ADMINISTRATION & FINANCE COMMITTEE

Meeting Minutes - October 6, 2022

Draft Approved -November 17, 2022

CALL TO ORDER - 4:30pm

CALL TO ORDER

ROLL CALL

Committee	**Staff**
Trustee Liddle (as Chair)	Village Manager May
Mayor Gunter	Assistant Manager Parker
Clerk Szymski	IT Director Liljeberg - Online
Trustee Guzzo	Finance Director Cunningham
Trustee Barker	HR Director Brainerd
Trustee Nero	Management Analyst Mielcarski - Online
Trustee Simonovich - Absent	Executive Director Forssberg
	Police Chief Gunther
	Deputy Chief O'Hare
	IT - Brian Johanpeter

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS - None

APPROVAL OF MINUTES

August 25, 2022 Administration & Finance Committee meeting minutes were approved by Motion Trustee Barker and seconded by Trustee Brady .

NEW BUSINESS

Village Manager May asked if the agenda could be adjusted to allow for a report from Chief Gunther on the SafeTAct. Chief Gunther provided highlights of the over 400 page legislation. The review covered areas of bail bonds, summons, bench warrants, citations, court hearings and FOIA issues along with the trailer bills that hope to adjust the legislation and are all subject to change. Mentioned that States Attorney Berlin is at the table working for resolution to solving the language issues.

- Trustee Nero asked if we should pass a resolution that denounces the SafeTACT.
  - Chief Gunther said that was not a productive method to affect change, he would rather work on the problem than politicize it. Whatever moves forward, we will handle it.

Mayor Gunter asked if the agenda could again be adjusted to have a report on Video Gaming to allow for a report from Attorney Zemanek & Deputy Liquor Commissioner Mulhearn updating the Board on the Video Gaming moratorium and plans for moving forward in 2023. The Deputy Liquor Commissioner gave an overview on the requested changes and asked if the elimination of Video Cafe License-Class 22 could be eliminated Village wide. As it is a license that the Village Board frowns on and is not inclined to grant this license. The Downtown Business District and the grouping of video gaming places, is making the downtown area a "mini Las Vegas" giving forth the recommendation that Class 23 licenses would no longer be permitted in the Downtown District and to limit it to the already existing. Still allowed in the greater Westmont area.

Attorney Zemanek discussed the Class 22 Video Gaming Classification.

- Eliminating this classification will allow the existing to still operate in the B2 district with a special use permit.
- If an owner wants to sell or there is an ownership change, it can require a new liquor license for more than 20% ownership change. Staff recommendation is that the right to sell a percentage is a right if the business is operating without issue. If there were issues the license could be denied.
- If a Class 22 abandons its license, after 30 days, license would be void and not available to reissue - right now there are 5 and if one would close there would be 4. This would be the limit going forward.
- The zoning question for cafes would be addressed with the date of the elimination passed as the guide for new businesses not being allowed. And as the ownership change is being processed, the special use would not be void and lost, it would be held through the process.

Attorney Zemanek discussed the Class 23

- Existing downtown Class 23 allowed with no new.
- If an owner wants to and has not had any issues, you would be free to issue a new owner a license in the same business. Attorney Zemanek stated that video gaming is now part of the value of the business and your refusal to

allow a new owner would be taking away some of the value of a business. While the license is not transferable, it is still part of the value of the business and being business friendly to allow.

■ If changing the ordinance for a cut off of licenses in the B1, it should go into effect after there are no applications in process, not when there are businesses in the application process.

■ The language requires a 50% of revenue from the sale of food and beverage. This is part of the requirement, revenues for the places for eating tax makes it easy enough to track with the video gaming revenues as well.

■ Signage has to be size based regulations not content based, the rules have to restrict all business not just video gaming.

