Agenda
Village of Glen Ellyn
Finance Commission Meeting
Friday, April 14, 2023
7:00 AM
Glen Ellyn Civic Center
Room 306

Any individual with a disability requiring reasonable accommodation in order to participate in a meeting should contact The Village of Glen Ellyn ADA Coordinator, (630) 469-5000, in advance of the next scheduled meeting. All matters on the Agenda may be discussed, amended, and acted upon.

A. Call to Order

B. Roll Call

C. Public Comment

D. Approval of Minutes

1) March 10, 2023 Meeting

E. Financial Reports

1) Central Business District Tax Increment Financing Fund Long Term Forecast

2) Five Year Forecast Discussion and Recommendations

F. Staff Report

G. Chairperson's Report

H. Trustee Liaison's Report

I. Other Business

J. Reminders

1) Next meeting May 12, 2023 at 7:00 AM

K. Adjourn

FINANCE COMMISSION MEETING
MINUTES
MARCH 10, 2023

A. **Call To Order**

The March 10, 2023 Finance Commission meeting was called to order at 7:00AM. by Chair Jeremy VanEk at 535 Duane Street, in Glen Ellyn, Illinois.

B. **Roll Call**

Jeremy S. VanEk	Chair	Present
Anne Arnold	Commissioner	Present
Lea Dan	Commissioner	Excused Absence
Jose De Leon	Commissioner	Present
Christopher Goodman	Commissioner	Present
Mike Graham	Commissioner	Present
Scott R. Greeno	Commissioner	Excused Absence
Christopher Oakes	Commissioner	Present
Brian Niksa	Commissioner	Present
Camille White	Student Commissioner	Excused Absence

Also present: Trustee Bill Payne, Village Manager Mark Franz, Finance Director Larry Noller, Assistant Finance Director Patrick Brankin, Public Works Director Dave Buckley, Assistant Public Works Director John Hubsky, and Recording Secretary Aileen Haslett.

C. **Public Comment**

None.

D. **Approval of Minutes**

1) Minutes – February 10, 2023

MOVE TO APPROVE THE MINUTES OF THE FINANCE COMMISSION MEETING AS PRESENTED FROM 2/10/2023.

RESULT	**Motion Unanimously Carried**
MOVER:	**Commissioner Goodman**
SECONDER:	**Commissioner Arnold**
AYES:	**Commissioners Arnold, DeLeon, Goodman, Graham, Niska, Oakes, and J. VanEk**
ABSENT:	**Commissioners: Dan and Greeno**

E. **Water and Sewer Rate Study**

1. Presentation and discussion of Water and Sewer Rate Study by NewGen Strategies and Solutions

Eric Callocchia, from NewGen Strategies and Solutions, presented an update on the water and sewer rate study based upon the direction from the Finance Commission at the February 2023 meeting. Callocchia said the updated recommendation includes: a 0% increase is the current year, a 4% increase in 2024, a 4% increase in 2025, a 4% increase in 2026, and a 5% increase in 2027. The new fixed rate monthly service charge based upon meter size would not be imposed until 2024.

Commissioner Niksa said this was the best presentation by far and he likes the simplicity of the updated rate structure. Callocchia noted the updated rate recommendation includes a better fiscal position for the Water Fund than originally projected.

MOTION TO RECOMMEND THE UPDATED WATER RATE INCREASES TO THE VILLAGE BOARD AS RECOMMENDED BY THE CONSULTANT.

RESULT	**Motion Unanimously Carried**
MOVER:	**Commissioner Graham**
SECONDER:	**Commissioner Niksa**
AYES:	**Commissioners Arnold, DeLeon, Goodman, Graham, Niska, Oakes, and VanEk**
ABSENT:	**Commissioners: Dan and Greeno**

Finance Director Noller clarified that the Finance Commission's motion included a fixed fee component and a 4% rate increase beginning in 2024. Village Manager Franz thanked the Finance Commission and Eric Callocchia for his efforts. Village Manager Franz noted this recommendation will be discussed during an upcoming Village Board workshop.

F. **Financial Reports**

1. Year End Financial Report 2022

Finance Director Noller noted the 2022 year-end financial report covers the period of January 1, through December 31, 2022. The information presented is unaudited and is on a budget basis. The biggest change for the 2022 budget was adding the ARPA grant to the General Fund budget. For 2022, revenues were just under $1M over the expenditures. Income taxes came in significantly higher than budgeted. Village Manager Franz noted the number one priority of the DuPage Mayors and Managers Conference is to fully restore income tax allotments to local municipalities. Village Manager Franz added there is an effort for the State to revert back to the 10% allotment of income taxes, of which municipalities will apply this increase towards rising pension costs.

Sales and home rules sales taxes came in higher than budget partly due to inflation and an increase in taxes from online retailers. Personal property replacement taxes were above budget due to higher corporate earnings and new legislation. Interest income exceeded the budget estimates due to rate increases. Building permits were below budget because the anticipated Glenwood Station fees were not recorded until the current year. Police and Public Works expenses were lower than the budget due to staff turnover and unfilled positions. The Village Manager department expenses were higher than budget due to an increase in recruiting and temporary staff costs. Also EMS costs increased due to enhanced services and additional staff. Village Manager Franz noted the EMS changes were made mid-year. The General Fund ended with about a $1M increase in fund balance.

Finance Director Noller said about $5M in Capital Projects will be carried over into 2023. Food and beverage taxes are doing fairly well and remain a strong source of income in the Capital Projects Fund. There is a little bit of concern for real estate transfer taxes, which are significantly lower than the past two (2) years. Staff will continue to keep a close eye on this. The $3.77M in ARPA funds were reallocated to the General Fund for governmental services. The Corporate Reserve Fund financed the $2.58 Roosevelt Road property purchase, while TIF funds were applied towards the bank property purchase in the amount of $1.65M. The fund balance in the Water Fund exceeded

$20 million which led to higher interest income. Water and Sewer Fund revenues were 6.5% above budget, while expenditures were 4% below budget. The permit revenue in the Parking Fund were above budget due to recent fee increases. There is just under $300,000 in outstanding work remaining for the new Civic Center parking garage, which should be completed in 2023. The state mandated police pension consolidation was completed in April 2022. The consolidated fund performance from April through December 2022 was -8.74%. Chair VanEk thanked Finance Director Noller for the comprehensive report.

G. **Staff Report**

H. **Five-Year Forecast**

1. Five-Year Forecast Discussion and Recommendations

Chair VanEk noted the last Five-Year Forecast was completed several years ago and the preparation of this report will resume this year. Chair VanEk said the 2020 budget forecast included many key items including an analysis of revenues and expenses by major type. Chair VanEk said his problem with past forecasts is the doomsday scenario presented. Chair VanEk said the forecasting methodology needs to be very careful and thoughtful to make sure we are not creating a doomsday scenario, when this does not really exist. Village Manager Franz commented the further you go out in a forecast, the less likely it is to occur. Chair VanEk said the Village has the ability to actively manage the forecast as we go through the next five (5) years. The margin of errors for forecasts was discussed. Chair VanEk said the May 2023 meeting includes a first draft of the forecast, where the Finance Commission can discuss changes. At the June meeting, a final draft of the Five-Year forecast will be presented.

I. **Chairperson's Report**

1. 2023 Finance Commission Agenda Topics

Chair VanEk referenced the 2023 Finance Commission Agenda topic list included in the agenda packet.

J. **Trustee Liaison's Report**

Trustee Payne updated the Finance Commission on recent Village Board activities. Trustee Payne asked the Finance Commission to review the Capital Improvement Plan going forward. Chair VanEk said the Finance Commission will be happy to take a look.

K. **Other Business**

L. **Reminders**

1) Next Meeting: Friday, April 14, 2023 at 7:00AM

M. **Adjournment**

Commissioner Goodman moved and Commissioner Oakes seconded, to adjourn the meeting. The meeting was adjourned at 8:24AM.

Submitted by Aileen Haslett, Recording Secretary

Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 4/14/2023 7:00 AM
Department: Finance
Department Head: Larry Noller
Category: Presentation
Prepared By: Larry Noller

AGENDA ITEM (ID # 2023-340)

DOC ID: 2023-340

Central Business District Tax Increment Financing Fund Long Term Forecast

Statement of the Issue:
The Finance Commission's role in the Village's budget process is generally focused on long-term strategy and forecasting. Earlier this year, the Commission discussed plans to review long-term forecasts for the Village's funds in 2023. The Village Board recently reviewed an update to the Village's Capital Improvement Plan as the downtown streetscape project moves into Phase 2 and design engineering continues for the Metra Station project. The Village's Capital Improvement Plan relies on multiple funding sources, including revenue generated through the use of Tax Increment Financing (TIF) districts. The Village's TIF consultant will present an overview of TIFs and a long-term revenue projection for the Village's Central Business District TIF for the Finance Commission to review at the April meeting.

Analysis:
The Village's Capital Improvements Plan includes the Glen Ellyn Metra Station and Multimodal Access Improvements Project. The project includes significant improvements to the Metra Station and the adjacent parking lots, sidewalks, streets, access for the disabled, as well as a pedestrian/bicycle underpass beneath the Union Pacific Railroad. The Village has secured approximately $23 million in grant funding for the project, which is currently estimated to cost $46 million. The Village continues to pursue additional grant funding and the current Capital Improvement Plan anticipates total grant funding of approximately $27 million with the Village funding the remaining $19 million.

The Village's Metra Station is located within the Central Business District (CBD) Tax Increment Financing (TIF) District and is an eligible use of TIF funds. The Village's TIF consultant, Ryan (formerly Kane, McKenna & Associates), has performed an analysis of the CBD TIF and projected revenues through the final property tax collections in 2036. The projection indicates the CBD TIF is capable of generating $30 million before it expires in tax year 2035 (collected in 2036). This funding may be used for TIF eligible projects, including the Metra Station project.

Budget Impact:
The CBD TIF projection indicates the potential of generating $30 million in funding through 2036.

Contribution to Strategic Plan (if applicable)

Action Requested:

The Finance Commission is asked to review the CBD TIF projections and provide feedback to Village staff.

Attachments:

1. CBD TIF Projection 04.10.23

Preliminary Draft
Village of Glen Ellyn
<u>Preliminary Downtown TIF Projections Update</u>
April 10, 2023

Prepared By Kane, McKenna & Associates

<u>Assumptions</u>

1) The Village of Glen Ellyn (the "Village") established the Downtown Tax Increment Financing District ("TIF") in February 2012 and pursuant to the TIF Act, is expected to receive its final payment by December 2036. The Downtown TIF currently consists of 496 tax parcels (formerly 503 parcels reduced by certain parcel consolidations since 2020) with two separate tax codes.

