



**VILLAGE OF BARTLETT
COMMITTEE MINUTES
September 15, 2015**

President Wallace called the Committee of the Whole meeting to order at 7:21 p.m.

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

ABSENT: None

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, Public Works Engineer Bob Allen, Community Development Director Jim Plonczynski, Building Director Brian Goralski, Head Golf Professional Phil Lenz, Chief Kent Williams, Deputy Chief Joe Leonas, Village Clerk Lorna Giles and Attorney Katherine S. Janega

FINANCE COMMITTEE

Utility Tax Discussion

Trustee Deyne stated that this discussion was regarding the implementation of a food and beverage tax and he asked the Finance Director to give a little background.

Finance Director Jeff Martynowicz stated that at a previous meeting, staff was asked to take a look at a food and beverage tax. Staff looked at the amount of revenue that a food and beverage tax would generate based upon a 1-4% tax. In calendar year 2014, the Village collected \$284,000 in sales tax from eating and drinking establishments. That is a classification under the Illinois Department of Revenue that looks at these broad areas of how sales tax is generated in each community. He estimated that 1% would generate about \$284,000. The Village has 43 businesses that are currently classified as eating and drinking establishments under the state sales tax criteria. He stated that 2% would generate \$568,000, 3% would generate \$852,000 and 4% would generate a little bit over \$1.1 million. They also looked at similar communities with this tax and Hanover Park has a 3% tax that generates a little bit over a \$1,000,000; Streamwood has a 2% tax that generated \$1,192,000; Villa Park has a 1.5% tax and generated \$537,000; Glendale Heights has a 1% that generated \$470,000.

He stated that he did a little research and the Village of Streamwood has a Monthly Remittance Form (included) that they use. It is a tax that would be administered by the Village and collected by the Village. He also included Streamwood's ordinance that they use to implement this tax. He stated that Trustee Hopkins asked staff to look at the history of the electric and gas tax. In fiscal 2013, the Village collected \$1,482,000 based upon ten months of collection. In 2014 and 2015 they collected a little bit over \$1.75 million. In 2016, the electricity tax was reduced by about \$300,000. He also



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included a chart called “Other Revenue Comparison” from other similar communities. It indicates the revenues in surrounding communities such as the food and beverage tax.

Trustee Camerer commented that the State does not separate what is generated in food and beverage. He questioned what is categorized as “food”. Is it point of sale like Jewel.

J. Martynowicz stated “no”, it is on “prepared” foods only and would not include grocery stores – only restaurants.

Trustee Hopkins stated that he likes this tax better than the gas tax. He felt that gas was a necessity and he didn’t think that this Board should tax a necessity. He felt that if you have food at a restaurant, it is a luxury and they should focus more on that.

Trustee Camerer asked how this tax affects restaurants and businesses. Is it passed on to the individual patron of those businesses or does it affect the business themselves.

J. Martynowicz stated that he would assume the business would pass it on to the consumer.

Trustee Deyne stated that it would show up as the tax portion of it and would not be broken out as a separate account – correct?

J. Martynowicz was not sure how the business would break this out.

Trustee Deyne stated that he has eaten in the surrounding communities before and he never saw it on his bill – it just all showed up as sales tax.

President Wallace stated that even if you eat at McDonalds in Hanover Park, you can see the extra tax at 10% total, which is pretty significant.

J. Martynowicz stated that the businesses are responsible for remitting monthly back to the Village to pay for the tax.

President Wallace stated that there is another step. The businesses that are restaurants have to go through all of the minutia where they have to keep track and pay out quarterly. Smaller businesses will not only have to collect that sales tax but another line item which will have to be put in a pot and given to the Village. It does not come automatically, they will be writing a check to the Village.

Trustee Camerer asked how this would affect the patrons patronizing these restaurants if all of a sudden their food bill is escalated and they decide to not eat out as much or



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drink as much. In a roundabout way we are hurting the business. There is no way to prove that would happen, but in theory, it could. For this amount of taxation, it would be a select amount of people paying to have this money come into the Village. However, the benefits of this taxation of this select group of people that eat out a lot in businesses in Bartlett would still be spending their money that everyone else in the Village would benefit from. Everybody gets their street paved, everybody gets the various things we do as a Village because they pay a portion of their gas or electric as taxation and that funds the Village. Now, it would just be up to the people who eat out a lot.

