

Village of Niles

Finance Committee Meeting

Council Chambers

May 16, 2018

8:00 a.m.

Call To Order

Chairman LoVerde called the meeting to order at 8:00 a.m.

Roll Call

Assistant Finance Director Laurie Nannini called the roll for Committee members:

Committee Members Present: Chairman Joe LoVerde, Bob Callero, Paul Nielsen, John Johann and Al Weel

Committee Members Absent: None

Village Staff Present: Finance Director Jeff Martynowicz, Village Manager Steve Vinezeano, Assistant Finance Director Laurie Nannini, Assistant to the Village Manager Kathy Thake

Old Business

FY 2019 Budget Discussion

Bob Callero stated, "There has been much confusion about a part of the budget. I have had numerous calls asking if the Finance Committee did approve the improvements to the second floor of over \$700,000, including \$170,000 of improvements to the lunchroom, otherwise called the cafeteria. I understood we agreed on the improvements to the conference room used as an Emergency Coordination Room in addition to the smaller conference room presently called the Mail and Copy Room. I also believe we were unanimous in not approving the \$170,000 to the lunch room. Because of this, I would like to make a motion as follows. The Finance Committee approved the 2019 budget without the improvements of \$732,607 to the second floor of the Village and strongly without approval of the 176,000 to the lunchroom cafeteria." Joe LoVerde said, "Bob, I just want to clarify this. I think the \$732,607 wasn't all second floor, was it?" Jeff Martynowicz replied, "No, there was a roof for Public Works." Bob said, "I'm sorry. I amend that to improvements to the second floor." Joe said, "Wait one minute. Let me see if I have my budget stuff here. Bear with me because I think it is important that we don't miss this, I know the Public Works roof was in that \$700,000, I think." Jeff said, "Yes, it was." Joe continued, "There were other items in there I just want to find them here, unless one of you have it handy. It was that sheet that Jeff gave us of the breakdown. I have it right here. So the \$732,607, what made that up? Study comps of entry to Village Hall, roof replacement at Public Works was \$190,270, and phase two of EEOC. What is that?" Jeff answered, "Emergency Operations Center on the second floor." Joe said, "Oh, the Emergency Operations Center, so that is considered part of the second floor renovation?" Jeff said, "Yes." Joe said, "Okay, parking lot pole light replacement, duct removal at Village Hall. That is part of the circular staircase that wants to go in?" Jeff said, "Yes." Joe continued, "Duct work removal, that's the same thing, part of the circular staircase is \$171,000. I think we should take the \$732,607 and back out the \$190,270 and back out the parking lot light pole replacement, which the Board approved. Bob asked, "How much was that?" Joe said, "So we have \$260,270. The rest is renovations at Village Hall second floor, circular staircase, and duct removal. How much was that?" Bob said, "I didn't know what the other one was. We have \$190,270. What was the other one?" Joe replied, "The other one was \$50,000 for the parking lot." Bob asked, "\$50,000 even?" Joe replied, "Yes, even. That's \$260,270 out of \$732,607, right?" John Johann said, "I've got \$492,337." Joe said, "I think that is the number you will refer to." Bob Callero says, "I agree. I'm sorry. I'll amend that to the improvements of \$492,337 for the second floor and strongly without approval of the \$176,000 for the lunchroom/cafeteria." Joe said, "Okay, was that in the form of a motion?" Bob replied, "That was in the form of a motion." Joe said, "Okay, summarizing, Bob is saying the Finance Committee approved everything but that. We did not approve

