

MINUTES OF WORKSHOP MEETING

DOWNERS GROVE, ILLINOIS

MARCH 11, 2003

Mayor Krajewski called the Workshop meeting of the Village Council of the Village of Downers Grove to order at 6:30 p.m. in the Council Chambers of the Village Hall.

Present: Mayor Brian Krajewski; Commissioners Marilyn Schnell, Michael Gilbert, Sue McConnell, Martin Tully, Mark Zabloudil; Village Manager Riccardo Ginex; Village Attorney Enza Petrarca; Village Clerk April Holden

Absent: Commissioner Tom Sisul

Visitors: **Press:** Kevin Stahr, Downers Grove Reporter

Residents & Others in Attendance: Allan R. Ambrose, Northern Trust, 434 Atlantic Lane, Elk Grove; William Waldack, 1409 Willard Place; Dave Tatterson, 1240 Gilbert; Duane J. Baker, Herbert's Men's Shop, 5123 Main; Marilyn Weiher, Downtown Management Board, 935 Curtiss; Ross Johnson, Downtown Management Board, 1311 Gilbert; Christine Fregeau, 1918 Elmore Avenue; John W. Mochel, Jr., 2227 Tamarack; Anthony T. Iacoveth, 5865 Belmont; Stan Urban, 131 39th Street; Ron Sandack, 4833 Linscott; Mike Kubes, 5538 Lyman; Marilyn Gerloff, 4241 Highland

Staff: Dorin Fera, Traffic Manager, Public Works; Jack Bajor, Director, Public Works; Mary Scalzetti, Director, Tourism & Events; Steve Rockwell, Director, Economic Development; Cathy Schuster, Assistant Director, Economic Development; Dave Van Vooren, Deputy Village Manager for Administration

Mayor Krajewski explained that Council Workshop meetings are held the second and fourth Tuesdays at 6:30 p.m. The meetings are video taped live and for later cable-cast over cable channel 6.

The Workshop meeting is intended to provide Council and the public with an appropriate forum for informal discussion of any items intended for future Council consideration or just for general information. No formal action is taken at Workshop meetings.

The public is invited to attend and encouraged to comment or ask questions in an informal manner on any of the items being discussed or on any other subject. The agenda is created to provide a guideline for discussion.

MANAGER

1. Bids:

DRAFT

- a. **Water Insertion Valves.** Manager Ginex said staff recommends awarding the bid to Free Flow Tapping in the amount of \$54,680. This is for ten water insertion valves. He said 130 valves have been completed since 1990.
- b. **Leak Detection Survey.** The Manager said staff recommends awarding the bid to Water Services Co. in the amount of \$5,905.25 for 391,076 linear feet in three areas in the Village.

Commissioner Tully asked the original budgeted amount, and the Manager said he would obtain that information.

- c. **Fire Hydrants.** The Manager said staff recommends awarding the bid to National Waterworks.
 - d. **Supply of Water System Clamps & Fittings.** The Manager said staff recommends awarding the bid to three vendors for items as detailed: National Water Works for \$44,739.13; Mid-American Water for \$33,903.23; and Water Products Company for \$1,242.36.
1. **Bid: Beer Garden Vendor.** The Manager said the only bidder on this item is the Rotary Club, and staff has recommended awarding the bid to them again.
 2. **Sale of Industrial Revenue Bonds.** The Manager asked Steve Rockwell to address this item.

Steve Rockwell, Director of Economic Development, said that Stern Brothers has asked to purchase \$3.5 million of private activity bonds, and will pay 1.5% for \$54,814. Stern Brothers intends to use the money as part of a \$10 million project for a senior citizens project in Matteson.

Commissioner Gilbert asked if there has been any other interest. Mr. Rockwell responded that requirements have been changed enough that only a manufacturing concern or subsidized apartment complex is eligible and there is nothing in Downers Grove at this time.

Commissioner McConnell said she was glad to see that there was someone interested in purchasing them

The Mayor asked staff for an update as to the population adjustment with the recent annexations.

