Agenda
Village of Glen Ellyn
Special Workshop Meeting
Thursday, October 12, 2017
7:00 PM
Glen Ellyn Civic Center, Room 301

*Village Board Workshop Procedures Statement*

*Visitors are most welcome to attend all meetings of the Village Board and can find copies of the Agenda on their chairs or online at www.glenellyn.org prior to the meeting. Any individual with a disability requiring a reasonable accommodation in order to participate in a meeting should contact the Village of Glen Ellyn ADA Coordinator, 630-469-5000, at least five (5) business days in advance of the next scheduled meeting. All matters on the Agenda may be discussed, amended, and acted upon.*

**A. Call to Order**

**B. Pledge of Allegiance**

**C. Roll Call**

**D. Audience Participation**

1. Open:

Members of the public are welcome to speak to any item *not* specifically listed on tonight's agenda for up to three minutes. For those items which are on tonight's agenda, the public will have the opportunity to comment at the time the item is discussed. In either case, please complete the Audience Participation form and turn it in to the Village Clerk. It is requested that, if possible, one spokesman for a group be appointed to present the views of the entire group. Speakers who are recognized are requested to step to a microphone and state their name, address and the group they are representing prior to addressing the Village Board.

**E. Insurance Fund (Presented by Finance Director Coyle)**

**F. Police Pension Fund (Presented by Finance Director Coyle)**

**G. General Fund Revenues (Presented by Finance Director Coyle)**

**H. Capital Budget Summary (Presented by Engineer Daubert/Village Manager Franz)**

**I. CY18 Budget Wrap-up Discussion**

**J. Other Items**

**K. Motion to adjourn to Executive Session for discussion concerning salary schedules for one or more classes of employees without returning to open session thereafter.**

**Glen Ellyn Village Board**
535 Duane Street
Glen Ellyn, IL 60137

Meeting: 10/12/17 07:00 PM
Department: Glen Ellyn Village Board
Department Head: Christina Coyle
Category: Budget
Prepared By: Lindsey Kaminsky

SCHEDULED

**AGENDA ITEM (ID # 2904)** DOC ID: 2904

# 1. Insurance Fund 2. Police Pension Fund 3. Revenues 4. Capital Budget Wrap Up 5. Budget Discussion

For this Workshop, staff will complete our final presentations on the last few sections of the draft budget and be ready to answer and questions from the Village Board during budget discussion. Below is the tentative agenda for the meeting:

- Insurance Fund
- Police Pension Fund
- Revenues
  - General Fund
  - Potential New Revenue Sources - Home Rule Sales Tax and Food and Beverage Tax
  - Other existing revenues - business registration, parking fines, building permits, vehicle stickers
- Capital Budget Wrap Up: Focused on Unfunded/Unbudgeted projects
- Budget Discussion:
  - Draft CY18 Budget Gap
  - CY16 Surplus
  - Reserve Funds-Current Status
  - Open Items

## ***Revenues***

Given the gap in the draft budget, the revenue discussion is equally important to the expenditure discussions over the last few months. Staff will briefly review the various revenue line items focusing most of our attention on the key revenue streams: property tax, sales tax, home rule sales tax, and income tax.

*Food and Beverage vs Home Rule Sales Tax*

Last year, the Finance Commission discussed some additional revenue concepts and ultimately recommending eliminating the vehicle stickers and replacing that revenue source with a Food and Beverage tax. The Finance Commission recommended the Food and Beverage tax for a few reasons. First, in comparing Glen Ellyn to surrounding communities, they felt it was a reasonable tax as they still dined at establishments in surrounding communities with the Food & Beverage Tax. Second, they cited that the tax is on both residents and non-residents instead of being directed solely at residents. They also felt this tax was fairer among residents as there are many residents who try to skirt the system and not purchase vehicle stickers. Lastly, they cited eating out as a luxury and therefore did not feel it was a punitive tax.

Staff has obtained an updated listing of communities with a Food & Beverage Tax (attached). This survey includes DuPage County and North/West suburbs. In the survey, 32 communities have a

Food & Beverage Tax while 26 communities do not. The average rate among those communities that have a tax is 1.31%. If Glen Ellyn implemented a 1% Food & Beverage tax, the estimated receipts would be approximately $525,000, based upon 2016 data from the Illinois Department of Revenue (IDOR). Based upon annualizing 2017 to date (January - June) available from the IDOR, the amount would be $540,000.

