

Village of Oak Lawn, Illinois
Municipal Center @ 9446 S. Raymond Avenue
Finance Committee Meeting Minutes #2020-04
Thursday – August 6, 2020

1. Roll Call: by Village Clerk Jane M. Quinlan at 11:08 a.m.

Chairman Thomas E. Phelan
Trustee Tim Desmond
Trustee Paul Mallo-absent

Also in attendance:

Village President:	Dr. Sandra Bury
Acting Interim Village Manager:	William "Randy" Palmer
Village Trustee District 4:	Terry Vorderer
Finance Director:	Brian Hanigan
Budget Director:	Adam Metz
Public Works Director:	Jeff Sebek
IT Specialist:	Thomas Swaw
Village Treasurer:	Joseph Skibinski

2. Approval of Meeting Minutes #2020-03 dated April 7, 2020:

Chairman Phelan moved, seconded by Trustee Desmond to approve Item 2.

Chairman Phelan-yes
Trustee Desmond-yes

Motion passed 2-0.

Chairman Phelan asked for a motion to advance Item 4. on the agenda.

Chairman Phelan-yes
Trustee Desmond-yes

Motion passed 2-0.

4. Brief Summary of 2019 Preliminary Audit Results:

The Village auditors John George, Partner and Jeff Slade, Manager from RSM US LLP, gave an audit timing overview of financial highlights of the Village.

John George discussed that the audit process went very smoothly with consistent communication with the Village. The preliminary and single audit fieldwork began the week of April 20, 2020, final fieldwork the week of April 27, 2020 and the exit meeting was on August 7, 2020.

Jeff Slade gave an audit recap. He reported that there were no instances of noncompliance over the IEPA Loan Program. Regarding TIF compliance testing – no instances of noncompliance. GAS (Government Auditing Standards) independence standards – discussion of non-audit services and management's responsibilities; regarding drafting the financial- statements, including GASB 34 entries, posting of client provided or RSM initiated entries; adjusting journal entries 4 (3 in the prior year), re-class entries – 4 (8 in the prior year), GASB 34 entries – 13 (19 in the prior year), "prepared by client" (PBC) entries – 41 (40 in the prior year). Uncorrected Misstatements: government activities – decrease in the liability in the amount of \$240,000 dollars.

John George stated that there is a lot more focus regarding GAS on the independent standards and review around journal entries. He discussed the expertise and knowledge the Village has internally and assigning individuals to assume, review and evaluate the work RSM was doing in the Village, such as Finance Director Hanigan or Budget Director Adam Metz. RSM can recommend to the Village, but it is up to Village management and the Board of Trustees to make decisions on the information and analysis they have.

Trustee Phelan discussed the Village is going to be making a bold effort to do things in a better way with a new team in place. The Village wants that from the auditors too.

John George discussed the independent auditors report and they issued an unmodified/clean opinion and that is the highest level of assurance that RSM can provide. He also discussed pronouncement changes. With COVID a lot of deferral of upcoming pronouncements and the biggest ones were GASB 84 and GASB 87; leases and fiduciary reporting has been pushed out to 2021 for GASB 84 and 2022 for GASB 87. GASB 87 is all operating leases and they will be picked up on the balance sheet now.

Finance Director Hanigan stated that the Village's capital leases are already on here. He stated that the big numbers here are the pension obligations.

Chairman Phelan stated that the Village is being practical and fiscally responsive and doing all the right things, but the pension system is ridiculous. The Village's Financial Advisor Dan Denys is looking at this. The Village is looking to consider what the Village's options are regarding the funding policy as pension liability will get worse.

Chairman Phelan asked for a motion to advance Items 6. and 7. on the agenda.

Chairman Phelan-yes
Trustee Desmond-yes

Motion passed 2-0.

6. Summary of Inspection Revenues and Expenditures and Update on Property, Health, Rental Registrations and Pest Control:

Chairman Phelan discussed the idea of innovation as there are stacks of files that have to be dealt with.

IT Specialist Tom Swaw discussed the Pins Program which is used for inspection requests and data.

Chairman Phelan said the process by which we should be doing property maintenance/health inspections should be fairly easy and identifiable. The Village hired a company to identify rental units in the Village where there is a revenue source there. The Village found approximately \$25,000 dollars in overbilling from that company. Chairman Phelan stated this is a massive problem and he wants to break this process apart and rebuild it. There is something inefficient about our operation and he asked Public Works Director Jeff Sebek to work on this process with Village Manager Palmer and IT Specialist Tom Swaw.

Finance Director Hanigan stated one of the problems on rental property registrations is that we used the water fund to create the initial data base.

Chairman Phelan stated this again is inefficiencies, including identifying property addresses that are possibly vacant. Someone has to update this information correctly instead of sending six or seven letters and getting no response. He wants new people and new blood to correct these problems and make sure data is correct. Chairman Phelan discussed complaints from residents regarding rodents and property maintenance issues and how the Village responds can also be updated.

Trustee Desmond discussed that he thought the Village had purchased software to correctly update Village information.

Tom Swaw stated this Village software did cost the Village approximately \$27,000 to \$30,000 dollars.

