Minutes
Village of Glen Ellyn
Finance Commission
Regular Meeting
Friday, August 14, 2015
7:00 AM
Glen Ellyn Civic Center, Room 301

A. Call to Order

Attendee Name	Title	Status
Erik G Ford	Chairman	Present
Lisa A Cleaver	Commissioner	Present
Jose G DeLeon	Commissioner	Present
Scott R Greeno	Commissioner	Present
Matthew L Halkyard	Commissioner	Present
Yadav N Nathwani	Commissioner	Absent
Steve Rackl	Commissioner	Absent
Jeremy S VanEk	Commissioner	Present
Jeffrey S Wallace	Commissioner	Absent

Also Present: Trustee O'Shea, Village Manager Franz, Finance Director Coyle, Assistant Finance Director Lori Thomas

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:01 AM by Commissioner Ford in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn Illinois. Roll was taken, and it was determined that a quorum was present.

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

1. Finance Commission - Regular Meeting - Jul 10, 2015 7:00 AM

Chairman Ford had corrections to the text, and Trustee O'Shea's presence was added. Commissioner VanEk moved, and Commissioner Cleaver seconded, to approve the July 10, 2015 meeting minutes as revised. The motion was approved unanimously.

RESULT:	**ACCEPTED AS AMENDED [UNANIMOUS]**
MOVER:	Jeremy S VanEk, Commissioner
SECONDER:	Lisa A Cleaver, Commissioner
AYES:	Ford, Cleaver, DeLeon, Greeno, Halkyard, VanEk
ABSENT:	Nathwani, Rackl, Wallace

D. Second Quarter Report

1. Second Quarter 2015 Financial Report

Director Coyle reported she will be appearing before the Village Board Monday night to present the Second Quarter Report, which covers the period April 1 through June 30, 2015, and provides a year-to-date overview. The report is prepared on a cash basis, unadjusted for accruals and is unaudited. It will be posted to the Village website. Results for the General Fund through June 30 are positive, with revenues above last year and above budget, and expenditures less than last year and below budget. Key revenues (Sales Tax, Home Rule Sales Tax and Income Tax) are ahead of last year and budget, although future income tax revenue is being monitored carefully as potential State changes may impact it in the future. It was also noted that the increase in cable franchise fees is due to increased usage, not fee increases.

At the Village Links, golf revenue to date is higher than last year, due to the course opening almost two weeks earlier than last year. Reserve 22 was closed on Mondays in January and February. Banquet sales are up 54% over the prior year's first six months, and restaurant sales are up 19.3% for the same period. Director Coyle noted that the Cost of Goods Sold percentage is on target; however, although the budgeted target for personnel expenses is 35.8 percent, the actual was 42.7 through June 30, 2015. This number does compare favorably with the 47.1% seen in 2014 for the same period.

Director Coyle also noted that Village Services Funds were down due to a rainy start to the summer, and only minor capital expenses have been made through June 30, as most project have just started. She also noted that the Village received another recovery distribution from IMET of $22,324, bringing the total recovered to 5%. It was also discussed that there was an error on the cash available sheet which will be corrected.

RESULT:	**DISCUSSION ONLY**

E. Financial Update

Director Coyle summarized the June financial results. For the General Fund, the positive figures have resulted in a year-to-date net positive change in the Fund balance of $906,000, which nearly ties the June 2013 highest number in the five-year trend presented. She noted key revenue and expense items. The MFT (Motor Fuel Tax) is the only key revenue that is lagging from the State. The results at the Village Links are on target to meet debt service obligations for the remainder of the year.

In response to questions, Manager Franz said that the Village is partnering with other municipalities to lobby the State Legislature for internet sales and cloud services taxes. It was also noted that there have been less unemployment payments, positively affecting administrative costs. Regarding outside legal expenses, outside legal counsel was needed on police matters and municipal boundary agreements.

There was discussion concerning the Village Links. Capital expenditures are down to date as the last contractor payment was made in 2014. Staffing at the restaurant remains an issue. Manager Franz said that there is now a consensus that additional IMRF-eligible employees will have to be hired on the restaurant side, and will be budgeted for 2016. There were also comments about the availability of comment cards at the restaurant.

F. Capital Reporting

1. Capital Project Financial Reporting

Director Coyle said that the Capital Project Report will be reviewed by the Commission on a quarterly basis going forward. The report, as currently formatted, shows the amounts authorized by the Board versus what was actually spent. She noted that more streets were addressed last year because bids came in lower than expected. There was discussion concerning the effect of budgeting a project in one year, but not starting it until a subsequent year. It was noted that street rehabilitation has tended to go a bit over budget, but resurfacing work to be under budget. The projects listed are at least in the feasibility or preliminary engineering stage. Generally, the project has been budgeted and before the Board for consideration at least once. The Taylor Street underpass improvements will not be affected by problems at the state level as the funding grants are federal and are passed through by the State. The only other projects not on the list are a downtown parking garage and the eventual replacement of Fire Station No. 1.