specifically that renovation project that is now back into the budget. There were many phone calls to Bob, I only had one, but there were phone calls to Bob and others that the Trustees were under the assumption that we approved the entire budget including the renovation which was repeated to them several times. So the record has to be clear and straight as to what the position of the Finance Committee was, so that's Bob's clarifying motion as it relates to the 2019 budget." Bob said, "If you would like, I can repeat it now." Joe replied, "Please." Bob Callero stated, "The Finance Committee approved the 2019 budget without the improvements of \$492,337 to the second floor and strongly without approval of the \$176,000 to the lunchroom cafeteria improvements." Joe LoVerde asked, "Can we have some discussion?" John Johann replied, "Please. I am working from memory here which is always dangerous. My recollection is that the Finance Committee approved the budget, the balanced portion of the budget, and that we did not come to a consensus on the \$732,000 but agreed that it should be sent to the Village Board for consideration. That is my recollection of this thing." Bob replied, "I agree with you there but the problem was that there were a lot of things said that the Finance Committee approved the budget with that in there and I wanted to straighten that out." Joe said, "I guess the simplest way is if someone up here feels that they were supporting the spending of the \$492,000, and you were okay with that, you know, that's the democratic way. If you feel like the budget in its entirety, that seems to be a high priority for some of us in light of the total budget, I think it needs to be clarified because again, it's unfortunate that the Trustees call us and say "We were told you guys approved the kitchen," that was the word used, the kitchen and renovation. All it is is a point of clarification. If you think that's acceptable and obviously we are going back and reapproving this because we did exactly like you said, John, exactly. We sent it up to the Village Board for a decision on that \$732,000, they chose to do it but during that budget hearing the conversation was, there was a concern raised about that particular spending of that kind of money upstairs at a time when some of us believe it shouldn't be a high priority. So if we get a second to Bob's motion in terms of the clarification of what was said, it's in there, it's in the budget, but the records should indicate the clarification of what he is trying to put in there so in the future, if it comes back to any one of us, we did not approve that, any part of that \$732,000. Is that a fair statement?" John Johann said, "I agree with that, I just think the resolution needs to be worded carefully so that it's clear what action that this committee took, my recollection of the action that the committee took, which was to send the balanced budget to the Trustees with our recommendation that it be approved and for that body to consider the \$732,000 additional monies that were outside of the balanced budget. That's my recollection. If that's the motion, I would second it." Joe LoVerde said, "That's correct but again, there was a miscommunication to certain elected officials that we approved everything, the \$732,000. What Bob is trying to do is set the record straight because when some of us told the Trustees that we did not approve that \$732,000 they were kind of caught off guard because they said that's not what they were told that the Finance Committee approved everything including the second floor renovation. That's really the issue. I agree that everything that went to the Village Board from the Finance Committee was one hundred percent correct with this being left out. These minutes support, the minutes we are about to approve now, kind of support exactly what took place but I think Bob wants it clear as to what we said as a secondary issue to clarify who heard what and was it correct. So it's kind of an opinion and error of straightening the record out not changing the budget. We can't change the budget. The only place that budget can be changed now is in the board room." Al Weel said, "Yes, I think you are right, I think we just need to state for the record, I'm not sure we need a whole resolution and stuff. Just stating for the record, in here, that we approved the balanced part of the budget but the renovation cost was referred up to the board of Trustees. John said, "Right, because we had differing opinions on that. We didn't come to a consensus". Al added, "Yes, I think we just need it for the

record. For my sake, I'm comfortable with that." Bob said, "Okay, I withdraw the motion and why then don't you state for the record what you just said." Al said, "Yes, I think the minutes here kind of reflect what we did and we just need to reiterate the fact that the Finance Board approved the balanced portion of the budget and did not approved the expenditures of the \$732,607 but that was referred up to the Board of Trustees. I think that is my understanding of what happened." The Committee members said, "Yes." Steve Vinezeano said, "And as a point of information, that is exactly what staff said, exactly what Committeeman Al Weel said just now." Bob Callero added, "That's fine, but the phone calls I got didn't say that." Joe LoVerde said, "It's inappropriate for any one of us to say who called us, right? Let's not be unprofessional, but the calls did come and the calls were saying very specific that the Finance Committee approved everything including the renovation and Trustees were walked around the second floor to show them what was going to be done and that we were behind it. That was a false statement." Steve Vinezeano said, "Okay, I am just telling you, Mr. Chair, the two staff sitting in this room did not lie to any of those board members. They said exactly what Al Weel stated." Bob said, "But Mr. Chair said it exactly. It's inappropriate to name names." Steve replied, "And I'm not asking that, I could care less who said what. Joe said, "I think we clarified the \$732,000 issue. I think that would be the wrong thing to say that we voted against the \$100,000 roof that Public Works needs and that if parking lot lights need to be replaced, they need to be replaced. I think we have a lot of common sense up here that indicates that some of us feel, including myself, that the renovation to the second floor is not a high priority item when we are going into a budget cycle of a borrowed 22 million dollars and raising property taxes. I don't believe that is a good message we send. That's a very high priority item. And that's my feeling. And if someone tells my other Trustees that I approved it, that's a false statement and I take a little bit of a defense to that and I will clarify it in the board room along with all the other budget items that are a major concern." Steve replied, "Understood. I fall in line with what you are saying Trustee." Joe added, "Because you know, we say this with sensitivity. Because I don't attend a budget workshop for whatever particular reason, my personal reason, if Trustees indicate that they're just as not on board with the renovation of the kitchen and they pass it anyway, that's not the way I work, that's not the way the Village should operate. We are all in this together for the best reason, the citizens of Niles. So, this just puts wood on the fire when you hear people saying, "We approved the kitchen, we approved the kitchen." And again, John and Al, speaking fairly, actually never made a final decision. They said if the building needs it, if it's dated. Then again, that one statement and phone call that said we approved it, that's why we approved it, is a cop out. So, however we are going to do this, if Bob wants to put it in the form of a motion then John and Al can vote against it. I just want to move this forward and get on with the business we have to get on with." Steve said, "Understood." Joe continued, "And make sure you and you understand why this issue is even in public discussion." Steve Vinezeano said, "Oh, I can understand." Joe LoVerde said, "You know, I don't think there is any one trustee who is any more important than another Trustee in this Village. And I'll include the Mayor. I don't think the Mayor is any more important than the corporate authority of this Village. So if things are misrepresented from our committee, it needs to be clarified. So, I think we did this last month and we beat it up a little bit then too, but again, it's important that they know we didn't approve the kitchen or the second floor renovation. They have all the authority in the world to vote it into the budget and put it back in. That's their business." Bob Callero said, "I withdraw my motion and the explanation that Mr. Weel gave should be quoted in the minutes." Joe said, "Please do me a favor. Would you please print the minutes verbatim? The discussion that just took place so that anyone in the future who wants to look at it and say, Well, somehow between now and then somebody told a fairy tale that we approved the kitchen." Jeff Martynowicz said, "Yes, we can do the

verbatim minutes and also include a tape if anyone wants to reference it.” Bob Callero said, Thank you.”