2) Upon designation of the Downtown TIF, the DuPage County Clerk's office established *two* separate tax codes for the Downtown TIF (Tax Code 5333 and Tax Code 5334), each with their own respective ("frozen") equalized assessed valuations (EAVs), to reflect the two different grade school districts within the TIF. Administratively, the County's current EAV calculations for both tax codes and <u>all</u> corresponding incremental property tax revenues are deposited into the Village's Downtown TIF Allocation Fund.

3) Base ("Frozen") EAV (all parcels)

$30,156,024	Tax Code 5333
<u>$19,412,616</u>	Tax Code 5334
$49,568,640	**Total Base EAV**

4) The tax projections attached as Exhibit 1 include the following four components:

   a) **<u>Downtown "as a whole"</u>** examines all of the parcels in the Downtown TIF, beginning with tax year 2021, excluding Avere, Apex and the Holladay development projects. For purposes of the analysis, both tax codes (5333 and 5334) are combined using a weighted average tax rate to represent both tax codes. The 2021 tax rate for tax code 5333 is 7.5080%. The 2021 tax rate for tax code 5334 is 7.383%. The weighted average of the two tax codes is 7.4576%.

   It is important to note that the DuPage County Clerk calculates incremental EAV on a "parcel by parcel" basis, rather than on a cumulative parcel basis within the TIF district, as a whole. As a result, any tax parcels for which 2021 EAVs are <u>lower</u> than the *original base* (2012) EAV (that is, negative EAV growth) are effectively "zeroed out" and do not contribute positively, or negatively, to the TIF

increment. Our analysis assumes that with annual growth assumptions of 2% per year, these "underwater" parcels will eventually "catch up" and be restored to their original (2012) base EAVs in tax year 2024. There are almost five-hundred tax parcels and not all individual tax parcels may increase, but a more detailed analysis can be undertaken at a later date to examine this further.

b) **Avere,** a 48-unit, multi-family residential development, became fully occupied (stabilized) in August 2022, according to the Milton Township Assessor (the "Assessor"). Also, according to the assessor, the $2,998,100 2021 EAV reflects a partial occupancy year. The Milton Township Assessor also provided a preliminary 2022 *stabilized* EAV of $5,489,050. This equates to a per unit EAV of $114,355. Avere EAVs are excluded from the Downtown TIF projections

c) **Apex** is a 105-unit multi-family residential mixed-use project which opened for occupancy in June, 2022. According to the assessor, the preliminary 2022 EAV is $2,920,170 and represents a 26% partial assessment year. The assessor advised that the 2022 stabilized EAV for Avere would serve as a good comparable for estimating the Apex 2023 stabilized EAV. Apex EAVs are excluded from the Downtown TIF totals.

d) **Holladay Project** is a proposed 85-unit multi-family residential mixed-use development which is assumed to open in September, 2024. The projections assume a 25% partial EAV for assessment year 2024 (based on the developer's reporting that a certificate of occupancy will be issued in September 2024) and a projected *stabilized* EAV of $115,000 per unit for tax year 2025. Holladay projected EAVs are excluded from the Downtown TIF totals.

5) Each individual development project's tax increment projections (Avere, Apex, Holladay) is based on County and Milton Township Assessor assessment and tax data, along with the terms of the respective Redevelopment Agreements that the Village has executed with each developer. In addition, KMA assumed a 20% allocation for school payments by the Village for the Avere and Holladay developments and 20% school allocations paid by the developer for the Apex development, pursuant to the terms of the respective RDAs. Also pursuant to the terms of the respective RDA's, the tax increment projections assume that the Avere developer receives 90% of the annual increment after school payments up to a cumulative amount of $3,121,791for up to ten years, that the Apex developer receives $240,000 of annual increment after school payments up to a maximum of $1,360,000, and that Holladay receives 80% of the annual tax increment up to $2,000,000. Incremental tax revenues generated for the Village by each development project (Avere, Apex, Holladay) can be found in their respective sections of the spreadsheet attached as **Exhibit A**.

6) Tax rates used are based on actual 2021 tax rates for the two Tax Codes and are held constant for the term of the TIF (no annual escalations or decreases). As mentioned above, the tax rate used for the Downtown TIF, as a whole, is the weighted average tax rate for the two tax codes (5333 and 5334). The tax rates used in the individual development project projections are those for the respective tax code in which the development project is located. All three development projects have the same tax code (5333), so the tax rate of 7.5080% is used for all of them.

7) An annual EAV growth rate of 2% is assumed throughout- except for the Downtown "as a whole" component – in which the growth rate is held flat after 10 years. This conservative approach is utilized due to the number and variety of tax parcels present in the TIF, and the potential for vacancies, turnover, or reductions by multiple owners over time.

	Gross Taxes To Village After School Payments For Total TIF Term (EXHIBIT A)
Downtown	$ 11,585,170
Annual Average	$ 772,345
Downtown Plus Avere:	$ 13,406,962
Annual Average	$ 893,797
Downtown Plus Avere & Apex:	$ 25,094,272
Annual Average	$ 1,672,951
Downtown Plus Avere, Apex, & Holladay:	$ 30,003,422
Annual Average	$ 2,008,228

The projections are to be regarded as preliminary and should be updated as valuation data is revised by the County Assessor on an annual basis.

EXHIBIT A

TIF PROJECTIONS

EXHIBIT A
GLEN ELLYN DOWNTOWN TIF PROJECTIONS
20-Mar-23

																TIF ENDS
		ASSESSMENT YEAR	2021 (Actual)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
		COLLECTION YEAR	2022 (Actual)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
DOWNTOWN																
											Flatten Growth After 10 Years					
Downtown Projected EAV (**Excludes *Apex Holladay Avere)***		53,241,368	54,306,195	55,392,319	56,500,166	57,630,169	58,782,772	59,958,428	61,157,596	62,380,748	63,628,363	63,628,363	63,628,363	63,628,363	63,628,363	63,628,363
Less: Base Combined Tax Codes		(45,443,897)	(46,352,775)	(47,279,830)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)	(49,568,440)
Note: once "adjusted" base equals "original" base at TIF designation, then kept constant to term,																
Incremental EAV		7,797,471	7,953,420	8,112,489	6,931,726	8,061,729	9,214,332	10,389,988	11,589,156	12,812,308	14,059,923	14,059,923	14,059,923	14,059,923	14,059,923	14,059,923
Weighted Average Tax Rate (Two Tax Codes)	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%	7.4571%
Total Est Incremental Taxes Downtown		521,998	581,466	593,095	604,957	516,906	601,172	687,123	774,793	864,216	955,428	1,048,464	1,048,464	1,048,464	1,048,464	1,048,464
Collection %	97.00%	506,338	564,022	575,302	586,809	501,399	583,137	666,509	751,549	838,290	926,765	1,017,010	1,017,010	1,017,010	1,017,010	1,017,010
Cumulative Est. Incremental Taxes For Downtown		**506,338**	**1,070,360**	**1,645,662**	**2,232,471**	**2,733,870**	**3,317,007**	**3,983,516**	**4,735,065**	**5,573,355**	**6,500,120**	**7,517,130**	**8,534,140**	**9,551,150**	**10,568,160**	**11,585,170**
AVERE (REVA) (48 Units)																
		ASS'R PARTIAL	**ASS'R STABILIZED**													
Avere EAV (*2021 is a partial year assessment obtained from twp assr*)		2,998,100	5,489,050	5,598,831	5,710,808	5,825,024	5,941,524	6,060,355	6,181,562	6,305,193	6,431,297	6,559,923	6,691,121	6,824,944	6,961,443	7,100,671
Less: Avere Base EAV		598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303	598,303
Incremental EAV Avere		2,399,797	4,890,747	5,000,528	5,112,505	5,226,721	5,343,221	5,462,052	5,583,259	5,706,890	5,832,994	5,961,620	6,092,818	6,226,641	6,363,140	6,502,368
Avg Tax Rate	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%
Incremental Property Taxes *(2022 collection actual per Village)*		180,177	367,197	375,440	383,847	392,422	401,169	410,091	419,191	428,473	437,941	447,598	457,449	467,496	477,745	488,198
School Payments - Assume 20% Set Aside	20.00%	-	(73,439)	(75,088)	(76,769)	(78,484)	(80,234)	(82,018)	(83,838)	(85,695)	(87,588)	(89,520)	(91,490)	(93,499)	(95,549)	(97,640)
Note: Village responsible for 100% school pyt																
Reva Incentive (90% after school Yrs 1-10) (*2021/2022 actual per Village*)		133,331	264,382	270,317	276,370	282,544	288,842	295,265	301,818	308,501	315,318	322,271	62,834	-	-	-
Cumlative Avere Incentive (max $3,121,791)		133,331	397,713	668,030	944,399	1,226,943	1,515,785	1,811,050	2,112,868	2,421,369	2,736,686	3,058,957	3,121,791	3,121,791	3,121,791	3,121,791
Net To Village From Reva Project		**46,846**	**29,376**	**30,035**	**30,708**	**31,394**	**32,094**	**32,807**	**33,535**	**34,278**	**35,035**	**35,808**	**303,125**	**373,997**	**382,196**	**390,558**
Cumulative Avere Net to Village		**46,846**	**76,222**	**106,257**	**136,964**	**168,358**	**200,452**	**233,259**	**266,794**	**301,072**	**336,107**	**371,915**	**675,041**	**1,049,038**	**1,431,233**	**1,821,792**
APEX (105 Units)																
			ASS'R PARTIAL	**ASS'R STABILIZED**												
Apex EAV (*2022 is a partial year assessment obtained from twp assr*)		487,770	2,920,170	12,075,000	12,316,500	12,562,830	12,814,087	13,070,368	13,331,776	13,598,411	13,870,379	14,147,787	14,430,743	14,719,358	15,013,745	15,314,020
Less: Apex Base EAV		459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611	459,611
Incremental EAV Apex		28,159	2,460,559	11,615,389	11,856,889	12,103,219	12,354,476	12,610,757	12,872,165	13,138,800	13,410,768	13,688,176	13,971,132	14,259,747	14,554,134	14,854,409
Avg Tax Rate	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%
Incremental Property Taxes		2,114	184,739	872,083	890,215	908,710	927,574	946,816	966,442	986,461	1,006,880	1,027,708	1,048,953	1,070,622	1,092,724	1,115,269
Assume 20% Set Aside	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Note: over term of TIF Agreement Apex is reponsible for school pyts-no increment effect																
Apex Incentive (max $240,000 per year)		-	184,739	240,000	240,000	240,000	240,000	215,261		-	-	-	-	-	-	-
Cumlative Apex (max $1,360,000)		-	184,739	424,739	664,739	904,739	1,144,739	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Net To Village From Apex Project		**2,114**	**-**	**632,083**	**650,215**	**668,710**	**687,574**	**731,554**	**966,442**	**986,461**	**1,006,880**	**1,027,708**	**1,048,953**	**1,070,622**	**1,092,724**	**1,115,269**
Cumulative Apex Net to Village		**2,114**	**2,114**	**634,198**	**1,284,413**	**1,953,122**	**2,640,697**	**3,372,251**	**4,338,693**	**5,325,154**	**6,332,035**	**7,359,743**	**8,408,696**	**9,479,317**	**10,572,042**	**11,687,311**
HOLLADAY (85 Units):																
					ASS'R PARTIAL	**ASS'R STABILIZED**										
Total Holladay EAV 2024 assumed to be 25% partial)		495,710	505,624	515,737	2,443,750	9,775,000	9,970,500	10,169,910	10,373,308	10,580,774	10,792,390	11,008,238	11,228,402	11,452,970	11,682,030	11,915,670
Less: Holladay Base EAV		530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262	530,262
Incremental EAV Holladay		-	-	-	1,913,488	9,244,738	9,440,238	9,639,648	9,843,046	10,050,512	10,262,128	10,477,976	10,698,140	10,922,708	11,151,768	11,385,408
Avg Tax Rate	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%	7.5080%
Incremental Property Taxes		-	-	-	143,665	694,095	708,773	723,745	739,016	754,592	770,481	786,686	803,216	820,077	837,275	854,816
Assume 20% Set Aside	20.00%	-	-	-	(28,733)	(138,819)	(141,755)	(144,749)	(147,803)	(150,918)	(154,096)	(157,337)	(160,643)	(164,015)	(167,455)	(170,963)
Note: over 10-yr term of TIF Agreement Village is reponsible for school payments																
Holladay Payment (80% per year after school payments)		-	-	-	91,945	444,221	453,615	463,197	472,970	74,052	-	-	-	-	-	-
Cumulative Holladay (max $2,000,000)		-	-	-	91,945	536,166	989,781	1,452,978	1,925,948	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Net To Village		-	-	-	22,986	111,055	113,404	115,799	118,243	529,622	616,384	629,349	642,573	656,062	669,820	683,853
Cumulative Apex Net to Village		**-**	**-**	**-**	**22,986**	**134,042**	**247,445**	**363,244**	**481,487**	**1,011,109**	**1,627,493**	**2,256,842**	**2,899,415**	**3,555,477**	**4,225,297**	**4,909,150**
SUMMARY COMPILATION:																
Downtown (97% collection rate)		506,338	564,022	575,302	586,809	501,399	583,137	666,509	751,549	838,290	926,765	1,017,010	1,017,010	1,017,010	1,017,010	1,017,010
Cumulative to Village		506,338	1,070,360	1,645,662	2,232,471	2,733,870	3,317,007	3,983,516	4,735,065	5,573,355	6,500,120	7,517,130	8,534,140	9,551,150	10,568,160	11,585,170
Downtown/Avere		553,184	593,398	605,338	617,516	532,793	615,230	699,316	785,084	872,568	961,800	1,052,818	1,320,135	1,391,007	1,399,206	1,407,568
Cumulative to Village		553,184	1,146,581	1,751,919	2,369,435	2,902,228	3,517,459	4,216,775	5,001,859	5,874,427	6,836,227	7,889,045	9,209,181	10,600,188	11,999,393	13,406,962
Downtown/Avere/Apex TIF Taxes		555,298	593,398	1,237,421	1,267,731	1,201,503	1,302,804	1,430,871	1,751,526	1,859,029	1,968,681	2,080,526	2,369,088	2,461,629	2,491,930	2,522,837
Cumulative to Village		555,298	1,148,696	2,386,117	3,653,848	4,855,351	6,158,155	7,589,026	9,340,552	11,199,581	13,168,262	15,248,788	17,617,876	20,079,505	22,571,435	25,094,272
Downtown/Avere/Apex/Holladay TIF Taxes		555,298	593,398	1,237,421	1,290,718	1,312,558	1,416,208	1,546,670	1,869,769	2,388,650	2,585,065	2,709,875	3,011,661	3,117,690	3,161,750	3,206,690
Cumulative to Village		555,298	1,148,696	2,386,117	3,676,834	4,989,392	6,405,600	7,952,270	9,822,039	12,210,690	14,795,755	17,505,630	20,517,291	23,634,982	26,796,732	30,003,422