RESULT:	**DISCUSSION ONLY**

G. Five Year Forecast

1. 2015 Five Year Forecast

Director Coyle presented the draft Five Year Forecast, which will be presented to the Board at its next meeting for the start of the budget process. It can help identify trends and future possible imbalances. It is a model as opposed to a prediction. She also noted that the historical results exclude the short year. In addition to covering the General Fund, this year's forecast also includes the Water & Sewer Fund to aid in a rate analysis, the Capital Projects Fund and long term liabilities as these areas have been identified as key focus points.

GENERAL FUND
The General Fund Forecast chart shows expenditures trending up more than revenues. Cash reserves will eventually be affected. Commissioners noted that the change in the Fund balance downward is driven by pension costs, and that the increase in public safety cost is due to salary increases, not additional officers. Some revenues in the General Fund the Village does not have much influence, and are highly subject to economic trends. The Forecast includes an analysis of how a

property tax freeze would affect the Village over five years in that it would lose $480,000 of revenue for the General Fund that would have to be made up from other sources or reductions in service.

On the expense side, personnel is a large part (67%) of General Fund expenditures as its operations are generally service-oriented. Costs for public safety personnel increase faster than for other employees. Health insurance costs will need continued monitoring.

Commissioners discussed cash reserves and the nature of the Forecast in that revenues are projected lower and expenditures projected higher than the eventual outcomes. This allows for flexibility in the cost structure that will allow being able to weather situations worse than projected. Director Coyle said that the Village's AAA bond rating was obtained because of healthy reserves. Commissioners discussed remaining conservative in outlook and being fiscally conservative.

WATER & SEWER FUND

The Forecast shows the decline in water usage, which is due to individual conservation, better appliances, and fewer water main breaks. The spike was the 2013 draught. Rates, which are based on Village cost and capital needs, have increased as usage has decreased. Past rate increases are largely due to increases by the DuPage Water Commission and the City of Chicago on the Village's cost to purchase water. Annual increases may be imposed in the near future, although the Forecast assumes no increase in rates.

The schedule for capital projects will affect the expense side. Commissioners discussed the risk factors for water main breaks. Manager Franz said that the water mains under Roosevelt Road need to be replaced, and a leak detection study is performed each year. Staff knows what materials were used in what area; however, because the infrastructure is underground, there will always be unknowns. Additionally, the Lombard-Glen Ellyn waste treatment plant needs a major upgrade, estimated to cost approximately $15 million.

CAPITAL PROJECTS FUND

Commissioners discussed the key assumptions presented in the Forecast. "Other Revenues" consist of grant funds and bond proceeds. A property tax freeze would cost $650,000 over five years that would have to be made up with increases in other revenue sources or reductions in the capital plan. Commissioners also discussed unfunded projects being looked at, including a new train station and pedestrian tunnel near the station which would require an elevator to keep the size under control. The portions of property taxes going to the General Fund and Capital Projects Fund can be changed.

Commissioners noted that pensions will have spikes over the next two years as return assumptions decrease .25 percent per year. After that, if assumptions are correct, the unfunded liability will be slowly decreased.

Chairman Ford said that the Forecast and this review are very helpful. Commissioners had no other questions for staff.

RESULT:	**DISCUSSION ONLY**

H. Trustee Liaison Report

Trustee O'Shea deferred to Manager Franz, who said that the Five Year Forecast will be presented to the Board at its August 24, meeting. Budget season has arrived, and there will be strategic planning during September and October. A design-build team will be recommended to the Board for the Police Station along with a budget, which will be approximately $1.5 million for design and $10 million for construction with the $50,000 balance designated for construction oversight.

I. Chairman's Report

Chairman Ford reported that he has met with several investment providers.

J. Other Business

1. Bond Update

2. Economic Development

Regarding development within the Village, the Geische site developer is meeting with representatives from St. Petronille regarding the proposed parking garage. The developer has not submitted a formal application to the Village as of this date. The sale of the McChesney's site is anticipated within the next few weeks. The Roosevelt Road office park changes are expected to soon be before the Plan Commission. Nothing is expected at the Dominick's space for the foreseeable future. There is some interest in the property at Main Street and St. Charles, but nothing concrete has been received.

K. Adjournment

1. Motion to Adjourn

Commissioner Halkyard moved and Commissioner Cleaver seconded to adjourn the meeting. The motion was approved by unanimous acclamation at 8:35 AM.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Matthew L Halkyard, Commissioner
SECONDER:	Lisa A Cleaver, Commissioner
AYES:	Ford, Cleaver, DeLeon, Greeno, Halkyard, VanEk
ABSENT:	Nathwani, Rackl, Wallace