

Approved 7/16/02

**Village of Downers Grove  
Finance & Administration Committee Meeting  
Village Hall – Ante Room  
June 25, 2002**

Commissioner Zabloudil called the meeting to order at approximately 5:30 p.m.

**Present:** Commissioner McConnell, Commissioner Zabloudil, Mayor Krajewski, Village Manager Ginex, Dave Van Vooren, Marty Lyons, Trisha Steele, Mike Baker, Acting Village Attorney Enza Petrarca

**Absent:** None

**Others**

**Present:** Resident

The Committee approved the minutes of the June 4, 2002 Finance and Administration Committee meeting and the minutes from the May 21, 2002 Executive Session.

Fee Waiver:

Ms. Petrarca distributed a revised copy of the draft resolution concerning fee waivers. She said explained that Subsection A lists the fees that the Village may waive, and Subsection B lists those fees that shall not be waived. Ms. Petrarca said she added a new section, Subsection C, which contains guidelines for waiving fees listed in Subsection A. The guidelines are as follows: A 50% cap or \$20,000 for governmental entities with taxing boundaries that are substantially coterminous with the Village; a 30% cap or \$10,000 for governmental entities with taxing boundaries that are not coterminous with the Village; and a 20% cap or \$5,000 for not-for-profit, charitable, religious, educational or public service organizations.

Village Manager Ginex pointed out that Section I of the resolution has been changed to allow the Village Manager to approve fee waiver requests up to \$5,000. Previously the manager had only been authorized to approve fee waiver requests of up to \$1,000. Commissioner Zabloudil asked if there were any objections to raising this amount to \$5,000. Commissioner McConnell replied no. She and Commissioner Zabloudil agreed that it was appropriate to raise the amount the manager could approve in light of recent increases in the overall fee structure.

Ms. McConnell asked what the ratio is between the old and new fee structures. Village Manager Ginex said the ratio would be 1/10. The new fees are ten times more than the

old fees. Mr. Lyons agreed; however he added that the impact on projected revenue would have a factor of 3, rather than a factor of 10. He explained that under the old fee structure the Village received approximately \$450,000 in revenue and with the new fee schedule the projected revenue is approximately \$1.4 million.

Commissioner Zabloudil asked Commissioner McConnell if she had any comments on Subsections A or B of the draft resolution. Commissioner McConnell suggested adding an eighth item under Subsection B titled "Other" to allow the Village to deal with items not specifically listed in Subsections A and/or B.

Commissioner Zabloudil agreed. He wondered if some provision should be added to cover outside firms hired to perform services that were previously performed by Village employees, i.e. an outside consultant, who may be hired to review plans and make recommendations for fire safety in high rise complexes. Commissioner Zabloudil wondered if outside firms should be included as a pass through. Ms. Steele pointed out that Section I states "...Under no circumstances may the fees for outside consultants or experts or out-of-pocket expenses incurred by the Village be waived." Commissioner Zabloudil noted that outside firms are also covered under Subsection B-6, which states that "Any fee related to outside consultants or experts retained by or on behalf of the Village to review any plans or projects" shall not be waived.

Mr. Van Vooren added that the Fire Prevention Bureau is proposing to initiate a review fee for the first time. He said they plan to do this strictly on an outside review process based upon staffing levels that exist today. Mr. Van Vooren said currently the Fire Department believes that it would be better utilization of staff to send all reviews out and have all review fees calculated and paid. Mr. Van Vooren said that there is no fee involved in a Fire Prevention review at this time. He said costs are absorbed in the General Fund through the building permit process.

In discussing the matter with Fire Prevention, Commissioner Zabloudil said everyone agreed that with regard to liability it would be better to have an outside firm with specifically trained individuals to review buildings for fire and safety issues. Commissioner McConnell said she has no objection to having an outside firm conduct fire safety reviews. However, if at some time in the future, the Village decides to resume conducting such reviews, she wondered if the resolution should contain a provision to cover waiving the fee under those circumstances.