Village of Glen Ellyn

General Fund Five Year Forecast

2020 BUDGET

Goals of Five Year Forecast

- Understand long-term financial trends in revenues and expenditures/expenses.
- Identify future imbalances (deficits).
- Identify potential areas where programs can be implemented now to avoid future deficits.
- Understand how this forecast aligns with past forecasts.
- Compare past forecasts with actual results.

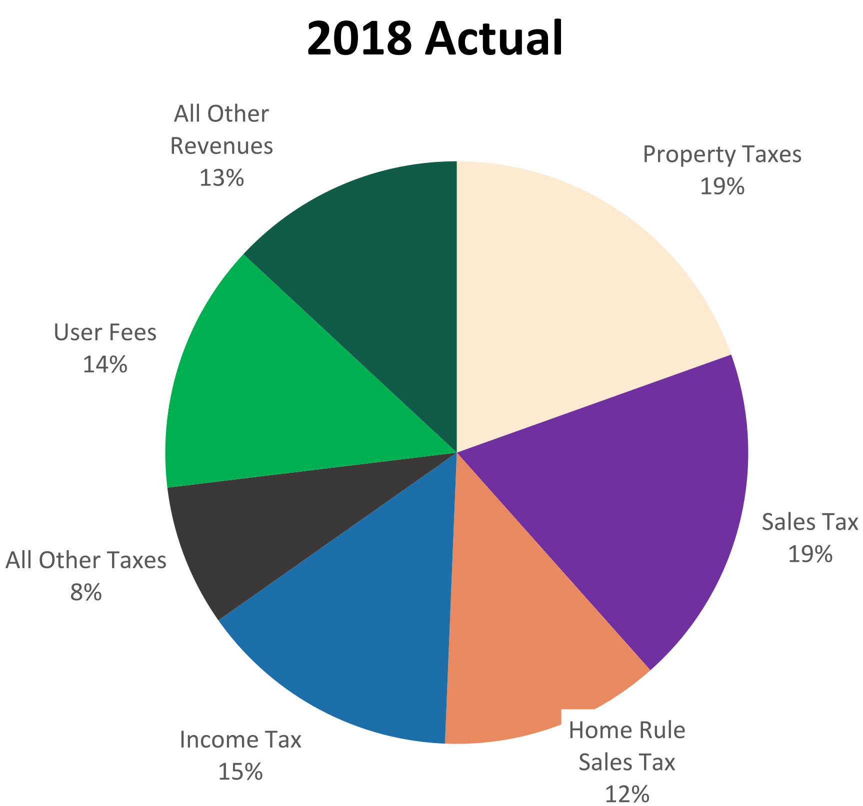
Facts on the Five Year Forecast

- Developed annually as a tool for the budget process.
- Forecast is a model to project future activity and is not a prediction of what will happen.
- Each year's experience will vary.
  - The goal is that annual budgets will be balanced.
  - Each year's actual results will vary.

Executive Summary

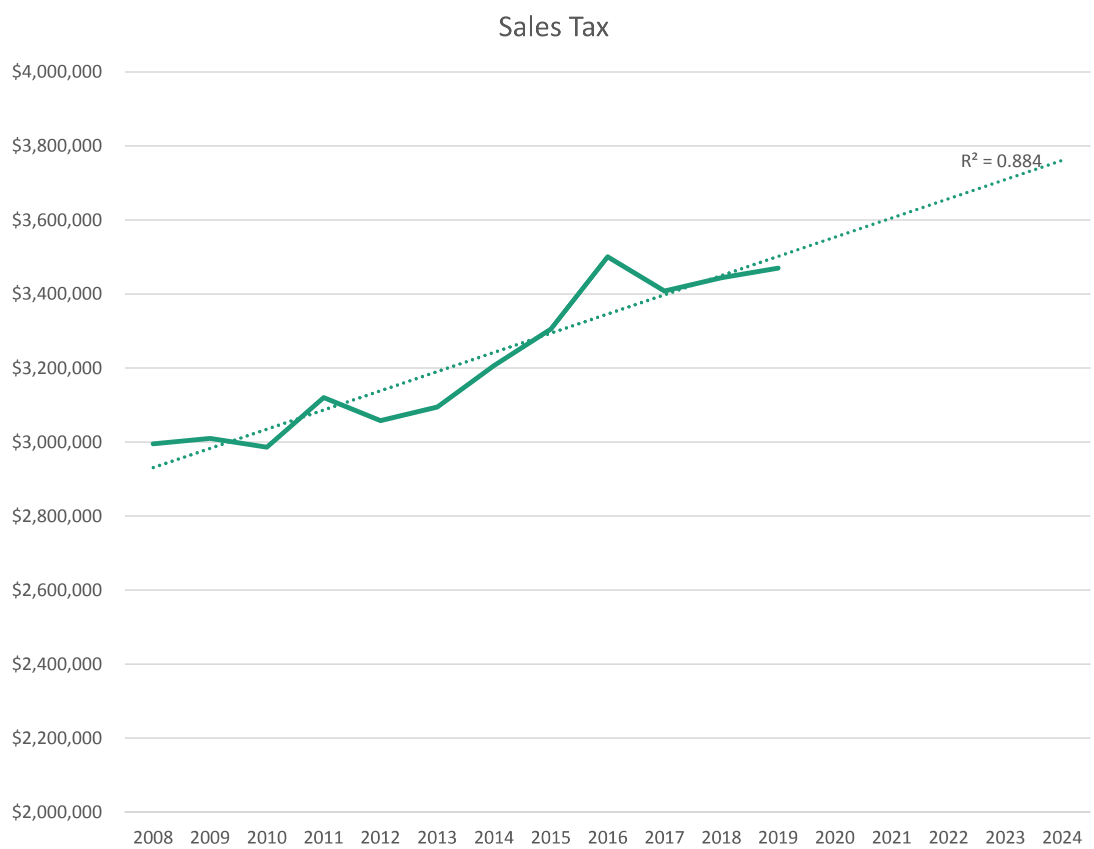
- Revenues are forecast to grow slower than expenses, eventually bringing the Village's fund balance down below policy level without action to the contrary.
- Key revenues such as sales tax, home rule sales tax, and income tax performed well prior to 2017, which mitigated the losses predicted in earlier forecasts. Growth in those revenue streams have moderated.
- The General Fund is driven mostly by personnel costs, including pensions.