Mr. Rockwell said that staff has distributed to all businesses a new newsletter. He provided copies to the Council. He said it contained some historical information. In addition, he asked Cathy Schuster to report on the Governor's Home Town Award, for which the Village is a finalist.

Cathy Schuster, Assistant Director, EDC, said that the Village has been selected as a finalist in the Home Town award. The State makes eight awards. She said the Village submitted a project showing the support and involvement of the public in the Village in the Bone Marrow Drive in

which 1000 people were tested for matching purposes. She indicated that the Home Town award winners will be named in June.

- 3. Revenue Initiatives (Gasoline Tax, Home Rule Sales Tax and Telecommunications Tax).** The Manager said staff proposes an increase in several non-property taxes. He highlighted the proposal. Staff proposes to change the existing gasoline tax from one cent per gallon to 1.5 cents per gallon which will bring an increase in revenue of \$95,000-\$100,000. Staff also proposes a Home Rule Sales Tax of $\frac{1}{4}$ % or $\frac{1}{2}$ %. Finally they proposed raising the telecommunications tax from 4.5% to 5% effective July 1 for an additional \$250,000 in revenue. A 6% telecommunications tax would address any deviations in receipts from this tax.

Manager Ginex said that if the Council should choose to go to $\frac{1}{2}$ cent on the Home Rule Sales tax, the additional revenue could go into a building fund. He indicated that he spoke with Barb Wysocki who indicated no opposition to a $\frac{1}{4}$ cent sales tax increase, but would not like to see the $\frac{1}{2}$ cent. He said that she indicated they would like to see the telecommunications tax at 5%.

Commissioner McConnell asked the Manager what their thought was of the $\frac{1}{4}$ cent versus $\frac{1}{2}$ cent. The Manager said Ms. Wysocki did not elaborate.

Commissioner Schnell said that she thought $\frac{1}{4}$ cent would have less impact than the higher amount. If they were to go to $\frac{1}{2}$ cent she would like not to see an increase in the natural gas tax. She said the Home Rule Sales Tax does not affect individuals as much.

Commissioner Tully said he wanted to comment on why they are discussing revenue enhancements. He said this has been discussed in the budget meetings, but those meetings have not been televised. They are discussing a potential increase, and he said this is not unique to Downers Grove. It exists in the County, State and nationwide. The National League of Cities cited that there has been a decrease in aid from the state government. This affects the entire country. He said that the Illinois Municipal League noted that across the State the actual receipts from some taxes continue to drop over last year. There is a threat of decreased municipal share of the State Income tax. Therefore it becomes incumbent upon the municipalities to find alternate means of providing services to the public.

Regarding alternative methods, one is to cut costs. He asked staff how much has really been cut from the present budget as originally proposed, and he said staff has already cut out about \$4.5 million. The Manager's current recommended budget of slightly above \$36 million is less than \$500,000 above last year's budget. He said that many cuts have been made but they have not reduced the services below safe levels. Commissioner Tully said that before any decisions are made as to revenue enhancements, the Council will have to review the Public Works Fund, the Police Fund and the Fire Fund as the three most expensive areas of cost. Some revenue enhancements will have to be put into effect soon.

Regarding the Home Rule Sales Tax, Commissioner Tully said that in order to keep services at the current level, the Council must consider an increase. The Village is a home rule unit, which means there are certain things that the Village can do without referendum. He said state statutes require that an increase be proposed in $\frac{1}{4}$ % increments. Home Rule sales tax does not extend to

DRAFT

cars, food, drugs or medical appliances. He noted that approximately 61% of municipalities in the State have home rule sales taxes of some sort.

Commissioner Tully said that a $\frac{1}{4}$ % increase would amount of \$1.8 million over a year, and a $\frac{1}{2}$ % increase would bring in an additional \$3.6 million per year. He said he was pleased that staff spoke with the Chamber for their input. He said the effect of a $\frac{1}{4}$ % tax would be \$.25 on a \$100.00 purchase. A $\frac{1}{2}$ % tax would be \$.50 on a \$100.00 purchase.