Another revenue alternative is to increase the Home Rule Sales Tax (HRST). A half percent increase in home rule sales tax would produce approximately $990,000, based upon 2016 data from the IDOR. Benefits to HRST is that it impacts both residents and nonresidents and is a usage based fee. HRST is not on vehicles or food not for immediate consumption.

*Other Revenues/Fees*

The Village has not reviewed building permit fees, business registration fees or vehicle sticker and parking fine increases in some time. Increasing these fees would minimize the budget gap. In addition, building permit and business registration fees should cover the cost to provide this service, thereby ensuring that tax revenue is not being used to cover costs associated with these services. Staff is working towards making some recommendations in early 2018. With respect to parking fines and vehicle stickers, these revenues are designed to offset the operational costs of maintaining our parking and street infrastructure as well as covering the costs of enforcement. Very preliminary napkin estimates indicate that if vehicle stickers were raised to the median fee for DuPage County ($36.00), the Village would realize $150,000 in revenue. If parking fines were reviewed and increased, preliminary estimates indicate the Village could realize $10-20,000 in additional revenue. Staff would like direction if the Board is interested in staff providing additional information on these possibilities.

*Property Tax*

As staff has highlighted, the current budget includes both a CPI increase and new growth increase to the tax levy. Attached is a summary of the property tax levy and the impact of eliminating the CPI growth factor to the General Fund ($70,672) and the Capital Projects Fund ($75,342). If the Board chose to eliminate the CPI for the General Fund, the General Fund gap would widen.

***Capital Budget***

In August, the Village Board reviewed the draft 5-year capital plan. Rich Daubert, Professional Engineer, will highlight the major projects scheduled for next year and summarize the overall budget. In addition, Manager Franz will review the unfunded/unbudgeted projects and discuss some potential funding options. The attached spreadsheet summarizes the projects, estimated costs, the unfunded obligations, and funding options. Staff has discussed these projects with our financial advisor who ran some debt scenarios including the following estimations:

| **20 Year Term** | |
|---|---|
| *Debt Amount* | *Annual Debt Service* |
| 8M | $ 530,000 |
| 12M | $ 795,000 |

*CBD Pedestrian Tunnel/Train Station*

The Work Group continues to work closely with the design team to provide three different concepts related to the pedestrian tunnel and train station. The group spent some time evaluating traffic patterns and parking, with some narrowing of locations for the tunnel and new or improved station. The Work Group continues to have concerns about renovating the existing station and may find that the less expensive options are all could include a new station. With respect to the funding options, determining the availability of grant funds is first and foremost. The deadline for CMAQ funds is January 2019, so we are finalizing design plans with that end goal in mind. Additional funding options include TIF funds and Capital funds. Once we finalize the design and costs, we would be in a better position to determine funding options.

*CBD Street/Streetscape*

Staff was successfully in securing some STP funding through DMMC totalling $475K. In addition, this project has officially kicked-off with the engineering of some of the utility work downtown as well as an analysis of some of the private connection issues in the older areas of the CBD. Once this is complete, we will be discussing with the board some scope decisions in terms of the streetscape, parkway trees, and other CBD features. Once the scope is finalized, then we will determine how best to fund and phase this work. Funding options other than grant funds include MFT funds ($600K) and potential a one-time contribution from the General Fund reserves up to a possible $1-1.5M transfer. Please note, we do have $4.5M funding anticipated in the CIP.

*Parking Garage*

For many years, the Village has contemplated additional downtown parking and have made some significant investments over the years, most recently building the Glenwood/Duane parking lot in 2013. The parking inventory conducted as part of the 2013 Study found that **"the Village has an adequate inventory of parking relative to demand (including business and commuter parking)…However, the location, visibility, and accessibility of spaces do not always match the needs of residents, businesses, shoppers, and commuters."** That issue facilitated the Study including the review of potential locations for structured parking within the Downtown. Although the Study did not specifically recommend a downtown parking structure at the time, it did acknowledge that **"well located parking structures can also serve as a catalyst for attracting new businesses and afford the opportunity to consolidate parking and open up surface lot sites for redevelopment."**

The Study noted that construction costs for above grade parking structures can average $70 to $80 per square foot or $23,000 - $30,000 per space, not including land acquisition and site preparation - below grade spaces can cost even higher. **($8-12M for 400 spaces)** Another alternative to building a stand-alone parking structures is to incorporate the structure into a lager development with commercial and residential uses (such as the redevelopment of the Giesche property, adjacent to the Main Street surface lot).

