

MINUTES OF THE REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE OF THE VILLAGE OF WILLOWBROOK HELD ON MONDAY, NOVEMBER 11, 2019 AT 5:30 P.M. AT THE VILLAGE HALL, 835 MIDWAY DRIVE, WILLOWBROOK, ILLINOIS.

**1. CALL TO ORDER**

The meeting was called to order by Chairwoman Berglund at 5:30 p.m.

**2. ROLL CALL**

Those present at roll call were Chairwoman Sue Berglund, Trustee Michael Mistele, Trustee Terrence Kelly, Director of Finance Carrie Dittman, Village Administrator Brian Pabst and Assistant Village Administrator Mike Mertens.

**3. APPROVAL OF MINUTES**

Minutes of the Regular Meeting of the Finance & Administration Committee held on Monday, October 14, 2019 were reviewed. Motion to approve made by Trustee Mistele, second by Chairwoman Berglund. Motion carried.

**4. DISCUSSION – Self Storage Facility Accommodation Tax**

Assistant Village Administrator Mertens discussed a tax that other municipalities, such as the Village of Morton Grove, impose on the gross receipts generated by self-storage facilities. Mertens explained that other communities charge between 3-5% and the tax would be charged monthly, similar to the hotel/motel tax. This is an unrestricted revenue as the Village is home rule and would have limited impact on Willowbrook residents as many customers could come from outside of the Village. The Village has two self-storage facilities that are currently operating and two more that are under construction. Based on research of these facilities within the Village and their locations in other communities, he estimated that if the Village imposed a 5% tax, assuming a January 1, 2020 effective date, it may generate about \$90,707 in calendar year 2020. This assumes a 25% vacancy of the existing facilities and 80% vacancy of the new facilities that are expected to open around fall 2020. In 2021, the revenue may be around \$124,276 (50% vacancy of the new facilities), and in 2022 it is estimated to be about \$152,249 (with 25% vacancy for all facilities). Discussion ensued about the owner of a car storage facility on Quincy; this fee would likely not apply as that owner uses his storage facility for his own personal vehicle collection to the Village's knowledge. The Committee was in favor of moving the proposition to the full Village Board for consideration. Mertens said he would have the Village attorney draft an ordinance to be placed on the November 25<sup>th</sup> Village Board meeting for consideration.

**5. DISCUSSION – Hotel/Motel Tax Fund**

Director Dittman reminded the Committee that since the Village became home rule, the hotel/motel taxes are now unrestricted. However, when the FY 19/20 budget was adopted it was assumed the Village would not be home rule and the Hotel/Motel Tax Fund was budgeted for accordingly. Rather than having to pass a supplemental appropriation now to transfer that fund's fund balance to the General Fund, the Village can accomplish that by including it in the FY 20/21 budget. Director Dittman recommended creating a new Department in the General Fund in the FY 20/21 budget to continue the related activities of the hotel/motel tax fund, along with recording the unrestricted revenue in the General Fund beginning May 1, 2020. The Committee concurred with the recommendation.

**6. DISCUSSION – Adult Use Recreational Cannabis Tax**

Assistant Village Administrator Mertens discussed the results of the cannabis poll that was placed on the Village website: currently there are 106 for and 88 opposed to allowing adult use recreational cannabis in the Village. A map of the Village was included in the survey, which indicates that if approved, the dispensaries would have to locate within the M-1 (Industrial) District of the Village. A few available commercial sites were also noted on the map. Several years ago, the Village board approved medical use cannabis dispensaries within the Village, although no dispensaries have applied to locate within the Village.

Mertens included an informational study within the packet on the Financial Impact of Legalizing Marijuana in Illinois, which indicates the annual sales generated per Illinois dispensary could be \$3.5 million. Extrapolating the State of Colorado sales to Illinois based on population, a 3% local tax could generate between \$350,000 - \$401,473 for the Village if a dispensary located here. Mertens also included a tally of the communities that have already approved or prohibited adult use cannabis within their jurisdictions. Mertens explained that with the Illinois state law becoming effective January 1, the Village needs to decide by the December Village board meeting whether it will allow or prohibit a recreational cannabis dispensary to locate in town. The Village can dictate the distance away a dispensary must be located from residential, schools, churches, etc. If the Village board approves recreational cannabis dispensaries to locate in town, he recommends the Village adopt the 3% tax at the same time in the event a dispensary does seek out the Village, the tax would already be in place. After some discussion, the Committee agreed this could be brought forth to the full Village Board meeting in December for discussion.

## **7. DISCUSSION – Managed Information Technology (IT) Services**

Director Dittman informed the Committee that we have been using PCS International for outsourced IT services for many years, predating 2010, as we do not have an on-staff information technology employee. Under PCS's service we pay for a block of time, in increments of \$12,500, for on-site visits by a technician that occur generally once per month, plus the remote time for users to obtain off-site assistance for help throughout the month. The police department has numerous specialized applications that require a lot of troubleshooting and configuration and is a heavy user of the service. The technician currently dispatched by PCS has a lot of experience with the Village and police department applications. Over the past year staff has begun tracking and analyzing the usage of PCS and the related costs, and we have identified some areas where cost savings can be achieved. We are now exploring some alternatives to PCS, including another IT company co-owned by the technician being used by the Village, and perhaps issuing a Request for Proposal (RFP) for IT services. The Committee discussed interviewing the other company at our next meeting before making a decision on the future IT services.

