Minutes
Special Workshop Meeting
Glen Ellyn Village Board of Trustees
Monday, October 15, 2015

Call to Order

President Pro Tem/Trustee Kenwood called the meeting to order at 6:36 p.m.

Roll Call

Upon roll call by Village Clerk Galvin, President Pro Tem/Trustee Kenwood and Trustees Clark, Elliott, Ladesic, O'Shea and Senak answered "Present". President Demos was excused.

In Attendance: Village Clerk Galvin, Village Manager Franz, Assistant Village Manager Stonitsch, Village Attorney Mathews, Finance Director Coyle, Police Chief Norton, Deputy Chief Acton, Deputy Chief Holmer, Economic Development Coordinator Hannah, I.T. Manager Binkerd and Erik Ford, Finance Commission Chairman.

Pledge of Allegiance

President Pro Tem/Trustee Kenwood led the Pledge of Allegiance.

Five Year Forecast and Background

Finance Director Christina Coyle presented the Village's Five Year Forecast.

The Five Year Forecast was a project spearheaded by the Village's Finance Commission to perform long-term financial forecasting for the Village. The first Five Year Forecast was completed in 2010, with subsequent forecasts done in 2012 and 2014. This year's Forecast will be the fourth Five Year Forecast completed by the Village.

The Five Year Forecast is a financial planning tool that helps the Village identify potential long-term trends in revenues and expenditures/expenses. It assists in identifying future imbalances or challenges in the Village's financial future. This Forecast is done in advance of the budget process to provide a tool to guide the budget.

This year's Five Year Forecast focuses on four areas of the Village. The first is the General Fund, or the main operating fund, of the Village. The General Fund has been reviewed in all three prior Five Year Forecasts. The next area addressed is the Water & Sewer Fund. This fund has not been focused on in prior forecasts. Additional focus has been placed on the Water & Sewer Fund this year as the Village will be reviewing and making any modifications to the water and sewer rates toward the end of 2015. The next area addressed is the Capital Projects Fund. Much of the information found in the Forecast for this fund has been reviewed and presented to the Village Board as part of the planning process for the financing for the new police station project. Lastly, the Five Year Forecast includes a review of the Village's debt and pension obligations.

The Five Year Forecast is a planning tool to start the budgeting process. It is NOT a prediction of what will happen in the future. Each year's actual experience will differ from what is forecast. The Village still has a goal of ensuring that the annual budgets are balanced and fiscally responsible.

Several challenges and decision points are on the horizon regarding General Fund Revenues:

• The Village relies heavily upon performance of sales tax, home rule sales tax, and income tax to provide for known increases in costs. The Village has little direct control over these revenues that are highly influenced by the economy.

• Legislation in Springfield may limit the Village's ability to increase the property tax levy.

• The Governor also proposed an up to 50% reduction in the income tax given to municipalities; although the concept has not gained traction in Springfield.

• An analysis of user fees has not been done in several years and those revenue streams have remained flat and are not projected to increase in the next 5 years.

What would a property tax freeze cost the Village over 5 years?

• The Village is a home rule community that is not legally bound by tax caps.

• However, the Village traditionally holds itself to the tax cap philosophy, which means the Village increases its levy for new growth and CPI only. This philosophy favors gradual increases over time rather than creating spikes in property tax rates.

• The Village levies one general operating levy for the General Fund.

• Legislation in Springfield may limit the Village's ability to increase the levy.

• This slide shows the yearly and cumulative impact if the Village could not increase its tax levy.

• Over 5 years, the Village would forego $480,000 of revenue in the General Fund that would have to be made up from other revenue sources or through reductions in service.

Personnel Expenditures by Category

Public safety personnel costs are projected to grow at a faster rate (4.5%) than general government (3%).

Police contract ends in 2016; future trends depend on what the renegotiated terms are.

• Police pension costs are also forecast to grow at a higher rate (18% in next three years then 5% thereafter) than municipal pension costs (2%).

• 18% growth in police pension costs assumes continued revision downward of the investment rate return assumption.

Health Insurance

The Village is a member of a health insurance risk-sharing pool.

• Rates have increased by an average of 2% over the past 5 years, beating the market place trend.

• Our pool administrators project 4% annual increases, assuming avoidance of the Cadillac Tax.

Highlights of General Fund 5-Year Forecast

• Personnel costs comprise 67% of General Fund expenditures. It will be necessary for the Village to be focused on controlling and meeting the challenges health care and pension costs.

• The proposed property tax freeze legislation in Springfield could negatively impact the financial health of the General Fund.

The Village has little direct control over three revenue sources (sales tax, home rule sales tax, and income tax) which are directly impacted by the economy.

• The Village has made very few changes to user fee scales in the past several years.

• The Village's AAA bond rating that it received recently cited strong reserve balances as a key reason for the rating. It is important to maintain the healthy reserve levels to maintain the AAA rating.

Next Steps for Water & Sewer Fund

• The Village Engineers are revising the 10 year capital forecast which will be needed to perform a rate analysis.

• In advance of the rate change for 2016, financial models will be developed to determine how to maintain the financial health of the fund while minimizing the impact on rates.

• Anticipated completion in Fall 2015.

Next Steps for Capital Project Fund

• The Five Year Capital Plan will be updated as part of the budget cycle.

• The Village must await decisions in Springfield on any property tax freeze that is passed and must respond accordingly to update its Capital Projects Fund forecast and methodology.

• In preparation for the 2015 property tax levy, the Village Board must decide if it will continue to employ the tax cap philosophy.

• The Village Board must provide direction on unscheduled/unfunded projects and how to proceed forward.

