCE ROOM
40 E. CENTER AVE, LAKE BLUFF, IL**

AGENDA

I. Call to Order – Roll Call

Trustee Steve Christensen, Chairman
Trustee Mark Dewart, Member
Trustee Barbara Ankenman, Member

II. Approval of Minutes – March 14, 2016

III. Non-Agenda Items and Visitors

The Finance Committee allocates fifteen (15) minutes at this time for those individuals who would like the opportunity to address the Committee on any matter not listed on the agenda.

IV. Business Items

1. Discussion Regarding the Replacement of the Enterprise Resource Planning Software (Financial Accounting, Utility Billing and Community Development)
2. Discussion Regarding the Waiver of Building Fees for Other Governmental and Not-for-Profit Organizations
3. Informational Update on the Automated Water Meter System Implementation

V. Informational Items

VI. Adjournment

The Village of Lake Bluff is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the facilities, are requested to contact R. Drew Irvin at 847-234-0774 or TDD number 847-234-2153 promptly to allow the Village of Lake Bluff to make reasonable accommodations.

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – March 14, 2016

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, March 14, 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
William Meyer, Village Board Trustee
Aaron Towle, Village Clerk
R. Drew Irvin, Village Administrator
Susan Griffin, Finance Director
Marlene Scheibl, Assistant Finance Director

II. Approval of Minutes

Member Dewart made a motion to approve the minutes of the February 12, 2016 meeting as presented; seconded by Member Ankenman and approved unanimously on a voice vote.

III. Business Items

1. FY2017-FY2018 Tentative Biennial Budget Discussion

Director Griffin presented the multi-year General Fund Balance Projection worksheets with projections through April 30, 2026. Last year this report was updated to show an assignment of fund balance beginning at \$250k in FY2019 for potential loss of revenue from the state LGDF and/or from a gap in sales tax projections. This was left in the projections. The FY17-FY18 numbers are based on the tentative budget. Director Griffin said the revenue projections for FY19-26 are projected conservatively at a 2% annual increase in revenues. Personnel costs, which include both salaries and insurance costs, were based on a 4% annual increase. Commodities and supplies costs include a 1.5% annual increase. Contractual costs include an annual increase of 2%. Capital costs are based on more typical annual expenditures. Grant opportunities have diminished the past year and none have been projected in the near future unless attributed to grants already awarded. Chairman Christensen opined that the assignment of fund balance should remain in the multi-year projections to cover a potential loss of revenue from the state. He also noted that even with conservative revenue forecasts and the assignment of fund balance, it is estimated to be 63% of operating expenditures at the end of 2026 exceeding the 50% unreserved fund balance policy. Also, the final debt payment of approximately \$250k will be paid in FY2021. VA Irvin added the Village has discussed rolling the debt payment on the assumption that new bonds might be issued to finance capital projects. Member Ankenman asked when the Village uses excess fund balance reserves for capital projects. VA Irvin replied that the best time to do that is when it would be beneficial to bundle projects together. President O'Hara added the excess fund balance is required to cover the state revenue uncertainty. When the uncertainty is alleviated and the excess fund balance is drawn down it should always be spent on capital expenses and not on operating expenses.

Director Griffin presented the Water Fund Revenues & Expense Projections. She noted the format is consistent with the fund balance. The FY20/21 projections show a drop in JAWA rates to \$1.73 pursuant to JAWA's projections from the FY2015 CAFR. Depreciation expense is a non-cash operating expense. Total estimated Operating Expenses, which includes the water purchases, in FY15/16 are \$1.3M and are projected to stay in that range until the drop in JAWA rates. The projected Ending Unrestricted Net Assets for FY15/16 of \$1,363,163 drops to \$620,849 in FY16/17. This is due to FY16-17 capital expenditures of \$400,000 for the water main and \$375,000 for the automated meter reading system. The unrestricted net assets begins to rise to the required target in FY2020 with the reduction in capital expenses and the wholesale water rates. Member Dewart noted if JAWA is reducing their water rate in FY20/21 it is probably due to a reduction in debt payments.

Director Griffin gave an update on the cause of the water loss gap. She said that no discrepancies were uncovered in her analysis of water billings for 2013-2015. Village Engineer Jeff Hansen is currently obtaining information from an engineering firm to monitor the water system to determine if and where there may be leaks. The study is estimated to cost approximately \$30,000-\$40,000.

Recently, Moody's Investor Service issued an annual comment affirming the Village's Aaa bond rating. Moody's report is provided so the secondary bond market is assured that the Village's finances and governance still merit this rating.

