Finance Commission Minutes
December 8, 2023

The December 8, 2023 Finance Commission Meeting was called to order at 7:01AM by Chair, Jeremy VanEk, at 535 Duane Street, in Glen Ellyn, Illinois.

A. Roll Call

Jeremy VanEk	Chair	Present
Chris Goodman	Vice-Chair	Present
Anne Arnold	Commissioner	Present
Lea Dan	Commissioner	Present
Mike Graham	Commissioner	Absent
Leo Hoerdemann	Commissioner	Present
Kevin Moffitt	Commissioner	Present
Brian Niksa	Commissioner	Present
Scott Waldbusser	Commissioner	Absent

Also Present: Finance Director, Patrick Brankin, and Village Trustee Kelli Christiansen.

B. Public Comment

None

C. Approval of Minutes

1) Minutes – October 13, 2023

VanEk indicated confusing heading under Staff Report, 1) Sub Commission Update. The first paragraph under Sub Commission looks fine The additional paragraph discusses EMS Fund. The recommendation is to remove the Investment Sub-Commission Update heading or put a heading for the EMS Fund update.

MOVED: Chair, Jeremy VanEk, asked if there was a motion to approve minutes of Finance Commission Meeting presented 10/13/2023.
RESULT: Motion Unanimously Carried
MOVER: Commissioner Brian Niksa
SECONDER: Commissioner Kevin Moffitt
AYES: Commissioners Christopher Goodman, Anne Arnold, Leo Hoerdemann,, and Lea Dan.
ABSENT: Commissioners Mike Graham and Scott Waldbusser.

D. Financial Reports

1) Q3 2023 Financial Report

Brankin discussed 2023 Q3 Financial Report for period 1/1/23-9/30/2023. The group was reminded report was on cash basis, numbers are preliminary/unaudited/budget basis. The two items that stood out in General Fund are revenues exceeded current budget and prior year as well as expenses below budget. Revenues exceeded prior year by over $1M due to strength in building permits (Glenwood Station Development budgeted in 2022 but received in 2023, approximately $300,000), interest income, and core revenues. Core Revenue was budgeted conservatively. Expenditures exceed prior year by $766,743. Expenditures far less than FY23 YTD budget by $1.1M/5%.

General Fund Core Revenues (Sales Tax, Home Rule Tax, and Income Tax) exceed budget targets. YTD Core Revenues have Sales and Home Rule Tax exceeding prior years. We have control of

Home Rule Tax and less control over Income Tax. Income Tax was estimated incorrectly by the State in 2024. The corrections have been implemented in 2023 and will go through 2024; for that reason this revenue is budgeted to increase in 2024.

YTD expenditures in General Fund are 4% above FY22 and 5% below budget. This is attributed to a $4 million transfer to the Capital Projects Fund. There have been a significant number of vacant positions in Community Development. There have also been vacancies in Police. PD is currently up to 44 sworn of a possible 45. The process to hire a police officer is an extremely long process. General Fund Cumulative Change in Fund Balance has overall been positive and doing well in 2023 due to staffing vacancies.

The Capital Funds Project - Food and Beverage Tax has been steady and has had positive trends creeping back up in 2023. The budget is for modest growth in 2024.

Real Estate Transfer Tax – Not performing well in 2023 compared to the two prior years, likely due to the interest rate environment.

Water and Sewer Fund FY23 revenues and expenses are performing as expected. These are cash basis and we budgeted for a loss of $5.1M. YTD the Fund is reflecting a net income, after encumbrances, of ($4.2M); FY23 annual budget projects ($5.1M). This fund is performing as we expected.

Residential Solid Waste Fund FY23 revenues and expenses are performing as expected. YTD the Fund is reflecting a net income, after encumbrances that haven't yet been spent, of $45k.

Parking Funds FY23 revenues and expenses are 42% of budget and expenditures are 84% of budget. Majority of leased parking lot fees are collected in Q4.

The Village Links continued to perform well in 2023. As of 10/31, they were at $1.44M change in net position as compared to previous year at $900,000. They do have significant capital plans. The Pro Shop renovations are underway. There are plans for updates to the restaurant. The Village Links and Reserve 22 are driving the positive performance.

Police Pension Fund - The State mandated pension consolidation transition completed in April 2022. Illinois Police Officers 'Pension Investment Fund (IPOPIF) fund investment performance, net of fees YTD was 4.53%, 1 year 11.59% and inception to date -3.09%. The Village Long Term Target is 6.5% and IPOPIF Long Term Target is 6.8%. The November statement reflected they were back up for the year at 8.6%. They are almost at break-even since inception.