Composition of General Fund Revenues



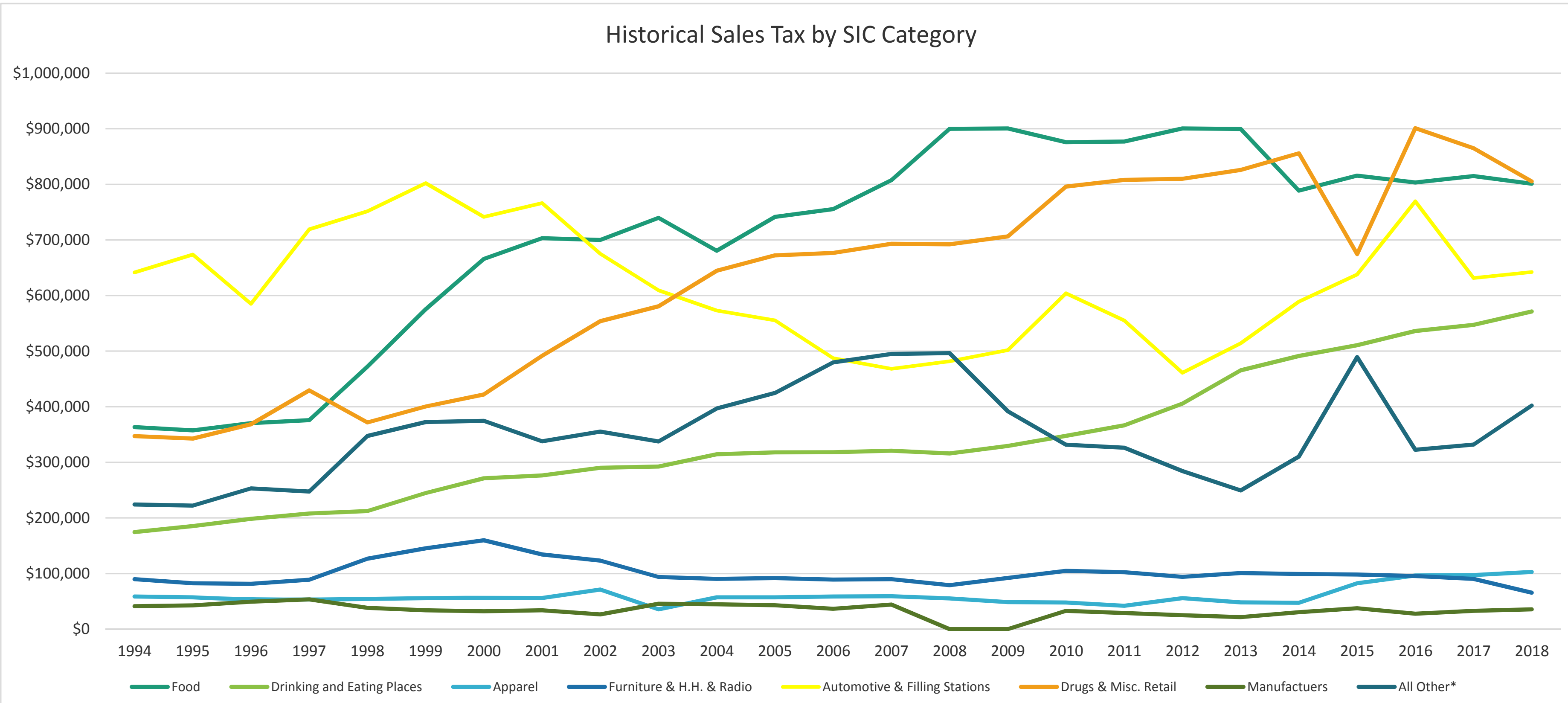
- 46% of General Fund revenue comes from our key revenues (sales tax, home rule sales tax, and income tax)
    - Village has no direct influence on income tax or sales tax
    - This is increased 2% from 2017
- 19% of General Fund revenue is from property tax levy
    - This is decreased 1% from 2017
- 14% is from user fees which are designed to charge a fee for services used
    - Unchanged from 2017

General Fund Key Revenues – Sales Tax



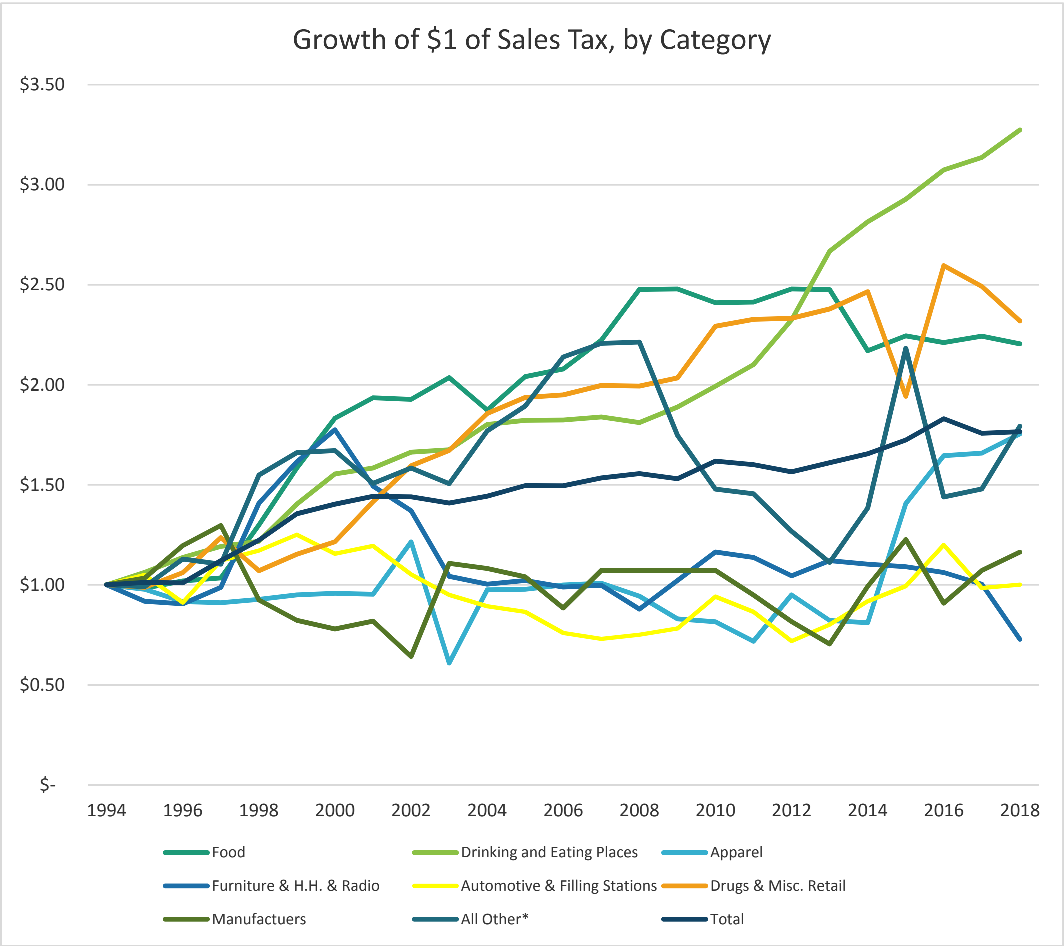
- Sales Tax has grown by an average of 1.47% per year over the past 10 years
- Preliminary 2020 Budget includes a 5.6% increase in sales tax
- Sales tax forecasted to grow at 2% in the 5 year forecast
- Largest Business Categories for Sales Tax (2018 data):
  - Drug and Misc. Retail (805K)
  - Food (801K data)
  - Automotive & Filling (642K)
  - Eating & Drinking Places (571K)
- Wayfair Supreme Court ruling (online sales tax) may help the Village's sales tax, but it is too soon to know the impact. It may also draw from our current Use tax.

Historical Sales Tax by Category



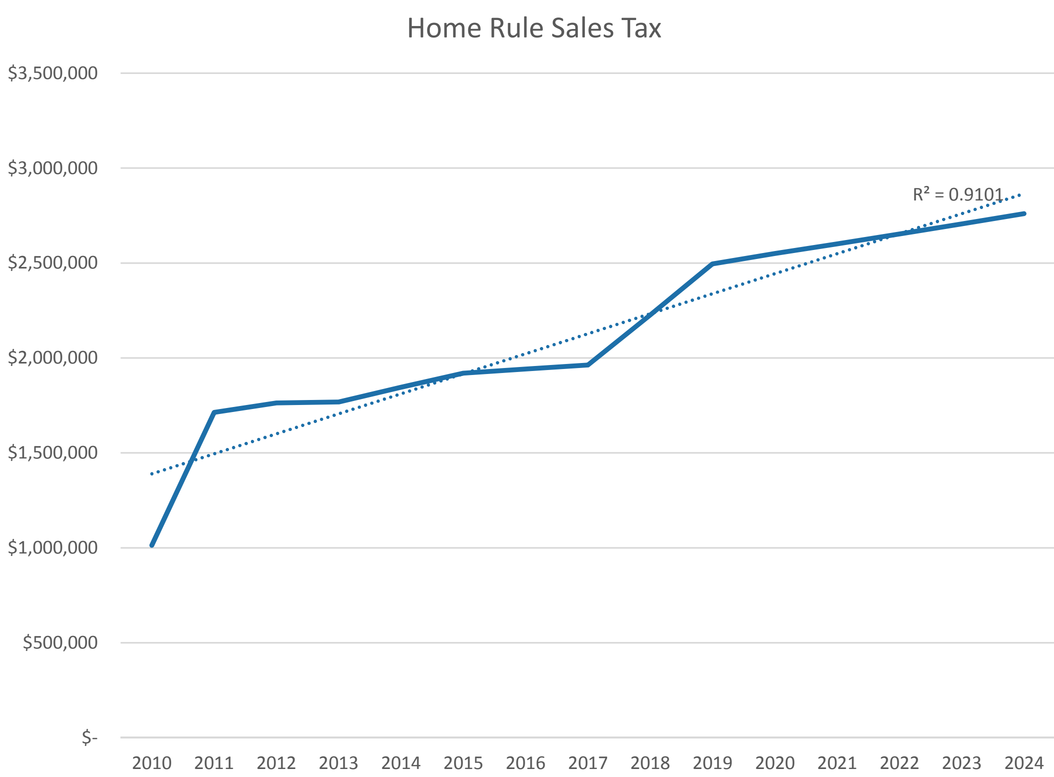
Food and Drugs and Miscellaneous Retail make up the largest sector of sales tax base.