Prior to the study, the Village evaluated potential structured parking within the downtown area. Two sites were initially identified in the 2009 Downtown Plan, however the Village later expanded the number to six potential locations for further analysis (three north and three sound of Union Pacific Railroad tracks). Staff is reviewing those locations as well as providing some additional parking analysis with the Master Plan for the Civic Center. We hope to have that information over the next few weeks and could discuss this with the Village Board as soon as the November VB Workshop. It should be noted, that additional parking near the train station could assist in securing grant funds for the Pedestrian Tunnel/Train Station. This was listed as a real strength of the Elmhurst application for CMAQ funding.

Funding Options for a structured parking garage could include Parking Fund contribution, increase in parking permit fees, or TIF dollars. Since the TIF is still in its infancy, the Village Board might want to consider a new revenue stream such as an increase to the Home Rule Sales Tax that could pay the debt service until the TIF is in a position to pay for these costs in the future. A .5% increase in the Home Rules Sales Tax could generate almost $1M annually to pay back the debt service.

*Civic Center*

Next Monday (October 16), the Village Board will get an update on the Master Plan for the Civic Center as well as an update on the Innovation DuPage initiative coordinated by COD and Choose DuPage. At that meeting, we will discuss the costs of renovating this building and how to pay for our portion of the renovation. COD costs are still being finalized, but COD seems committed to a significant investment in our building. In order to fund the Village renovations, the CY2016 surplus would be needed. The Village Board delayed this decision pending some additional information related to these projects and the CY18 budget discussions. Therefore, staff is looking for some direction on this as well.

**Remaining Budget Items**

*Filling the General Fund Gap:* The proposed budget included a $478K gap. The budget memo outlined four scenarios to balance this budget including:

1. Service reductions
2. Revenue Increase
3. Use of Reserves
4. Combination

Staff would like direction from the Village Board on the Board's preference of direction. Also, staff would like direction from the Board if the Board would like additional information from staff to be able to make an informed decision. Staff would recommend the following:

Review current user fees with the Board and implement changes where appropriate

Begin the process of implementing a Food & Beverage Tax with a target July 1 implementation date. A half year of this tax would raise $262,000.

Use reserves until the first two items can be completed.

*CY16 Surplus:* Part of completing the 2018 budget process will include distribution of the FY16 surplus of $548,331. The Finance Commission has recommended that $400,000 be transferred to the Police Pension Fund with the remainder ($148,331) being transferred to the Facilities Reserve Fund. Next Monday the Village Board will be reviewing the Innovation DuPage Concept and the Civic Center Master Plan. As part of this review, staff will review the 2018 Facilities Maintenance Reserve Budget and the 5-year CIP schedule for Village Facilities. Part of this review will include options for funding the Civic Center project, which may include a portion of the CY16 surplus.

*General Fund Reserves:* - As mentioned above, using reserve dollars is an option to balancing the General Fund budget for a portion or all of the fiscal year. The current budget (page 2-17) projects the General Fund to have $2.45 million above the 31% policy level. Staff supports the Board direction to review the cash reserves policies and will be taking these policies through the Finance Commission before the end of the year. These polices are long-term in nature and should be vetted by the Finance Commission.

*Direction from the Village Board on any other initiatives* +/-

Lastly, staff would like direction from the Village Board on any other area of concern for the 2018 budget. Staff appreciates the time that the Board has spent thus far reviewing the 2018 budget.

**ATTACHMENTS:**

- Food and Beverage Survey (PDF)
- Property Tax CPI Information (PDF)
- Copy of Capital Projects-Unfunded-Funding Analysis-2017-10-01 (PDF)

Village of Glen Ellyn
Food & Beverage Survey
As of October 2017

| | Food & Beverage Tax |
|---|---|
| Glen Ellyn | |
| | |
| Addison | |
| Antioch | |
| Arlington Heights | 1.25% |
| Aurora | 1.75% |
| Bannockburn | 1.00% |
| Barrington | |
| Bartlett | |
| Buffalogrove | 1.00% |
| Bensenville | |
| Bloomingdale | |
| Bolingbrook | 1.50% |
| Burr Ridge | 1.00% |
| Carol Stream | |
| Cary | |
| Clarendon Hills | 1.00% |
| Deerfield | 1.00% |
| Des Plaines | 1.00% |
| Downers Grove | 1.00% |
| Elmhurst | 1.00% |
| Evanston | |
| Glendale Heights | 1.00% |
| Glenview | |
| Hanover Park | 3.00% |
| Highland Park | 1.00% |
| Hinsdale | 1.00% |
| Hoffman Estates | 2.00% |
| Itasca | 1.00% |
| Lake Forest | |
| Lemont | |
| Libertyville | 1.00% |
| Linconshire | |
| Linconwood | 1.00% |
| Lisle | |
| Lombard | 1.00% |
| Mount Prospect | 1.00% |
| Naperville | 1-1.50% |
| Northbrook | |
| Northfield | |
| Oak Brook | |
| Oakbrook Terrace | |
| Park Ridge | 1.00% |
| Rolling Meadows | 2.00% |
| Roselle | 1.00% |
| Schaumburg | 2.00% |
| Streamwood | 2.00% |
| Vernon Hills | |
| Villa Park | 1.50% |
| Warrenville | 1.50% |
| Wayne | |
| West Chicago | |
| Westmont | 2.00% |
| Wheaton | |
| Wheeling | 1.00% |
| Willowbrook | 1.00% |
| Wilmette | |
| Winfield | |
| Wood Dale | |
| Woodridge | |
| | |
| # with fee | 32 |
| # w/o fee | 26 |
| Average Rate | 1.31% |