Next Steps for Long Term Liabilities

• The Village will need to revisit the actuarial assumptions for the Police Pension this fall in preparation for the tax levy discussion.

• The Village will need to be mindful of the negative impact that the increasing pension contributions will have on the General Fund.

Trustee Ladesic asked about the water fee. Director Coyle responded that in June the rate increased by 3%. In January there will be a 9%n increase since the City of Chicago gave 3 years of hard increases. Manager Franz responded they hope to see a stabilization of rates.

Trustee Senak asked if the fiscal condition of the Village improved last year, Director Coyle responded yes, but there are challenges ahead. Trustee Kenwood asked about transferring money between funds. Director Coyle responded yes at the Boards discretion however certain funds such as MFT you cannot.

Trustee Kenwood stated that if there were a property tax freeze it would not seem like a huge impact. Manager Franz responded the Village is only 6% of the tax bill. Trustee Elliott added that this year would not have impacted us.

Trustee Kenwood commented that he has heard a lot of complaints about water bills and is obtaining water elsewhere a possibility. Trustee Ladesic asked about opening the wells. Attorney Mathews responded that you cannot mix Lake Michigan water and well water.

Trustee Elliott stated that 67% of the General Fund is spent on personnel; what can be done about that? Director Coyle responded that the health insurance pool has helped in holding the line on insurance costs. Manager Franz responded that Glen Ellyn has one of the lowest numbers of full-time employees in DuPage County.

Economic Development

The Economic Development Division is responsible for developing, directing and administering the economic development functions for the Village. The primary goal of this division is to develop and execute strategies to enhance the economic viability of the Village through the implementation and oversight of programs established by the Village Board and Village Manager that will attract new business and encourage expansion and retention of existing businesses to promote a stronger economic base.

Trustee Senak asked about the ROI. Trustee Elliott asked if the business would come to Glen Ellyn anyway. Manager Franz responded that other municipalities offer Façade Improvement Awards. For that reason, they offer interior awards to assist with ADA and fire alarms. The older buildings in the CBD are in need of investment.

Trustee O'Shea asked about TIF funds. Director Coyle responded there is $93,000 + this year's funds. Trustee Elliott asked when the CBD TIF was established. Director Coyle responded 2012.

Carol White, Executive Director of the Glen Ellyn Alliance asked the Board for the same amount requested last year: $71,000.

Trustee Elliott asked how ROI is measured. Manager Franz responded they track the sales by event. Ms. White responded after each event they ask the businesses to report their sales. The Fall Crawl numbers were based on seven stores reporting their sales; not all stores feel comfortable reporting this data.

Trustee O'Shea asked about surplus funds. Ms. White responded they roll any surplus into the next year. Their events can be ruled by the weather. This year Sounds of the Street was highly successful but the last 2 years the event was cancelled due to inclement weather. Finance Chairman Ford added that the metrics can be difficult to measure. Ms. White also commented that they will be able to measure Ladies Night Out 100%. This is on a Tuesday night when the stores are normally closed at 5:00 p.m. This event is scheduled for 5:00 – 9:00 p.m.

Information Technology Department

The I.T. Department is responsible for providing cost effective telecommunications, computing, security and network services for the Glen Ellyn Village Staff, Volunteer Fire Company and the Village Links/Reserve 22. The Department also provides ERP support services to the Glen Ellyn Public Library and the Glenbard Wastewater Authority.

I.T. Manager Binkerd stated that they will be contracting some support services out. Assistant Manager Stonitsch added the Board will be seeing this proposal shortly. All copiers will be moving to I.T. Trustee O'Shea asked about utilizing Cloud. Manager Franz responded there are government restrictions and some newer technology may not be available to the Village.

Law

The Village transitioned the position of Village Attorney from independent outside counsel to full time on July 21, 2014. The Village Attorney serves as chief legal counsel to the Village Board, Village Manager and Village Management staff. He represents and advises the Village in legal proceedings and recommends outside counsel when required. The Village Attorney advises all Village Departments, Board and Commissions; prepares and reviews ordinance, resolutions and all legal documents; acts as an advisor to and/or members of various municipal commissions and Village Board standing committees. He also participates in the development and implementation of the Village's goals, objectives, policies and priorities.

Attorney Mathews expressed the need for a file management system to be shared between him and his legal assistant.

Village Board & Clerk

Assistant Village Manager Stonitsch outlines that stipends, commission programs, dues and subscriptions, DMMC & IML and the CERT membership are included in this portion of the budget. Assistant Village Manager Stonitsch suggested that tablets be purchased for use on the dais by the Village's Board and Commissions. Trustee O'Shea remarked that he does not see the need for purchasing tablets.

Village Managers Office/Facilities Maintenance

The Facilities Maintenance Division is responsible for maintenance and custodial services to the Civic Center, Public Works Center and both Fire Stations. They also provide periodic litter pick up in areas immediately adjacent to the Metra Train Station. Additionally, they are responsible for coordinating and assisting in the use of Civic Center meeting rooms and the auditorium by outside groups. This is approximately 1,800 meetings and events annually. They strive to emphasize preventative maintenance to mitigate the cost of unscheduled repairs and unplanned downtime of building mechanicals, while also maintaining the established standards of cleanliness for a professional work environment. They are also responsible for the development of the Village's multi-year Capital Replacement Plan for Village-owned facilities.

Trustee O'Shea stated he would like to see a review of staff at other facilities and have staff work at more than one facility.

Adjournment:

At 9:14 p.m. a motion was made by Trustee Elliott and seconded by Trustee Clark to adjourn. Motion carried.

Respectfully submitted,

Catherine Galvin,
Village Clerk