Village Manager Palmer explained that there was a large disconnect once Jeanne Galzin left the Village and we had somebody take over in that position along with COVID-19 hitting; we need to get control of that. Steve Radice in the Property Maintenance Department is learning the process now, along with Public Works Director Sebek, Village Manager Palmer and Finance Director Hanigan.

Chairman Phelan stated the problem to him was the company that we outsourced the rental property inspections to, gave the Village back a check for some of the money they owed us without any pushback.

Chairman Phelan was concerned that the Village has purchased software in the past and never used it.

Chairman Phelan discussed that the Village has an electrical inspector and a plumbing inspector and they are paid \$10,000 dollars a year. The Village also pays \$55,000 dollars to a company to do electrical and plumbing inspections. We cannot have that kind of disparity.

Finance Director Hanigan stated the inspections are broken into rental, health and property maintenance where sometimes there are issues with multi-use buildings where we have to inspect them more than once a year. There are approximately 1380 building inspections, 310 plumbing inspections and 433 electrical inspections done a year.

Public Works Director Sebek stated we should not have overlapping on inspections.

Chairman Phelan stated he would like to have local companies do the inspections, instead of companies outside of Oak Lawn.

Finance Director Hanigan stated the Village was in better shape with the health inspections, but we still have a lot of work to do with inspections for property maintenance and rental properties.

IT Specialist Tom Swaw stated that we need to have work order software that is accessible to all departments so they can work together. He thinks we are inefficient with our current software programs, which are different for many departments.

Chairman Phelan stated the Village has a bad habit of not using software that was purchased for the Village.

Trustee Desmond stated he remembers Trustee Carberry talking about updating software years ago.

Tom Swaw stated that the Village cannot modify SafeBuilt's software.

Chairman Phelan proposed not using SafeBuilt anymore.

Chairman Phelan asked Finance Director Hanigan to get this item in the budget for this year and look at financing. Chairman Phelan stated what the Village is doing is not working and we need better data.

Finance Director Hanigan stated that they will expand inspections to bring in electrical and plumbing.

7. Cell Tower Lease Disposition and Partnership Update:

Chairman Phelan stated the Village did an inventory of all of our cell tower agreements, cash flows and debt that we owe, for purposes of evaluating how much it is worth and if somebody would be interested in buying it if the Village were to sell it. He was in favor of partnering with a major cell phone/cell tower company that knows the industry better than we do. We had an offer of \$3.25 million for six of the eight cell towers. This enterprise is worth a lot of money because there is cash flow coming in. We could possibly partner with an enterprise 60/40 giving them the majority stake. Chairman Phelan discussed doing an RFP on this.

Finance Director Hanigan said the two big players are American Tower and SBA Communications as there are a limited amount of players. Crown Castle is also interested. Village Attorney Kevin Kearney from Peterson, Johnson and Murray will send the Village an RFP and the Village will send it out to the market and see what comes back.

IT Specialist Tom Swaw explained that the Village has our equipment on those towers regarding fire radios and our Village radios. We built those towers for the Village's equipment, but thought to build a big enough tower to be able to charge rent for space there too.

3. Update on 2020 Revenues and Expenditures thru 6-30-2020 with Limited Accrual Modifications:

Budget Director Adam Metz discussed the effect of COVID-19 on revenues. We have been able to manage the expenditure side. Going through June 30th we are at a \$200,000 dollar surplus, but it is the second half of the year that is concerning because property taxes are down because we receive 55% the first half of the year.

Finance Director Hanigan stated that we have a \$200,000 dollar surplus through the first six months primarily because of expenditures. We are down about \$1.4 million dollars in sales tax.

Chairman Phelan gave kudos to Finance Director Hanigan and Budget Director Metz for all of their efforts during this difficult time.

Finance Director Hanigan explained that they have not made the Village's pension fund payments, but with the timing of COVID-19 and what is happening with sales tax and the umbrella of the consolidation, we have to discuss this. There are some creative ideas to discuss during this time of difficulty.

Village Manager Palmer gave kudos to EMS Coordinator Art Clark with the Cares Act Grant where the Village received 75% of \$14,000 dollars. We have to discuss with Art Clark what we can or cannot use this money on.

Chairman Phelan stated that \$1.3 million dollars was saved regarding personnel. The Village also helped out Oak Lawn businesses by letting them use the Village picnic tables. With cancelling Fall on the Green, there is no rush to get these tables back.

Finance Director Hanigan stated that the Village has \$4 million dollars of cash and we have committed to a big street program and doing alleys. We have MFT monies for funding that. We do not have a huge fund balance.

Chairman Phelan discussed that Diana from Communications was looking for an expanded building that 911 would fund.

Village Manager Palmer stated that he would prefer an outside building and then they have their own separate facility with using Norcomm. The front part of the Automotion property was discussed for the center.

Chairman Phelan discussed the Automotion property that the Village owns now. A developer did a study on this and the property is in a floodplain, but it does not flood. It will not be easy to develop that back area. Chairman Phelan discussed that property for retention. He discussed the Village could try to get MWRD funding for that area, but that is all preliminary. This would solve the flooding problems for the 52nd Avenue area.