1. Mayor Gunter said that we have some sandwich board signs, and if we ban them then there could be no “special of the day”for businesses.
2. Manager May said that the control of the signage in the windows is by percentage.
3. Mayor Gunter stated that the per terminal annual price fee has been raised inline with the State guidelines. He would now like to implement an annual fee for Class 23 licenses.
    a. Attorney Zemanek replied that this would be on an October agenda.
4. Trustee Barker commented that the A-Frame signs are annoying.
5. Trustee Barker asked if the business is sold do we have the ability to investigate the new owner?
    a. Attorney Zemanek replied that backgrounds are always done.
    b. Deputy Liquor Commissioner stated that the new owner's background is conducted as if it was a first time business.
6. Trustee Barker stated that he is not sure if 50% is enough of the revenue stream requirement to keep a business from being a video cafe.

a. Assistant Village Manager Parker explained the revenue streams of video cafes, tavern vs restaurants.

i. Mayor Gunter clarified that we only have 4 taverns?

ii. Assistant Manager Parker confirmed it was 4.

b. Attorney Zemanek stated that taverns could be removed.

c. Manager May reiterated 50%.01

■ Attorney Zemanek reported that video gaming was part of the business that wants to sell and cannot because of the 1 year waiting period, it could be friendly to businesses to allow for the application of a license for an existing business right away, and have the 1 year waiting period for brand new businesses that have no history.

a. Trustee Guzzo asked what the state waiting period was for the video gaming license?

i. Deputy Liquor Commissioner Mulhearn responded that the state license took 3 months from application and there was no required waiting period. Many businesses apply for the state license before applying for the Village license. He notifies the State if we do not issue the liquor license and the State does not turn on the machines.

2. Trustee Guzzo asked if the State notifies the Village if someone does not pass the video gaming license background?

a. Deputy Liquor Commissioner Mulhearn stated the State did not, he discovered that in a background check.

3. Attorney Zemanek stated that if moving forward with the zoning changes, the zoning ordinance change would need to be on a Planning and Zoning agenda. The Class 22 & 23 liquor licenses should be on a board agenda together.

4. Trustee Liddle questioned a new owner coming in and receiving

video gaming and not having to prove the restaurant success, could a 90 day waiting period be put in place?

a. Attorney Zemanek stated that would make the transaction messier for the sale of the business. Having to close and put the funds in escrow for 3 months while the new owner opens and then closing after the success & video gaming is approved.

i. The recommendation from Attorney Zemanek no,

5. Mayor Gunter asked if the Downtown businesses would be upset if the removal of the a-frame signs was enacted.

a. Economic Development Director Forssberg responded that it was possible, as most felt the signs were positive for the business.

6. Trustee Liddle asked if this was something that could be looked into?

a. Mayor Gunter stated he would like to know how many were used for the business and how many were just for video gaming?

■ Attorney Zemanek asked if the board wanted to move forward with the two items? Consensus was positive to have the two items moving forward.

1. Mayor Gunter asked about 60% for restaurants.

■ Attorney Zemanek stated that the percentages could be worked out at the board approval point.

II. Places for Eating Review - Finance Director Cunningham presented on the Places for Eating Tax. On the Board Agenda for this evening, an item to allow for adjudication from the Administrative Department for processing nonpayment by businesses that have collected the tax and not paid. A few paid this week as Economic Director Forssberg called and talked to the businesses that the board would be reviewing this tonight.

■ 5% late filing penalty & a 5% late payment penalty to be added to the remittance form.

1. Trustee Nero stated that he believes we should fine them as this is funds that have already been paid by the customer and the business is not submitting to the Village. It's a collected tax that needs to be paid, the business has paid the state, it needs to pay the village as well.
2. Mayor Gunter said we have some leeway with liquor licensees in the ability to have a Liquor Commission Hearing.
3. Trustee Guzzo stated that Trustee Nero was right.
4. Trustee Baker said we should take away their business license.
5. Manager May reminded everyone that currently we have no penalty, the State has a penalty so the business is going to pay the State and wait as long as possible to pay the local tax.
6. Director Cuningham stated that the State of IL has an online payment process so that it is easier to pay.
7. Mayor Gunter reminded everyone that if a business closed we had no recourse or collection ability.
8. Trustee Barker commented that we have to be more aggressive.

■ Adjudication of the nonpayment - A delinquent notice would go out for adjudication of nonpayment. This will need to be written into the ordinance.

1. Trustee Liddle asked whether the process of the adjudication, if we would settle or require full payment.
    a. Director Cunningham stated that the process has to be set up and the fines range from $75.00-$750.00 Often if you send notice of adjudication often businesses will set up a payment plan to avoid the hearing .