Commissioner McConnell noted that the resolution does not contain a category to address unusual or one-time situations that may occur. Commissioner Zabloudil said Subsection B-6 refers to "any fee related to outside consultants or experts retained by or on behalf of the Village to review any plans or projects." He asked if Ms. McConnell felt that would be adequate to address miscellaneous situations. Commissioner McConnell replied no. She said there might be unusual situations that are not related to outside consultants or experts.

Ms. Petrarca pointed out that the resolution is non-inclusive in that it states in Section I "Such out-of-pocket expenses include but are not limited to..." Commissioner McConnell said she was not sure that future situations would involve an out-of-pocket expense. She asked if the Village decides to resume the fire safety reviews in-house, would the resolution have to be changed to handle the situation. Mr. Lyons pointed out that the resolution states that "fees *may* be waived." It does require them to be waived. Ms. McConnell agreed with the current language.

Ms. Petrarca said that even if the Village does start charging in-house, it would be covered under the Building Code. Ms. Petrarca said the only thing the Village would never want to waive is the out-of-pocket, which is covered in the resolution.

Referring to Subsection C-1a., which outlines guidelines for fee waivers for "governmental entities with taxing boundaries that are substantially coterminous with the Village," Ms. McConnell asked if the boundaries must be 100% coterminous. Ms. Petrarca replied no. She said the resolution states "substantially coterminous" because none of the other governmental entities have boundaries, which are 100% coterminous with the Village.

Commissioner Zabloudil asked if everyone is in agreement with the following divisional breakdown in Subsection C: governmental entities with taxing boundaries that are substantially coterminous with the Village; governmental entities with taxing boundaries that are not coterminous with the Village; and not-for-profit charitable, religious, educational or public service organizations. Commissioner McConnell said she felt that with the language change to coterminous, the three categories make sense.

Commissioner McConnell brought up the subject of third party payments, and said she feels the Committee must make a conscious recommendation addressing this type of payment. She asked how fee waivers would be affected if a third party payment, such as an insurance company payment is involved. Mr. Van Vooren cited the Park District's planned reconstruction of the Gilbert Park shelter, which was destroyed by fire. He said the Park District is requesting a waiver for the permit to construct the shelter. However, if their insurance company is covering the cost of rebuilding the shelter, he asked why the Village should waive the fee. Mr. Lyons asked if the Committee feels that the source of funding for projects should be an issue.

Ms. Steele said that in a situation such as the park shelter reconstruction, the Village would be justified in denying the fee waiver request and explaining to the organization that because they have an external source of funding there is no reason for the tax payers to waive the fees involved. Mr. Lyons pointed out again that the resolution states that fees *may* be waived, not *must* be waived.

Village Manager Ginex noted that the entire cost of reconstructing the shelter at Gilbert Park would not be covered by the insurance company. The Park District anticipates spending an additional \$77,000. Commissioner Zabloudil said he feels there are too

many variables when considering insurance payments, and that the resolution should not attempt to address third party payments.

Village Manager Ginex asked if fee waiver requests could be decided on a case-by-case basis. Ms. Petrarca agreed. She said when a request is received, the Village Manager could inquire about the source of funding for the project and whether or not insurance reimbursement is involved. Commissioner McConnell said it is a good idea to ask about other sources of reimbursement before any fee waiver is approved.

Mr. Lyons asked if the resolution could include a requirement that applicants must complete a fee waiver application form, which includes the source of funding for the project. Mr. Van Vooren said there is an existing application form for fee waiver requests. Ms. Petrarca suggested that perhaps the form could be amended to include the desired information. Village Manager Ginex clarified that the current form is completed by Code Services and Stormwater Management personnel, not by the applicant.

Village Manager Ginex said generally when a letter is received requesting a fee waiver, Code Services Department personnel fill out the fee waiver request form. Ms. Petrarca said if the form is being completed by Village staff, questions about project funding sources should not be included on the form because the party requesting the fee waiver never sees it.

Ms. Steele asked if a section could be added to the existing fee waiver request form for the applicant to complete. Ms. Petrarca said it could be done; however, it would involve a change in the process. In her opinion, it would not be worth the trouble. Commissioner Zabloudil said questions about third party payments could be addressed when the request is reviewed.