E. Parking Fund Discussion and Forecast

1) Parking Fund Discussion and Forecast

The Commission reviewed projections for a longer period of time as compared to the prior meeting. Completing this showed that there would be a deficit in the future years. There were two options created. There was discussion regarding the $75,000 annual transfer from this fund to the

Capital Projects Fund and it was shown that eliminating this transfer would almost entirely remove the projected fund balance deficit in the Parking Fund.

Summary of questions asked by Commission Members regarding items in Parking Fund Forecast A & B: The Maintenance Building/Grounds consists of the Civic Center Garage, snow removal, and other minor items. Capital Improvements is the closing out of the garage project. Equipment/Capital Outlay is parking lot resurfacing. PWC Surface Charge Transfer is the parking lots reimbursing General Fund for Administrative Fees.

The question was raised “why” $75,000 transfer. It was originally established to reimburse $20M project. There isn’t a clear logic to where this number was determined and ‘if’ the intention was to fully reimburse. Brankin will discuss with Franz and Engineers on the project.

There will be a need to align the funds if the transfer doesn’t occur in the future. There also will be a need to determine if the fund needs this transfer each year. Once the grants for the new train station are determined the funds may possibly not be needed.

When looking at Parking Fund short-term forecast it appeared there may be a lot of funds to use. Although projecting the forecast out 15 years, it changed the perception quite a bit.

The Duane/Lorraine Lot has dropped revenue 50% since Covid. It is currently at $45,000. There doesn’t seem to be a good outlook for this changing soon due to Return to Work moving a bit slower than many expected. There are no significant reconstruction projects scheduled for this lot until 2028. It is projected to have a $300,000.

F. Revenue Discussion

The background on this topic is the Village Board expressed interest in exploring new and expanded revenue streams to assist the 2025 budget process. The target date for implementing is anticipated to be 1/1/2025. This was intended to be a round table discussion.

The Capital Projects Fund is made up of Property Tax, Food & Beverage Tax (1.50%), and the Real Estate Transfer Tax ($3 per $1,000). The current revenue streams are the General Fund and Capital Projects Fund. The General Fund which makes up of the Property Tax and Home Rules Tax. 1.25% of Home Rules Sales Tax is the vehicle stickers. There is approximately $300,000 revenue for vehicle stickers. The Administration of vehicle stickers is very cumbersome. It was noted that adding the vehicle sticker revenue to the tax levy would result in approximately a $30 increase to the median home’s tax bill, which is equal to the cost of one sticker. It is likely a 2-3 year process to phase out the sticker process. This is due to many stickers are for more then one year. There could be a point when only annual stickers would be issued to ease the elimination of the sticker process.

Property Tax Extension Limitation Law TELL) was discussed. The PTELL limits the increase in property tax (excludes debt service) to the lesser of 5% or CPI plus new growth. It applies to non-home rule taxing districts. Glen Ellyn adheres to PTELL or ‘tax cap’ law. The 2022 CPI was 6.5% and 2023 PTELL limit, 5%. The hesitancy to increase property tax is what has led to this conversation. There is not a recommendation to propose going to the Board to raise taxes.

The Commission reviewed 2022, 2023, and 2024 revenue results and projections for each of home rule sales tax, food & beverage tax, and real estate transfer tax using the current tax rates as well as hypothetical increased rates in order to determine the financial impact of raising the rates. In addition, the Commission reviewed the tax rates in place in neighboring communities in order to see how Glen Ellyn compared to these communities.

There is a discussion of a local fuel tax on the table. This is a tax which would not just be a new tax to residents. There can be added to future discussions what other types of taxes do other communities use. The main question is what is the motivation for additional taxes. Is it needed?

G. Staff Report

Patrick Brankin officially appointed Finance Director. There is a search in place for replacement of Assistant Finance Director.

H. Chairperson's Report

Agenda brainstorming what we should be placing on our agenda for 2024. The Finance Commission is looking for a Student Commissioner. It can be a high school or college student. There is a requirement to live or work in the Village of Glen Ellyn. Vice Chairman Goodman will be running our Skills on the Commission.

I. Trustee Liaison's Report

The Budget was vetoed and will be discussed at the next meeting. There is a chance for the veto be overruled. It is fair to say the Property Tax was the possible issue. The Fire Fees will be delayed. The People are concerned about raising Property Tax, and Fire and Water at the same time. The Fire Department will have a push in ceremony for a new rig. The US Bank site was approved for a stage, kids space, picnic spaces, green space and a lot of plantings. The Village Links has their Holiday Pop-Up. There have been many proposals for the Roosevelt Hotel space. It is taking a lot more time than expected.

J. Other Business

None

K. Reminders

1) Next Meeting: Friday, January 12, 2024 at 7:00 AM

L. Adjourn

Commissioner Goodman moved to adjourn and Commissioner Arnold seconded. The meeting was adjourned at 8:36 AM.

Submitted By: Lisa M. McDougal, Recording Secretary