Minutes
Village of Glen Ellyn
Special Workshop Meeting
Monday, August 27, 2018
6:00 PM
Glen Ellyn Civic Center, Room 301

A. Call to Order

Attendee Name	Title	Status
Diane McGinley	Village President	Present
Bill Enright	Village Trustee	Present
Gary Fasules	Village Trustee	Present
John Kenwood	Village Trustee	Present
Pete Ladesic	Village Trustee	Present
Craig R. Pryde	Village Trustee	Present
Mark Senak	Village Trustee	Present
John Chereskin	Village Clerk	Present
Mark Franz	Village Manager	Present
Greg Mathews	Village Attorney	Present
William Holmer	Assistant Village Manager	Present
Christina Coyle	Finance Director	Present
Phil Norton	Chief of Police	Present
Lori Thomas	Assistant Finance Director	Present
Meredith Hannah	Economic Development Coordinator	Present
Rich Daubert	Senior Civil Engineer	Present
Adam Kirk	Intern	Present
Megan Plahm	Communications Coordinator	Present
Thomas Topor	Senior Civil Engineer	Present
Dave Buckley	Assistant Director	Present

B. Pledge of Allegiance

C. Roll Call

D. Audience Participation

None.

E. Food and Beverage Tax (Finance Director Coyle and Village Manager Franz) (Discussion Only)

1. Finance Director Coyle and Village Manager Franz will provide an update regarding the proposed Food and Beverage Tax.

Village Manager Franz presented background on the proposed food and beverage tax and stated this agenda item ties in with the discussion with the other agenda item of the Capital Budget. Village Manager Franz stated three community meetings were held on August 14th, August 15th and August 22nd. Village Manager Franz reviewed the need for the proposed food and beverage tax and reminded the Village Board that no food and beverage tax revenues will go toward operating expenses, only Capital Projects such as the Central Business District (CBD) Streetscape, the proposed Parking Garage, the HVAC improvements at the Civic Center, the proposed updated

Train Station and Pedestrian Underpass and the Baker Hill access improvements off of Roosevelt Road. Village Manager Franz reviewed a tentative schedule of these Capital Projects and stated these projects will be spread out over the next several years.

Finance Director Coyle reviewed the financial reasons of why a proposed food and beverage tax is needed and how the Village's Capital Projects are funded. Finance Director Coyle stated a proposed food and beverage tax is needed as certain revenues are declining such as utility taxes, and the Village has frozen or limited the capital levy for several years on the residents' property tax bills. Finance Director Coyle reviewed the possible funds needed for each project and stated the total need for these Capital Projects is approximately $15.8 million to $26.2 million. Finance Director Coyle stated the proposed food and beverage tax would not increase the property tax burden, and this proposed tax would be borne by both residents and non-residents.

Finance Director Coyle stated a 1.5% food and beverage tax is estimated to bring in approximately $825,000 to $1.2 million annually. Finance Director Coyle reviewed what would be included in the proposed food and beverage tax and shared some examples of common transactions in the Village where the proposed food and beverage tax would apply. Finance Director Coyle shared other options that could be considered instead of a food and beverage tax including combining a 0.75% food and beverage tax with a 0.25% increase in Home Rule Sales Tax or a 0.50% increase in Home Rule Sales Tax. Finance Director Coyle stated staff is recommending the 1.5% food and beverage tax with a March 2019 implementation date.

Trustee Fasules asked if $800,000 would cover all the costs for the bonds. Finance Director Coyle stated the $1.2 million would cover the interest and other costs for the bonds. Trustee Fasules asked if there could be a sunset in 20 years if a 2.0% food and beverage tax is done. Finance Director Coyle stated she feels the 1.5% food and beverage tax would do this, but this is only her best guess at this point. Trustee Fasules asked if $1,000,000 would cover the debt service and interest payments enough to sunset the tax in 20 years. Finance Director Coyle stated it would definitely if they went on the low end of the project costs and probably would if the projects came out in the middle part. Finance Director Coyle stated the bonds would not be issued all at once, and the Village can plan and adjust during this process.

Trustee Senak asked for the advantages and disadvantages of a food and beverage tax versus an increase in Home Rule Sales Tax. Finance Director Coyle stated the two taxes affect different locations and businesses as the Home Rule Sales Tax would affect all businesses while the food and beverage tax would affect restaurants and liquor sales. Finance Director Coyle stated the state collects and enforces the Home Rules Sales Tax while the Village would enforce and collect a food and beverage tax. Trustee Senak asked about the staffing cost for a food and beverage tax versus paying the state to collect Home Rules Sales Tax. Finance Director Coyle stated it may be a bit cheaper on the Home Rule Sales Tax perspective. Trustee Fasules stated the state could take this away at any point.

