

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – **September 9, 2019**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, September 9, 2019 at 6:00 PM in the Village Hall Board Room, 40 E. Center Ave., Lake Bluff, Illinois.

Members Present: Trustee Barbara Ankenman, Chair
Trustee William Meyer, Member
Trustee Aaron Towle, Member

Others Present: Kathleen O'Hara, Village Board President
Megan Michael, Village Clerk
Regis Charlot, Village Trustee
Joy Markee, Village Trustee
R. Drew Irvin, Village Administrator
Bettina O'Connell, Finance Director
Marlene Scheibl, Assistant Finance Director
Jeff Hansen, Village Engineer

II. Approval of Minutes

Member William Meyer made a motion to approve the minutes of the June 24, 2019 meeting as amended; seconded by Member Aaron Towle and approved unanimously on a voice vote.

III. Business Items

1. Discussion Regarding the Policies related to the Water Meter Installation Project

The Village is replacing old water meters and implementing an Automated Meter Reading (AMR) system using funds from the recent bond issuance. This is a FY20 project budgeted at \$1.2M. The project involves the Village replacing over 2,100 meters and installing approximately 2,500 Meter Interface Units (MIUs), which will read the meters remotely. The purpose of the project is to improve water distribution and water metering service levels. Village Engineer Hansen is finalizing the bid specifications and requires policy direction on four separate issues in order to complete the bid specifications. VA Irvin said staff surveyed several other communities to determine if they permitted residents to opt-out, and most did not allow residents to decline new meter installations. However, when ComEd installed smart meters, they provided an option to opt-out, but only for 10 years. Chair Ankenman asked if staff knew the number of residents who opted-out for the ComEd smart meters. VA Irvin said it was likely less than 1%. He said the contractors performing the water meter installations will make a number of attempts to perform the installation. Member Towle asked what the cost is to the Village for someone who opts-out. VA Irvin said the \$20 per billing cycle opt-out fee is built around cost recovery, it's not a punitive fee. The goal is to install the meters. Village Engineer Hansen said the Village will pay the contractor based on the number of installations. Staff's recommendation is that the contractor make 3 attempts to install the meter and then send a certified letter to the resident before the resident is considered an opt-out and charged the \$20 opt-out fee. Member Meyer said he supports both of these recommendations since the \$20 fee amount is not punitive. Chair Ankenman said the third recommendation, for the Village to set a maximum restoration level of \$1,000 per property, seems reasonable. VA Irvin added that as the Village Code is written, it is the responsibility of the homeowner to maintain the location of the water meter so it is easily accessible. It is estimated the restoration situation involves a small number of properties.

The fourth recommendation pertains to the inability to install a new meter due to a poor/inoperable shutoff valve. In these instances, the staff recommendation is for the Village to install a clean shutoff valve near the meter as part of the new AMR meter installation. Member Towle asked if the shutoff valve replacement cost would be included in the maximum restoration level of \$1,000 per property. He said he recently had a new shutoff valve installed at his home and the cost was \$750. Trustee Charlot asked for an estimate of the number of properties which would qualify for the \$1,000 restoration. Engineer Hansen said the contractor recommended the Village budget a total of \$50,000 for the restorations. Member Markee asked if the contractor suggested the \$1,000 maximum level. Village Engineer Hansen said that amount was the staff's recommendation, not the contractor's. Member Towle opined the Village does not want to discourage a resident from having a meter installed. Member Ankenman asked if a homeowner could choose their own contractor to do the restoration work. Engineer Hansen said the Village couldn't have different contractors but the contractors will have sub-contractors doing the work. Member Towle asked if there will be a certain time frame for the \$1,000 to be paid, such as one year. Trustee Charlot asked what the budget was for the project. Engineer Hansen said the budget was \$2M. He added that the Village currently loses about 20% of the water it purchases. This project will allow the Village to read the meters at any time. A month or two after the new meters are installed, Village staff should have more information regarding the water losses.

Member Towle asked if the intention was for the billing to move to a monthly billing cycle. VA Irvin said the Village would probably eventually want to transition to a monthly billing cycle. Director O'Connell said the plan would be to get the new meters installed first and keep the billing process as it is, and then maybe in six months or a year, implement monthly billing. Member Towle stated when the Village implements monthly billing the opt-out customers would be charged an opt-out fee of \$20 per month. Trustee Markee asked if the administrative costs will increase when the Village implements a monthly billing cycle. Director O'Connell said the costs will increase but staff will need to consider outsourcing the billing function and analyze the additional costs which would be incurred. She stated currently residents can pay their water bills by auto debit, on-line, and by phone. She is looking at a process to electronically process the payments which are made when a resident issues a check directly to the Village from their bank. A company will produce an electronic file of all those payments from the various banks. The cost of this electronic process is approximately \$62 a month and would eliminate the need for staff to enter these checks manually into the BS&A cash receipt system.