In order to prevent fee waivers for a project for which the organization is already being reimbursed, Ms. McConnell suggested adding language to the policy stating that the Village "will not waive fees when there is reimbursement available from any other party." The Committee agreed with the suggestion and Ms. Petrarca said it would be added to the policy.

As it appears that the Committee is in agreement with the categories listed in Subsection C, Commissioner Zabloudil said he would now like to discuss the rationale behind waiving fees and the proposed fee waiver caps. Referring to Subsection C-1a, which states that for governmental entities with taxing boundaries that are substantially coterminous with the Village fee waivers are not to "exceed fifty percent 50% of the total amount of the fee waiver request or \$20,000, which ever is less." He pointed out that the governmental entities are funded by and through taxpayer revenues and when dealing with requests from those with coterminous boundaries, granting a fee waiver is just a matter of moving money from one pocket to another.

Mr. Lyons said if a governmental entity is constructing a facility for the purpose of generating revenues, i.e. a water park, fees should not be waived because revenue generated will be based on user-fees. Ms. McConnell agreed that Mr. Lyons had a good

point. She asked if there are any entities that would fit in category C-1 or C-2 that would not be taxing Village residents for their services. Ms. Steele said there are a lot of local government districts that rely on fees for services. Mr. Van Vooren said that would not be the case in our area.

Commissioner Zabloudil noted that some fees are charged to cover operating costs for a facility, which is an improvement to the community. If fees were not charged, residents would still pay for the facility through property taxes. Commissioner McConnell asked if language could be added to the resolution stating that the Village would "only consider waiving fees for services that are provided to our general public" rather than in cases where a user fee is charged. Thus, items C-1 and C-2 would only be related to projects that have a general impact on the community.

Commissioner Zabloudil noted that such a change would impact requests from schools since 60% of residents do not have children in schools. He said he feels that everything is intertwined, i.e. the quality of schools affects property values in the Village. Commissioner Zabloudil said he is considering waiving all fees, with no cap or limitation, for governmental entities with taxing boundaries that are substantially coterminous with the Village. He said that in the short term the waiver for the Park District recreation center would involve an \$80,000 fee; however, long term, he did not believe more than one or two such large facilities would be proposed within the next thirty years. He added that long term these facilities would continue to benefit the community. Because he anticipates that this type of request will be infrequent, and not on going such as requests from homebuilders, he said he could rationalize waiving the fees.

Ms. Petrarca explained that after some discussion with Don Rosenthal and Don Schiedler of the Code Services Department, concerning the frequency and amount of fee waiver requests, they arrived at a cap of 50% of the total amount of the fee waiver or \$20,000, whichever is less, for fee waiver requests from governmental entities with taxing boundaries that are substantially coterminous with the Village.

Mr. Lyons said it appears that Subsections C-1b and C-2b contain the authority for the Council to waive all fees by stating that "Under extraordinary circumstances, the Village Council may in its discretion waive up to the entire amount of the fee waiver request." Ms. Petrarca and Commissioner Zabloudil clarified that "extraordinary circumstances" in those subsections refers to Acts of God, vandalism, etc.

Mr. Van Vooren said he feels that the purpose of having a fee waiver policy is to avoid having each respective issue debated again at the Council level.

Commissioner McConnell said she tends to agree with Commissioner Zabloudil's earlier statement that when dealing with governmental entities with coterminous taxing boundaries, it is a matter of moving taxpayer dollars from one pocket to another. She said that she too has struggled with the 50% - \$20,000 cap on fee waivers for governmental entities with taxing boundaries that are substantially coterminous with the

Village. Commissioner McConnell said she could agree to a full waiver for those entities listed in Subsection C-1.

Mr. Lyons asked how the Committee would feel about a fee waiver for government entities that is completely contingent upon the amount of overlap with the Village. Commissioner Zabloudil agreed that was a good point and they would keep it in mind.

Village Manager Ginex said he feels that some individuals are reading more into the policy and making the issue more difficult than it should be. Ms. Petrarca agreed and added that this has never been a problem in the past. Commissioner Zabloudil said when the Park District fee waiver for the recreation center came up for \$80,000, it brought this type of issue to everyone's attention.