Growth of Sales Tax by Category



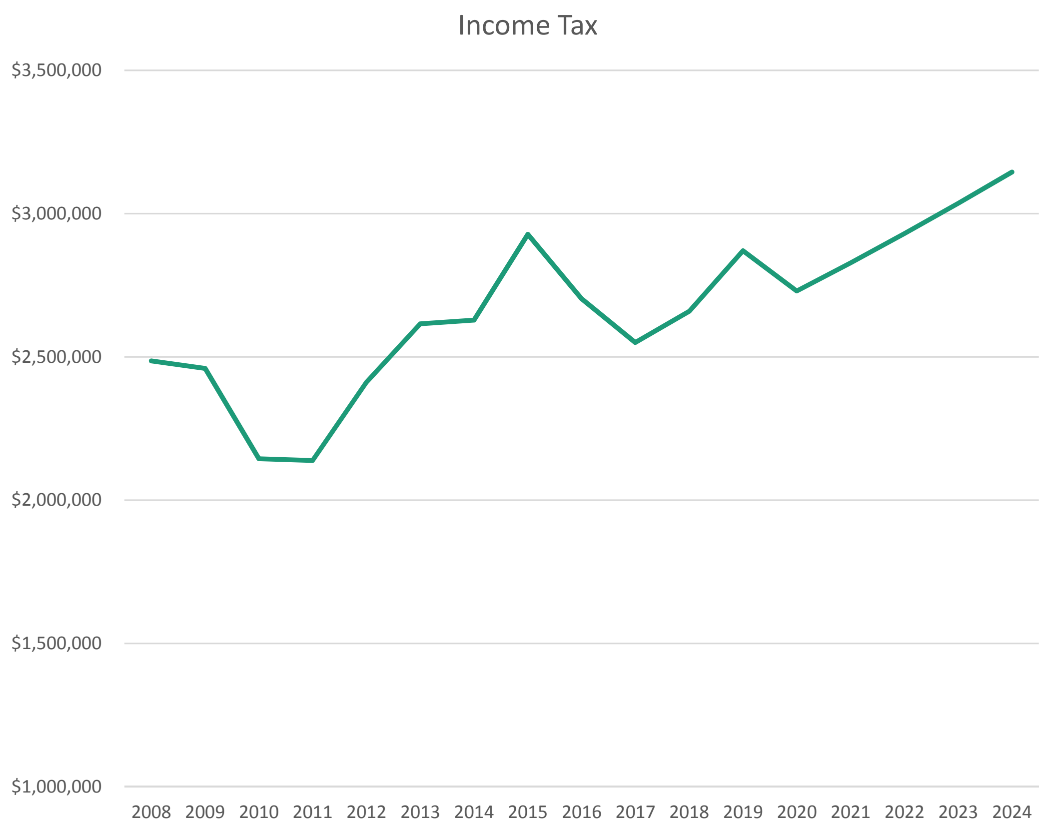
- Largest growth has been in the drinking and eating places category.

General Fund Key Revenues – Home Rule Sales Tax



- Home Rule Sales Tax has grown by an average of 2.3% per year (excepting 2018/2019 when rate was increased)
- Preliminary 2020 Budget realizes the second full year of the 1.25% rate.
- Forecasted to grow at 2% in the 5 year forecast
- Largest Business Categories for Home Rule Sales Tax (2018 data):
    - Eating & Drinking Places (633K)
    - Drug and Misc. Retail (549K)
    - Agriculture & All Others (322K)

General Fund Key Revenues – Income Tax



- Income Tax is more volatile than sales tax streams
- Income Tax has grown by an average of 1.89% per year over the past 10 years
    - State of Illinois reduced income tax by 10% in SFY 18 (Village FY 17/18) and 5% in SFY 19 & 20 (Village FY18-20)
- Large payment received in May 2019 which is not anticipated to be repeated
- The forecast includes 3.6% growth in income tax
    - IML Estimates per capita ($106.30 for MFY2020 or $2,951,632)
    - 2020 budget currently set at $2,730,000
- Income tax is still being reduced by 5% by the State of Illinois (approximately $125,000)

General Fund Key Revenues – Property Tax

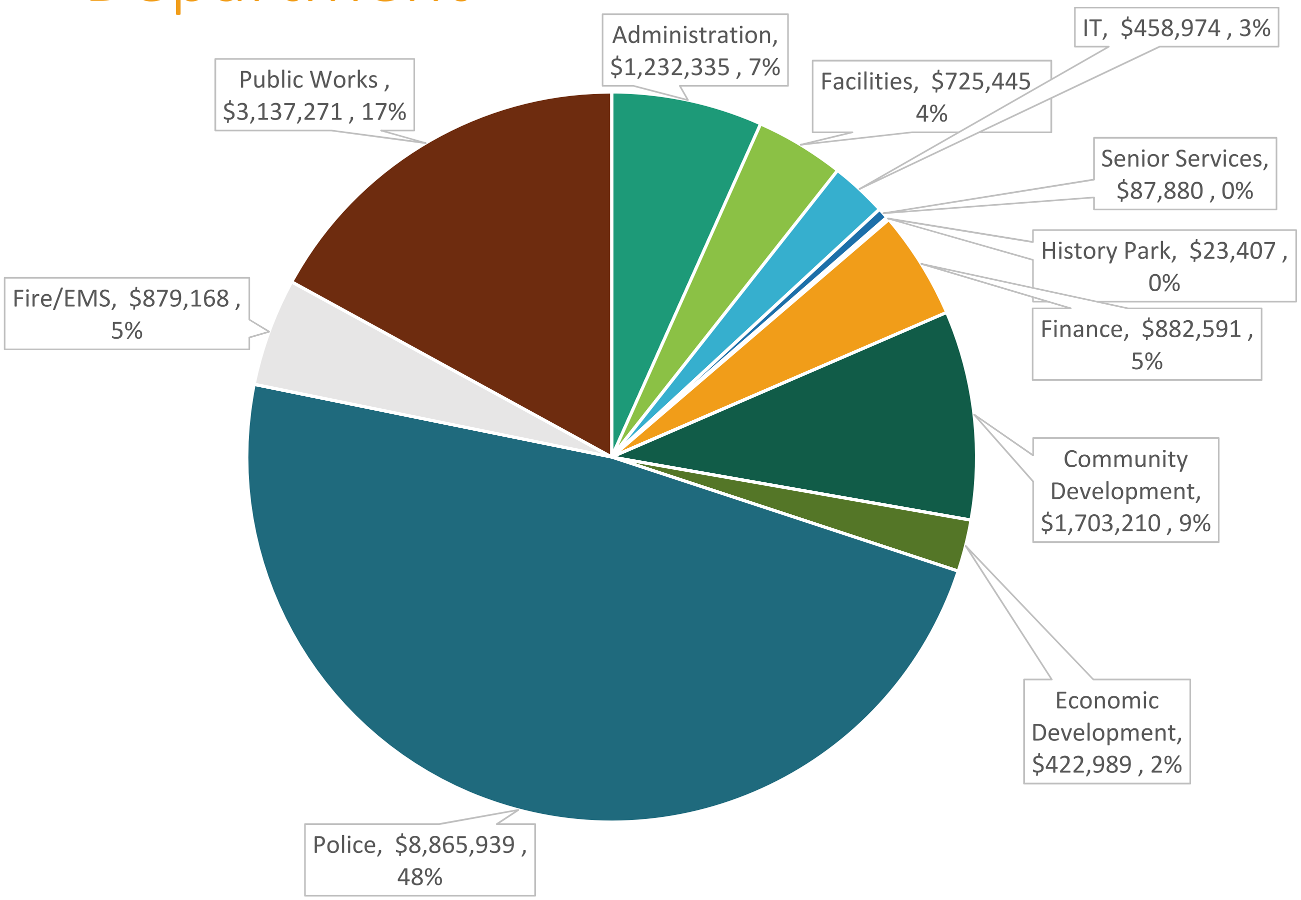
- Village has adhered to the tax cap rules of CPI and new growth although not required to by its home rule status
- Average increase over 10 years is 3.28%
- 2020 preliminary budget includes:
    - 1.9% CPI set by DuPage County
    - 0.9% New Growth (last year's actual growth)
- Property tax is forecast to grow at 2.5% over the five year forecast
    - 5.0% growth - $1.4M additional
    - 1.0% growth - $872K less
- Property tax freeze concerns are no longer imminent, but remain a possibility
    - A freeze would cost the Village $922K over the five year forecast

Challenges in Revenue Streams

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

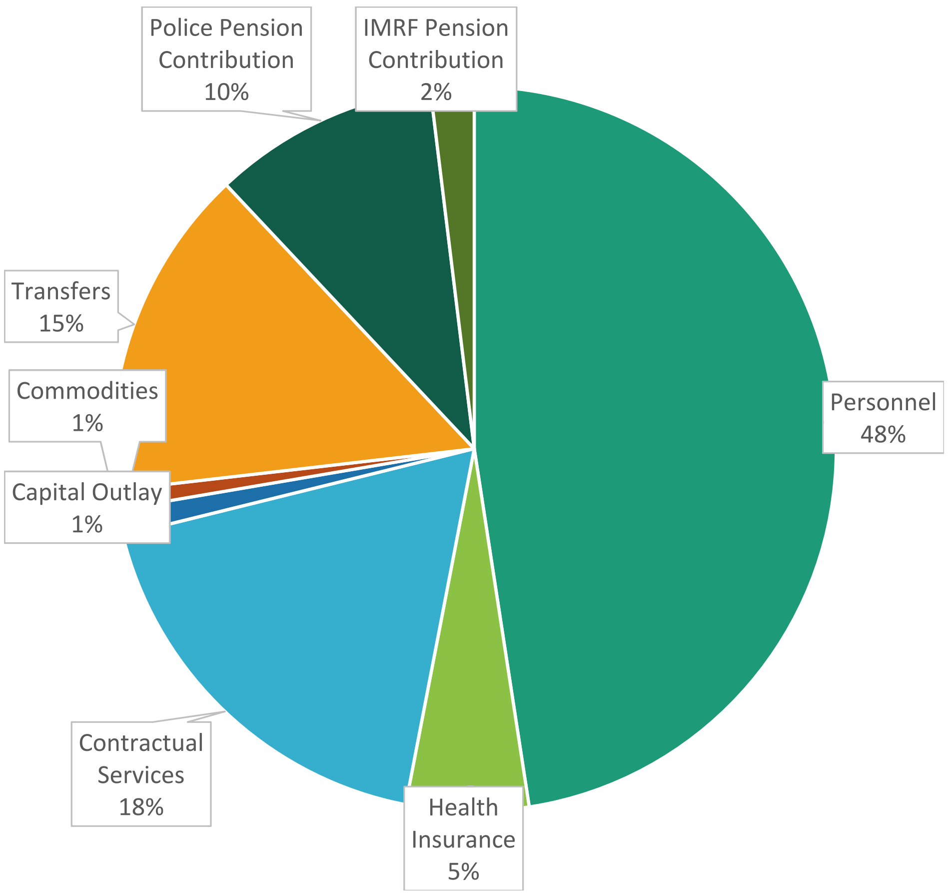
- ∞ The Village relies heavily upon performance of sales tax, home rule sales tax, and income tax to provide for known increases in costs. The Village has little direct control over these revenues that are highly influenced by the economy.
- ∞ The State of Illinois continues to threaten state shared revenues.
- ∞ Challenges may be mitigated by redevelopment, especially in the Central Business District.