■ Paying online with a credit card through LocalGov

1. Mayor Gunter stated it is a good rate.
2. Trustee Barker asked if we could use this for non-payment of a water bill?
    a. Director Cunningham reminded that water had state

regulation covering the process of billing, shut offs & turn ons.

b. Mayor Gutner asked what the penalty was?

i. Director Cunningham replied it was 10%.

c. Manager May stated that the shut off was the ultimate penalty.

3. Director Cunningham reported that the credit card payment fee is 1.75% and the e-check fee is $1.00. The Village is not collecting it online, Local Gov is, the business can be charged the processing fees or the Village can cover the cost. If everyone paid online the cost could be in the range of $50,000.00.

a. Mayor Gunter commented that staff time would be less and the money would be quicker.

i. Director Cunningham replied that this is true and we might then not have any payment plans.

b. Trustee Barker asked if we should also add a convenience fee? Even if it is a lesser amount so that we had something there as a placeholder it would be less of a shock if we have to bump it up.

c. Assistant Village Manager stated that in 2019 when we negotiated the fees with LocalGov, the low rate was based on the Village paying the fee.

i. The LocalGov representative stated that the Village should get it up and running and see whether the e-Check or the fee was more prevalent.

d. Trustee Liddle stated that if you went to the ATM you would pay the credit card fee, so the Village should not be covering fees. Should we subsidize their convenience? They could come in and pay it with no fee.

e. Trustee Nero stated that everything you do online has a convenience fee so why should we pay it? The State charges for license plates.

f. Mayor Gunter asked if LocalGov could assess the fees.

i. The LocalGov representative agreed.

g. Trustee Nero asked if we could set up ACH

i. Director Cunningham replied that an e-Check was an ACH.

ii. Assistant Village Manager Parker stated that the portal is a great option as it will take less time for staff so we will have a push to promote.

III. Financial Report - August 2022 - Finance Director Cunningham presented the report (attached) for the August financials.

IV. 1 W Quincy Amendment - Assistant Manager Parker reviewed the economic development agreement and that the dates in the terms of contract work based on the finished building to be under the TIF a large payment now and only 17 cents for the second payment. Suggesting that we move the dates to reflect the payments we believed would be in place when we made the agreement.

A. Mayor Gunter stated that Holladay has been so on point with the building that we should make the contract terms more equitable.

B. The Board agreed that Holladay has been a positive working partner and the dates should be put on an agenda to reflect the suggested changes.

V. CBD TIF Incentive Program - Manager May explained the multipart topic of an updated comp plan and the analysis of Community Development to look at zoning codes first and the sub comp plan for downtown and the design component.

A. Community Development Director Sylvester explained the analysis and that the start of working forward should be in the Downtown area with a small working group to have a comprehensive look at the grants & guidelines. Adding that the TIF should be looked at for smaller projects. A consultant to work through these incentives,

- Mayor Gunter asked if the group would look to move forward with larger amounts of funding?

1. The Community Development Director stated that is the goal to see if that can be a program.

2. The goal is to have this done quickly by the end of the fiscal year.

B. Community Development Director Sylvester recommends that a zoning ordinance overhaul is more important than a comprehensive plan . Would like to allocate the budgeted funds for a comp plan to the zoning ordinance. This would be a long process however it would be beneficial to moving forward with projects more than the comprehensive plan. An RFQ to find a consultant that is qualified to work on this, the project will be in the six figure range and take approximately 18 months to a year.

- Mayor Gunter asked if this would be in the next fiscal year budget?

1. The comp plan funds and downtown funds can be used to begin the process and the second arm would be in the next fiscal year budget.

2. Director Sylvester explained that the pieces, both downtown and zoning, have a bridge between them.

- Trustees Barker stated that he would like 30 minutes to review this one on one with Director Sylvester.

REPORTS

C. Chairperson - Asked if the Finance Report would be available on the website.

- Manager May said that we were working towards a good webpage for that and the construction update.

D. Village Manager - Liberty Park Project Public Meeting on November 14th

E. Assistant Village Manager-

- Library property tax levy could affect the Village of Westmont levy & tax cap.