# VILLAGE OF GLEN ELLYN

## 2017 PROPERTY TAX LEVY

(to be collected in FY2018)

| | 2016 Levy | 2016 Taxes Extended | 2017 Proposed Levy | Change from Taxes Extended $ Inc/(Dec) | Change from Taxes Extended % Inc/(Dec) | Change from Original Levy $ Inc/(Dec) | Change from Original Levy % Inc/(Dec) |
|---|---|---|---|---|---|---|---|
| VILLAGE LEVY: | | | | | | | |
| Operating - General Fund | $ 3,365,351 | $ 3,399,521 | $ 3,473,471 | $ 73,950 | 2.2% | $ 108,120 | 3.2% |
| Operating - Capital Fund | 3,587,720 | 3,624,147 | 3,702,984 | 78,837 | 2.2% | 115,264 | 3.2% |
| **Total** | **6,953,071** | **7,023,668** | **7,176,455** | **152,787** | **2.2%** | **223,384** | **3.2%** |

| Components of Change from Original 2016 Levy | CPI (2.1%) | New Growth (1.1%) | Total |
|---|---|---|---|
| Operating - General Fund | $ 70,672 | $ 37,448 | $ 108,120 |
| Operating - Capital Fund | 75,342 | 39,922 | 115,264 |
| **Total** | **$ 146,014** | **$ 77,369** | **$ 223,384** |

# Capital Project List-Underfunded or Unfunded Analysis

| | | | | | | | | 10/1/2017 |
|---|---|---|---|---|---|---|---|---|
| **Project(s)** | **Funding Breakdown** | | | | | **Funding Options** | | |
| | **Estimated Cost** | **Grant Funds Earmarked** | **Potential Grant Funds** | **Funded in CIP** | **Difference** | **Funding Source** | **Potential Timing** | **Notes** |
| CBD Pedestrian Tunnel/Station | $10-15M | | 70%/30% | 0 | $3-4.5M | Option 1: Grant Funds<br>Option 2: TIF Funds?<br>Option 3: Capital Funds? | 2021 | *Waiting on design and budget scope<br>*Cannot move forward without grant funds |
| CBD Street/Streetscape | $6-10M | $ 475,000 | Earmarked | $ 4,500,000 | $1-5M | Option 1: Grant Funds<br>Option 2: MFT Funds ($600K)<br>Option 3: One-time Transfer from GF ($1.5-2.5M) | 2019 | *Waiting on utility design analysis to be completed; finalize streetscape scope<br>*DMMC grant funds earmarked; no other grants available at this time;<br>*One time MFT Fund allocation could offset costs;<br>*One-time transfer from GF Reserves similar to FY08/09 ($3M) |
| CBD Parking Structure-400 parking spaces | $8-12M | N/A | N/A | 0 | $8-12M | Option 1: Increase Home Rule Sales Tax (.5% increase=$1M)<br>Option 2: Parking Fund Contribution ($1M)<br>Option 3: Parking Permit Fees, etc<br>Option 4: TIF Funds | 2019 | *Parking garages cost between $20k and $30K per space; TIF could pay back parking fund based on increment generated by garage in CBD<br><br>*If parking structure is approved, could help secure train station grants with additional commuter parking availability |
| | | | | | | | | |
| **Facilities Reserve Fund Project** | **Funding Breakdown** | | | | | **Funding Options** | | |
| Civic Center | $1-1.5M | | | | | Option 1: Partial funding Available in Facilities Reserve Fund;<br>Option 2: Need surplus from CY16 | | Waiting on direction from Village Board and still finalizing Phase II shared costs and with Innovation DuPage |