2. Official Pay Plan

The Village of Lake Bluff Official Pay Plan for FY17 was presented including the Proposed Salary Ranges and the Village's Compensation Plan. The Official Pay Plan, which is updated annually, establishes the authority and official guidelines by which the Village Administrator may appoint, promote, evaluate and compensate all Village employees except those employees subject to one of the three collective bargaining agreements. Member Dewart asked why the Official Pay Plan Policy Guidelines point #1 on page 3 states "The starting salary shall be 75% to 80% of the maximum salary, unless otherwise approved by the Department Head and the Village Administrator." The 75%-80% seems a little high and Member Dewart recommends removing that guideline. Director Griffin said that policy was intended for new employees to be hired at a salary level equal to the mid-point of their position. VA Irvin said the Village has been successful in hiring talented people. Chairman Christensen added the Village must be competitive in hiring.

The consensus of the committee was to remove the policy guideline point #1 stating "The starting salary shall be 75%-80% of the maximum salary, unless otherwise approved by the Department Head and the Village Administrator."

The committee recommends the Village Board accepts the Official Pay Plan for May 1, 2016 with the above revision.

IV. Next Meeting

The next meeting is to be determined.

V. Adjournment

Member Ankenman made a motion to adjourn the meeting at 6:55 PM; seconded by Member Dewart and all members voted aye.

Respectfully submitted,

Marlene Scheibl
Assistant Director of Finance

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Finance Committee Chairman and Members
Village President and Board of Trustees
R. Drew Irvin, Village Administrator

FROM: Susan M. Griffin, Director of Finance

DATE: April 20, 2016

SUBJECT: Enterprise Resource Planning Software Selection



NORTH SHORE LIFE
LAKE BLUFF STYLE

Summary

In November 2015 the Village issued a joint request for qualifications (RFQ) for financial software systems with the Villages of Gurnee and Round Lake. The Village uses an enterprise resource planning (ERP) suite of integrated software to manage the data necessary for operations includes financial accounting software, utility billing, and building permit tracking software. The current system was implemented in 1999 and is based on an obsolete programming language. The goals of this process were to select a vendor that could meet the current trends in ERP systems, have a system understandable to our IT administration team, have a strong presence in Illinois, and have a proven record of delivering quality, timely customer service. Trends in ERP systems procurement include: seamless integration between modules/suites, paperless processing and approvals, automated notifications, SQL servers databases and Windows based operating software, user-friendly and comprehensive e-business services, integration with records management systems (RMS), adequate standard reports and uncomplicated report building capabilities, improved system security by user or user groups, and comprehensive audit trails with trigger alerts.

After receiving eight responses to a joint request for qualifications issued by the Villages of Gurnee, Lake Bluff and Round Lake, four companies were invited to present their basic accounting and water billing modules in a brief demonstration to the Finance Directors of the communities and then to submit price proposals to the communities. After considering the cost proposals and the preliminary demonstrations, Lake Bluff invited two companies – BS&A and Civic Systems to give comprehensive demonstrations of their software modules to staff members across all departments. One company gave its presentation today and the other company will address the staff on Wednesday, April 27th so that the staff analysis will be completed in time to make a recommendation to the Board at the May 9th regular meeting. The total project cost is estimated at \$125,000 including potential hardware upgrades that may be required.

Current System - MSI

The Village's current system was implemented in 1999 from Municipal Software Inc. (MSI), a Libertyville company providing software to Midwest governmental clients. This software was programmed in the COBOL language which means it lacks the seamless integration of Windows-based software and requires costly programming charges even for minor changes to reports; does not allow for easy extraction of data from the system (requires a third party software at a separate cost for each license); has had no significant upgrades in several years; and the quality of the customer service has declined since the company was purchased by Harris.

RFQ Responses

These companies provided responses to the requests for proposals: North Star, Harris Computers, MSI-Smart Fusion (owned by Harris), DataWest, Accela, BS&A, Tyler (Munis), New World, and Civic Systems. The Villages of Lake Bluff, Gurnee, and Round Lake agreed to hear demonstrations of the basic accounting software and payroll from BS&A, Tyler, New World and Civic Systems. Lake Bluff outsources its payroll processing with ADP and will continue to outsource payroll. After the presentations the communities did not exclude any vendor from the process and requested separate cost proposals from all four vendors for each community based on the specific modules requested.

