

MINUTES

BOARD / COMMISSION: Finance Commission DATE: July 20, 2012

MEETING: Regular CALLED TO ORDER: 7:00 AM

QUORUM: Yes ADJOURNED: 8:48 AM

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

ABSENT: none

ALSO PRESENT: Trustee Liaison Henninger; Manager Franz;
Finance Director Wachtel; Assistant Finance
Director Coyle; Village Police Chief Norton

I. **CALL TO ORDER:**

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:00 AM by Chairman Skirvin in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll call was taken, and a quorum was present.

II. **PUBLIC COMMENT**

None.

III. **APPROVAL OF MINUTES**

Chairman Skirvin made a correction to page 4 of the minutes. Commissioner Parker moved, seconded by Geiselhart, to approve the minutes as amended. All were in favor. Minutes were approved unanimously.

IV. **FINANCIAL UPDATE**

Finance Director Wachtel provided information on the May and June, 2012 monthly reports. These are the first two months of the fiscal year, so we reviewed key revenues on a 12 month

rolling average to see long term trends, controlling for seasonality. The sales tax revenue 12 month average peaked in June, 2011, and the current average is close to the peak. Home rule sales tax has continued to increase since inception; the revenue source was implemented after the economic downturn in 2008 and 2009 so there was no pre-recession peak. Income tax saw a peak in November, 2008, but saw a decline until June 2010. The recent 12 month average is doing better, and recovering very slowly. We budget income tax based on Illinois Municipal League projections, at \$2.2M for FY12/13, an increase over the prior year. There was additional discussion as to how the state distributes income tax. Chairman Skirvin noted that the last several months have been the highest performing compared to the same month period of the past 4 years.

Commissioner Moody noted that the confidence level of the prior few months does not allow for accurate predictions. Commissioner Parker asked that the report chart out additional historical data and tighten the range so it is easier to identify trends. Commissioner Parker also observed that the home rule sales tax continues to be stronger than regular sales tax, and inquired why that might be. Finance Director Wachtel noted this was examined a few months ago, and that the primary driver for the difference has been vehicle sales. Much of the sales in Glen Ellyn is driven by groceries and others sectors that are not as volatile in down economies. Chairman Skirvin asked why "other revenue" grew so much. The reason was Federal drug forfeiture of \$60,000 this year.

Trustee Henninger noted that Ambulance Service Fee revenue is also higher this year, which is good to see. Chairman Skirvin asked if we can use the year over year comparison to identify trends. We cannot as yet, as there is insufficient data for the year to draw conclusions from the current year data with only 2 months of activity.

V. REVIEW TIF INCENTIVE GUIDELINES

Manager Franz provided a background the TIF incentive guidelines. This will be used as a guideline in order to help identify the review process and some criteria for evaluating requests from businesses or potential businesses for using TIF revenue. These guidelines are similar to the economic development guidelines, and may be incorporated into the same document. Each request for tax incentives will be evaluated on its own, and will include an evaluation of the amount of projected additional tax revenue that the development or redevelopment would generate for the TIF Fund or the Village. The economic development incentive program would be performance based. These incentives will be applied for TIF eligible projects. The Village also has other grant programs available for façade improvements or interior renovations for smaller scale projects. TIF funds are intended for larger requests. Chairman Skirvin asked if we were contemplating issuing bonds for improvements, which would cause EAV to grow faster and really provide benefit to the TIF. Manager Franz indicated that we might consider that for larger projects, such as a potential

parking garage, which a consultant is currently reviewing. There is potential for other future development. Commissioner Parker asked if the downtown plan included a parcel by parcel review to determine what could be redeveloped. Trustee Henninger indicated that it did. Manager Franz indicated that TIF expenditures must be in categories as defined in the state TIF statute, and cannot be used for private construction. TIF dollars can only be used for certain categories. Commission Nuehring suggested that the policy should include a reference to the state statute that limits TIF expenditures to certain categories because that can change over time. Commissioner Faber asked why we would use TIF dollars to subsidize additional housing, which could lower property values of the entire community at large. It was discussed that this type of dwelling would attract different owners that would not necessarily compete with single family homes, and would add people that would be potential customers to the businesses. Commissioner McCloskey asked who are we targeting? Manager Franz indicated that we have been in contact with some developers that have expressed some interest in redeveloping some areas of the downtown. It may be some smaller projects, or a larger project. We have and will continue to get the word out about the TIF and areas of potential development as identified in the downtown plan, including at ICSC shows.