Administrator Salmons stated that it gives them the opportunity to collect revenue from people who don't live in Bartlett.

President Wallace guessed that would be a smaller percentage.

Trustee Deyne stated that considering the downtown is dyeing, he didn't think they had a lot of people from outside the area coming down here.

President Wallace stated that he understood what Trustee Camerer was getting at and certainly what Trustee Hopkins was saying. The people that have the ability to go out and eat will be paying for some Village services for those that have none.

Trustee Deyne stated that they would have to enact almost 4% of a food and beverage tax to equal \$1.1 million. The current utility tax in 2015 collected \$1.7 million. A 4% tax would still be a \$600,000 shortfall. How are we going to make that up?

J. Martynowicz stated that the Board took the approach last year of phasing out the utility tax.

Trustee Deyne stated that he understood that but it is in effect right now. If it is phased out then that is \$1.7 million gone and we would have to have a 5% food and beverage tax to make up for that.

J. Martynowicz stated that if they eliminated both the electric and gas tax and implemented a food and beverage tax there would be a hole to make up for.

President Wallace stated that they are not mutually exclusive. These are hard numbers and there are 43 businesses here. You can take a look at them and figure out what their sales are and figure out the net impact between the two taxes.

J. Martynowicz stated that they would like to but they can't get that information.

President Wallace stated that you can get it from the business owners if they were willing to give it up.



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Trustee Hopkins stated that he still thought it was a good idea to eliminate the gas utility tax. He thought the electric utility tax was acceptable and there was minimal impact on the residents. He felt that with the gas tax, some residents pay \$3-4 dollars per month and some pay \$40-\$50 per month. There is a big range and he felt it was unfair to make some residents pay so much more than others. He asked if there was a way to just implement a flat fee instead of charging by usage.

J. Martynowicz stated that typically with the gas utility tax, it is a percentage basis. He will have to verify that.

Trustee Hopkins stated that in Hanover Park and Streamwood when it comes to kilowatt hours used on their electric bills there is a price difference. In Bartlett, once you reach 48,000 kilowatts, Bartlett is at 9 cents. Streamwood pays 29 cents and Hanover pays 40 cents per kilowatt hour used once you reach the 48,000 kilowatt hour limit. He thought it was something else they could look at to reduce the gas utility tax in favor of raising it more in line with other communities.

Trustee Reinke stated that he proposes that they encourage people to use less electricity.

Trustee Hopkins stated that this would be geared toward businesses rather than residents. Residents do not hit the 48,000 kilowatt hours per month. If we eliminate the gas tax, it evens out for them.

President Wallace stated that he would like to see a prediction with the fledgling economy of what we will see over the next six months to one year. When we are talking about cutting things like this and making changes, we need to weigh the decision with ways to balance that out.

Trustee Arends stated that before staff goes through that exercise, she felt that she would be hard pressed to put another tax on the businesses. She knows that there are several businesses that are operating on 1% or 2% profit margin. She didn't think the timing on this was right. Perhaps in a year or two they could look at this replacement. There are a lot of businesses that are just hanging on and to change this so the burden is on the business man, she does not have a good feeling. She asked if any other Trustees felt the same way.

Trustee Camerer agreed.

Trustee Deyne stated that he agreed with President Wallace. If we could just project some idea of what may be occurring. None of them knew what is going to happen in



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Springfield. If they freeze the property taxes for two consecutive years, what is that going to do to this Village?

J. Martynowicz stated that they are starting the property tax levy process and the first proposal to the Board will be to keep it flat for the general levy.

Trustee Deyne asked what happens if they cut the sales tax revenue by 50%?

J. Martynowicz stated that would be very problematic.

Trustee Deyne stated that they need to proceed very cautiously.

Trustee Hopkins stated that they could always implement it again. He stated that he looks at the residents and some live on a fixed income. This utility tax is unfair for our residents. A tax on food and beverage is a luxury. People choose to go out and drink or eat and if you spend \$100, at 3%, that is \$3.00. Are you going to notice \$3.00 on a \$100 bill? He did not think many residents would see that. When you go out to eat, you expect to pay.