Finance Director Hanigan stated that area where Automation is has always been in a floodplain.

Public Works Director Sebek stated that MWRD put in \$13 million dollars for work near Mariano's.

Chairman Phelan explained that developer Tony Rue was interested in the property where the Fifth Third Bank Processing Center is at 95th and Cicero.

Finance Director Hanigan discussed the Automotion property and what the Village owes them for that. Now the Village will pay the accrued interest of \$200,000 dollars (we have the money in the TIF) and we would not have to pay the other \$2 million dollars until September of 2021.

Budget Director Metz explained regarding the Cares Act, that on the Cook County website they have a COVID-19 funding response plan and one of the items on there was redesign of work spaces. He asked that Diana Tousignant from Emergency Communications reach out to the OLREC communities and ask them to submit their capital contribution under the Cares Act. The Village will forego their capital contribution for OLREC, they give the Village of Oak Lawn the money and funnel it to the redesign.

Chairman Phelan asked if we could ask these communities to put money into this also instead of the Village paying for everything.

Chairman Phelan discussed that RSM has been doing work for the Village since 2008. They do a great job, but that independence comment did pop up in RSM's presentation.

Budget Director Metz stated that he talked with Finance Director Hanigan and they believed it is good to go out for an RFP.

Chairman Phelan stated he would not be adverse to the Village going out for an RFP and a three year contract.

Finance Director Hanigan stated we would do an RFP in the fall.

Village Treasurer Skibinski agreed with Finance Director Hanigan on this.

5. Summary of Payroll Vendors and Staff Recommendation:

Chairman Phelan discussed that the Village will be putting in a new payroll system that will be more efficient.

Finance Director Hanigan explained that the recommendation is to put in the budget for an ERP system. We can put in a new payroll system by October 31, 2020.

IT Specialist Tom Swaw discussed there is a compliance issue on training.

Finance Director Hanigan stated that an ERP system is expensive-\$8,000 to \$10,000 dollars and the annual maintenance is about \$75,000 dollars a year. The current system we have is about \$20,000 dollars a year.

IT Specialist Tom Swaw stated that we have some inefficiency now and the Finance Department has to be the first key in the ERP.

Finance Director Hanigan stated the goal was for the Board at the next Board of Trustees meeting to approve acquiring a new payroll system.

8. Potential Lease for two 2021/2022 Fire Engines to replace 2007 and 2008 vehicles:

Finance Director Hanigan received a report from the Village's Fire Department/Equipment Maintenance Department and they would like to order two new engines. He asked Fire Chief Riddle if these vehicles could not be used for calls and runs that are not necessary and how this will affect overtime if we hire six more firefighters/paramedics.

Village Manager Palmer recommended holding off on this matter until next year as we still have the COVID-19 issue and we still have the retro payments to do.

9. Economic Development Update:

Chairman Phelan discussed that Paisan's Pizza was pushing back because of COVID-19 and looking at smaller units. As discussed earlier in the meeting developer Tony Rue was looking to do some things at 95th and Cicero. For the 95th and Pulaski development the health club filed bankruptcy and will not be going in there. The DuPage Medical Group will be opening at 95th and Pulaski in October, 2020. There was discussion about a possible car dealer going in there. Chairman Phelan also discussed that Speedway at 95th and Austin would like to have the street opened there, but Oak Lawn Community High School wants the street to remain closed for safety reasons.

Trustee Desmond asked if the A&W was going in as proposed on the south side of 95th Street just west of Central. Nobody has heard anything lately about the A&W.

10. RWS Update Regarding Amendment and PILOT payment request:

Finance Director Hanigan discussed that on the Board of Trustees agenda for next Tuesday was to approve passing through the City of Chicago's water increase onto our water customers as per the agreement.

Regarding the PILOT payment, Finance Director Hanigan asked the outside communities to give \$.10 instead of \$.05 per 1,000 gallons. This will generate \$1 million dollars and the money will be allowed to be used for streets, alleys or whatever the Board wants. Most of the outside communities were ok with this increase.

11. Old Business:

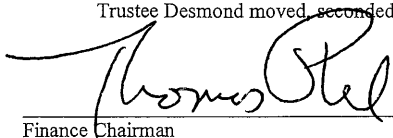
Village Manager Palmer stated that he sent a letter to Bridgeview Mayor Landek on the approximately \$3 million dollars they owe the Village for water. He did not hear anything from them so we need to send another letter.

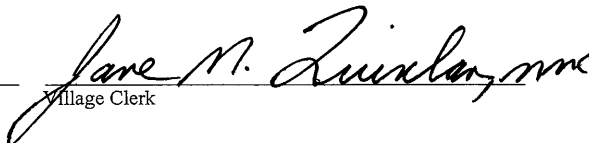
12. New Business:

Finance Director Hanigan announced the tentative proposed schedule for budget workshops; October 20, 2020, November 4, 2020 and November 17, 2020.

13. Adjournment:

Trustee Desmond moved, seconded by Chairman Phelan to adjourn at 12:56 p.m.


Finance Chairman


Village Clerk