Chair Ankenman summarized the discussion saying the committee supports all four recommendations. She asked how the Village will communicate information regarding the level of restoration to the owners. Engineer Hansen said there will be a letter issued by the contractor with the Village's approval. Chair Ankenman said the new shutoff valves installed by the Village should be quantified and tracked. Member Towle inquired whether these shutoff valves would be installed by the same contractors who are installing the meters. Engineer Hansen responded the shutoff valves could be installed by any licensed plumber. Member Meyer asked if the cost of the new shutoff valves would be included in the maximum restoration amount of \$1,000. VA Irvin responded staff doesn't feel there will be a lot of the shutoff valves which will need to be replaced so the total cost of all the replacements should not be significant. Chair Ankenman asked if there was a way to have the meters in a group of houses all replaced at the same time. Engineer Hansen said the contractors will split the Village in sections for the installations. Member Meyer said since Village code states the owners must keep their service pipe and fixtures connected in good repair then maybe the cost of the shutoff valves should be included in the \$1,000 maximum restoration level per property. Member Towle asked if the priority is to get the new meters installed or to recover 100% of costs. Member Meyer asked what the cost was of the annual water loss. President O'Hara asked out of the 78 homes with meters already installed, how many of those would have incurred the \$1,000 restoration level. Engineer Hansen responded staff doesn't have that information available. VA Irvin added most other communities absorbed the cost of the shutoff valves.

The consensus of the Committee was to recommend to the Village Board to approve all four of the staff recommendations.

2. Discussion Regarding the Purchase of Copiers

VA Irvin stated the Village's FY20 annual budget includes \$28,000 to purchase three new copiers. The new copiers would be located at Village Hall, the Police Department, and the Fire Department. Director O'Connell solicited quotes from five vendors. Based on the quotes it was determined it was less expensive to purchase the copiers than to lease the copiers. The Village has kept the current copiers for 4 years but the copier in the Police Department stopped working on Friday. VA Irvin said staff received new quotes today which were within \$500 of each other, and within his level of purchasing authority. Once staff completes its analysis and determines which copier to purchase, this will most likely not be brought to the Board again but VA Irvin wanted to update the Committee on the copier procurement process.

3. Discussion Regarding the Possible Refunding of the Series 2011 Bonds

The Village currently has \$990,000 of principal of the Series 2011 Bonds which can be called on December 15, 2019. With the current low market interest rates, the Village has the opportunity to issue General Obligation Refunding bonds to refinance these outstanding Series 2011 bonds for debt service interest savings. The 2019 Refunding Bonds will be issued for debt service savings purposes only and will not extend the life of the 2011 bonds beyond the original maturity of 12/15/2024. Speer Financial provided a refunding analysis for the Series 2011 Bonds showing a net estimated cost savings of \$29k. The Village asked Anthony Miceli, Senior Vice President, Speer Financial, if there would be any benefit to waiting to refinance the bonds and Mr. Miceli said there would be no reason to wait. VA Irvin said if the committee didn't have any questions on this refinancing, this will be an ordinance at the next Board meeting.

The consensus of the Committee was to recommend to the Village Board to approve the Refunding Bond Engagement Letter to proceed with the refinancing.

IV. Informational Items

1. Staff & Village Board President Updates

VA Irvin said that now that the Fire Department is providing additional services, they can price for cost recovery and have a different rate set up for Lift Assist. Member Meyer asked what the Lift Assist service is. Member Towle responded Lift Assist is when a person needs help getting up but they don't require transport. It is still considered a medical call but not a transport. VA Irvin said the fee schedule for EMS will be brought to the committee soon.

President O'Hara provided an update since the last Finance meeting. Two weeks ago she met with the Library Board President to clarify it is not likely the Village can extend any more funds to the Library. VA Irvin added that the Library did use the grant money it received for its renovation to hire the architect, as suggested by the Village Finance Committee.

V. Next Meeting

VA Irvin said the next meeting will be on Monday September 23, 2019. The purpose of the meeting will be for Dan Berg, Partner at Sikich, to present the FY20 CAFR.

VI. Adjournment

Member Meyer made a motion to adjourn the meeting at 6:45 PM; seconded by Member Towle and all members voted aye.