The initial pricing is shown below with some basic information about the four firms with the two finalists – BS&A and Civic Systems listed first. As you can see there was a substantial price difference between the BS&A and Civic Systems compared to New World and Tyler Technologies. The benefits of the systems didn't warrant the additional cost for a community the size of Lake Bluff. Please note that the proposals shown below do not reflect costs for hardware upgrades that may be needed and modules that may be added to the project after viewing presentations.

BS&A (Bath, Michigan)

Cost: One-time \$101,920 Annual \$11,350

BS&A was established in 1985 and has 100% governmental clients. They pride themselves on their customer service timeliness (average less than 15 minute response time). They fulfill the Village's procurement goals at an affordable price. Current communities: Sikich (Village's auditor) uses it for Police and Fire Pension System processing, Villages of Libertyville, Northbrook, Burr Ridge, and Lincolnshire. Their legacy product is their building permit/community development software and the time they take during the planning phase to assess and help the staff refine the processing flow before building the databases and automated approval processes. The quote includes 10 years of data conversion and they have extensive experience converting data from MSI software.

Civic Systems - Clarity (Madison, Wisconsin)

Cost: One-time \$109,520 (\$3,934 travel extra) Annual \$15,216

Civic Systems is a subsidiary of audit firm Baker Tilly Virchow Krause and has over 80 municipal clients in IL. They fulfill the Village's procurement goals at an affordable price. Microsoft SQL databases with a strength in accounting internal control and has an on-line portal called miPay which is cloud based. Current communities: Villages of Oak Forest, Westchester, and Fox Lake and City of Woodstock.

New World - ERP 101 (previously Logos.net) (Troy, Michigan)

Cost: One Time \$197,500 Annual \$30,060

Legacy product is their police reporting package which the Village implemented upon conversion to Glenview dispatching. Company recently purchased by Tyler Technologies. Fulfills the Village's procurement goals but at a substantially higher cost and only provides 5 years of data conversion included in the cost. Village of Buffalo Grove uses New World.

Tyler Technologies – Munis

Cost: One Time \$218,535 Annual \$16,959

Was founded in 1966 but began serving public sector clients in 1998/1999 and is now largest public sector software provider in US. Village of Glenview currently runs Munis. New clients are: Vernon Hills, Deerfield, Streamwood, and Wilmette. The product uses HTML 5, Microsoft's newest software which is good for mobile devices. There is no client software everything is accessed from a web browser allowing staff to work from home without having to access the Village's network. The software has over 600 standard reports along with ability to create customized reports at the desktop and can be tailored by the end user. Highest cost of all the proposals. Tyler recently purchased New World.

VILLAGE OF LAKE BLUFF

MEMORANDUM

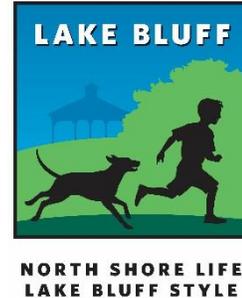
To: Chairman Christensen and Finance Committee Members
Village President O'Hara

From: R. Drew Irvin, Village Administrator
Susan Griffin, Finance Director

CC: Village President and Board of Trustees
Peter Friedman, Village Attorney
Department Heads

Date: April 20, 2015

Subject: Discussion Regarding Fee Waiver



On September 8, 2014 the Village Board approved (i) a request from the Lake Bluff Park District to waive building permit fees and demolition taxes, and (ii) a request from the Union Church of Lake Bluff to waive building permit fees. During the discussion questions were raised regarding the criteria and process to approve such requests (ad-hoc versus systematic approach) and so the matter was referred to the Finance Committee for further consideration.

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 remarked that the policy does not have to be an exclusive 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 some logic to apply 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.

The staff obtained information Glencoe, Highland Park, Lake Forest and Northfield. 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 over the past decade if requested for other nonprofits. No specific additional information was provided. Northfield has waived fees for the Park District twice in the past.

Staff anticipates the Finance Committee discussing possible changes to the fee waiver practices currently employed by the Village on Monday evening; that discussion may or may not include the following:

- i. Discuss village costs to process building permits
- ii. Discuss establishment of "request for waiver" criteria
 - a. Who qualifies (only/all governmental agencies, NFPs, others)?
 - b. Is there a sliding scale/discount depending on the agency?
- iii. Discuss the request/action process
 - a. Should it be a staff approval for permit values below certain value threshold?
 - b. Codify specific fee reduction rates by qualifying agency?
 - c. Continue on an Ad-hoc basis (no change)?