



**VILLAGE OF BARTLETT
COMMITTEE MINUTES
October 20, 2015**

President Wallace called the Committee of the Whole meeting to order at 7:34 p.m.

PRESENT: Trustees Camerer, Carbonaro, Deyne, Hopkins, Reinke, President Wallace were present.

ABSENT: Trustee Arends

ALSO PRESENT: Village Administrator Valerie Salmons, Assistant Village Administrator Paula Schumacher, Assistant to the Village Administrator Scott Skrycki, Finance Director Jeff Martynowicz, Director of Public Works Dan Dinges, Community Development Director Jim Plonczynski, Building Director Brian Goralski, Food & Beverage Manager Paul Petersen, Chief Kent Williams, Deputy Chief Joe Leonas, Village Clerk Lorna Giless and Attorney Bryan Mraz.

PLANNING & ZONING

Video Gaming

Trustee Reinke stated that this will be a general discussion and not in relation to a particular business or operation in the Village, a general discussion regarding the options available to regulate video gaming. He stated that they have an in-depth memorandum from staff and turned it over to staff for discussion.

Community Development Director Jim Plonczynski stated that the Board had a couple memos before them regarding the current revenues for video gaming. As of August, 2015, the Village received \$90,661.71 produced from the revenue of gaming establishments within the Village. He stated that nine businesses have video gaming and there are others that may try to add gaming in the future. Over the course of the time video gaming was established, the Village has taken in a total of \$211,502.96. Compared with other towns Bartlett is mid-stream. The gaming is a thriving operation in this community as well as others and are producing good revenues. He stated that Bartlett charges \$25 per machine/per year and other towns charge up to \$500 per machine. This would be an opportunity to raise the revenue. There has been discussion over the course of time and whether they should add parameters to the liquor license or video gaming license.

Trustee Reinke stated that they talked about video gaming quite a bit and he thought at some point the Board should come up with a decision and move on. He wanted to give the community some finality or understanding of where they stand. The easiest way, from a legal perspective to control video gaming is through the liquor license process. If they don't want to expand video gaming in the community than they vote down the liquor licenses. There would be no need to change the Village Code. Staff has suggested some refinements to the Village Code that would place additional restrictions



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on video gaming in the community. He thought it would behoove them to see those restrictions in context. He thought it was a good idea for staff to incorporate those refinements into the Village Code. It can be brought back for review and he didn't think that the amount of the permit fees were part of those refinements but felt it important to look at them.

Village Attorney Bryan Mraz stated that there is a pending case in the Appellate Court in Elmwood Park and their \$1,000 fee per machine was challenged. The briefs were filed and he suggested that they wait for that decision. He stated that they can't favor the in-town businesses to the exclusion of the new businesses. He stated that with existing businesses you have the ability to change the rules going forward and even though they may have a vested right (with 5 machines), the Village can change the allowable machines to 3 by amortizing it over a reasonable amount of time. He felt that the focus of their amendments would be to stop the cafes where the primary use is video gaming.

The Board directed staff to make refinements to the Village Code regarding zoning, liquor and video gaming ordinances to not allow video gaming as the principal use of the site, more of an accessory use. Staff will prepare a draft ordinance for review at Committee.

FINANCE & GOLF

Proposed Tax Levy

Trustee Deyne asked the Finance Director Jeff Martynowicz to take over.

Finance Director Jeff Martynowicz introduced the 2015 Property Tax Levy and put together a presentation giving the highlights.

J. Martynowicz explained that the Village levies a property tax essentially for three purposes:

- ✓ To help fund General Fund operating expenditures
- ✓ To pay for principal and interest on general obligation bonds
- ✓ To pay for the Village's contribution to the Police Pension Fund

The Village is a multi-county municipality and levies a tax that is distributed to three counties and the levy is based upon a burden factor that the Department of Revenue assessed to each county. The dollar amount that we levy will be broken down into the burden factor:

- ✓ Cook (38.04% of "burden")
- ✓ DuPage (61.96% of "burden")
- ✓ Kane (.19% of "burden")



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The current year's budget process drives the tax levy. The following shows the timeline for this tax levy:

April 2015	Village Board approves budget
May 1, 2015	Budget year begins
Fall 2015	Village Board conducts public hearing and approves tax levy
March 2016 – December 2016	Village receives Cook County taxes
June 2016 – November 2016	Village receives DuPage and Kane County taxes

The tax levy must be filed with the County Clerks' office by no later than the 4th Tuesday in December and we are on schedule to do that.