- The bonds are refinanced and it saved more funds than we thought it would, $600,000.00 saved.

F. Clerk's Office

G. Communications

H. Deputy Liquor Commissioner

I. Human Resources

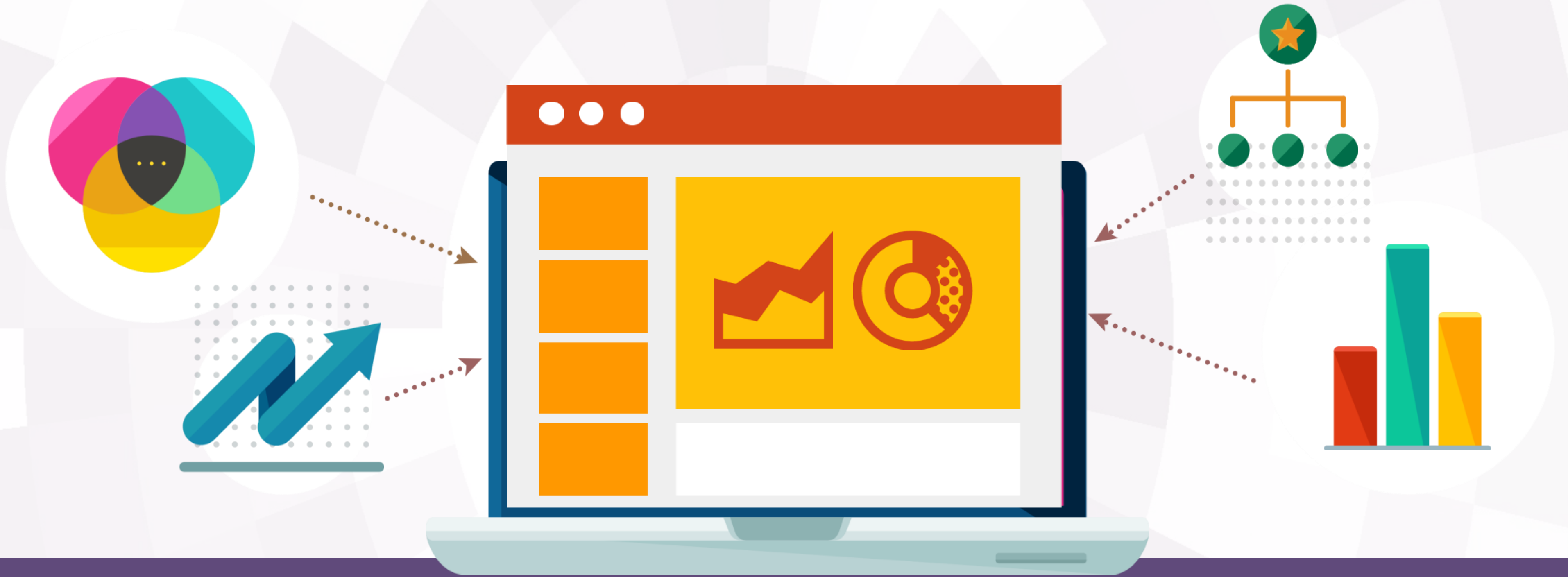
J. Information Technology

VI. ADJOURN - 5:53 p.m. - Motion by Trustee Guzzo & seconded by Trustee Brady (next meeting is scheduled for November 17, 2022)

FINANCE DEPARTMENT

August 2022 Monthly Financial Report

(For FYE 2023)