Trustee Ladesic asked how the Downtown Special Service Area (SSA) shows on a receipt. Finance Director Coyle stated this is only on the property tax bills. Trustee Ladesic stated he had conversations with the restaurant owners on Roosevelt Road as they do not feel their area will benefit from a food and beverage tax, but they restaurant owners understand a food and beverage tax will help the whole Village. Trustee Ladesic asked if there could be a blend of a food and beverage tax with a fractional increase on the Downtown SSA. Village Manager Franz stated the Roosevelt Road corridor has seen improvements over the years, and there will be streetscape work done on Roosevelt Road in the coming years.

Trustee Enright asked if the new restaurants coming to the Village were taken into account when the numbers were done. Finance Director Coyle stated she did not want to be overly optimistic in the numbers so she did not calculate possible revenue from any new restaurants coming to Glen Ellyn. Trustee Enright asked if they could hold off for a bit to do an increase in the Home Rule Sales Tax so there are not two increases in one calendar year. Finance Director Coyle stated an increase in the Home Rules Sales Tax can be done in January or July. President McGinley stated this is an interesting approach, but may require extra work.

Attorney Mathews asked about the mechanics of a food and beverage tax versus the Home Rule Sales Tax. Finance Director Coyle stated with a food and beverage tax, the affected businesses would need to file an additional form to the Village monthly, and the businesses' point-of-sale systems will need to differentiate this. Attorney Mathews asked how a food and beverage tax would be policed. Finance Director Coyle stated it is a common practice in the communities that have a food and beverage tax that the Village would have the right to audit this. Village Manager Franz stated they heard at the public meetings that an increase in the Home Rule Sales Tax would be preferred over a food and beverage tax because it is easier for the stated to collect this.

Ray Campbell, who resides at 460 Raintree Court, stated he was originally opposed to a food and beverage tax, but now he understands that this is done in many surrounding communities. Mr. Campbell asked if there is a possibility that a food and beverage tax could sunset earlier than 20 years. Finance Director Coyle stated the Village Board can change the sunset at any time. Mr. Campbell stated he likes the idea of a mix of a food and beverage tax with an increase in the Home Rule Sales Tax as this seems to be a fairer way to go.

President McGinley stated there are three options on the table: a 1.5% food and beverage tax, a hybrid of a 0.75% food and beverage tax along with a 0.25% increase in the Home Rule Sales Tax to total 1.5% or an increase to the Home Rules Sales Tax of 0.5% to equal a total 1.75% Home Rule Sales Tax. President McGinley stated the 1.75% Home Rules Sales Tax would put Glen Ellyn above all surrounding communities.

Trustee Senak stated he feels a food and beverage tax falls disproportionately to one group in the Village and thinks an increase in the Home Rule Sales Tax is the better option. Trustee Senak stated it would be good to approach this in phases as the Capital Projects should be approached in phases as well. President McGinley stated the Home Rule Sales Tax can only be increased in 0.25% increments. Trustee Senak stated the Village can phase the Home Rule Sales Tax increase with phasing the Capital Projects. Trustee Senak stated he sees the first phase of the Capital Projects as the Parking Garage and Civic Center HVAC as part of the initial bond issue.

Trustee Pryde stated he is most in favor of a food and beverage tax, but he could be in favor of a hybrid of a food and beverage tax and increase in the Home Rule Sales Tax. Trustee Pryde stated he is not in favor of doing just an increase on the Home Rule Sales Tax.

Trustee Enright stated he is not in favor of a food and beverage tax due to the burden on the businesses. Trustee Enright stated the Village should do an increase in the Home Rules Sales Tax in phases with a 0.25% increase in 2019 and another 0.25% increase in 2021.

Trustee Fasules stated he feels they are not addressing the true financial difficulties that the Village will be facing in the coming years. Trustee Fasules stated he feels they are building too big of a parking garage, and the Village Board needs to relook at their priorities. Trustee Fasules stated he *is not in favor of any of the options.*

Trustee Ladesic stated he is not in favor on increasing the Home Rule Sales Tax. Trustee Ladesic stated too much money is being put toward the Civic Center. Trustee Ladesic stated the Village needs forward movement, or the Village will fall further behind other communities. Trustee Ladesic stated he wants the food and beverage tax with no phasing.

Trustee Kenwood stated the train station is still a big question, but all the other Capital Projects seem to have several votes each. Trustee Kenwood stated he is not in favor of a food and beverage tax as this is not being spread to the other businesses downtown. Trustee Kenwood stated a tax increase is done due to a structural deficit. Trustee Kenwood stated the Home Rule Sales Tax is fairly high and still feels a service fee is the best option. Trustee Kenwood stated he is against a hybrid of a food and beverage tax and an increase in the Home Rules Sales Tax as well as a 1.5% food and beverage tax. Trustee Kenwood stated he could support a 0.25% increase in the Home Rule Sales Tax. President McGinley stated a 0.5% increase in the Home Rule Sales Tax does not fund all the Capital Projects. Trustee Kenwood stated he wants no tax then as he does not believe the sunset on a tax will happen.