Trustee Arends stated that she appreciated his position but thought that they have to look at the position of the businesses in town. If a business closes up, it takes a long time for that space to re-open in a retail setting. She just could not see burdening the businesses any further than they already do. They pay the utility tax as well.

Trustee Hopkins stated that when Elgin first wanted to implement a food and beverage tax, some of the business owners came out and said the exact same thing. They are still in business today so he didn't think it is something that will stop people from eating there.

Trustee Arends stated that she would rather hold the food and beverage tax right now rather than eliminate the utility tax and then have to go back to residents and reinstate at a later date.

Trustee Reinke stated that they are very early in this process and they can all commit to a couple of principles. Lessen the burden on the taxpayers, whatever form that is. We don't want to tax businesses or individuals and sometimes that is a distinction without a difference. He favors the people as well as businesses. They need to commit to reducing the tax burden on people and part of that is being fiscally conservative. They worked very hard during the budget process and he really put the Finance Director through the ringer for two years trying to get rid of as much of the budget as humanly possible. Sometimes we are successful and sometimes not. In going forward, we have to be committed to trying to make cuts and exploring the different options. He stated that Trustee Deyne's point is very well taken – if the State cuts our share of the sales



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tax then they will be in trouble. At the same time, he is opposed to the utility tax and he ran on that and still continues to be opposed to the utility taxes. Financially, if we are going to cut electric we should also look at cutting gas and keeping it even and on parity. The revenue generated is not equal but the fact that they are talking about this and studying this was a good thing and they should continue it and come up with ways to cut.

Trustee Deyne stated that there was no doubt that it still deserves discussion. He saw the cuts and the efforts made during the budget discussions and yes they did an outstanding job. What frightens him is that sooner or later we are going to have to pay the piper. Some of these things that were cut will have to eventually be purchased. Where is that going to come from?

Trustee Camerer stated that he was quite proud of the Village and the fact that we probably tax people less than any other Village around. He understands that they don't want to tax people any more but they are already taxing them which is less than any other town and that is to be commended.

Trustee Deyne stated that Trustee Hopkins is right and there are residents that are not the best off.

Trustee Camerer stated that is a small percentage in Bartlett itself. Looking at the median income in Bartlett, it is not at the poverty level. There are people struggling but we certainly have a higher median income in Bartlett statistically.

President Wallace stated that some folks have older houses where gas just seems to flow through. They already have the senior rebates. Perhaps for those on fixed incomes, the Village can make a potentially bigger adjustment for that. Is there a way to create the gas portion of this tax by age of home.

J. Martynowicz stated "no". There may be credits out there but the State statute on the gas utility tax is pretty clear on how you implement it.

President Wallace asked if staff could look at increasing the rebate for fixed income residents.

J. Martynowicz stated that they could take a look at it.

Trustee Deyne stated that they needed to clarify fixed income and the total income that one receives. He stated that at the Township they see people coming in that are living on just their social security and that is like \$15,000 per year. He felt that when you say "fixed income" you must define the total income of the family coming in on an annual basis would be, if that is possible.



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President Wallace stated that you just go by seniors. If they have done well for themselves then they get a rebate. If they are struggling, they also get a rebate.

Trustee Reinke stated that he is not talking about asking people to prove how much they make are we? He is opposed to that.

Trustee Arends stated that they are so far afield from what the original question was. We are talking about how to determine fixed income and if you want to look at proposed figures you must feel that the staff doesn't have enough to do.

President Wallace stated that what he meant to say was the senior rebate and perhaps it may be adjusted.

Administrator Salmons stated that it certainly can.

Trustee Deyne stated that he didn't want to speak for Trustee Hopkins but he didn't think that was the direction he wanted to go.

Trustee Hopkins stated that his direction is to eliminate the gas utility tax and he thought if they looked at ways to adjust the kilowatt hours above 48,000 and put it more in line with the neighboring communities.

J. Martynowicz stated that the kilowatt hours are defined by State statute.

Trustee Hopkins stated that he understood that but Hanover Park is well under that.

J. Martynowicz stated that we didn't max out our rate, we have a variable rate for the electric tax. When we were at 600,000 they were not maxed at all. Those other communities are probably maxed out in the kilowatt hour rate charges. We are very low.