Composition of General Fund Expenditures – by Department



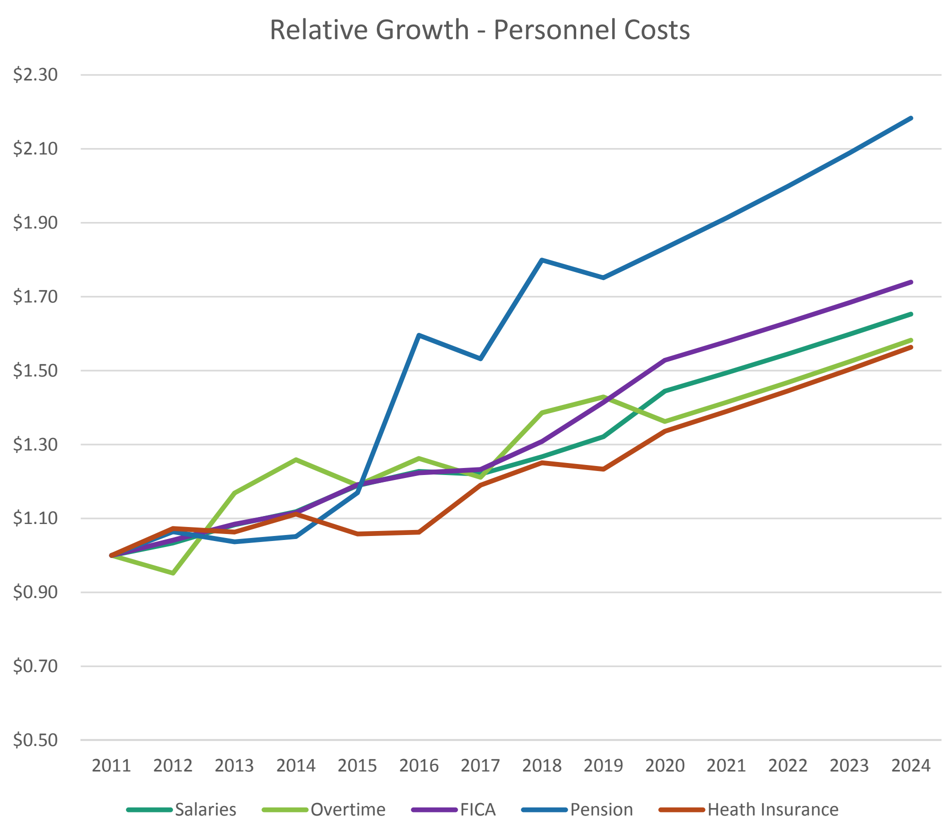
- From the 2018 actual expenses, Police is the largest department in the General Fund at 48% with Public Works at 17%.
- The Village does not have a career fire department, therefore the pie would display differently than those communities do have a career fire department.

Composition of General Fund Expenditures – By Type



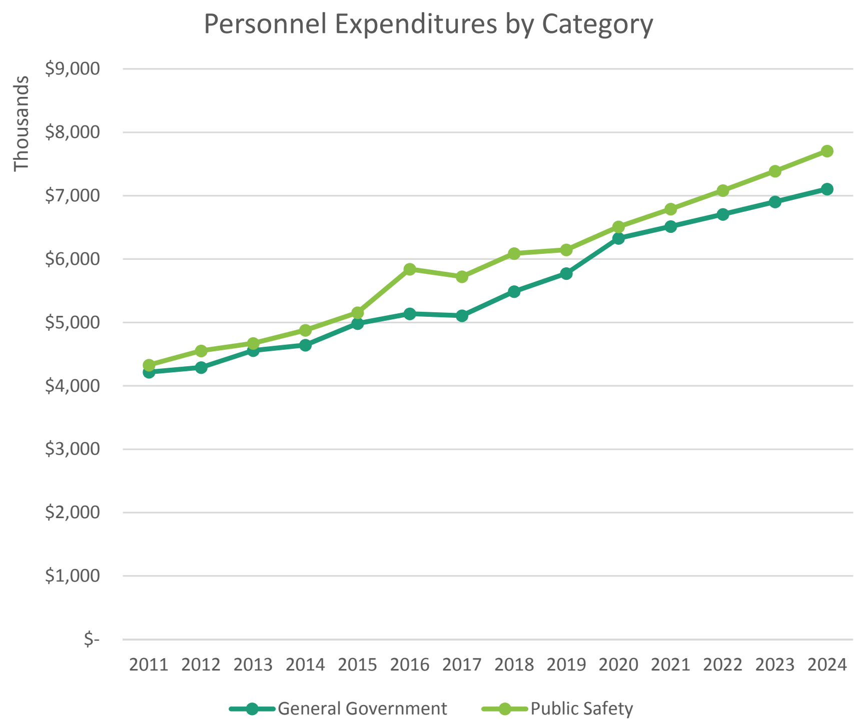
- Personnel is the largest portion of the General Fund expenses, $9.2 million of $19.4 million in expenses (2018 data)
- Once pension and health insurance costs are aggregated with salary costs, personnel comprises 65% of General Fund expenditures
- The Village functions accounted for in the General Fund are highly service oriented; therefore, it is expected that personnel expenditures would be the main expenditure type.
- Personnel expenditures grow at a faster rate than capital or other operating costs.
- Notable contractual services include DuComm, Ambulance Contract, Tree costs, etc.

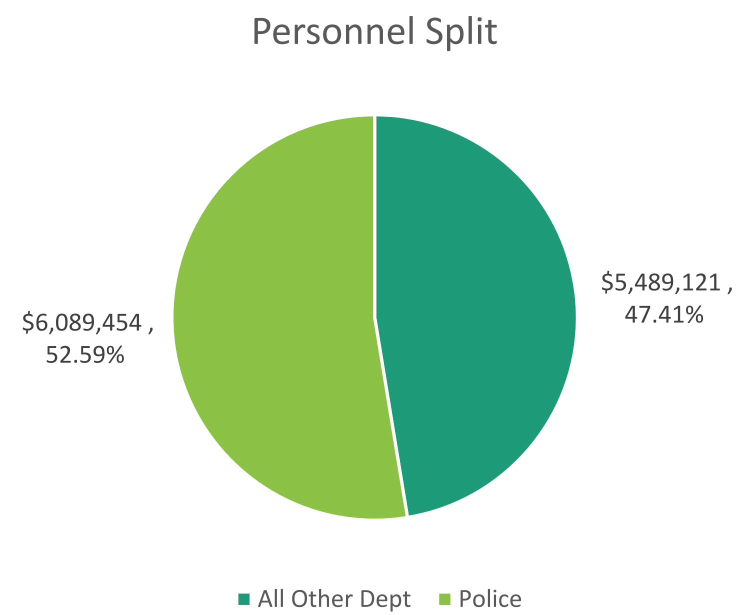
Personnel Expenditures by Type – Relative Growth



- Chart at left portrays the growth rate of personnel expenditures.
- Pension costs grow at the highest rate, although saw a decrease from 2016 to 2019 due to decreases in IMRF (non sworn) pension costs.
- The Village has been fortunate through its health insurance pool to mitigate health insurance cost increases seen in the marketplace.

Personnel Expenditures by Category





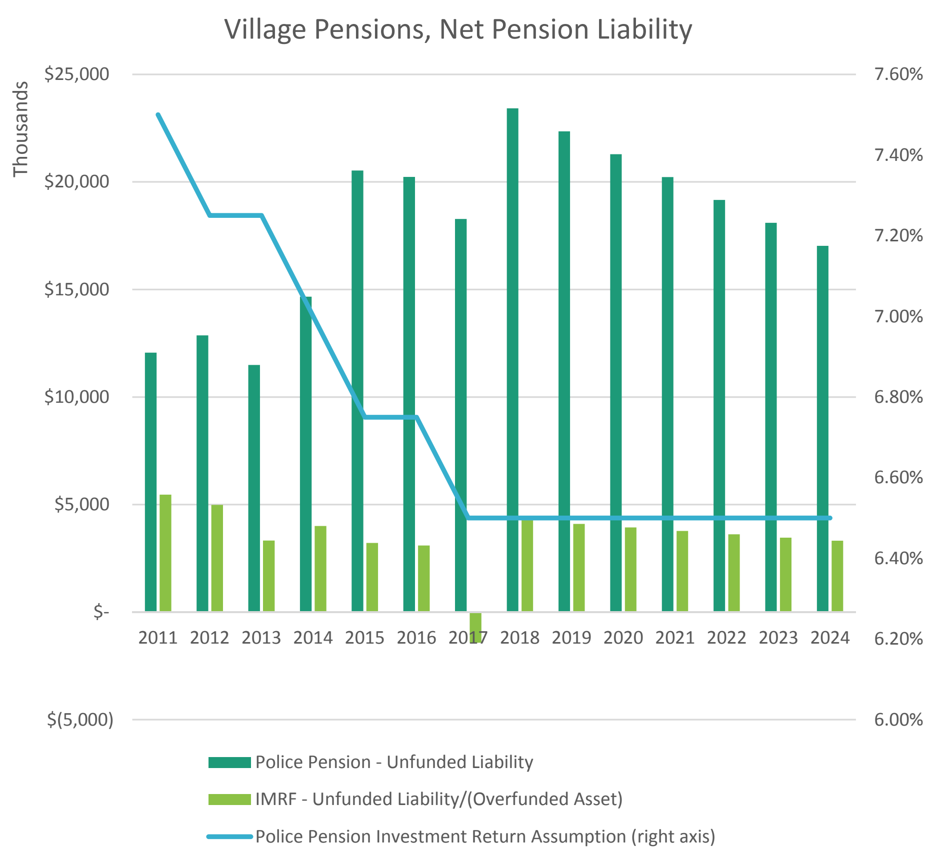
- Police comprises 53% of General Fund personnel.
- Public safety personnel costs are projected to grow at a faster rate (4%) than general government (3%).
- Police pension costs are also forecast to grow at a higher rate (5%) than municipal pension costs (2%).

