

MINUTES

BOARD / COMMISSION: Finance Commission

DATE: January 13, 2012

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

ABSENT: Student Commissioner Cooney

ALSO PRESENT:

Trustee Liaison Henniger; Village President Pfefferman; Village Manager Franz; Finance Director Wachtel; Acting Assistant Finance Director Barbeau; Police Chief Norton; Recording Secretary Blake

I. CALL TO ORDER:

This 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 December 9, 2011 draft minutes. Commissioners brought up several changes. It was decided to table approval of the December 9, 2011 minutes, that Chairman Parker will compile and circulate the changes, and the minutes will be finalized for approval at the next meeting.

IV. FINANCIAL UPDATE

Finance Director Wachtel reported that the revenue side of the budget is faring better than last year over all. Tax revenues are up 6%, with increases year-over-year in all tax subcategories. Building permit revenues are still down significantly, although the second quarter was better than last year. The state sales tax was essentially flat through the second quarter and slightly below projections.

On the expense side, expenditures are also higher than last year. Even after excluding the special programs fund, expenditures are still 5% higher than last year. However, the variances from the budget are less than 2% and are within an acceptable range.

Chairman Parker expressed a desire to see on one page the cumulative net revenues over expenditures excluding the home rule sales tax income. He also noted that the biggest item out of balance is building permits.

The Commissioners discussed the impact of foreclosures on property taxes. The consensus was that the taxes accrue, and when they are paid, they are attributed back to the year they are assessed, as opposed to the year they are paid. It is also possible they will not be collected at a foreclosure sale.

Finance Director Wachtel said that the second quarter report has been circulated, and asked for feedback on format and content from the Commissioners. He said that the report is presented to the Village Board, but the intended audience is the residents. Trustee Henninger concurred that the audience is the public. Commissioner McCloskey noted that the first two pages are the most important. Commissioner Skirvin suggested having a four page executive summary and an appendix for those interested in more data. Commissioner Skirvin will give Director Wachtel additional comments.

V. FIVE YEAR FORECAST

Finance Director Wachtel presented the five year forecast, which is in the form of a draft report at this time. He is looking to the Commission for feedback on assumptions and the format. It has not changed much from year to year, largely due to salaries. He reviewed several scenarios that could eliminate the deficits and bring revenues and expenditures even by 2017. Taken individually, the scenarios are difficult to achieve in the short term, and/or undesirable solutions.

Chairman Parker expressed concern about recommending any of the scenarios. The Commission has to find a long term solution for the Village, otherwise they will be looking at a similar chart every year. The only last minute decision that can be made is a tax increase, or

reduce capital expenditures which could result in deteriorating infrastructure. The Commission needs to identify real steps to take.

Village Manager Franz said that all municipalities are having this same discussion. He understands that a long term solution is deal, but at this time a long term solution is not evident. He feels that the worst is behind us. He noted that Glen Ellyn spends more revenue on capital improvements than other communities, and that all the utility taxes are going to the capital budget. Other communities use utility taxes to balance their budgets. There is no simple long term solution.

Commissioner McCloskey expressed being more optimistic. Some of these numbers will move on their own and recommended keeping an eye on the short term and look at long term solutions such as development. Commissioner Faber suggested tying salaries to a range from the top revenue line and expressed concern about pensions. If higher revenues come in, then higher salaries can be paid. Commissioner Skirvin suggested that some of these alternatives be included in the document, such as revisiting the Capital Fund or an opportunity to move utility revenues. There was additional discussion concerning legislative changes that may come from Springfield, and what expenditures are controllable.

Finance Director Wachtel reviewed other pages of the draft report. It was noted that payroll is growing more than other expenditures, and is based on estimated pension and health cost increases. Payroll is increasing faster than revenues. There was lengthy discussion concerning payroll increasing faster than revenues, and particular comments about health and pension costs increasing 10-12% per year with employees paying 20% of the premiums. Police Chief Norton reviewed the steps that are taken during the police contract negotiations.

Commissioner Skirvin expressed that the Commission needs to broaden its view, and should be looking at all the funds together, particularly the general fund and capital funds. Chairman Parker concluded that the Commission needs an additional meeting to consider these matters. The Commission needs to arm the Village Board so it can discuss the problem. Manager Franz suggested including information on what has been done so far to address the situation.

VI. OTHER BUSINESS

TIF UPDATE

Village Manager Franz said that work has been ongoing on the TIF for the Central Business District for 7-8 months. The taxing bodies other than the school districts have approved it. The downtown plan with include streetscape, parking, greenways and infrastructure improvements. The required ordinances are scheduled to be approved by the Village Board in February. From

a budget perspective, the TIF should start affecting revenues in the 2013-14 fiscal year. He noted that this is a long term solution to revitalizing the downtown area.

GLEN ELLYN MARKET ECONOMIC DEVELOPMENT INCENTIVE UPDATE

Village Manager Franz met with the developer. Their engineers are working on the grade issue. All things appear to be moving in the right direction. The pre-planning meeting should soon take place. Although the Taft Avenue construction in Wheaton is an issue, the developer feels they will work out a solution.

Village Manager Franz also mentioned that Haggerty has asked that the Village pay for 100% of their renovation cost and to do it upfront, to which the response was “no”. Negotiations are ongoing.

VII. ADJOURN

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

Submitted by Karen Blake, Recording Secretary

Reviewed by Finance Director Wachtel