

# MINUTES

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BOARD / COMMISSION: Finance Commission

DATE: 11/21/11

MEETING: Special

CALLED TO ORDER: 7:00 AM

QUORUM: Yes

ADJOURNED: 8:27 AM

MEMBER ATTENDANCE:

PRESENT: Chairman Parker, Commissioners Faber, Geiselhart, McCloskey, Moody, Nuehring, and Skirvin

ABSENT: Student Commissioner Cooney

ALSO PRESENT:

Trustee Liaison Henninger; Finance Director Wachtel; Assistant Finance Director Noller; Recording Secretary Blake; Planning Director Staci Hulseberg

AUDIENCE:

None

I. **CALL TO ORDER:**

This Special Meeting of the Glen Ellyn Finance Commission was called to order at 7:00 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 November 4, 2011 draft minutes. Several corrections were made. Commissioner Geiselhart moved, and Commissioner Faber seconded, that the minutes from the November 4, 2011 meeting, as amended, be approved. The motion was passed unanimously.

#### **IV. ECONOMIC DEVELOPMENT INCENTIVES**

##### **A. Glen Ellyn Market**

The Commissioners reviewed the Glen Ellyn Market Cost Benefit Analysis. The projected sales tax receipts have not been received as the store has not confirmed the projected ratio of sales subject to home rule sales tax. Concerns were expressed about the optimism of the figures presented to date by the Market. Chairman Parker noted that this is the first time the management team has gone through this financial model. Perhaps there will be questions to send back to the development team and the Market. There was discussion concerning how much cannibalization there may be of patrons at existing Glen Ellyn stores. That needs to be factored into the cost benefit analysis. Chairman Parker directed the team to present these concerns and requests for changes to the Market and the developer, and give them an opportunity to defend their assumptions.

Commissioner Faber asked about the potential costs to the Village. Planning Director Hulseberg said that the developer's engineer's estimate is not in line with the Village assumptions. The estimated costs for retaining walls, site excavation and Taft Avenue construction are different from Village estimates. Additionally, the Village has environmental issues of offsite storm water and wetland buffers to consider. It was clarified that \$850,000 is the amount the Village at this time is comfortable identifying as extraordinary costs that may be considered for Village reimbursement. The developer continues to seek \$1.5 million. It was also noted that the developer expects the Village to improve portions of Taft Avenue that lie within Wheaton.

Chairman Parker expressed that the Commission needs to have a better understanding of what the developer is asking of the Village. Planning Director Hulseberg expressed the philosophy that the Village could pay for improvements to Village property in that the Village would benefit when developing this and other parcels. It can be looked at as a long term investment. It also may be appropriate to share expenses on extraordinary infrastructure. Attempts were made to have a conference with the developer last week, but were unsuccessful.

There was lengthy discussion concerning the benefits and costs of the Village expending funds up front to acquire Taft Avenue and make storm water system improvements. It could be considered an investment in economic development along Roosevelt Road. How much can be recouped and in what time frame was considered with Commissioners agreeing on a scenario of recouping one-half of the up-front costs in a five to seven year time frame. Commissioner Skirvin noted that there are additional revenues from building permits and utilities that should be noted in the calculations. However, there would also be offsetting costs for the Planning and Development department.

Building permit fees have never been waived and development fees and connection and tap fees are generally net neutral.

There was discussion concerning the benefit to the developer of the Village's participation, and the ramifications to the developer if the Village does not meet its request.

Chairman Parker requested staff to ask the developer for justification of its projected numbers, and asked Planning Director Hulseberg to draw up numbers that staff is comfortable with and present them to the developer and the Glen Ellyn Market representatives. A meeting needs to be set at which they are encouraged to be present, or at least submit their revised assumptions. It should be made clear that whatever upfront costs the Village expends will be expected to be one-half recouped over seven years with incremental sales tax. Finally, the Commission needs a clear understanding of exactly what the developer and the Market are asking of the Village. Commissioner McCloskey noted that the taxpayers are being asked to invest equity into the business moving into the Village. The proposal needs to be evaluated like any other investment.

#### B. Haggerty Chevrolet

Planning Director Hulseberg presented the request from Haggerty Chevrolet for financial assistance for its "image enhancement" as required by General Motors. A minimum of \$1 million in financial assistance from the Village has been requested. Although the dealership would like the funds up front, the Village would reimburse through a sales tax rebate over time. There was discussion concerning the impact to the Village of rebating some or all of the projected increase in sales taxes. There was discussion concerning the projected increase in sales and sales tax revenues and how much of the sales tax revenues to rebate back to the dealership. If the dealership's sales tax increases by 2½%, and that increase is reimbursed, the village is giving back a large portion of the growth in the Village's sales tax income. Additional consideration on a program wherein the Village would retain the current amount of sales tax, plus an additional 2% per year, then anything above that increment could be subject to sales tax rebate.

Chairman Parker set a schedule for considering the Glen Ellyn Market proposal. As their due diligence period expires mid-December, the developer will need to know if the numbers work and if the project can proceed on that basis. Therefore, the Commission needs to make a recommendation at its regular December 9 meeting to be brought before the Village Board at its December 12 meeting. The developer should attend the Commission's December 9 meeting, and staff needs to get materials to the developer in time for the developer to react. If the developer does not agree with the Village's numbers, the Commission needs to know.

V. **OTHER BUSINESS**

The next regular meeting will be Friday, December 9, 2011 at 7:00 AM.

VI. **ADJOURN**

Commissioner Skirvin moved, seconded by Commissioner McCloskey, to adjourn the meeting at 8:27 AM. The motion carried unanimously.

Submitted by Karen Blake, Recording Secretary

Reviewed by Finance Director Wachtel