

Agenda
Village of Glen Ellyn
Village Board Workshop
Monday, March 8, 2010
7:00 P.M. – Galligan Board Room
Glen Ellyn Civic Center

1. Call to Order
2. Public Comments?
3. Home Rule Sales Tax Discussion – Jon Batek **(Pages 2 – 15)**
4. Downtown Strategic Plan Implementation Discussion – Steve Jones **(Pages 16 – 19)**
5. Other items?
6. Adjournment

3



To: Steve Jones, Village Manager

From: Jon Batek, Finance Director

A handwritten signature in blue ink, appearing to be "Jon Batek", is written over the "From:" line.

Date: March 3, 2010

Re: Annual Review of 1% Home Rule Sales Tax

Background

On March 30, 2009, the Village Board approved Ordinance No. 5740, imposing a new 1% home rule sales tax in response to significant declines in revenues combined with sharp increases in mandatory pension funding requirements and other costs stemming from our Nation's worst recession since the Great Depression. These issues were the most significant focal points associated with the development of the FY09/10 Village Budget. Although significant cutbacks in spending were implemented, including a number of staffing reductions, this new revenue stream was necessary to sustain the level of services provided to the community.

Concurrent with the adoption of the 1% home rule sales tax, the Village Board adopted Ordinance No. 5741, *An Ordinance Providing for an Annual Review and Specific Uses of Home Rule Retailer's Occupation Tax and Service Occupation Tax.*

As the title of the ordinance suggests, this action defines specific uses for which the home rule sales tax may be applied and also requires annual village board review of the tax to determine whether it should be maintained, reduced or eliminated.

Specifically, the home rule sales tax may be used for the following:

1. Maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal retirement Fund obligations as mandated by the State of Illinois;

2. Maintain adequate cash reserves as determined by adopted financial policies;
3. Provide a dedicated funding source for downtown revitalization efforts through the designation of up to 15% of the revenues to fund improvements to the Central Business District.

We have scheduled this item for Village Board discussion at their workshop meeting beginning at 7:00 pm on Monday, March 8 which will fulfill the Village Board imposed annual review of this revenue source.

Issues

Based on the provisions of Ordinance 5741, it appears that HRST collections in the current FY09/10 will not be sufficient to cover stated pension cost obligations, nor will we conclude the year with a cash reserve balance at or above our 25% minimum policy level.

Current Year FY09/10

Estimated HRST Revenues	
(7 months)	\$1,025,000
Est. IMRF Costs	(233,400)
Police Pension Contribution	<u>(813,000)</u>
Revenue Shortfall	<u><u>(\$21,400)</u></u>

Cash Reserves

Beginning Cash, May 1, 2009	\$4,444,493
Less: Developer Deposits (3-1-10)	(1,037,604)
Less: Encumbrances (3-1-10)	(166,598)
Projected FY09/10 G/L	0
Less: 25% Minimum Reserve	<u>(3,512,000)</u>
Cash Reserve Deficiency*	<u><u>(\$271,709)</u></u>

*Equivalent to 23% reserve level.

Next Year FY10/11

Looking to the new budget year, although it appears expected HRST revenues will exceed projected pension costs by about \$450,000, our projected cash reserve balance will continue to be below our minimum 25% policy reserve level.

Estimated HRST Revenues	\$1,750,000
Est. IMRF Costs	(357,400)
Police Pension Contribution	<u>(943,000)</u>
Revenue Surplus	<u>\$449,600</u>

Cash Reserves

Proj. Beginning Cash, May 1, 2010	\$4,444,493
Less: Developer Deposits (est.)	(1,025,000)
Less: Encumbrances (est.)	(150,000)
Projected FY10/11 G/L	0
Less: 25% Minimum Reserve	<u>(3,714,000)</u>
Cash Reserve Deficiency*	<u>(\$444,507)</u>

*Equivalent to 22% reserve level.

Other Considerations

- We have been considering the need to reduce the Police Pension actuarial interest rate assumption to a more realistic figure (from 7.5% to 7.0%) as the Fund has only met this assumption 2 in the last 10 years (see attachments). The actuarial cost of this contemplated change to the FY10/11 budget was an additional \$173,000 contribution. This could not be accommodated due to the overall revenue picture. We will need to revisit this as we plan the FY11/12 budget.
- The General Fund continues to be structurally out of balance given we could not find a way to make operating transfers to our Facilities Maintenance Reserve Fund for two years in a row (total of \$350,000).