Trustee Senak stated he could be in favor of a 1.5% food and beverage tax or a hybrid of a food and beverage tax with an increase in the Home Rule Sales Tax. Trustee Senak stated the Capital Projects needs to be sequenced. President McGinley stated the Parking Garage and the HVAC improvements to the Civic Center would be first.

Trustee Kenwood asked if the Capital Projects of the CBD Streetscape, Parking Garage, Civic Center HVAC and Baker Hill improvements would be on one bond. Finance Director Coyle stated there is a 3-year spend-down, and the Parking Garage, Civic Center HVAC and possibly Baker Hill would be on this with the CBD Streetscape possibly added. Finance Director Coyle stated there is more competition for bonds and better interest rates for bonds under $10 million.

Trustee Fasules stated the policy of not raising property taxes needs to go away as there continues to be a bigger debt to the Village. Trustee Fasules stated he could be behind this if a floor is taken away on the parking garage. Village Manager Franz stated there is no final decision on the Parking Garage yet.

Trustee Ladesic asked if the Village Board should do another Special Workshop on this and asked what the timelines are. Finance Director Coyle stated for an increase in the Home Rules Sales Tax, there is an October 1st deadline to get the information to the state for a January 1st increase implementation.

There was a discussion regarding the tax options, and the majority consensus was a 1.5% food and beverage tax with a sunset. President McGinley stated the direction to staff is a 1.5% food and beverage tax with a sunset clause with the first reading of the tax at the September 10th Village Board Meeting and a binding Village Board vote at the September 24th Village Board Meeting.

RESULT:	**DISCUSSION ONLY**

F. Capital Budget (Finance Director Coyle Professional Engineer Daubert) (Discussion Only)

1. Finance Director Coyle and Professional Engineer Daubert will present the recommended 2019 Capital Budget.

Senior Civil Engineer Daubert presented background on the 2019 Capital Plan and reviewed the amounts being used from the Capital Projects Fund, the Water Fund, the Sewer Fund and the Parking Fund, including the carryover of projects started in 2018 and bond repayments. Senior Civil Engineer Daubert reviewed the 2019 major Roadway Projects including the 2019 Street Reconstruction Program, Roadway Resurfacing and Maintenance, the Roosevelt/Pershing (Baker Hill) Access improvements and the Sidewalk Removal and Replacement Program. Senior Civil Engineer Daubert stated the 2019 major Sewer/Water Projects are the 2019 Street Reconstruction Program, the Roosevelt Road/Route 52 Water Main, the Sanitary Sewer Lining Program, the Village Green Storm Sewer, the Cumnor Sewer and Water Utility Extensions and the second year of Water Meter Fixed Network Upgrade. Senior Civil Engineer Daubert stated the 2019 Parking Lot Projects include the Crescent Parking Lots adjacent to the Metra Station and General Parking Lot Maintenance.

Senior Civil Engineer Daubert stated the 2019 major Engineering Projects are the CBD Streetscape improvements, engineering for future projects and the Roosevelt Road Corridor Water Main Design. Senior Civil Engineer Daubert stated the 2019 miscellaneous Engineering Initiatives/Expenditures are the Stormwater Drainage Program, the Sewer/Water Pavement Repairs, the St. Charles Salt Storage Facility, Engineering Software, Engineering Assignments/Studies and an NPDES Permit.

Trustee Senak asked if the Baker Hill improvements are coming out of Capital Projects monies and could be removed from the possible bond issue. Village Manager Franz stated this could happen as the cost for this proposed project is a smaller amount.

Trustee Ladesic asked why money is being spent to resurface the train station parking lot. Senior Civil Engineer Daubert stated there are substantial areas of deterioration in this parking lot, and the Capital Improvements Commission thought this should be done now. Senior Civil Engineer Daubert stated the Train Station project might not be done for several years, and this parking lot could be a liability to the Village now.

RESULT:	**DISCUSSION ONLY**

G. Other Items

H. Adjournment

At 7:30 p.m., a motion was made by Trustee Kenwood and seconded by Trustee Senak to adjourn.

RESULT:	**APPROVED [6 TO 0]**
MOVER:	Bill Enright, John Kenwood
SECONDER:	Mark Senak, Village Trustee
AYES:	Enright, Fasules, Kenwood, Ladesic, Pryde, Senak
PRESENT:	McGinley

Respectfully submitted Debbie Solomon, Recording Secretary

Reviewed and approved John A. Chereskin, Village Clerk