Trustee Hopkins stated that he would like to look at bumping that percentage up and see where we are at and at least try to cut the gas utility tax. He felt that putting the burden on the residents is bad and he thought this would help shift it. The difference between Bartlett (9 cents) and Hanover Park (40 cents) is a huge difference.

J. Martynowicz stated that they had to back into it. The Board wanted to generate \$600,000 and the State gives the rate to generate that amount of money. When they wanted to cut it by \$300,000, they had to back into the rate and the State gives the kilowatt hours to be charged on a tiered basis.

President Wallace thought that was a more responsible way to do it.



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Trustee Hopkins stated that they don't make that tier because Streamwood and Hanover Park are completely different and don't add up on a percentage basis.

J. Martynowicz stated that he can show him the State statute and how it is written and how they are charged. It is all defined by kilowatt hours and very complex.

Trustee Hopkins stated that it didn't seem that complex when he was reading the Village Code in Streamwood and Hanover Park. It seems like you can adjust. He asked the Village Attorney about this.

Administrator Salmons stated that she was not aware that we could adjust this ourselves but she will look into it.

Trustee Reinke stated that it would help him also to see the rates of other communities and how their rate structures are set up. He asked them to look at the rates for gas also so he could get his mind around it. He stated that this information would be appreciated.

Administrator Salmons stated that she would be happy to do that.

PLANNING & ZONING

Zoning Ordinance Fence Text Amendment

Trustee Reinke stated that this discussion was regarding an Amendment to the Zoning Ordinance to increase the fence height in residential zoning districts from 3' to 4' in the front and corner side yards and he asked the Community Development Director to give a little background.

Community Development Director Jim Plonczynski stated that this is a text amendment that was generated by the Zoning Board of Appeals as a result of the request for fence variations and the difficulties faced with fence variations. It was proposed a number of years ago and the proposal is to go with a 4' high fence in the corner side and front yard. It is not an intrusive increase and they do sometimes convince people to go with a smaller fence when they ask for a 5' or 6' fence which is not desirable. The Zoning Board felt after a couple of contentious and lengthy zoning variation cases that they had recently for the 5 footers to propose this amendment. If the Board desires it would go back to the Zoning Board for a Public Hearing. They get a lot of requests for these types of fences. They think it will eliminate these variations because the 4' fence is pretty effective in keeping dogs and children inside the yard.



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Trustee Deyne stated that he has been looking over case numbers from 1991 to 2015 and in the majority of cases the 5' fence has always been approved by the Zoning Board of Appeals. He asked how many times they get called out for a meeting for a variation on a fence height that you approve?

J. Plonczynski said there are a couple. Mostly this summer, the variations were fences. In the couple of cases they had, it went back and forth with the Zoning Board and it was denied. The petitioner revised his petition and moved it back off the yard. The second time around the Zoning Board recommended approval and it was granted. It took most of the summer. They had a similar case last summer too.

Trustee Reinke asked if he had any concerns increasing the height of the fence in the corner side yard with vision clearance. It seems that would be one of the biggest issues.

J. Plonczynski stated that would still hold true. They define the vision clearance triangle as 35' so the setback would have to meet that requirement. They would be told to lower the fence or cut the corner to not impede the vision clearance.

Building Director Brian Goralski stated that a 4' fence would also satisfy the barrier requirement for a pool. There are a lot of pools in town and they have to have two fences – one on the building setback line of a 4' or 6' and then they put another 3' fence out. It would eliminate a lot of those concerns of different heights and fences around pools. The 4' fence would satisfy the barrier requirement for pool safety as well.

Trustee Deyne stated that he thought the ordinance was antiquated and needed to be re-written and he would suggest that it goes back to the Zoning Board of Appeals for a Public Hearing.

Trustee Reinke stated that he would like the Board to look at the composition of the fences in the front yard. The open format would preserve vision versus board on board and hoped to hear more about that.

J. Plonczynski stated that was something they would like to look at too. They talked about the wrought iron and open board as opposed to the solid type fence.

President Wallace stated that from a police standpoint, if they could see in a yard it would help. He thanked the former Village Attorney, Katherine Janega for substituting for Mr. Mraz.



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

ROLL CALL VOTE TO ADJOURN

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

NAYS: None

ABSENT: None

MOTION CARRIED

The meeting adjourned at 8:09 p.m.

Lorna Gilles
Village Clerk

LG/