Commissioner McConnell noted that under the resolution, as written, School Districts 58 and 99 will be treated differently, as one has essentially coterminous boundaries with the Village and one does not. Ms. Petrarca pointed out that school districts are not required to obtain Village permits for building additions; they only require Village permits for improvements made to anything outside of the building per se, i.e. stormwater, landscaping, lighting, etc.

Commissioner Zabloudil said he is considering waiving all fees for government entities which have essentially coterminous taxing boundaries with the Village and he is also considering prohibiting all fee waivers for governmental entities with taxing boundaries that are not coterminous with the Village; i.e. DuPage County, School District 99, etc. He acknowledged that the two concepts represent the extremes and perhaps, because many Downers Grove students attend School District 99 schools and the Village is part of DuPage County, some type of compromise or cap would be appropriate.

Commissioner McConnell said she would like to retain the capability for negotiation. She cited the Glendenning project as a project in which the County owed money to the Village and the Village owed money to the County. In such cases, she said she would like to have the option to negotiate before beginning the fee waiver process. Commissioner Zabloudil agreed and said he believes the intent of the fee waiver resolution is to foster discussion, which would be mutually beneficial to both agencies. He added that such discussions would take place on a case-by-case basis.

Mr. Van Vooren said he does not believe that the County grants fee waivers. He suggested contacting the DuPage County administrator to verify their fee waiver policy.

Commissioner Zabloudil said fee waivers should be reciprocal. If the County refuses to waive fees for the Village, the Village should refuse to grant fee waiver requests from the County. Commissioner McConnell said that perhaps the Village should not waive any fees for DuPage County. Commissioner Zabloudil said he would agree.

Commissioner McConnell asked what the ultimate goals were for the resolution.

Commissioner Zabloudil said there are three separate issues: fee waivers for governmental entities with taxing boundaries that are substantially coterminous with the Village; fee waivers for governmental entities with taxing boundaries that are not coterminous with the Village; and fee waivers for not-for-profit, charitable, religious, educational or public service organizations. The first, he said deals with essentially the same tax dollars. The second deals with entities that tax the Village equally and do not grant fee waivers to the Village. He wondered why the Village should grant fee waivers to them. The third group, he said concerns fee waivers for not-for-profit groups that benefit and improve the community.

Commissioner Zabloudil noted that although there probably would not be a great number of fee waiver requests from churches over the next the next 30-50 years, these requests tend to come in groups. Recently several area churches have requested fee waivers; however, once these improvements have been made, Commissioner Zabloudil did not think the Village would see many more such requests for a long time.

Commissioner Zabloudil said he feels that fee waivers should be considered when the betterment of the community is involved.

Commissioner McConnell asked if a 50% fee waiver would cover the Village's overall costs. Mr. Lyons replied no. He said if the Village follows its policy to set fees to cover costs and if the fees are cut by 50%, the costs will not be covered. Mr. Van Vooren added that fees do not generate a profit.

Commissioner McConnell asked if the current permitting fees are based on actual costs. Mr. Lyons replied yes. He said the Village is projecting \$1.3 million in permit fees for building, electrical, etc. and the Building Department budget is \$1 million, excluding the time spent on these projects by the Village Manager and others outside of the Building Department. Mr. Lyons said the permit fees should be designed to cover Code Enforcement activity as a whole. Commissioner McConnell agreed.

Mr. Lyons said 50% of the permit fee may cover billable time for the actual review; however, it would not cover additional administrative time, vehicles, etc. involved in operating the Code Services Department.

Ms. Steele said the question is at what point does the Village decide to share the cost of a project with the community. It appears that if a project benefits the community, i.e. church improvements, the Village is in favor of having the total community help support the project through their tax dollars, fee waivers, etc. However, if a project is not beneficial to the community, then it appears that the Village wants the entity to pay their own costs. Mr. Lyons agreed.

Commissioner Zabloudil said in addition to being a policy issue it is also a matter of setting the tone and direction of the community. It is a matter of deciding what we want the community to be. Unfortunately, it revolves around money at this time. He said some individuals would oppose certain fee waivers because they are not directly

involved. However, Commissioner Zabloudil said that the entities listed in Subsection C-3 promote a sense of community, on which it is difficult to put a dollar amount.