With regards to the telecommunications tax increase, the proposal is to raise it from 4.5% to 5%, which would still be competitive with neighboring communities. The Gasoline Tax pertains to the reconstruction of Fairview Avenue. The current tax has not kept up with the debt service for that particular bond issue.

Mayor Krajewski said that a number of neighboring communities have experienced similar problems. He referred to an article in the Daily Herald regarding Naperville's attempts to trim their budget, saying that Naperville's property tax rate is .9942 per \$100. The Village is at .36, or about 1/3 of Naperville's property taxes. Naperville is proposing a 1% food and beverage tax. Other communities have increased tax rates for restaurants. The Mayor said that under the staff's plan, non-union employees will receive a 3.5% raise down from the previous 4%. He noted that, similar to Downers Grove, Naperville wants to hire new firefighter/paramedics to fill in when others call in sick, which they say will save money in overtime hours.

The Mayor said that he and Commissioner Sisul were in agreement with the $\frac{1}{4}$ %. He said that if this is to be voted on Tuesday, they need to have an agreement as to $\frac{1}{4}$ % or $\frac{1}{2}$ % in time for that meeting. Regarding the gasoline tax, he agrees with the $\frac{1}{2}$ cent. He indicated that the telecommunications tax increase doesn't change the Village's standing with respect to other communities. He said that concerning the Natural Gas Tax, he paid \$8.37 in tax last year.

Commissioner Zabloudil said he looked at the original budget and the Manager's recommendation. There is a gap of over \$1 million to close. He said they have to act on the Home Rule Sales Tax before the budget is adopted. Regarding the Gasoline Tax, Deputy Manager Van Vooren responded to Commissioner Zabloudil that the pump cost includes all taxes, including sales, State, etc. He said that Woodridge has a two-cent gas tax.

The Mayor noted that the \$1 million shortfall does not factor in the 5 + 5, which could close the gap to \$500,000.

Commissioner Zabloudil said there are some cuts which they may not be able to forego for another year.

Commissioner McConnell suggested that time be set aside on Saturday to determine which way to go regarding the home rule sales tax amount.

Commissioner Schnell said that the utility taxes are economy driven. She said they need to make sure the taxes will bring in the money if the budget is to be balanced based on those taxes.

Manager Ginex said Deputy Manager Van Vooren is recommending going to 6% because of the fluctuations.

Commissioner Tully said that the originally adopted 2002-03 budget was \$35.8 million. It is estimated to come out to \$33.7 million after cuts having been made in this budget season. He said a good deal of that was done by deferring capital projects and vehicle replacement; however, some of these things cannot be deferred further. The Village is facing decreased revenues, but has fixed costs that are escalating, such as union contract salaries, health care costs, etc. When the Council completes the line-by-line review on Saturday, then and only then will they consider the increases.

The Mayor noted that even with potential increases, the Village still ranks as the lowest tax community in the surrounding 19 municipalities.

Marilyn Weiher, 4808 Wallbank, said she is a member of the Downtown Management Board. The Board has not had a chance to review the home rule sales tax. There are some concerns since the local businesses profit margins are generally depressed at this time. The Board intends to review this on Thursday at their regular meeting, and request the opportunity to discuss this further with the Council. The Mayor invited them to have a representative attend the Saturday session. The Manager said he would send a packet of information to the Board. Deputy Van Vooren said he will also be at the Board meeting on Thursday.

Duane Baker of Herbert's Men's Shop, 5123 Main Street, said he would appreciate it if the Council would look at other revenues besides an increase in the sales tax, burdening the businesses and customers. He asked that they do it for the minimum amount if it must be done. He reminded the Village that the downtown community went through a difficult four years due to the construction, and that is why he asked they consider assisting the businesses as much as possible by minimizing the tax increase.

4. **Refinancing of Library Bonds.** The Manager said this concerns the 1996 Library Bond and asked Mr. Van Vooren to make this presentation.