- The ordinance provides for the ability to transfer up to 15% of HRST proceeds for the implementation of revitalization efforts in the downtown. Based on projected HRST revenues, this figure would be \$262,000. Again, given the General Fund budget is presently balanced without any planned transfer of these funds for downtown revitalization, any desired use of these funds for downtown revitalization efforts would require an equal amount of corresponding budget cuts from other areas.
- If the HRST were to be reduced to say, 0.75% or 0.50%, the corresponding revenue loss would be \$437,500 and \$875,000 respectively. Either of these scenarios would require corresponding reductions in the current budget as proposed and would likely require additional staff and program eliminations. If either of these scenarios were to be considered further, the management team would need some additional time to collectively find where those cuts would be made and provide a supplemental report to the Village Board on the impacts to the organization and public.
- Recall, the 1% HRST was added not just to solve a one year budget problem, rather was proposed to answer what we perceived as a permanent shift in equilibrium between operating revenues and expenditures. While we do not sense that increases in our pension obligations will see any type of relief barring significant and sustained uptick in investment returns and/or state-wide pension system reforms, it is too early to project the impact on these obligations for FY11/12.

IMRF had a great 2009 with a 24.5% positive return, however, this resulted in the recovery of only \$4.5 billion of the \$6 billion investment losses in 2008. The first employer rate meetings which relate to 2011 rates will not be held by IMRF until late April. At this point, IMRF has signaled that they will continue the phase-in rate plan which was offered last year which limits any maximum rate increase to no more than 10% of the current year's contribution. We will of course be interested in what the Actuarially Required Contribution (ARC) rate would be to fully-fund our obligation.

- One thing I think we can be more certain of is, that in the long-run, increases in annual pension obligations will continue at a faster pace than growth in the HRST.
- Any changes in the current 1% HRST, be they reductions or elimination of the tax would only be implemented by the Illinois Department of Revenue on July 1 or January 1. Official notification via Village Board action would be required prior to April 1 for a July 1 implementation or October 1 for a January 1 implementation.
- While there is simply no way of measuring the degree to which the imposition of this additional tax has had on our local business community in terms of changes in shopper attitudes, spending patterns, shopper flight and the like, we have compiled some data on an attached chart which measures total sales for the one year immediately prior to the implementation of the 1% HRST on July 1, 2009 and the five months since that time where we have received sales data.

This data has been collected for Glen Ellyn and the immediately surrounding communities of Wheaton, Lisle, Glendale Heights and Lombard and represents total sales tax collections (the regular 1% sales tax which is received by all communities) for the period noted.

Changes in any HRST rates in the sample group during the time period reviewed include: **Wheaton**, HRST increase from 0.5% to 1.0% eff. 1/1/09; **Glendale Heights**, HRST increase from 0.75% to 1.0% eff. 7/1/09, **Lisle**, no change (no additional sales tax charged) and **Lombard**, no change (1.0% non-home rule sales tax, plus an additional 1.0% at Yorktown shopping center).

Based on the data collected, there is no discernable change in Glen Ellyn's share of the sales taxes produced in the immediately surrounding area following imposition of the HRST last July.

Action Requested

Discussion at the Village Board level concerning the status of the 1% home rule sales tax and build consensus on any actions desired at this time.

Recommendation

The Village Management team recommends the 1% home rule sales tax be maintained at its current level.

Attachments

Ordinance 5741

Police Pension Actuarial Projections

Surrounding Community Sales Tax Chart

**Supplemental Agenda Information
Village of Glen Ellyn**

Agenda Item Supplemented by Commentary

X	Pros & Cons
X	Strategic Action Goal - RESOLVE FUNDING CHALLENGES
	Downtown Strategic Plan Goal
X	Budget Impact/Return on Investment
	Process Improvement
	Green Initiative
	Communication Initiative
	Safety/Liability/Risk Assessment Comparable Community Info Other

Comments:

Based on the management team’s recommendation to maintain the HRST at its current 1% level, pros and cons are as follows:

Pros

Preserves Village staffing and service levels as presently proposed in the FY10/11 draft budget.

Continues to cover pension obligations and prevents Village cash reserve balances from deteriorating further below minimum policy levels by the end of FY10/11.

Continues to provide a multi-year funding source to accommodate expenses anticipated in FY11/12 and beyond.

Continuation of the HRST is a means of achieving our strategic planning goal of “resolving our long-term funding challenges”.

Cons

Shoppers in Glen Ellyn will continue to pay additional sales taxes on purchases.

Continuation of the HRST will not be favorably by those who may feel there are other solutions to meeting the financial needs of the organization.

