

Village of Oak Lawn
Municipal Center @ 9446 S. Raymond Avenue
Finance Committee Meeting Minutes #2020-02
Wednesday, February 12, 2020

1. Roll Call: by Deputy Village Clerk Christine M. O'Grady at 9:02 a.m.

Chairman Thomas E. Phelan
Trustee Tim Desmond
Trustee Paul Mallo-departed at 10:40 a.m.

Also in attendance:

Village President:	Dr. Sandra Bury
Police Chief/Interim Acting Village Manager:	Randy Palmer
Finance Director:	Brian Hanigan
Budget Director:	Adam Metz
Director of Emergency Communications:	Diana Tousignant
Village Attorney:	Paul O'Grady

2. Approval of meeting minutes: Finance Committee Meeting Minutes #2020-01 dated January 7, 2020:

Trustee Mallo moved, seconded by Trustee Desmond to approve Item 2.

Voice vote: All voted aye. Motion passed 3-0.

3. Village Audit:

Brian Hanigan stated that the members have last year's auditor engagement letter in their meeting packets which he expects to receive a similar letter in March 2020. He wanted to be able to get the approval from this Committee and proceed within the same parameters as last year's engagement letter. The engagement letter will be for the 2019 audit. For future audits, he would like to recommend that the Village go with a three year contract with the auditors. He discussed a potential problem as noted by the auditors. He might have to request a one month extension from the GFOA because the annual report is due by the end June. The issue with GASB 84 is not to be fixed by the Governmental Accounting Standards Board until June. He explained that GASB 84 requires the Village to put our deferred compensation plan on the balance sheet. He stated that the only responsibility of the Village is to pick the broker for the deferred compensation. Brian Hanigan discussed the deferred compensation on the balance sheet because of the debt disclosure. The three items are the police pension, fire pension and the commitment that the Village makes to the retirees until the age of 65 until Medicare kicks in. If we add these three together with the deferred compensation plan it comes out to an additional \$25 million dollars and it makes no sense to do so.

Chairman Phelan suggested that the Village needs to engage them. He discussed institutional knowledge. Brian Hanigan explained to the Committee that when he started at the Village, they hired a company named Wolf & Company who was brought in by former Trustee Marge Joy. Marge Joy had a relative that worked on the audit staff. When Wolf performed the 2006 audit, the Village had a big project on a 103rd Street which was approximately \$2 million dollars of unrecorded liabilities. That is when the Village brought in RSM. Former Village Manager Larry Deetjen had worked with RSM when he was working in Deerfield Beach, Florida. The Village of Oak Lawn works with John George at RSM. RSM has been very committed to donating to Fall on the Green. Katie Berry is now in charge of the audits performed by RSM for the Village. Brian Hanigan and Adam Metz will handle this matter. He just wanted to inform the Committee of the one month extension possibly for GASB 84. Adam Metz explained to the Committee that the auditors have disputed the GASB 84 and if the Village gets a one month extension to July 2020, the Village will not have to implement GASB 84.

Chairman Phelan will recommend the engagement of RSM for another year to the Board of Trustees. Brian Hanigan explained to Trustee Desmond that the Oak Lawn Public Library uses another audit company but the Village handles the levy. Brian Hanigan believes that the Oak Lawn Public Library should be part of the Village but the library has their own separate board. He stated that there are a lot of issues concerning the library. Chairman Phelan discussed the advantages of all of the taxing bodies working together.

Chairman Phelan asked for a motion to advance Item 12. on the agenda.

Trustee Mallo moved, seconded by Trustee Desmond to advance Item 12. on the agenda.

Voice vote: All voted aye. Motion passed 3-0.

12. OLREC Renovations:

Chairman Phelan had talked to Village President Bury and Brian Hanigan about renovations, funding, need and space constraints for the Communications Department. Chairman Phelan stated that Police Chief/Interim Acting Village Manager Randy Palmer had confirmed that there is no real reason that they have to be in this building. He stated that Director of Communications Diana Tousignant explained that most centers are 3,000 square feet. The Village's Communications Department is 2,200 square feet including her office. Chairman Phelan wanted to know if there is a better place to put the Communications Department. He suggested that a better space would be

the Public Works building because it was in the center of the Village. The cell towers are in place at this location and the meeting room at Public Works is large.