Health Insurance

- The Village is a member of a health insurance risk-sharing pool.
- Pool champions cost saving initiatives such as wellness and encouraging shopping of health care services.
- Health insurance costs have increased by an average of 2.8% over the past 8 years, beating the market place trend.
- Our pool administrators project 4% annual increases, assuming avoidance of the Cadillac Tax (if it moves forward).
- The chart at right evaluates the difference in cost between a 4% trend and a 10% trend. As can be seen, it is important to our financial future to control our healthcare costs to the best of our abilities.
- The Village has made plan adjustments to control costs, most recently a copay and specialist copay adjustment which was effective July 2019.

	4% Growth Rate	10% Growth Rate	Difference
2019 Cost	$1,046,880	$1,046,880	$0
2024 Cost	$1,326,620	$1,686,011	$359,391
Cumulative Cost over 5 Year Forecast	$6,142,108	$7,030,438	$888,330

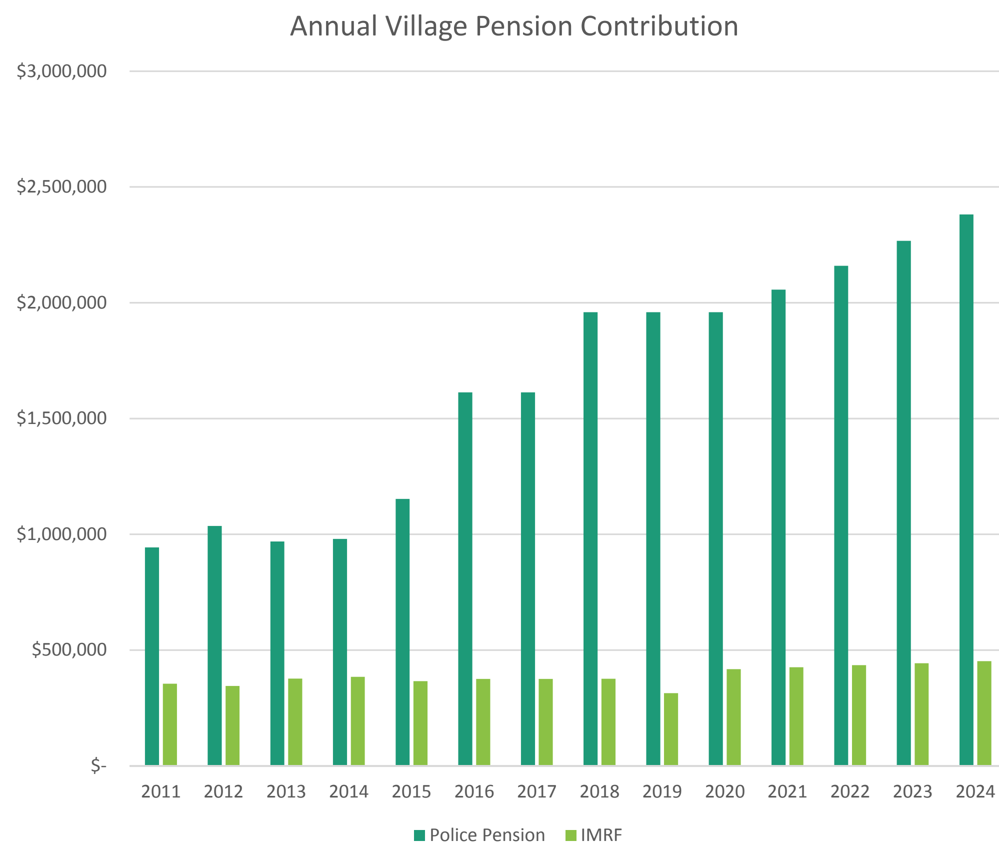
Village Pensions



- Village has two pensions, the Police Pension Fund and the Illinois Municipal Retirement Fund (IMRF).
- Police Pension Contribution is 10% of General Fund expenditures
- IMRF is 2% of General Fund expenditures
- Police Pension is 55.19% funded.
- IMRF is 90.14% funded.
- 2018 investment market ended poorly which affected our 2018 actuarial valuation and increased pension liabilities for both plans.
- IMRF lowered discount rate in 2020 to 7.25% (from 7.5%). This increased IMRF contribution rate from 7.15% in 2019 to 9.09% in 2020.
- Village has been lowering the investment return assumption for Police Pension. This increases the unfunded liability but provides for more sound funding.
  - 2012 – 7.25%
  - 2014 – 7.00%
  - 2015 – 6.75%
  - 2017 – 6.50%
- Police Pension liability began decreasing in 2016, as the Village increased contributions and the Pension Board modified investment strategy.
- The Police Pension Fund has $28.8M in assets. This would pay current benefit payments for twelve years without accumulating another dollar.

Annual Village Pension Contributions

- Police Pension annual contributions are projected to grow at 5%
- IMRF lowered discount rate for 2020 which increases our rate. However, the 2020 rate with the increase is still lower than the 2018 rate.
- IMRF anticipated to grow at 2%.



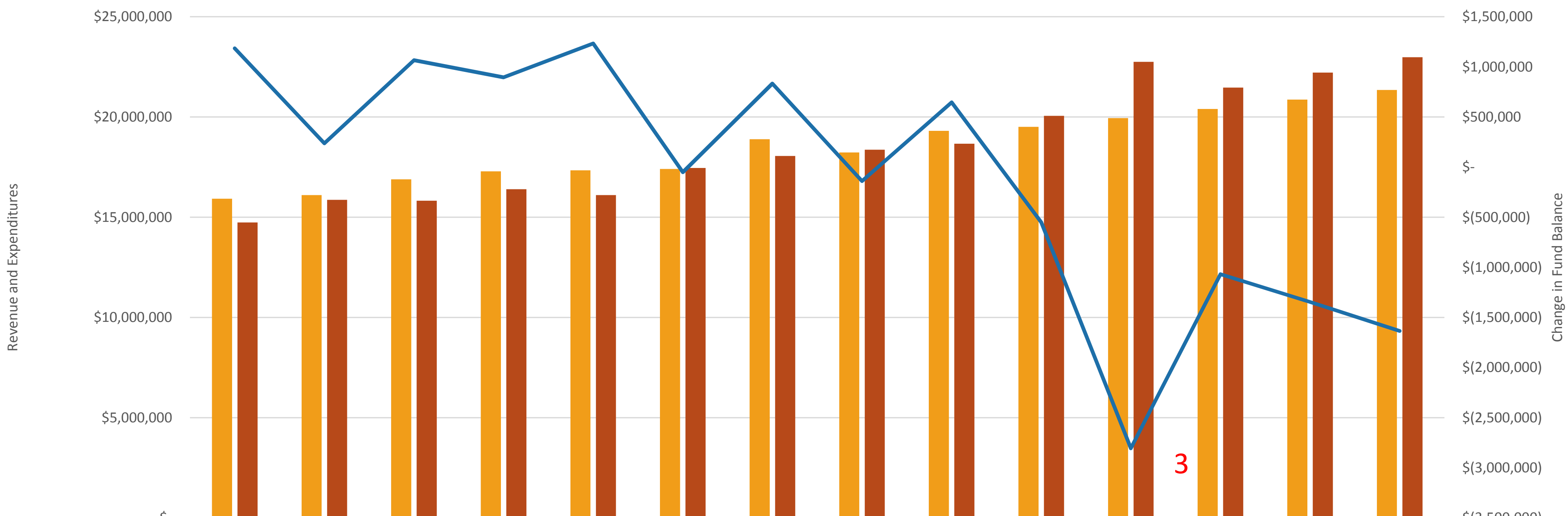
Other General Fund Expenditure Categories

	FY19 Est (thousands)	Average Historical Growth (2012-2019)	Projected Annual Growth (2019-2023)
Contractual Services	$3,584	2.5%	3.0%[1]
Commodities	$260	4.7%	3.0%[1]
Capital Outlay	$194	11.1%	5.0%[2]
Transfers	$1,659	1.4%	3.0%[3]

Footnotes:

1. Commodities and Contractual Services are anticipated to increase at a conservative 3%, also consistent with historical increases.
2. Capital replacement was deferred during the economic downturn; recent purchases have been meeting deferred needs. Capital is incidental in nature, mostly driven by operating initiatives.
3. Transfers are reimbursements to other funds.