Village of Glen Ellyn

Ordinance No. 5741 - VC

**An Ordinance Providing for an Annual Review and
Specific Uses of Home Rule Retailers'
Occupation Tax and Service Occupation Tax**

Adopted by the
President and Board of Trustees
of the
Village of Glen Ellyn,
DuPage County, Illinois
This 30 Day of Mar., 20 09.

Published in pamphlet form by the authority of the
President and Board of Trustees of the Village of
Glen Ellyn, DuPage County, Illinois, this 31
day of Mar., 20 09.

ORDINANCE NO. 5741 -VC

**AN ORDINANCE PROVIDING FOR AN ANNUAL REVIEW AND
SPECIFIC USES OF HOME RULE RETAILERS'
OCCUPATION TAX AND SERVICE OCCUPATION TAX**

Whereas, the Village of Glen Ellyn is a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

Whereas, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals and welfare; and

Whereas, the Village has approved a home rule retailers' occupation tax and home rule service occupation tax; and

Whereas, the tax was imposed in order to provide a new revenue source necessary to fund and maintain public services to the community; and

Whereas, the tax was approved during a period of financial stress necessitating additional revenues; and

Whereas, the Village has determined that favorable economic conditions may result in the elimination or reduction of this tax at some point in the future; and

Whereas, an annual Village Board review and certain restrictions are hereby imposed upon this tax in order to insure future collection of this revenue is only continued if necessary.

Now, therefore, be it ordained by the President and Board of Trustees of the Village of Glen Ellyn, DuPage County, Illinois, in the exercise of its home rule powers as follows:

SECTION ONE: Chapter 32 of the Glen Ellyn Village Code shall be amended by adding a new Chapter 3-32-8 (D) as follows:

3-32-8 (D) Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax – Use of Funds.

Revenues generated from the Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax are intended to maintain funding requirements of Glen Ellyn's Police Pension Fund and Illinois Municipal Retirement Fund obligations as mandated by the State of Illinois; to maintain adequate cash reserves as determined by adopted financial policies; and to provide a dedicated funding source for downtown revitalization efforts through the designation of up to 15% of the revenues to fund improvements to the central business district.

SECTION TWO: Chapter 32 of the Glen Ellyn Village Code shall be amended by adding a new Chapter 3-32-8 (E) as follows:

3-32-8 (E) Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax – Annual Village Board Review

Prior to May 1, 2010, and prior to each subsequent May 1, the Village Board shall review the uses of the Home Rule Municipal Retailers' Occupation Tax and Home Rule Service Occupation Tax and determine the future need of the tax.

Upon such review, the Village Board shall determine whether the imposition of the tax shall continue at the 1% rate, or shall be amended or eliminated. It is anticipated that the Village will act upon the results of such review. The tax shall, however, remain in effect until repealed or amended.

SECTION THREE: This Ordinance shall be in full force and effect upon its passage and approval.

SECTION FOUR: All ordinances or parts of ordinances thereof in conflict with this Ordinance are hereby repealed to the extent of any such conflict.

SECTION FIVE: Any section or provision of this Ordinance that is construed to be invalid or void shall not affect the remaining sections or provisions that shall remain in full force and effect thereafter.

SECTION SIX: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form.

Passed by the Village President and Board of Trustees of the Village of Glen Ellyn, Illinois, this 30 day of March, 2009.

Ayes: *Comerford, Chapman, Naitan, Thorsell*

Nays: - 0 -

Absent: *Armstrong, Jodesic*

Approved by the Village President of the Village of Glen Ellyn, Illinois, this 30 day of March, 2009.

Wicky Hase

Village President of the
Village of Glen Ellyn, Illinois

Attest:

Andrea Smith

Village Clerk of the
Village of Glen Ellyn, Illinois

(Published in pamphlet form and posted on the 31 day of March, 2009.)