Diana Tousignant stated that she has been looking at this matter for the last couple of years. There was a study performed in 2014 which was an assessment of the Center, the space and the amount of people in it. She stated that they are working with the space that they have. When they have brought on other communities, they had specifically asked if the Communications Department needs to expand the Center. At that time, the Center did not need to expand because they came in on the same radio frequency and they were not adding any additional staff for those communities. The space itself has always been small and they are just making it work. In 2017, there was another assessment performed on the Center by a space consultant company that also builds dispatch centers and assesses staffing. They came in without pricing and performed the assessment of four areas: a remodel of our existing Center, adding the auditorium to the existing space, utilizing the 5210 W. 95th Street building and utilizing the basement for the Center. The Communications Department is grandfathered into Village Hall. When building a new 911 Center there are certain requirements for safety. She noted that the effect of an event (tornado or shots fired) on the Center would be disastrous because it is not only for the local community, it is a Regional Center. The 5210 W. 95th Street building is not an option because of the cost. The basement was not recognized as an option. They also looked at a stand-alone building possibly where the old family services building stood.

Diana Tousignant stated that there have been many small centers that merged with other communities, but that has not worked out and they may or may not be around in the next couple of years. In the last two years, the Village has been approached by multiple agencies which are looking to leave their existing consolidations. At the time, we did not take that into consideration. They have to have 25,000 or more in their population or have their own center. Diana Tousignant described how the communities that they serve now became a part of our Center. Now, the Village is being approach by communities that do not have to leave their consolidations but they are choosing to do so. The largest dispatch center other than us is Southwest Central Dispatch and they have not gained anything since these mandates began. They have lost communities. Now the Village is being approach with new communities who want to be a part of our Regional Center. There is a consultant that has consolidated in Illinois and he built the stand-alone in DeKalb. At the end of 2019, this consultant came in to Oak Lawn and performed a financial study. A complete redesign of the Center was completed. It did not give us any more space but we could potentially break down walls. This option would be the most disruptive to the Center and we would have to physically move everyone and everything out of the Center for two months. They could set up in the auditorium which would be the easiest place to temporarily relocate because of the wiring. This option would allow the Center to be more functional. The space will remain at 2,300 square feet.

President Bury stated that she is very happy to look at locations for the Center outside of Village Hall. The Center serves six police departments and eight fire departments. They have a possible police and fire department interested in consolidating with our Center and another police department that we already serve their fire department. The Committee discussed specific communities, size of regional centers across the State of Illinois, consolidation of established dispatch centers, revenue, staffing and space of the Center.

Chairman Phelan asked based on current agreements with the communities that we serve, can we build new, find a better location, improve where and there will be a shared cost. Brian Hanigan stated yes but these communities need to commit to the Village of Oak Lawn for the long term. It will be a business risk if the Village commits to building a stand-alone building and the other communities do not have a long term commitment. The Committee discussed the opportunity of using grants, types of grants and guidelines for the grants.

Diana Tousignant explained how and where the communities pay the Village of Oak Lawn. The 911 money is set up by our communities to pay into our operational and maintenance costs. The surcharge that they collect from those communities including Oak Lawn, is voted on by our Joint Board. The Joint Board makes the decision to move their surcharge money to pay off the cost of their maintenance and operations which is usually less than what the Center costs are in the overall budget. In addition to that, we collect a capital reserve. So each smaller community pays \$30,000 dollars a year but the larger communities are paying \$60,000 dollars a year into a capital reserve which is specific for improvements. The Village is paying \$120,000 dollars a year because we are larger in size. It is all based on these sharing models where we are proportionately a bigger community, we service more and we have more call volume. The capital reserve is potentially something that we can use to fund this project. However, we collect that money annually and that would be a decision that these communities would have to agree on to put the money in the capital reserve. They also have a grant pending. It is not for consolidation but for the next generation 911 equipment which is being mandated by the State. Last year, they invested approximately \$300,000 dollars in upgraded equipment. There is a chance that they might get some of the money back if they are awarded the grant. There is no mandated time frame as to when renovations need to be completed from the state because we are grandfathered in and existing.

The estimated cost to build a new 911 Center would be approximately \$2 million dollars. If they go with a loan, there will be no additional costs to any of the communities. The Village's portion of the cost would be approximately \$800,000 to \$1 million dollars. The Committee continued to discuss capital reserves, safety, technology and other options for the renovations or a new stand-alone building for the 911 Center. The Committee recommended that Diana Tousignant make a plan, take the idea to the communities, and then present it to the full Board of Trustees. The person who did the initial estimate will come in and give a full presentation to the Village of Oak Lawn. They have a possible date of March 19th or 20th for the presentation. This would be a presentation for the Village of Oak Lawn regarding the Regional Center. After the presentation, they will go to the communities and present the idea to them. Trustee Phelan stated that this is a necessity and not a luxury. Police Chief/Interim Acting Village Manager Palmer suggested that they get Advocate Christ Medical Center involved. President Bury wanted to know what Diana Tousignant's vision was for the Center and she stated a stand-alone center with 4,500 square feet. The Committee continued to discuss other locations for the Center.