Commissioner Zabloudil said there are only a finite number of not-for-profits groups in the Village and for that reason he believes there will be a limited number of requests for fee waivers from them in the future.

Mr. Van Vooren asked if past practice gives Commissioner Zabloudil an idea of how other boards felt about this issue. He said it has been past practice to waive all the fees for groups that are improving our community.

Commissioner McConnell asked if it is the intention in Subsection C-1 to waive all fees up to the entire amount for government entities with coterminous taxing boundaries. She said that perhaps the amount of the fee waivers that can be approved by the Village Manager should be increased. Perhaps only requests for fee waivers above \$20,000 should be brought before the Village Council for approval. She added that the Council would still have the option to waive the entire fee. She said this would leave the Council the discretion to review fee waiver requests under certain circumstances.

Mr. Lyons said the purchasing policy limit for the Village Manager is \$15,000. He asked if the Committee also wished to insert a provision in the resolution stating: "The Manager shall inform the Council of all fee waivers up to and including \$15,000." Thus, although the Manager could waive fees up to \$15,000, he would still be required to notify the Council of all fee waivers.

Village Manager Ginex said most fee waivers are less than \$20,000 and if he has the authority to approve requests up to that amount, he did not feel that any requests would be brought before the Council. He added that he does not mind reviewing requests for fee waivers up to \$5,000; however, he said he would be uncomfortable with amounts up to \$15,000. Mr. Van Vooren said it appears that there is no consensus on the Council with regard to these fee waiver requests and if the amount the Manager can approve is increased, he may be put in the position of making a decision that the Council could not approve with a majority vote.

Commissioner McConnell said perhaps the Committee should let the Council consider the following: 1. Waiving 100% of fees for the first group, governmental entities with coterminous taxing boundaries. 2. Waiving 50% of the total amount or \$15,000, which ever is less, for governmental entities with taxing boundaries that are not coterminous with the Village. She added that these groups impact the daily lives of Downers Grove residents and their activities are for the general good of the community.

Concerning fee waivers for the groups in Subsection C-2, Mr. Lyons recalled that when the Toll Highway Authority took a large parcel of prime Downers Grove real estate for their administrative center, they took a large portion of the tax base away from Downers Grove. He said that under those circumstances the Village would probably want to have some mechanism to recoup a portion of that lost revenue. He said waiving 50% of the

total amount of the fee waiver request would not be a bad idea under those circumstances. He said if the Post Office ever decides to move to a larger location, they may request a 100% fee waiver, and there should be something in the resolution to give the Village the option to deny it.

Mr. Van Vooren asked if Commissioner Zabloudil would support a 50% cap of the total fee waiver requested for the groups in Subsection C-2. Commissioner Zabloudil said he did not feel any fees should be waived for groups in that section. However, he said he would be willing to discuss the issue. Mr. Van Vooren asked if Commissioner Zabloudil would vote to approve a draft resolution, which included a 50% cap for the groups in Subsection C-2 if it represented a compromise resulting from Council debate. Commissioner Zabloudil replied yes. He said if everyone on the Council agrees that this is the correct approach he would be willing to go along with it; however, he said that everyone should have the opportunity to express his or her opinion.

Ms. Steele said there are two factors to be considered: the service provider's impact on the community and the cost to the Village to provide their service. If the Tollway takes prime property away from the Village, it results in a cost to the Village. If DuPage County charges the Village fees for all of their work, that is also a cost to the Village.

Commissioner McConnell recapped that Commissioner Zabloudil favored waiving all fees for the groups in Subsection C-1 and allowing no fee waivers for the groups in Subsection C-2. He agreed. He added that he would like to waive all fees for the groups listed in Subsection C-3.

Ms. Petrarca asked how he could justify waiving all fees for charitable and religious organizations. Commissioner Zabloudil said those groups benefit the community.

Commissioner McConnell said she could agree with Commissioner Zabloudil's point of view if School District 99 did not fall within Subsection C-2. She suggested creating a separate category for school districts. Commissioner Zabloudil agreed.