Dave Van Vooren, Deputy Village Manager, said he has presented an Ordinance to refinance the 1996 Library General Obligation bonds. Interest rates are at a 45-year low. The 1996 Library Bond is fully funded by property taxes. They are proposing to use a parameters ordinance which would stipulate under what conditions (net present value savings) and who would be authorized to execute the bond sale. It establishes a minimum acceptable level of savings that must be obtained in order to complete the sale. The work will be done in preparation until the optimum time. The ordinance proposes a Net Present Value Savings of 2%. He explained the handout distributed to the Council. He noted that in the proposed Ordinance, the threshold section has been eliminated, since it is up to the Council to establish this. He said this would still be a competitive sale. Mr. Van Vooren noted that all fees are included in the net present value. The Chapman & Cutler fee is estimated to be \$12,000. He said that Al Ambrose is present to answer any questions.

Allan Ambrose said he was the Managing Director of Northern Trust Bank. In response to a question from Commissioner Zabloudil, he said parameters ordinances are a common practice with refunding transactions. This enables them to strike when the market is right. Commissioner

DRAFT

Zabloudil asked what is the right threshold and the risk of going higher. Mr. Ambrose said it becomes a Council decision as to the minimum threshold, and the board should determine the minimum number they would like to see from this transaction. A rule of thumb has been a 2% level recently. He would prefer to see it closer to the 2.7% to 3%.

Commissioner Zabloudil asked if interested rates increase, would it be best to change the number up or down. Mr. Ambrose responded that this is a fairly dynamic transaction in that it is an advance refunding. The bonds are not callable until 2006. The new bonds are used to purchase an escrow of government securities, and will be off the Village's books. He said he would not go below the 2%.

Mr. Van Vooren said that the parameters ordinance can be changed, and the Council controls the ordinance until the bonds are sold. Commissioner Zabloudil said that the Council will need to revisit the ordinance when the time is right. Mr. Van Vooren suggested that staff report back to the Council on a periodic basis. Mr. Ambrose noted that many ordinances have "drop dead" dates.

Commissioner Tully asked for clarification that a savings on 2% is over \$100,000 for the life of the bond, which would effectively reduce the Library Bond's tax levy for property owners. Mr. Van Vooren said that was correct. The decision has to be made as to the rate.

The Mayor said the Council agreed to six months on the "drop dead" date with a 2% minimum. He asked Manager Ginex and Mr. Van Vooren to authorize it.

STANDING COMMITTEE REPORTS - None

ATTORNEY'S REPORT

Village Attorney Petrarca presented eight items to the Council for next week's Active Agenda: 1) An ordinance reserving volume cap in connection with private activity bond issues, and related matters; 2) An ordinance establishing Home Rule Municipal Retailers Occupation and Home Rule Municipal Service Occupation taxes; 3) An ordinance imposing a simplified Municipal Telecommunications tax; 4) An ordinance amending the tax on gasoline; 5) An ordinance providing for the issuance of not to exceed \$6,650,000 General Obligation Refunding Bonds, Series 2003, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of a bond order and an escrow agreement in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds; 6) An ordinance adopting and approving publication of the Village of Downers Grove Zoning Map; 7) A resolution authorizing execution of an agreement between the County of DuPage and the Village of Downers Grove (Autumn Grove Resource Center); and 8) A resolution authorizing execution of an agreement between the County of DuPage and the Village of Downers Grove (Arbor Park Resource Center).

COUNCIL MEMBERS

The Mayor said that the Chamber of Commerce is having it's Leadership Academy Job Shadowing program tomorrow, and he will have a student interested in local government

DRAFT

shadowing him. He will be attending the Senior Staff meeting tomorrow morning. He also noted that he attended Pierce Downers School last week to meet with the fourth graders. He read some of the thank you letters he was sent.

VISITORS

There being no further discussion, the Workshop meeting was adjourned at 7:40 p.m.

April K. Holden
Village Clerk

tmh/