Chairman Phelan asked for a motion to advance Items 5. and 6.

Trustee Mallo moved, seconded by Trustee Desmond to advance Items 5. and 6. on the agenda.

Voice vote: All voted aye. Motion passed 3-0.

5. Cell Towers:

The Village owns the property where the cell towers sit but we do not own the towers. Chairman Phelan discussed the value of the cell towers. For example, he stated that if \$400,000 dollars was coming in a year times 20, that is \$8 million dollars. He does not know what the annual cost of maintenance of the cell towers are and it would be one less thing to manage. The idea is to re-utilize used properties within the Village. Brian Hanigan stated that the following week he will have a report on all the cell towers the Village owns. He stated that the Village's cash flow from the cell towers is approximately \$100,000 dollars net of the cost. On two or three of the cell towers, whatever revenue we get, it goes to pay for the tower. In approximately six years, we will own all of the cell towers. The Village has approximately eight cell towers. The report that will be provided to the Committee will include the cash flow for approximately 20 years. This is a real opportunity for funds. It will be called the Cell Tower Enterprise Value. The Village has three new cell towers located at the Fire House #1, Fire House #2 and at the Public Works building. Chairman Phelan stated that there are important points regarding the cell towers such as value and technology. Technology is changing every day. The plan is to maximize the value of the cell towers. Brian Hanigan stated that the Village only has the capacity to handle the funds for the cell towers. Chairman Phelan directed Brian Hanigan on what information to include in the report and what information to track such as cash flows for what they have to pay off. There is a possibility of putting cell towers on the street lights. Per Chairman Phelan, this matter is a high priority.

6. Village Owned Property:

Chairman Phelan, Brian Hanigan and Adam Metz discussed compiling everything that the Village owns. Chairman Phelan would like to find out what properties the Village owns, does it have any value and confer with Diana Tousignant to see if any of the properties meet her requirements. Trustee Desmond would also like to discuss the vast amount of parking lots in the Village.

Chairman Phelan stated that we have begun the process of correcting all of the different PINs which were mismarked. There is a park that we own which acts as leverage with the Park District. It is Harker Park which was used as a land swap with the commuter parking lot. Brian Hanigan stated he put together a list of Village owned properties with Village Attorney Pat Connelly five years ago. We have sold a lot of properties off of that list. Every year there is an affidavit filed with Cook County. For every property that the Village files with Cook County, we receive an exemption. It was realized that the Fire House on the west end of the Village is owned by the Park District. In the initial report, there were things that were mismarked. The report needs to be cleared up so we know what we own, that it is filed properly with the county and we are not surprised down on the road. Chairman Phelan stated that we need to put some of these properties back on the tax rolls. There might be a building that the Village owns that the 911 Center can utilize for their new Center. The Committee discussed the best way to compile the information for the Village owned properties and who should prepare and review different portions of the information. Chairman Phelan stated that he would like to see if there are agreements for the parking lots that the Village owns. He explained that he wants to know what does the Village own, why does the Village own it and what will be done with the property. Police Chief/Interim Acting Village Manager Palmer stated that as a group, they will sit down and review what is done and what needs to be completed.

Chairman Phelan asked for a motion to advance Item 9.

Trustee Mallo moved, seconded by Trustee Desmond to advance Item 9. on the agenda.

Voice vote: All voted aye. Motion passed 3-0.

9. Exterminator:

Chairman Phelan stated that his concern is with the Guardian exterminator and there should be a schedule for inspections. He said the Village received a letter from Guardian. The issue is that the Village has been paying \$10,000 dollars per year for a while. Then it morphed into a \$60,000 dollar bill or a retainer type of agreement. The answer from Guardian was that the exterminator was being asked for more days. Chairman Phelan discussed the matter of going on private property while using public funds to pay for the exterminator. He suggested that they can go on certain properties such as alleys and he is not suggesting that they completely stop this service. Brian Hanigan explained that in previous years, per the Board of Trustees, they asked for an increase to the budget to address the rodent problem. It is noted that the Guardian exterminator has been very responsive to calls for service to eliminate the rodent problem. The Committee discussed the rodent problem in the Village and how it can be eliminated.