Commissioner Faber noted that the TIF provides additional power to the Village to provide incentives and impact the market, and we need to be sure that is used wisely. The ability to determine who develops is vested with a few people. Manager Franz indicated that is why we have guidelines and a thorough review process to determine what projects are in place. There was discussion about the nature of public/private cooperation in projects, the effects on the free market, the role of government intervention and review processes. Chairman Skirvin noted that the guidelines should include a reference to the Village's ethics policy to help provide safeguards from conflicts of interest.

Commissioner McCloskey asked if the guidelines are cast in stone. Trustee Henninger noted that they are being reviewed, and will continue to be reviewed. The guidelines may be revised as we go through the process and learn about what works well and what does not. Commissioner Faber asked about historic preservation. Commissioner Parker asked if 10% of the units must be affordable housing. Manager Franz noted that the TIF consultant is reviewing state law to find if that is required. Commissioner Moody asked if the downtown plan details how many additional housing units we would want? Trustee Henninger said that the downtown plan does include that information. The downtown plan is driving the vision. The TIF is a mechanism to get there.

Chairman Skirvin expressed concern that the TIF will take away dollars from the General Fund. We have guidelines to economic incentives, but we need to be cognizant that we are planning to share revenue that we need in order to provide service. Our projections show that our revenue is already growing slower than expenditures. The growth that we need to fund our

existing services is going to fund additional growth.

Manager Franz said that with this input from the Finance Commission, the TIF incentive guidelines will be revised and reviewed by the Village Board, and possibly incorporated into the Economic Development Guidelines. If Commissioners have additional comments, please provide them to staff.

V. ECONOMIC DEVELOPMENT

Manager Franz indicated that we have a new economic development coordinator, Martha Corner, who will meet the Finance Commission at a future meeting. We are meeting with the Chamber and Alliance to keep close communication with those groups. There are several new businesses in the downtown and on Roosevelt Road, including a paper store, sunglasses shop, 2 yogurt shops, burger restaurants, school of rock, new pizza shop, and Oberweis is moving. The deadline for proposals to redevelop the Village's Stacy's Corners property is August 10, and there were 8 firms interested but the Village would be happy if 4 or 5 submit proposals.

Manager Franz also indicated that Haggerty has received appearance and sign variation approval from the Village Board, but they have not been in contact to finalize the agreement. The Fresh Market project is moving, but very slowly. There were some recent meetings relating to new storm water management rules. Commissioner Parker expressed frustration that this project is taking a long time, and perhaps we should include time limitations to redevelopment agreements. Manager Franz noted that we have not signed a redevelopment agreement as yet.

VI. PROJECT UPDATES

Manager Franz provided an overview of the Village Links renovation project. The Village Board has provided preliminary approval of the project. Major components of the project include clubhouse renovations, and the Village Capital Improvement Commission has reviewed the project and is providing Village funding for infrastructure improvements, including sidewalks, street lights and street resurfacing of Winchell Way. Finance Director Wachtel indicated that staff had been in contact with bond counsel and the financial advisors and are well positioned to issue bonds when needed in September or October. Village Links Director Matt Pekarek is working on financial projections to include underlying activity assumptions.

The Commission discussed options for updating the Scorecard. Manager Franz thought it would be prudent to update the forecast after 5 years. Chair Skirvin would like the scorecard after three years in light of changing economic conditions, the TIF, and that there would be greater value to affect the five year forecast. Commissioner McCloskey asked how often we use the

document, and that there may not be value in updating a document if we are not going to use it often. Commissioner Parker said that the last report included a significant amount of context, and would like to see the report sooner than 5 years. Trustee Henninger said that as a board member, he thought that updating the report for context every 5 years would be appropriate. Commissioner McCloskey suggested that we may be able to find an intern that would be able to collect the data and produce a report, which would typically be done in the summer. There was additional discussion on timing of the report and the availability of data.

Commissioner Parker moved, seconded by Commission Moody, that the Finance Commission should recommend to the Village Board that a relevant subset of the original scorecard is updated, with special focus on the income, expenses and balance sheet aspects, not the census information, of the report sometime between now and April 2013, with preference to have it done sooner rather than later. This would include: every three years would update this subset of information, and every 5 years would update the full report. Motion carried unanimously.

The five year forecast is still an active item, and will be completed this fall in coordination with annual audit.

VI. OTHER BUSINESS

Next meeting will be held August 10, 2012.

VII. ADJOURNMENT

Commissioner Nuehring moved, seconded by Commissioner Parker, to adjourn the meeting at 8:48 AM. The motion carried unanimously.

Submitted by Finance Director Wachtel

Reviewed by Assistant Finance Director Coyle