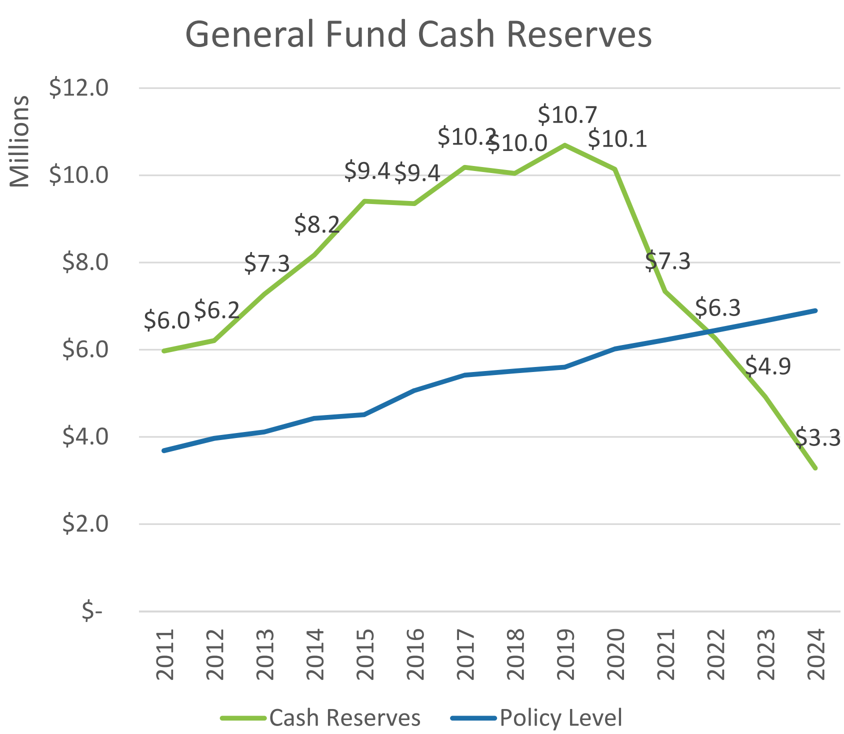
Annual General Fund Forecast

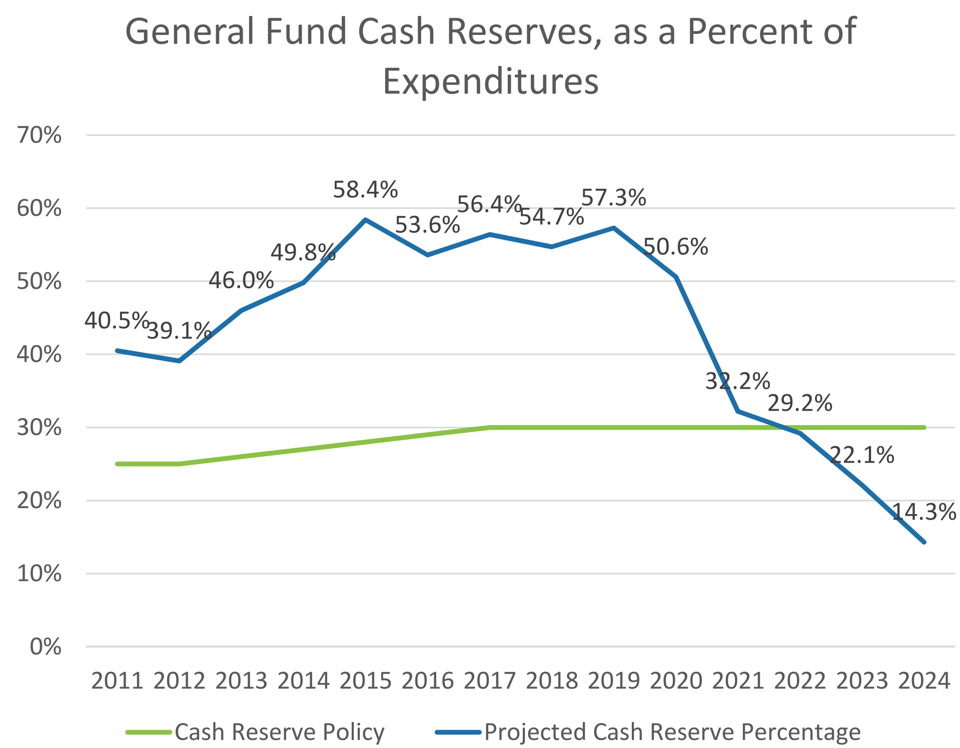


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues	$15,921,600	$16,105,939	$16,886,658	$17,290,193	$17,337,822	$17,405,406	$18,887,359	$18,229,546	$19,310,348	$19,505,085	$19,942,710	$20,398,351	$20,866,873	$21,347,775
Expenditures	$14,736,501	$15,869,009	$15,820,651	$16,394,227	$16,104,865	$17,457,079	$18,054,549	$18,369,188	$18,664,482	$20,055,712	$22,749,248	$21,467,740	$22,212,124	$22,983,372
Change in Fund Balance	$1,185,099	$236,930	$1,066,006	$895,966	$1,232,957	$(51,673)	$832,810	$(139,642)	$645,866	$(550,627)	$(2,806,538)	$(1,069,389)	$(1,345,251)	$(1,635,597)

- Revenues are forecast to grow at approximately 2.0% per year while expenditures grow at 4.7%, which would decrease the General Fund's fund balance by $3.9 million over the next 5 years.
- Historical growth of revenues has been 2.3%, while expenses have grown 3.3%.
- A planned contribution to the Capital Fund of $2.0M is planned for 2021 as part of Capital Plan (see "3" above).

General Fund Balance Projections





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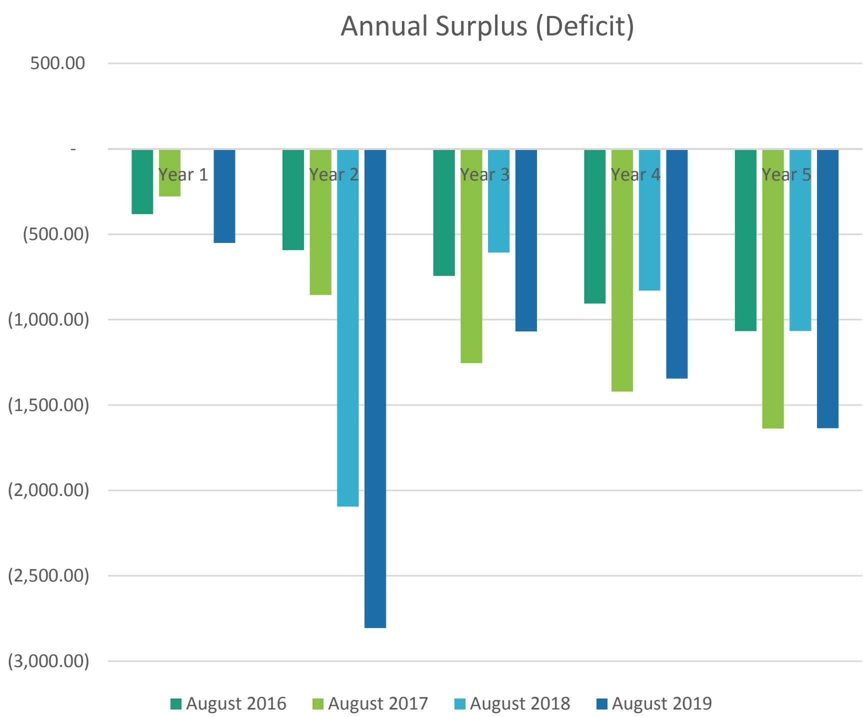
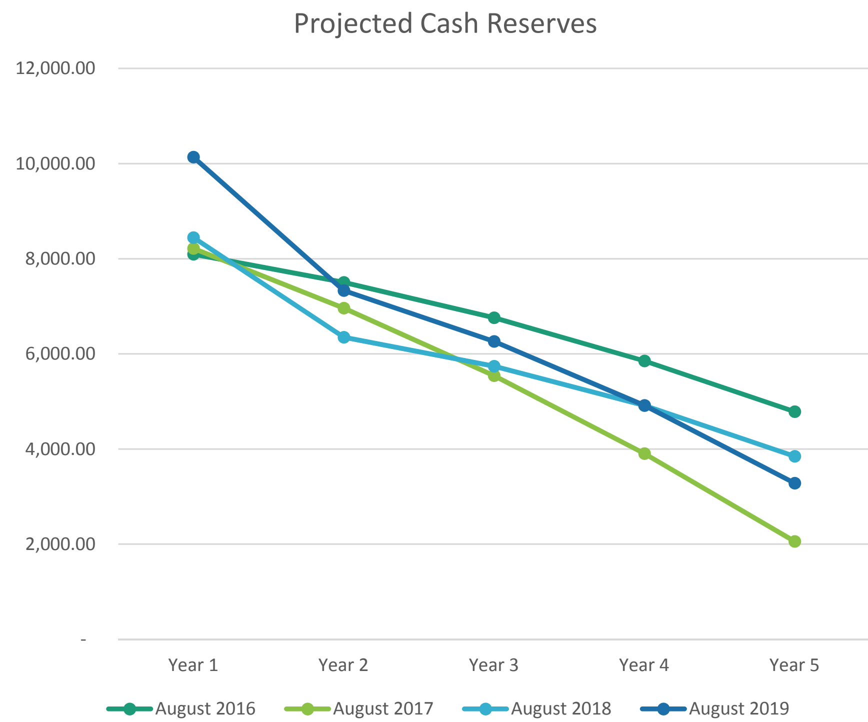
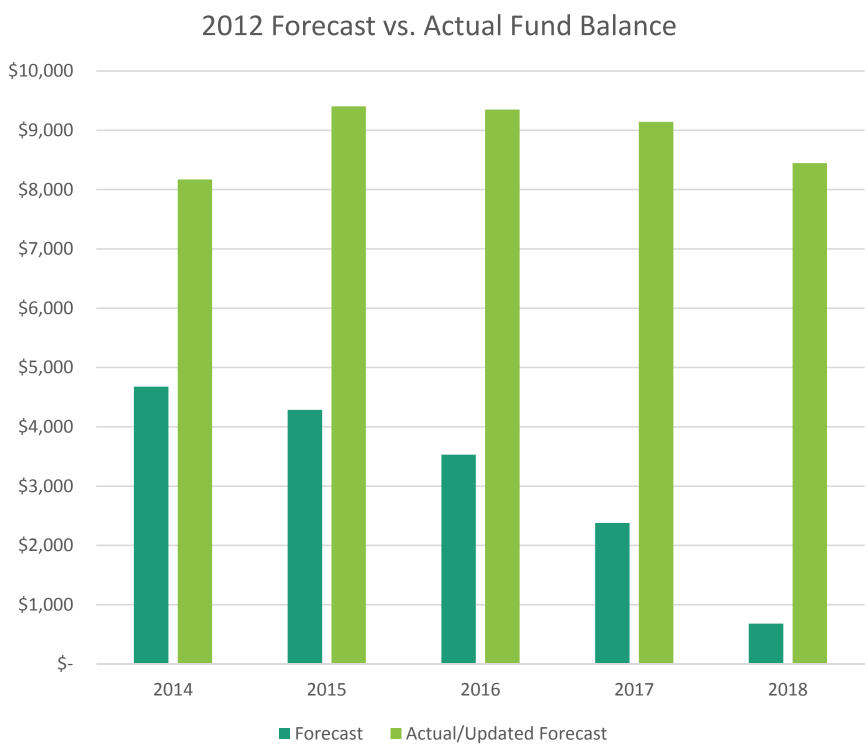
How does this General Fund Forecast Compare?





- Forecast improved over other forecasts (HRST increase last year, changes in state revenues, moderation of pension costs)
- $2.0M contribution towards capital projects planned in 2021

Forecast Versus Actual/Current Forecast – November 2012 Forecast



- ∞Actual results fared better than forecast.
  - ∞Sales, Home Rule Sales, and Income tax have far outperformed expectations in years prior to 2017, but have stagnated in 2017 and 2018.
  - ∞Lower salary increases than anticipated.
  - ∞Lower healthcare cost increases than anticipated.
  - ∞Pension costs began to moderate in 2018; especially municipal pension costs.
  - ∞Annual balanced budgets and good fiscal management have allowed cash reserves to increase.

Highlights of General Fund 5-Year Forecast

- Personnel costs comprise 65% of General Fund expenditures. It will be necessary for the Village to be focused on controlling and meeting the challenges of health care and pension costs.
- Pension costs remain a focus with Police Pension being 10% of the General Fund expenditures.
- 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 started to make changes to user fees in 2018, namely in Community Development. It is important to continue to review and change user fees; otherwise a larger part of the burden is placed on taxes.
- Home Rule Sales Tax increase in 2018 helps the 5 year outlook, but does not solve revenues that are growing slower than expenses
- Operating costs continue to rise, despite stagnant revenues.
- Strong financial decisions have helped the Village to be able to contribute $2.0M towards the Capital Fund in 2021, but will reduce the reserves to the policy limit.
- The Village's AAA bond rating received in 2015 and reaffirmed in 2018 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 ($160K savings from AA to AAA on a $9.6 million issue).