The charts include the most current revenue data at time of preparation

Presented 10/6/22
Jamie Cunningham, Village of Westmont Finance Director

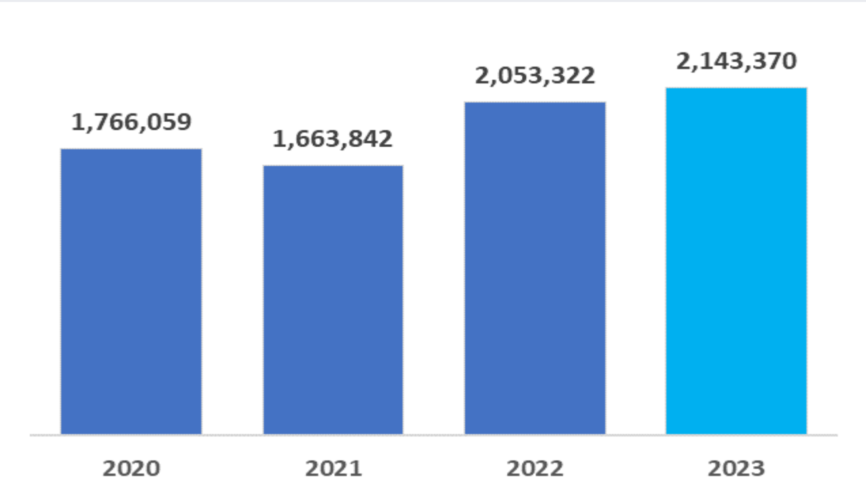
www.westmont.Illinois.gov

Sales Tax

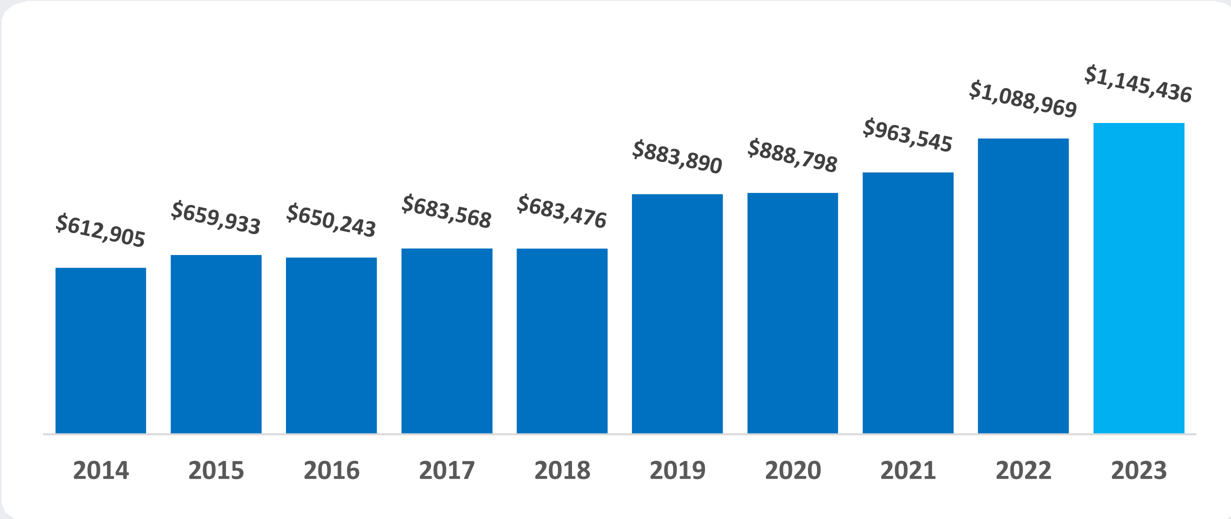
4.4% **MORE** than the same period FY 2022

$11.5M **FYE 2023 BUDGET** 18.6% Received YTD

Sales Tax (May thru June)



June Sales Tax History



Factors Affecting Revenue

- Inflation rate in June was 9.1% but decreased in August to 8.3%
- Low unemployment rate of 3.7% is the dominant factor shaping spending decisions for major purchases
- Gas prices declined for the past three months, freeing up discretionary income for various durable good purchases

Important Notes

- The Village is seeing increased costs on the expense side
- On 9/22/22, the Fed raised interest rates again by 0.75% to combat inflation. The Fed's interest rate increase will slow down consumer demand and may negatively impact this revenue in the near future
- State set up a Grocery Tax Replacement Fund – temporary suspension of states 1% sales tax on the retail sale of groceries July 1, 2022 – June 30, 2023