He stated that the proposed property tax levy is \$9,265,478 which represents a \$174,416 decrease or 1.85% from the 2014 extension. In the General Corporate Fund, overall, we are proposing to keep the levy flat again. The Police Pension levy has been reduced 7.39% and that is due to positive investment returns and lower actuarial expenses this last year. In the Debt Service Fund, we are proposing to keep that levy virtually flat and they have some proposed abatements to be able to do that.

With the proposed Debt Service levy and abatements, there are three General Obligation Bonds outstanding and they are required to pay principal and interest on those bonds. The 2007, 2009 and 2012 General Obligation Bonds total \$1,968,139 and they are proposing to abate \$284,225 and that will bring the total net levy for Debt Service to \$1,683,914, again flat from the 2014 levy.

He explained that relative to the Equalized Assessed Value, one of the more difficult things to do is to estimate what the EAV will be because the assessors haven't finished up yet. Going back to 2010 they have had some significant decreases and they slipped under a billion dollars. In working with Paul Hinds in the DuPage County Clerk's Office, he is estimating that they will probably go up by about 2%. That will increase the property values throughout the Village a little bit more than \$19,000,000. He thought they were coming to a position where they are seeing values of home and commercial property increases expanding the EAV. In Cook County last year, the burden factor is 38.04% and they estimated the EAV to be a little bit over \$345,000,000 so the total Cook County tax rate, based upon the levy dollars and the burden factor that is applied will be 1.0532 per \$100 of valuation and is a rate decrease of 0.0578 cents. Again, the EAV increase and lowering the dollar levy tends to drop the rate. This hopefully means a rate decrease in Cook County.

For DuPage County, the burden factor is 61.96%. The EAV is \$620,860,141. We are estimating a tax rate of 0.8922 cents per \$100 of EAV. That comes out to a decrease of



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0.0263 from last year. The total Village rate would be 0.9562 cents per \$100 of EAV and is going down.

Comparing our tax levy to the other taxing districts – in DuPage County, the Village's share of the pie is 8% on the tax bill and School District U-46 at 64%. The same thing holds true in Cook County with the Village getting 9% and School District U-46 at 61%.

In summary, the calendar for adopting the tax levy is as follows:

Establish estimated levy – 11/3/15
Advertise public hearing – 11/2/15
Hold public hearing – 11/17/15
Adopt levy – 12/1/15
File levy – 12/12/15

President Wallace asked how Paul Hinds does his calculations. Is it just based on the sales over the past 12 months?

J. Martynowicz stated that it is sales and he works with the Assessor's office and all of the Townships.

President Wallace asked if the Cook County side weighs in on that estimate at all?

J. Martynowicz stated that they are different because they assess tri-annually.

President Wallace stated that when that development gets built in Kane County, they will go up about .19%.

Trustee Reinke asked if they calculated the burden factor correctly this time.

J. Martynowicz stated that with the problems they had two years ago, DuPage, Kane and the Department of Insurance are working very closely with each other. It was corrected last year and residents of DuPage County should have seen a pretty substantial decrease in their tax bill.

Trustee Reinke asked about the decrease in the Police Pension and the decrease in the extension of 7.39%. He asked how well funded the plan was.

J. Martynowicz stated that it is 81% funded.

Trustee Reinke asked if he recommended that the Village fund it further or is it actuarially an appropriate place to be?



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J. Martynowicz stated that he recommends that they fund based on the actuaries' required contribution. He didn't see a need to over-fund the police pension fund at this time. He always recommends that they fund the arc. He thought they were in great shape as far as what they contribute to the fund.

President Wallace thanked him for putting that into laymen's terms and thought it was a good presentation.

Trustee Deyne stated that he did an outstanding job.

Utility/Food and Beverage Tax

J. Martynowicz stated that at the Committee meeting of September 15, the Board discussed the potential of implementing a Food & Beverage tax and had continued discussions on the gas and electric utility tax. The Village charges 5¢ per therm for natural gas and that is the maximum they can charge per State Statute. On the electric utility tax they have a max rate of .61¢ per kilowatt hour. ComEd adds an additional 3% to the rate for administrative costs. The Village currently has a rate of .0146¢ per kilowatt hour for the first 2,000 used and the rate decreases as consumption increases for the resident of commercial business. The maximum amount of revenue that the Village could generate for the electric utility tax would be about \$1.3 million. The Board was supplied with information on the rates charged by neighboring communities.

