Minutes
Village of Glen Ellyn
Finance Commission
Regular Meeting
Friday, September 13, 2019
7:00 AM
Glen Ellyn Civic Center, Room 306

A. Call to Order

Attendee Name	Title	Status
Lisa A Cleaver	Commissioner	Present
Jose G DeLeon	Commissioner	Present
Scott R Greeno	Commissioner	Present
Jeremy S VanEk	Commissioner	Present
Christopher D. Oakes	Commissioner	Present
Lea Dan	Commissioner	Present
Michael Campagna	Commissioner	Absent
Brenton J. Peck	Commissioner	Present
Matthew L Halkyard	Chairman	Present
Ben Harrington	Student Commissioner	Absent

Also present: Village Manager Franz, Finance Director Coyle, Recording Secretary Haslett.

Chairman Halkyard called the meeting to order at 7:00 AM.

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

1. Finance Commission - Regular Meeting - Jul 12, 2019 7:00 AM

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Lisa A Cleaver, Commissioner
SECONDER:	Christopher D. Oakes, Commissioner
AYES:	Cleaver, DeLeon, Greeno, VanEk, Oakes, Dan, Peck, Halkyard
ABSENT:	Campagna, Harrington

D. Financial Reports

1. General Fund Update - July 2019

Finance Director Coyle distributed the July 2019 General Fund report. She reported that home rule sales taxes, income taxes, and interest income are on an upward trend. Miscellaneous income is also up from last year due to reimbursements from workers compensation and damage to property claims. However, this also means

that expenses are up to cover these claims. Food and beverage taxes are projected to be $1.3 million for 2019. Food and beverage taxes are earmarked for the Capital Projects fund. There have been some food and beverage tax compliance issues that staff is working through. The Village Board approved administrative adjudication for violations, which should help with the food and beverage tax compliance issues. Commissioner Dan asked if the Village's downtown sales tax rate is the same for the whole Village. Finance Director Coyle replied yes, the sales tax rate is the same across the Village.

RESULT:	**DISCUSSION ONLY**

2. Village Links/Reserve 22 - Manager's Report - July 2019

Finance Director Coyle reported that the Village Links and Reserve 22 experienced a good July and are on track for a good August as well. Commissioner Peck inquired if the Village Links is still recruiting for a restaurant manager. Village Manager Franz replied yes. Village Manager Franz said it will be interesting to see how the dining room improvements impact Reserve 22 during the off-season. Village Manager Franz noted the Marketing Strategist Julie Rusin is doing a really nice job.

RESULT:	**DISCUSSION ONLY**

3. Village Links/Reserve 22 - Financial Statements - July 2019

Finance Director Coyle stated that the Village Links was up $68,000 over last year, while Reserve 22 was up $94,000 mainly due to an increase in banquets. Year-to-date combined operating income for July was $139,503. The goal is to build cash up as much as possible to cover the debt payments in December.

RESULT:	**DISCUSSION ONLY**

E. Five Year Forecast

1. Finance Director Coyle will present a draft of the 2019 Five Year Forecast.

Finance Director Coyle noted that the Five-Year Forecast serves as a guide and is compiled as a kick-off to the budget process. The Capital Budget will be presented to the Village Board on Monday, September 16, 2019. The Village has a very diverse revenue portfolio. For the General Fund, 46% of revenues come from three (3) key sources including sales, home rule, and income taxes. The reliance on these key revenue sources increased by 2% from 2017. Property taxes comprise 19%, while the reliance on this source decreased 1% since 2017. User fees represent 14% of total revenues.

Overall sales taxes grew 1.47% over the past 10 years. The FY 2020 budget includes a 5.6% increase in sales taxes due to new business growth, while the forecast includes a 2% growth factor over the next five (5) years. The largest growth sector in sales

taxes has been in the eating and drinking category. The recent Wayfair ruling may help grow the Village's sales taxes. Chairman Halkyard recommended footnoting in the forecast the potential impact of the Wayfair ruling on internet sales taxes. Home rule sales taxes have grown 2.3% per year over the last 10 years, while the forecast includes a 2% growth factor over the next five (5) years. Income taxes are more volatile than sales tax streams. Income taxes increased on average 1.89% per year over the last 10 years. A 3.6% income tax growth factor has been included in the forecast. The Village continues to self-impose the tax cap rules and the average property tax increase over the last 10 years has been 3.28%. For property taxes, the FY 2020 budget includes a 1.9% CPI (set by DuPage County) increase and a 0.9% new growth estimate. Property taxes are estimated to grow 2.5% over the forecast. Property tax freeze concerns are no longer imminent. The Village's revenue streams are challenged by the lack of control over the key revenue sources that are influenced by the economy.

The Police Department represents the largest expense at 48% or $8.8 million of the General Fund budget. It is important to note that the Village does not have a career fire department, therefore significant savings are achieved. In terms of expenditures by type, personnel costs comprise 48% of total expenditures, while health insurance represents 5%. The Village's health insurance costs have beaten the market place trend with an average 2.8% increase over the last eight (8) years. Health insurance is projected to increase 4% annually. The 2018 investment market ended poorly, which impacted the 2018 actuarial contribution and increased pension liabilities for both IMRF and the Police Pension. Finance Director Coyle noted Governor Pritzker convened a pension task force and their recommendation will be issued this fall.

Overall revenues are forecasted to grow by 2%, while expenditures are expected to increase by 4.7%, which would decrease the fund balance of the General Fund by $3.9 million over the next five (5) years. In 2021, the General Fund will transfer $2 million in excess reserves to the Capital Plan. This contribution will decrease General Fund cash reserves to the policy level of 30% or $6.3 million. Chairman Halkyard inquired about what the $2 million General Fund transfer will be used for. Finance Director Coyle replied the planned transfer will help finance the parking garage, street scape, and train station projects.

In summary, the Village will need to focus on controlling and meeting the challenges of health care and pension costs. Pension costs comprise 10% of the General Fund expenditures. The Village is working on adjusting user fees, otherwise a larger part of the burden is placed on taxes. The recent home rule sales tax rate increase helps the forecast, but does not solve expenses that are growing faster than revenues. Strong financial decisions will help the Village make the $2 million contribution towards the Capital Plan in 2021, but this will reduce General Fund reserves to the policy limit. The Village's AAA bond rating received in 2018 cited strong reserve balances. Chairman Halkyard recommended that forecast detail how the Village's AAA bond rating results in significant interest cost savings.

RESULT:	**DISCUSSION ONLY**

F. Chairman's Report

None.

G. Trustee Liaison Report

None.

H. Other Business

1. Economic Development Update

   Village Manager Franz noted Pete's Fresh Market is expected to open at the end of September.

2. Next Meeting: Friday, October 11, 2019, 7:00 AM

I. Adjournment

1. Motion to Adjourn

   The meeting was adjourned at 7:59AM.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jeremy S VanEk, Commissioner
SECONDER:	Christopher D. Oakes, Commissioner
AYES:	Cleaver, DeLeon, Greeno, VanEk, Oakes, Dan, Peck, Halkyard
ABSENT:	Campagna, Harrington