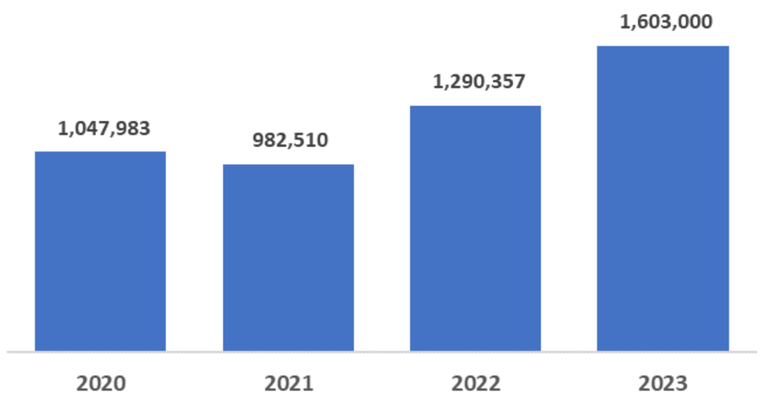
June is the 2nd month of revenue recognized for the FY 2023 for sales tax, local use tax, non-home rule sales tax, and telecommunications/IMF tax

State Income Tax

24.2% **MORE** than the same period FY 2022

$3.0M **FYE 2023 BUDGET** 52.9% Received YTD

State Income Tax (May thru August)



Factors Affecting Revenue

Employment and Unemployment
(September 2022 Illinois Municipal Review)

- Forecast assumes:
  - Strong job growth for the remainder of 2022 & 2023 as employers are able to find and hire workers, reaching pre-pandemic levels
  - Unemployment will remain around 3.6% to 3.7%

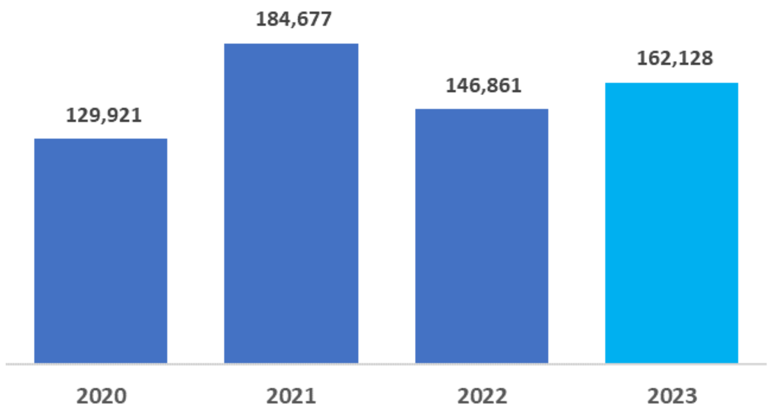
* This revenue source can be reduced by the State of Illinois. Currently, Illinois municipalities receive 6.16 cents of each dollar collected through the state.

Local Use Tax

10.4% **MORE** than the same period for FY2022

$900K **FYE 2023 BUDGET** 18.0% Received YTD

Local Use Tax (May thru June)



Factors Affecting Revenue

Online retailers started to collect Sales Tax

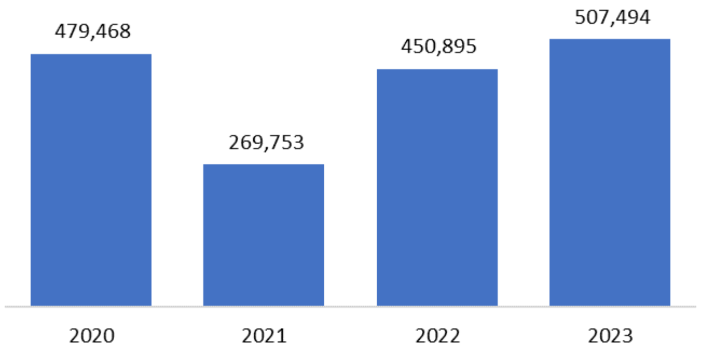
- Effective 1-2018, the State started applying Use Tax to online sales
- Changed, effective 1-1-2021, online retailers started to collect Sales Tax including locally imposed taxes

Places for Eating Tax

12.6% **MORE** than the same period for FYE 2022

$1.7M **FYE 2023 BUDGET** 29.9% Received YTD

Places for Eating Tax (May thru July 2022)



Factors Affecting Revenue

Labor shortages and increased food prices due to product shortages may impact this revenue in the short term.