Trustee Hopkins stated that he would like to eliminate the gas tax. He thought it was an unfair tax to the residents. Some residents pay very little in the winter months and some pay an outrageous amount just in a tax. The electric tax is more consistent and most residents pay a consistent amount every month. It made sense to him to eliminate the gas tax and maximize the electric tax which is what the neighboring communities have done.

President Wallace stated that his thoughts on taxes are that there are no more new ones.

Trustee Hopkins stated that they are not really creating a new one.

President Wallace stated that Bartlett electric tax seems to be the lowest in the surrounding communities and he thought that was great. He asked if perhaps this was part of the charm of Bartlett?

J. Martynowicz stated that in 2012, that was the way they tried to develop a budget amount. They maxed out the gas tax and came up with a dollar amount they needed from the electric tax and that was the calculated amount.



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President Wallace agreed with Trustee Hopkins that residents have the ability to flip lights off or on and maybe in hindsight it would have been logical to max the electric and not the gas.

Trustee Deyne stated that if they eliminated the gas utility tax they would lose \$1.1 million. Is it possible to make that up by increasing the electric utility tax?

President Wallace asked for the totals.

J. Martynowicz stated that they generate \$1.1 million for the gas tax and \$300,000 for electric.

Trustee Deyne stated that they would have to increase the electric tax by 4 times.

J. Martynowicz stated that they would have to maximize the electric rate which is .61¢ per kilowatt hour by State Statute.

Trustee Reinke stated that he didn't think they should get rid of both the gas and electric utility tax but given the numbers that they are discussing, it makes sense to shift that burden on the electric side to maximize efficiency. Would we also include the food & beverage tax?

Trustee Deyne stated that they should not look at the food & beverage tax right now. It is a touchy subject. He asked if someone had a \$100 electric bill, how much tax are they paying?

J. Martynowicz stated that it is based on kilowatt hours and a delivery charge. He did not have the answer. He would guess \$3-\$5 per month.

Trustee Deyne stated that if they increase the electric tax to make up the \$1.1 million, how much would the increase be based on a \$100 bill?

J. Martynowicz stated that he does not know at this point.

Trustee Hopkins stated that if they eliminate the gas tax and generated \$1.3 million in electric tax, what kind of shortfall would they have?

J. Martynowicz stated \$100,000.

Trustee Hopkins asked if they could borrow from the Fund Balance?

President Wallace asked if the rebate for seniors was only for natural gas.



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J. Martynowicz stated that it is for both gas and electric. He stated that he just noticed that he misquoted a number and the gas and electric generates \$1.705 million so the shortfall would be about \$600,000.

Trustee Deyne stated that if they eliminated the gas tax they would be looking at a shortage of \$400,000 annually.

President Wallace stated that the electric tax goes down over usage and asked if that was a possibility with gas?

J. Martynowicz stated "no".

Trustee Deyne stated that he worried about the businesses in Brewster Creek that generate a lot of power. He would hate to see it be a detraction for new businesses.

J Martynowicz stated that there are a lot of different scenarios and unfortunately there will be some business and residents that will be affected negatively.

Trustee Carbonaro stated that he would like to get rid of the gas utility tax and leave the electric alone and impose the food & beverage tax. By reducing the 6% gas tax for the businesses and imposing a 3% electricity tax, he didn't think it would cripple them. It would reduce a big burden for the residents. There were 28 homes for sale in his subdivision and he wasn't sure if it was the utility tax, U-46 or the State of Illinois in general. He thought this was presented as a package deal and they are replacing one tax for another but he thought the burden is taken off of the residents. They are giving a discount to the businesses by removing the 6% gas utility tax and leave the electric alone. They are trying to upgrade the lighting system by going from incandescent to LED and that will save the Village about \$60,000 in electricity charges. The Village will not be losing any money and if they have a 4% food & beverage tax they will be close to \$1,000,000.

Trustee Camerer stated that as much as he is in favor of reducing taxes for residents, he still had concerns about adding tax to the businesses and how that could potentially affect them.

President Wallace stated that when you add a tax to a business there is a lot of paperwork and other things involved.

Trustee Camerer stated that he has heard someone say that if 3% was added to his food bill he would just not go back there. He didn't know how that would affect a larger population. He had concern about imposing another tax on businesses in Bartlett that are struggling to begin with. He was also concerned about the State of Illinois and other



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State income that is depressed. He felt that until that changes, he wondered if they could potentially be hurting the Village.