## **8. REPORT – Monthly Disbursement Reports – October 2019**

The Committee reviewed and accepted the disbursement reports for the month and key items are highlighted below:

- Total cash outlay for all Village funds –fiscal Year to Date is \$7,017,200.
- Payroll monthly total for active employees including all funds - \$295,042 (2 payrolls). The average payroll for the year was \$156,609, which is a 2.09% increase from the prior fiscal year. Discussion was held about the overtime and Director Dittman indicated that it is Village-wide, including police, public works, administration, etc. The Committee would like to see the breakout of that in the future.
- Average daily outlay of cash for all Village funds for the current month: \$32,832. Daily average fiscal YTD: \$38,141 Average monthly cash outlay for all Village funds fiscal year to date (FYTD): \$1,169,533.
- Average daily expenditures for the General Fund only: \$24,513. Fiscal YTD average is \$25,544 which is a

0.14% increase from the prior year.

**9. REPORT – Sales Tax, Business District Sales Tax, Income Tax, Utility Tax, Places of Eating Tax, Fines, Red Light Fines, Building Permits, Water Revenues, Hotel/Motel Tax and Motor Fuel Tax**

The Committee reviewed and accepted the revenue trend reports for October and key items are highlighted below.

- Sales tax receipts - \$2,211,284 YTD up 11.64% from the prior year. Trending 13.8% over budget. The budget was increased this fiscal year by \$400,000.
- Business District sales tax receipts - Year to date is \$329,065, 44.85% above the prior year and 61.6% over budget. This represents collections of the 1.0% sales tax collected in the Village's new business district. The revenue comes from the Town Center plus Marshalls, Skechers & Pete's Fresh Market which have now opened and reported collections.
- Income Tax receipts - \$504,034 YTD up 16.68% compared to the prior year, 18.7% over budget. Director Dittman relayed that we budgeted for a continued 5% reduction in income taxes due to the state's reduction of 5%.
- Utility tax receipts - \$405,780 YTD down 7.14% from the prior year, 5.3% under budget, consisting of:
  - Telecomm tax - down 10.28%
  - Northern IL gas – up 2.01%
  - ComEd - down 7.94%
- Places of Eating Tax receipts - \$280,783 YTD up 5.83% compared to the prior year, trending 11.92% over budget.
- Fines - \$69,653 YTD up 2.41% compared with the prior year, 8.08% over budget. Fines come from County distributions and local fine tickets written by Village police officers. Director Dittman noted that we are now breaking fine revenue down by overweight fines, DUI fines, local fines and other fines collected by DuPage County.
- Red Light Fines – \$394,084 down 21.46% from the prior year receipts, trending 22.0% over budget. All three approaches are live.
- Building Permit receipts - \$224,163 YTD down 25.65% from the prior year, 91.98% over budget. Much of this is due to one-time, non-recurring projects that occurred this time last year, which has been excluded to arrive at the budgeted amount.
- Water sales receipts - \$1,684,123 YTD down 2.19% from the prior year, 1.13% above budget.
- Hotel/Motel Tax receipts - \$143,683, 2.5% lower compared with the prior year. The revenue is trending at 0.6% lower than budget. The additional 1% tax became effective November 1, and that will begin to appear in December collections. Three of the four hotels are open and active.

- Motor Fuel Tax receipts - \$131,005 YTD, up 21.68% from the prior year, 21.7% above budget. October includes two payments, the normal distribution plus the additional distribution of the new Transportation Renewal Fund dollars. This is a portion of the \$0.19/gallon tax that was instituted by the state of Illinois beginning July 1, 2019 (payments to the Village beginning in September).

#### **10. DISCUSSION – Revenue Assumptions for FY 2020/21 Budget**

Director Dittman noted that she is beginning to work on the FY 20/21 budget, and the first step is typically revenue estimation. She presented a table highlighting the major General Fund revenues by source, showing FY 18/19 budget, FY 18/19 actual, the overage/underage, and FY 19/20 budget. Director Dittman noted that she typically uses a 5-year trend and then factors in known changes (like new/closed businesses, etc.). Director Dittman asked the Committee if they would like to make any changes to the methodology this year? The Committee replied to continue as past practice and estimate revenues conservatively low and expenditures conservatively high.

#### **11. VISITOR'S BUSINESS**

There were no visitors present.

#### **12. COMMUNICATIONS**

There were no communications.

#### **13. ADJOURNMENT**

Motion to adjourn at 6:19 p.m. was made by Chairwoman Berglund, seconded by Trustee Misteale. Motion carried.

(Minutes transcribed by: Carrie Dittman)