June 18, 2009

To decrease from current
7.5% assumed return rate to 7.0
Under discussion by
Police Pension Board

**VILLAGE OF GLEN ELLYN
Actuarial Valuation Results**

POLICE	<u>5/1/08</u>	<u>5/1/09</u>		
	Int: 7.50% <u>Sal: 6.00%</u>	Int: 7.50% <u>Sal: 6.00%</u>	Int: 7.00% <u>Sal: 6.00%</u>	Int: 7.00% <u>Sal: 5.50%</u>
1. Village Normal Cost	372,315	402,117	498,994	441,697
2. Accrued Liability	28,272,585	30,060,797	32,062,691	31,653,394
3. Assets	20,120,941	20,311,215	20,311,215	20,311,215
4. Unfunded Liability/(Surplus)	8,151,644	9,749,582	11,751,476	11,342,179
5. Amortization of UL	383,980	475,228	544,327	553,253
6. Interest for One Year	56,722	65,801	73,032	69,647
7. Tax Levy Requirement (1+5+6)	<u>813,017</u> FY 10 Budget	<u>943,146</u>	<u>1,116,353</u>	<u>1,064,597</u>
8. Payroll	2,591,576	2,832,398	2,832,398	2,832,398
9. Percent Funded (3/2)	71.2%	67.6%	63.3%	64.2%

June 18, 2009

VILLAGE OF GLEN ELLYN
Police Pension Fund

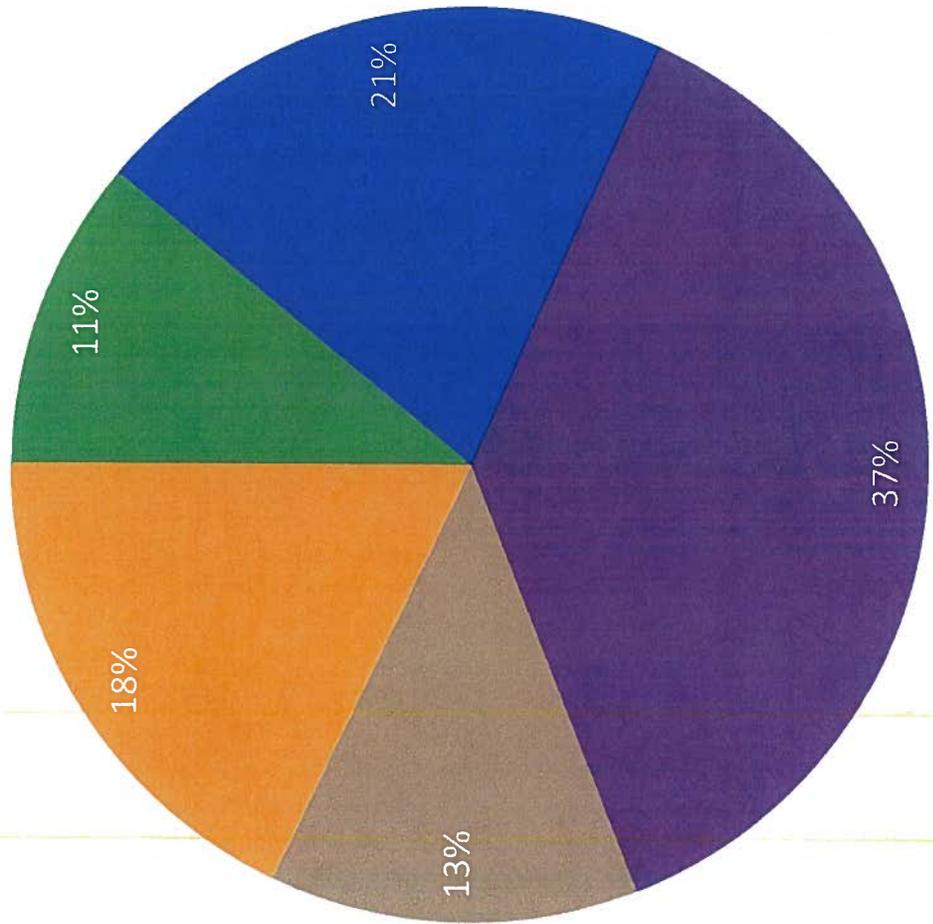
Investment Performance 2000-2009

	FYE 00	FYE 01	FYE 02	FYE 03	FYE 04	FYE 05	FYE 06	FYE 07	FYE 08	FYE 09
BOY Assets	13,637,719	13,618,921	15,037,905	15,620,263	16,207,845	16,689,631	17,279,928	17,960,119	19,137,999	19,634,465
Village Contribution	309,455	309,654	342,275	385,000	452,000	513,000	608,000	648,000	721,000	789,000
Officer Contribution	164,988	173,209	188,318	198,401	225,099	210,984	230,690	270,388	250,619	275,151
Pension Payments	492,719	639,781	712,218	828,406	967,194	1,004,561	1,059,709	1,187,674	1,283,900	1,322,802
Expenses	40,612	12,705	6,269	7,665	9,204	15,079	13,870	10,742	9,022	13,602
Income	343,970	1,588,607	770,252	840,252	781,085	885,953	915,080	1,457,907	817,769	(1,680,784)
EOY Assets	13,922,801	15,037,905	15,620,263	16,207,845	16,689,631	17,279,928	17,960,119	19,137,999	19,634,465	17,681,429
Annual Yield	2.53%	11.74%	5.15%	5.42%	4.86%	5.36%	5.33%	8.18%	4.31%	-8.62%
5-Year Yield (2005-09)	2.91%									
10-Year Yield (2000-09)	4.43%									

Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

BEFORE GLEN ELLYN 1% HRST

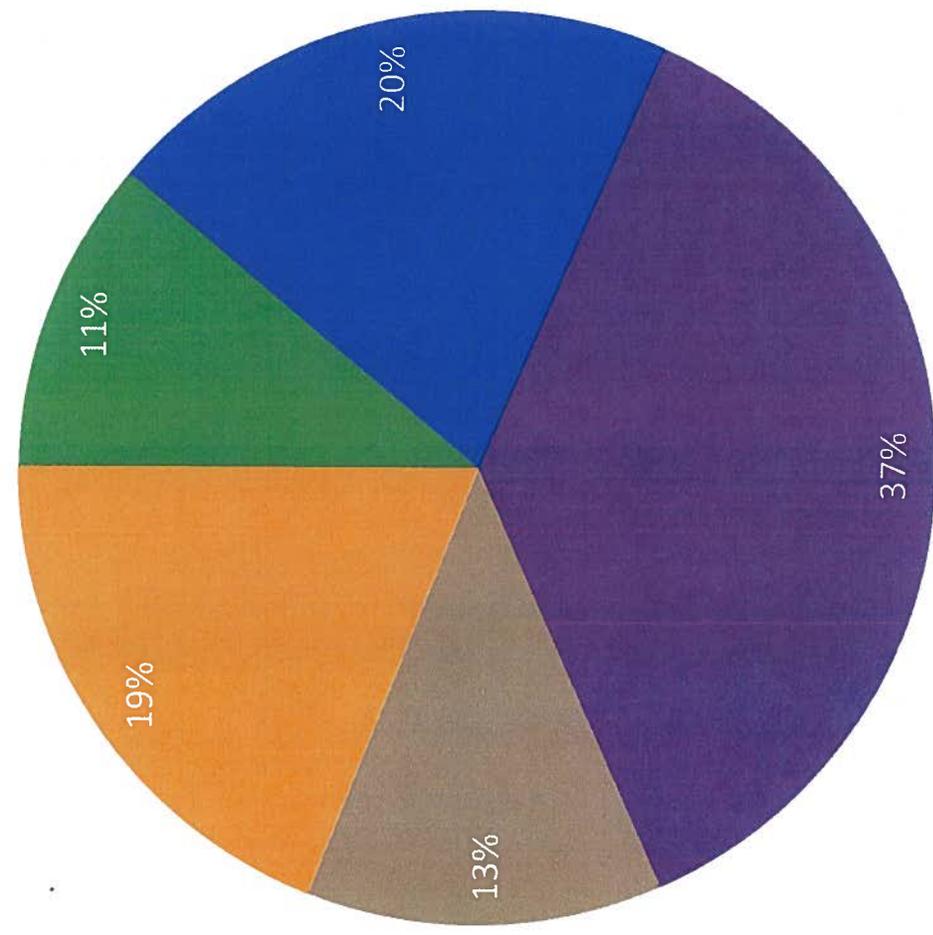
Total Area Sales Tax
July 2008 to June 2009



- Glen Ellyn
- Wheaton
- Lombard
- Lisle
- Glendale Heights

AFTER GLEN ELLYN 1% HRST

Total Area Sales Tax
July 2009 to November 2009



- Glen Ellyn
- Wheaton
- Lombard
- Lisle
- Glendale Heights

4



To: President & Village Board
From: Steve Jones, Village Manager 
Date: February 17, 2010
Re: **Downtown Strategic Plan Implementation**

Background

The Village Board has adopted a Downtown Strategic Plan that contains 20 years worth of goals, tasks and a vision for the future. Over the past several months, we have been devising a way to bring an implementation plan to the Village Board. Although several Downtown Strategic Plan initiatives are already being implemented, the development of an official implementation strategy will provide a tool to prioritize and measure our progress.

In an effort to find a means of breaking the plan down into its component parts, we have developed a visual document that will provide a starting point for the Village Board to establish the priorities of where we should be devoting our time, energy and financial resources. We would like to have the Village Board undertake a ranking process that will determine your policy wishes.

