

**The City of Lake Forest
FINANCE COMMITTEE
Proceedings of the January 21, 2020 Meeting
6:30 p. m. – City Hall**

I. Call to Order and Roll Call

The meeting was called to order at 6:30 p.m. by Chairman Morris. Chairman Morris, Mayor Pandaleon and Aldermen Beidler, Rummel, Notz, Preschlack, Goshgarian, Moreno and Buschmann were present. Absent: None. Quorum present. There were approximately 20 present in the audience.

Staff present: Jason Wicha, City Manager; Elizabeth Holleb, Finance Director; Joseph Gabanski, Assistant Director - IT; Julie Tappendorf – City Attorney; Margaret Boyer – City Clerk; Michael Thomas, Public Works Director; Pete Siebert, Fire Chief; Cathy Czerniak, Director of Community Development; Karl Walldorf, Police Chief; and Sally Swarthout, Parks and Recreation Director.

Others present: There were approximately 10 people in the audience.

II. Consideration of Minutes from the Finance Committee Meeting Held on November 12, 2019

Alderman Rummel made a motion to approve the minutes from the Finance Committee meeting held on November 12, 2019. The motion was seconded by Alderman Preschlack. The motion carried unanimously by voice vote.

III. FY2021 Water Rates

Finance Director Holleb noted that today's discussion was intended to follow up on additional information requested by the Committee at their November 12 meeting and to seek Committee input on water rates for the FY2021 budget.

Ms. Holleb provided a presentation that covered the City's water rate methodology, historical water consumption, fixed vs variable rate structure considerations, analysis of water consumption by range, and history of water rates. She presented three options for FY21 water rates to accomplish a 2.5% increase in water revenue to cover increased operating costs:

Option 1 – across the board rate adjustments

Option 2 – structural rate change to increase fixed revenue from 20% to 25%

Option 3 – blend of options 1 and 2, increasing fixed revenue from 20% to 22.5%

The Committee discussed the allocation of accounts by category, percent of increase by rate category and overall, and the annual dollar and percent increase projected under each option for five user categories (low usage residential, medium usage residential, high usage residential, high usage commercial and average usage commercial).

Following the discussion and questions, Chairman Morris asked the Committee to provide direction for the option to be brought back to City Council for action in February. The consensus of the Committee was to move forward with Option 3. Alderman Preschlack noted the importance of educating Lake Forest consumers on the factors impacting City water rate changes.

IV. 2019 Network Security Assessment

Joseph Gabanski, Assistant Director – IT, provided a presentation on the results of a recently completed assessment of the City's computer network security. An outside contractor performed the assessment, which was similar to the assessment conducted in 2017. Overall, the 2019 assessment rated the City's network security as Higher than Average. The contractor assessed the City's perimeter network (firewalls), all servers and workstations, with an emphasis on the newly implemented ERP system and the backup and disaster recovery system. Notably, no

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critical vulnerabilities were identified with the City's new ERP system. All 12 critical vulnerabilities were remediated within 3 days of the assessment completion. Findings for 2019 were down 72% compared to the 2017 assessment.

Mr. Gabanski noted that in addition to the 2019 security assessment, the City will now proceed with ongoing vulnerability monitoring services. Cybersecurity awareness training is required of all City users and the City Council is also encouraged to participate in this on demand training.

Mayor Pandaleon noted that Moody's Investors Service inquired about the City's network security procedures as part of the recent bond rating review. Mr. Gabanski and Ms. Holleb addressed questions related to the City's liability and protections in the event of a data security breach.

V. Other Business

Chairman Morris noted that the meeting packet included information on the debt service tax levy abatements on this evening's City Council agenda, the December 2019 flash report, the Core/Elective Service Analysis for 2020 and the draft Information Technology Five-Year Capital Improvement Program. The Committee had no questions on these items.

VI. Opportunity for the Public to Address the Finance Committee

No one from the audience desired to address the Finance Committee.

VII. Adjournment

There being no further business, Alderman Preschlack moved, seconded by Alderman Beidler, to adjourn the meeting at 7:18 p.m. The motion carried unanimously by voice vote.

Respectfully Submitted,

Elizabeth Holleb
Finance Director