Commissioner McConnell summarized the following recommended changes to the resolution: 1. Waive all fees for government entities whose taxing boundaries are substantially coterminous with the Village. 2. Waive no fees for governmental entities whose taxing boundaries are not coterminous with the Village. 3. Waive no fees for the school districts. 4. Waive fees up to 50% of the total amount of the fee waiver requested or up to \$10,000, whichever is less, for not-for-profit organizations. She said she wanted to maintain the provision giving the Village Council the option to waive the entire amount of the fee waiver requested under extraordinary circumstances.

Commissioner Zabloudil suggested that the Village waive all fees for not-for-profit groups because improvements to their facilities benefit the entire community. Although there may have been several fee waiver requests from area churches in the last few years, he does not believe there will be many such requests from not-for-profit groups in the future.

Mayor Krajewski said that under the old fee structure the fees that were lost amounted to \$20,000; however, under the new fee structure the Village would have lost \$200,000 if they had waived the same fees. He added that even with the new fee structure, the fees in Downers Grove are below the amount charged for similar fees in surrounding communities. Mr. Lyons agreed. However, he pointed out that the surrounding communities are waiving those fees.

Commissioner McConnell said she could be persuaded to agree.

Village Manager Ginex clarified that the Committee has agreed to waive all fees for governmental entities with taxing boundaries substantially coterminous with the Village. The Committee agreed. However, they said that in redrafting the resolution School District 58 should be removed from Subsection C-1. Mr. Lyons said the Committee might also want to clarify the meaning of "substantially" coterminous. He pointed out that the Sanitary District has 21,000 accounts, and only 15,000 are in the Village of Downers Grove. Commissioner Zabloudil suggested taking all reference to the School Districts out of the resolution, rather than putting them in a separate category.

Village Manager Ginex recalled that some fees were waived for School District 99.

Mayor Krajewski asked if the survey included the amount of the largest fee waiver. Commissioner Zabloudil replied no.

Village Manager Ginex clarified the Committee's recommendations: to remove District 58 from Subsection C-1 and to grant 100% of all fee waivers requested for the remaining groups in that section; to deny all fee waiver requests for the groups in Subsection C-2, including DuPage County and the Townships; to waive 100% of all fees for not-for-profit, charitable, religious, educational or public service organizations. The Committee agreed, but asked that the language in Subsection C-3 be changed to read, "not-for-profit, charitable, religious, *private* educational, or public service organizations".

Mr. Van Vooren asked if Midwestern University would be included in Subsection C-3, as a "private educational" institution. Ms. Petrarca suggested removing "educational" from Subsection C-3. Mr. Van Vooren asked how fee waiver requests from parochial schools would be handled. Mr. Lyons said in those cases the school is owned by the church.

Commissioner McConnell said she did not feel "private educational" should be included under Subsection C-3 for fee waivers. She felt the word "private" should be removed and waivers for Subsection C-3 groups should be restricted to not-for-profit, charitable, religious, or public service organizations.

Commissioner Zabloudil and Commissioner McConnell asked how private schools would be covered, i.e. Avery Coonley. Mr. Lyons said it would depend on whether or not the school was a not-for-profit organization.

Village Manager Ginex said he wanted those members of the Council who were in favor of waiving fees up to 50% of the total fee waiver request to be aware that, although the Committee is not recommending that option, it was discussed.

Mayor Krajewski asked that staff prepare a list of the options and recommendations that were discussed at this meeting for the Council's review.

Mr. Van Vooren asked if a 4<sup>th</sup> category covering education was being added to Subsection C. Ms. Petrarca said she felt they should be silent on the issue of public schools. Mr. Van Vooren said he felt language should be added somewhere in the resolution stating that public schools would not be assessed except out-of-pocket costs. By being silent on public schools, some may interpret that they are included in Subsections C-1 or C-2. The Committee agreed to include a category for public schools, stating that they would only be assessed on direct out-of-pocket. Since that was true for other groups too, Commissioner McConnell asked why public schools could not be included in Subsection C-1. Ms. Petrarca and Mr. Van Vooren agreed. Commissioner McConnell said public schools would be included in Subsection C-1.

The meeting was adjourned at approximately 6:28 p.m.