Trustee Deyne stated that this should be Tabled until they find out specifically what is going to happen with the State. Let's not react too quickly and look at this again in a month or so.

Trustee Reinke asked to modify his proposal and ask staff, as we go through next year's budget to look for even more ways to cut, anticipating that there will be some resolution at the State level. They will also be able to take care of the need for the tax in the first place on the expense side. It will be a more balanced approach and amend the budget to reduce the need for that tax so they can throttle down the gas tax over time.

Trustee Deyne stated that they sat through the budget hearings and he knows what the Board and staff did to keep the budget and tax levy reasonable. He stated that it frightens him that sooner or later they will have to start spending some money to maintain the services and quality of life that they have there. He agreed that they will look at the budget in fine detail but he wasn't necessarily that is the answer that they should have for the long term.

President Wallace stated that Trustee Deyne had a good point. He had a memo outlining the number of positions that were not filled and thought that was great and commended staff for dealing without those personnel. It is not an efficient way to run a Village and Rome didn't fall in a day. You can live without some people for a while but eventually people are going to get frustrated. If we are confident with the new auditing firm and efficient and ran well, he agreed that they should look for ways to be very efficient, but you have to make sure that you are maintaining the quality of services that this Village demands.

Trustee Reinke stated that it was important to express that desire to keep the budget to the minimum to function efficiently and appropriately and provide services.

President Wallace agreed with Trustee Hopkins and wished he was more knowledgeable with electric to ask this question. He didn't realize it was on a graduated scale but in hindsight, the winter is coming and is there a way that we can juxtapose the cuts from gas into electric without making any changes at all to move the burden to electric. Is there a way to do that?

J. Martynowicz stated "absolutely".

President Wallace stated that they can go into budget next year with this thought in mind to get rid of this whole deal.



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Trustee Camerer stated that it sounded like a good idea.

President Wallace stated that it is not a solution but at least it allows them to not worry about what the State will do for funding, allows them to have the same amount of funding for tax purposes and also adjusts the burden from those folks that do spend a lot more in gas to electricity.

Trustee Hopkins stated that they should look at what they generated so far in the gas tax and he proposes an ordinance to eliminate the gas tax. Whatever the shortfall is can be borrowed from the Fund Balance.

J. Martynowicz stated that it would be a policy of the Board and he certainly can build that scenario into the budget.

Trustee Hopkins stated that they can always bring the gas tax back with next year's budget if necessary. He felt that they generated over \$100,000 in the gas tax for this budget year. He stated that maybe they can look at that from a policy decision.

Administrator Salmons stated that if they were looking at taking from the General Corporate Reserve for one year then that would be doable. Anything into perpetuity is certainly not the fiscally long range wise thing to do but if it's one year they can certainly build it into the upcoming budget.

President Wallace stated that he would caution them to think in that direction until they know which way the State is going on some things.

Trustee Hopkins stated that the State is never going to get their act together.

President Wallace suggested that they look at this again with those flipped and try to come up with hard core examples of what it means to a homeowner and a business when they switch those two around.

Administrator Salmons stated that they can work with both utilities to try to get a grip on that and involve the municipal representatives as well.

President Wallace stated that a knee jerk reaction to eliminate everything is a little harsh.

Trustee Camerer stated that this is a very good compromise.

President Wallace stated that he understood that some homes are breezier than others and they have the opportunity to turn lights on and off.



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Trustee Deyne reiterated that they should keep in mind the businesses that they have in the industrial parks that use large amounts of electric.

President Wallace stated that they don't know how different the impact is for major businesses with gas versus electric. Those are static numbers that they should be able to figure out.

J. Martynowicz stated that the only problem that he has is that they don't get usage reports from individual business or residents.

President Wallace suggested that they call and ask the businesses for their usage.

Trustee Reinke stated that they would not have to disclose the names of the businesses.

There being no further business to discuss, Trustee Deyne moved to adjourn the Committee of the Whole meeting and that motion was seconded by Trustee Camerer

ROLL CALL VOTE TO ADJOURN

AYES: Trustees Camerer, Carbonaro, Deyne, Hopkins, Reinke

NAYS: None

ABSENT: Trustee Arends

MOTION CARRIED

The meeting adjourned at 8:24 p.m.

Lorna Gilles
Village Clerk

LG/