Approval of Minutes

The regular minutes from the April 18, 2018 Finance Committee meeting were presented for approval, motion made and all concurred.

Accounts Payable Approval

The Accounts Payable registers for 2018 4/13, 4/20, 4/27 and 5/4 were up for approval, motion was made but Chairman LoVerde did not approve the payables due to further questions. A vote was taken. Joe Loverde voted no while all other Committee Members voted yes. Account Payables will be approved at regular Board Meeting.

New Business
Purchasing Policy Revisions

Finance Director Jeff Martynowicz presented suggested changes to chapters one through three of the Village’s Purchasing Manual. Suggested changes include updating language since implementing new software program, new thresholds for expenditures within the Village and incorporating a tipping policy. Jeff recommended increasing the purchase amount for quotes from \$1,000 to \$2,500 so department heads have more discretion on purchases and increasing purchases approved by the Village Manager and Mayor from \$5,000 to \$10,000 and above. Bob Callero stated his concerns with the increases. He agreed with the \$2,500 approval increase but felt the other thresholds should remain the same. Jeff agreed and added that the new software allows for digital approvals which will expedite the process. Jeff also recommended increasing the purchase amount that requires quotes from \$1,000 to \$2,500 and above. Steve Vinezeano stated that each person must still do their due diligence to shop local and obtain the best price when possible. After discussion, the Finance Committee agreed that this change would create a more efficient purchasing process. Jeff’s final recommendation was to clarify the Village tipping policy for all employees by implementing general service administration guidelines. Chairman LoVerde questioned credit card usage and limits for the Village. Jeff stated that the Village credit card is used to pay for water and Groot bills only. He explained that we earn points that are either used to offset fees or entered as revenue. Joe LoVerde stated that the largest potential violation of policy comes with credit card usage. He stated that local officials and Village employees should be extremely careful when spending public funds to avoid a felony. He believes that our credit card policy needs to be as tight as possible. Strict caps, restrictions and clear consequences must be set in place and any violation of policy should result in termination. Joe suggested comparing GFOA guidelines against our current policy. Jeff agreed. He said that Purchasing Manager Susan Bus has internal control over credit card spending and instant access to all credit card activity. Susan was called into the meeting to clarify credit card purchase limits. She stated that each department head has a credit card with a limit of \$5000 and that the Village of Niles has one of the strictest purchasing policies around. Susan is notified of all credit card purchases prior to purchase. Jeff stated that no reimbursement is given without submitting the proper receipt for purchase and if a credit card is misused, it is immediately taken away.

Joe made a motion to increase the required amount for quotes to \$2500 and above and to keep all remaining thresholds the same. All concurred.

Matrix Study Discussion/Review

Chairman LoVerde suggested discussing the Matrix Study at the June meeting unless it was urgent. Jeff Martynowicz agreed.

Other Business

Paul Nielsen asked Jeff Martynowicz to email a copy of the returns for the pension funds to date.

Public Comments

Steven Malok said he was unable to keep his previous commitment set by the Finance Committee in December. He was given until May 1st to pay his \$1300.00 water bill. He was unable to pay due to unforeseen circumstances. His water was shut off by the Village. He was unsuccessful at reaching the Finance Department. Mr. Malok made an agreement with Village Attorney Danielle Grcic to make a partial payment of \$1000 at that time so his water could be turned back on. He agreed to pay the balance in full by May 31st or he would be placed on the shut-off list. Mr. Malok stated that he couldn't pay by May 31st and was requesting a one day extension to make payment. He stated many reasons as to why he couldn't keep his commitment. Chairman LoVerde stated that since the agreement was made with the Village Attorney, and has become a legal issue, the Finance Committee had no authority to change the agreement. He stated that the Finance Committee did all they could to help him. Mr. Malok said that he wasn't given a chance to explain himself to the Finance Department so he reached out to the Village Attorney. He questioned why the Finance Department didn't have authority to compromise on a payment plan. Joe LoVerde reminded him that the Finance Department used their authority when his late fees were waived and a payment plan was previously given. He was told that authority was gone when a contractual agreement was made with the Village Attorney. Mr. Malok was referred back to the Village Attorney Danielle Grcic.

Executive Session:

None

Adjournment:

Motion to adjourn was made at 9:15am and all concurred.