4. Inspections:

Chairman Phelan stated with Property Inspector Lindsay Heilig out on maternity leave, Steve Radice has been filling in for her. Steve Radice has been finding questionable billings. On the residential apartment buildings, he referenced a good amount of money. The amount was approximately \$6,000 dollars that was questionable and SAFEbuilt agreed to that amount. That is a problem and it has happened more than once. The billings for health inspections are in worse shape. He was finding multiple inspections where the inspector was only there for 10 minutes and marked down they were there for two hours. The average inspection costs the Village \$166 dollars an hour. The Village charges \$75 to \$100 dollars. Our costs are not being covered. This process is not being properly overseen.

Chief/Interim Acting Village Manager Palmer stated that Lindsay Heilig had been working on this matter prior to her maternity leave. She addressed this matter with SAFEbuilt. She requested that rentals be broken down and inspections be broken down on the invoices. The Village was withholding payments to SAFEbuilt as a result until the matter is resolved. As of today, payment is being withheld. He stated that we are breaking even for the inspections.

Brian Hanigan stated that Adam Metz created a spreadsheet for this information which is broken down in three sections: rental properties, health inspections and property maintenance. Brian Hanigan stated that on one of the forms for the water meter change out, they asked if the resident owns or rents the property. Brian Hanigan stated that someone from SAFEbuilt will be here to go over every invoice as far back as 2017.

Chairman Phelan stated that it sounds like that whoever is doing inspections is showing up at random times multiple times in a year and billing us for those inspections. Inspections need to be on a schedule. Brian Hanigan stated that there also has been a problem on health inspections. At the meeting with SAFEbuilt, each invoice will be reviewed and tied to the contract. They will be looking into charging the businesses for inspections. The members discussed software abilities to track inspections. Chief Palmer has halted all inspections except for new businesses and any complaint issues until Brian Hanigan has the meeting with Safe Built.

7. Banking Relationships:

Chairman Phelan stated that the Village is in good shape and Brian Hanigan is making good recommendations.

Brian Hanigan also stated that the Village has four major lenders. He expressed his frustration with some of the banks. Chairman Phelan stated that if he was not satisfied, Brian Hanigan can make a recommendation to him.

8. Bond Counsels:

Brian Hanigan stated that there is only one bond counsel. If the Village decides to go for a bond, one bond counsel will be selected at the time. The only bond counsel the Village has right now is Chapman & Cutler for the Regional Water System.

10. RFP's/RFQ's

Chairman Phelan stated that we shored up some of the deficiencies with the ordinance. He requested that the bids be reviewed going forward. Adam Metz suggested that there has to be department head communication. RFP's/RFQ's and grants need to go through the Finance Department.

11. Public Works Expansion:

This is in Trustee Mallo's district. There are three houses that are being purchased. The Committee discussed the cost of the properties. Brian Hanigan will send the recommendation to purchase the houses for the appraised value for the Public Works Expansion to the full Board of Trustees after he prepares the information.

13. General Financial Matters:

Brian Hanigan stated that the Village will continue to pay the lobbyist. Chairman Phelan wants to make sure that everything is tightened up going forward. Chief/Interim Acting Village Manager Palmer reviews the invoices himself. Brian Hanigan updated the Committee on the IDOT MFT audit. Brian Hanigan was getting permission from IDOT to utilize the money for debt service but there is a statute name Office of Street Guidelines; IDOT's guidelines stating you can only use 50%. We have been doing this for four years. We have corrected it. We do not have an issue in 2018, 2019 and have corrected it going forward. It is potentially \$2 million dollars. They are working on this matter. The reason this is important, if we cannot use that MFT money, we have to take it out of fund 200 which is the money we have set aside for other items. The way we can solve it is we just have to apply to IDOT to have these five streets. Chairman Phelan stated that Brian Hanigan should have the Village Attorneys review this matter.

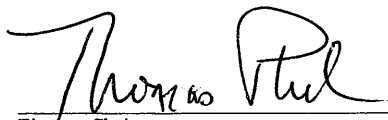
Chief/Interim Acting Village Manager Palmer stated that he has asked for a price from Christopher Burke if they would go out and do all of the Village's engineering work. It would be similar to hiring a law firm. He stated that 80% of what the Village Engineer did was reviewed by Christopher Burke. We can privatize the engineering matters which are done by Orland Park and Tinley Park.

Chief/Interim Acting Village Manager Palmer also mentioned that he would like the authority to replace retiring Steve Barrett so his replacement can get some direction from him before he retires. Chairman Phelan stated years ago the Village Engineer was the head of Public Works.

14. Adjournment:

Trustee Desmond moved, seconded by Chairman Phelan to adjourn at 10:46 a.m.

Voice vote: All voted aye. Motion passed 2-0.


Finance Chairman


Village Clerk