If we dissect the Downtown Strategic Plan, 54 separate goals can be found within the document. These goals are either directly stated or inferred within the body of the plan. Each has been identified on the attachment. While this list can be greatly expanded to identify the tasks associated with each goal, this is a simple presentation of the basic initiatives.

The attachment provides a means of organizing the plan as follows:

1. The vertical headings on the left side of the document represent ten categories. These were merely established to provide an identifier for similar or related goals from the plan. These labels are only associated with the thirty goals on the left side.
2. The thirty goals on the left side represent what we feel are the goals that may occur independently, or must occur prior to accomplishing the goals on the right side of the document. As an example, the establishment of a historic district (Marketing Downtown Glen Ellyn) does not depend upon any other element recommended in the plan. The construction of parking decks is dependent upon other things happening, so it has been placed on the right side.

3. As stated, the twenty-four goals on the right side are dependent upon the achievement of other goals. The relationship and dependence between goals has been identified with arrows.

Issues

There is no issue with the goals since the Village Board has adopted the Downtown Strategic Plan. The main issue is how we can now develop a method to identify, prioritize, illustrate and measure the goals to be achieved.

Action Requested

Please review the document and be prepared to discuss. An easy way for the Village Board to determine the priority for the plan's implementation would be to individually vote on your top five initiatives listed on the LEFT side of the document. You can cast a single vote for five separate goals, or you can use all five of your votes for a single initiative you feel is important. Once the votes are tallied, we will have a consensus of the Village Board as to what is most important to focus upon in the short-term.

You can cast your five votes before the meeting, or you can wait until after we discuss this at the workshop and cast your votes later. Once I have received the votes of the entire Village Board, I will provide you with the results.

Recommendation

This is clearly a policy issue for the Village Board's undertaking. As a means of demonstrating the team's feeling in the matter, the P&D team and I cast our five votes among the projects. Our ranking is noted and circled adjacent to the selected goals.

Attachments

Exhibit A - Supplemental Agenda Information.

Exhibit B - Downtown Strategic Plan Goals Exhibit

**Supplemental Agenda Information
Village of Glen Ellyn**

Agenda Item Supplemented by Commentary

- Pros & Cons
- X Strategic Action Goal
- X Downtown Strategic Plan Goal
- Budget Impact/Return on Investment
- Process Improvement
- Green Initiative
- Communication Initiative
- Safety/Liability/Risk Assessment
- Comparable Community Info
- Other

Comments:

This agenda item is related to the Downtown Strategic Plan & the Village Strategic Plan.

Parking Regu

Shorter parking hours in core downtown area
Longer parking hours in non-downtown core

Economic Development

Through economic development encourage increases in office space
Through economic development encourage increases in residential units
Through economic development encourage increases in outdoor seating

Traffic

Develop RFQ for two-way traffic/parking impact study
Retain engineering firm to conduct detailed two-way traffic/parking impact study

Process

Retain consultant to review building permit and commission review process
Expand administrative (versus legislative) approvals

Codes

Adopt commercial property maintenance code
Downtown parking standards
Comprehensive review of all standards within the CSA and CSB zoning districts
Evaluate if form-based code would be appropriate for Glen Eilyn
Evaluate if entertainment uses should be by right, administratively approved or by special use

COD

COD partnership enhancements
Partner with College of Du Page to encourage satellite campus possibilities downtown

Marketing Downtown
Glen Eilyn

Establish a downtown historic district
Branding of downtown

Marketing Plan

Market the Plan to the Community at large
Market the Plan to the Development Community
Market the Plan to Downtown Property Owners
Market the Plan to potential new businesses

Analyze potential increases in parking availability
Construct north parking deck
Construct south parking deck

Create downtown gathering place
Multi-use path system - construct continuous Lake Eilyn 1.5 mile loop
Construct new train station
Evaluate the construction of a pedestrian underpass
Streetscape improvements - landscaping
Streetscape improvements - roadways
Streetscape improvements - sidewalks
Construct North Greenway
Construct greenway placemaking enhancements (i.e. sculpture, amphitheater)
Construct downtown plaza @ north parking deck area
Fire Company - Station One relocation
Evaluate Potential Police Department - Station relocation

Wayfinding & signage improvements @ Roosevelt Road and Stacy's Corner
Develop gateways at North & South Main Street

South Main Street - Mixed use development
Residential development - village Main Street Lot/St. Pet's
Mixed-use development - Crescent/Glenwood neighborhood