

MINUTES

BOARD / COMMISSION: Finance Commission

DATE: 11/4/11

MEETING: Regular

CALLED TO ORDER: 7:05 AM

QUORUM: Yes

ADJOURNED: 8:35 AM

MEMBER ATTENDANCE:

PRESENT: Chairman Parker, Commissioners Faber, Geiselhart, McCloskey, Moody, Nuehring, and Skirvin; Student Commissioner Cooney

ABSENT: None

ALSO PRESENT:

Trustee Liaison Henniger; Village Manager Franz; Finance Director Wachtel; Interim Finance Director Noller; Recording Secretary Blake; Policy Chief Philip Norton; Planning Director Staci Hulseberg

AUDIENCE:

Glenbard West students

I. **CALL TO ORDER:**

The Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:05 AM by Chairman Parker in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll call was taken, and it was determined that a quorum was present.

II. **PUBLIC COMMENT**

None

III. **APPROVAL OF MINUTES**

Chairman Parker asked for comments on the October 14, 2011 draft minutes. Hearing none, Commissioner Nuehring moved, and Commissioner Geiselhart seconded, that the minutes from the October 14, 2011 meeting be approved. The motion was passed unanimously.

III. **DEPARTMENT UPDATES AND REVIEW FINANCIALS**

Trustee's Report

Trustee Henninger said that the Village Board would be taking on the tax levy and tax abatements at the same time. Commissioner Faber asked how to educate the residents on what is happening with the tax levy. Trustee Henninger said that an amount, as opposed to a rate, is requested from the assessor's office. The rate is determined by looking at assessed value and dollars needed. The Village could levy higher because it is a home rule community, but it does not do so. As assessed values decrease, the rate increases. Chairman Parker noted that there is little control over much of the spending, i.e., pensions and health insurance. Commissioner Skirvin reminded that the Village portion is only 7% of the property taxes paid by residents, and the increase will be approximately \$11 on a \$500,000 home.

IV. **ECONOMIC DEVELOPMENT INCENTIVES**

Planning Director Hulseberg reported that staff has looked at programs from additional communities and received comments from two Commissioners. A red-lined draft has been circulated. There was discussion on the merits of original goal number 5 concerning green initiatives. There was also discussion concerning the change to the review criteria on page 3. It was reminded that this is a guideline and each request will be evaluated on a case-by-case basis. Planning Director Hulseberg said that the next step will be to place the Guidelines on the agenda for one of the Village Board's workshops in November.

Village Manager Franz reviewed the proposal from the Glen Ellyn Market project. This is the former Webb Dodge property. The developer is in due diligence for the next 75 days. The developer is asking the Village to defray \$1,560,000 in extraordinary on-site and off-site costs. Staff feels that at least \$500,000 of this requires further analysis of the merit of these improvements. The developer is also requesting a rebate of approximately \$880,000 in sales taxes over a 10 year period. Applying the draft incentive guidelines, the project itself has great potential benefit to the Village. The positives outweigh the negatives. However, more information is needed from the developer.

Manager Franz said that the initial sales tax analysis showed that a 50-50 split based on the developer's numbers would not equal \$880,000 over 10 years. It also needs to be determined what percentage of the sales would not be exempt from the home rule tax. There is a short window in which to analyze the data. The Commissioners discussed the Glen Ellyn Market concept and how it will fit in with other grocery stores in the area. There was also discussion concerning the possibility of having a meeting in two weeks to review the data, if the numbers are available.

V. **FIVE YEAR FORECAST**

Interim Finance Director Noller updated the forecast and base model. He asked commissioners if they want the full forecast updated. Chairman Parker would like to see a government funds versus general funds analysis. Staff can proceed with the graphs and charts.

Commissioner Skirvin reviewed the circulated Fund Summary report. Page one allows looking at all funds together and all aspects of the Village aside from enterprise funds. Chairman Parker said that, in the past, these activities have been assumed to be bottom line neutral, but no longer comfortable with that assumption.

The Consolidated Financial Statement (page two) items are grouped how they are managed. Revenue is stagnant, but expenses are rising. Chairman Parker noted that pension and health expenses are rising faster than expenditures on capital improvements. Manager Franz said that he does not expect health care costs changing from the 10% increase per year.

General Fund Revenues shows that sales tax has been fairly stable and property tax revenues have steadily increased. However, the Illinois income tax revenue is dropping and may decrease more depending on decisions made at the state level. Without the home rule sales tax, the Village would be moving backward.

Expenditures increased nearly \$1 million in 2011. The total number of Village employees decreased by three in 2011. The average cost per employee increased 7.2% in 2011. The cost of benefits has risen significantly over the past six years.

Contractual services expenditures are basically flat. Police Chief Norton reviewed the DuComm expenditures, noting how much more expensive it would be for the Village police department to take over emergency dispatching services in-house.

The bonds are paid off in 2015. As the payments decrease, those funds can be reallocated to existing projects in anticipation of not having to bond in the future. Capital projects are being squeezed because of personnel costs. Manager Franz noted that the 20 year road reconstruction plan may be reviewed in the next year. Trustee Henninger expressed concern that there is no capital plan for the buildings owned by the Village. The streets and underground are addressed but nothing else. Manager Franz noted there is a facilities fund, but there will be an update next year.

Chairman Parker noted that assessed values decreased for the first time in many years, and that it is particularly important for the five year forecast.

Commissioner Skirvin would like to go through this analysis for the 2012 budget for the new five year forecast.

VI. ADJOURN

Commissioner McCloskey moved, seconded by Commissioner Skirvin, to adjourn the meeting at 8:35 AM. The motion carried unanimously.

The next regular meeting will be December 9, 2011.

Submitted by Karen Blake, Recording Secretary

Reviewed by Kevin Wachtel, Finance Director