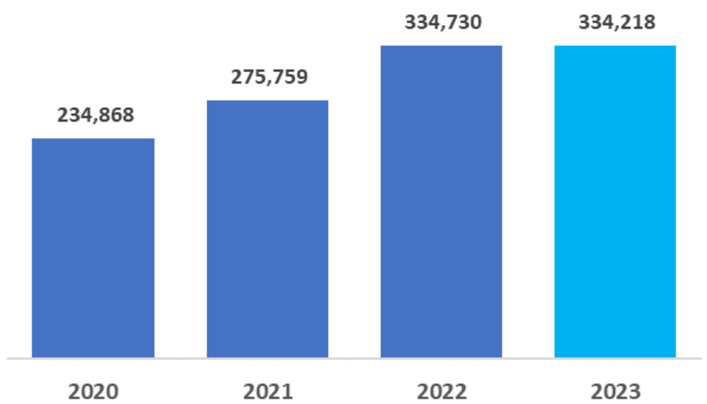
This revenue was impacted by COVID surge.

Motor Fuel Tax

0.2% **LESS** than the same period for FYE 2022

$950K **FYE 2023 BUDGET** 35.2% Received YTD

Motor Fuel Tax (May thru August 2022)



Factors Affecting Revenue

Higher Gas Prices

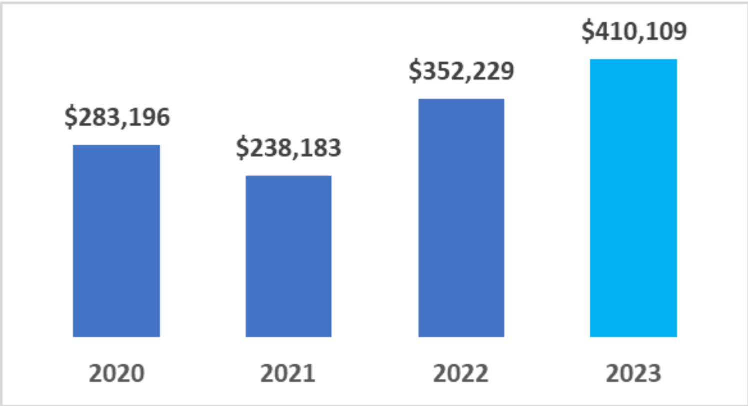
- Higher gas prices typically leads to less usage, which causes MFT to decline
- There are concerns that OPEC will cut oil production in order to prop up oil prices

Non-Home Rule Sales Tax (for Stormwater)

16.4% **MORE** than the same period for FYE 2022

$1.9M **FYE 2023 BUDGET** 21.6% Received YTD

Non-Home Rule Sales Tax (May thru June 2022)



Factors Affecting Revenue

Online tax legislation also apply to NHR Sales Tax. This is a net new addition to this revenue, as there is no offset like there is for regular Sales Tax with lower Local Use Tax.

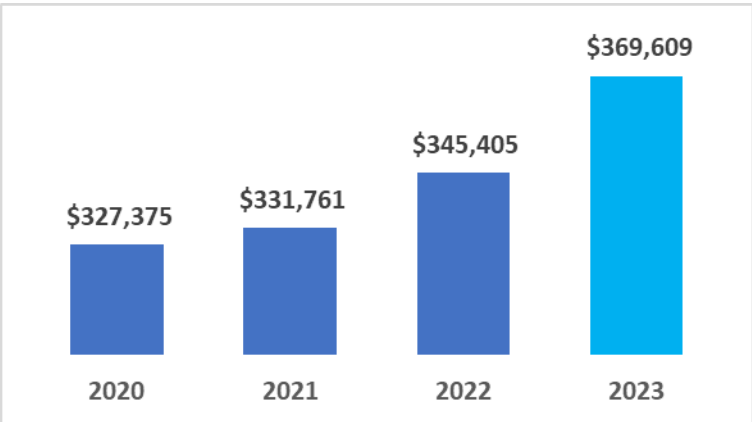
Does not apply to titled or registered items or qualified food and drugs.

Utility Tax (Gas, Electric, Telecom)

7.0% **MORE** than the same period for FYE 2022

$1.7M **FYE 2023 BUDGET** 21.2% Received YTD

Utility Tax (May thru July 2022)



Factors Affecting Revenue

Increase mainly due to much **higher natural gas prices** in recent months

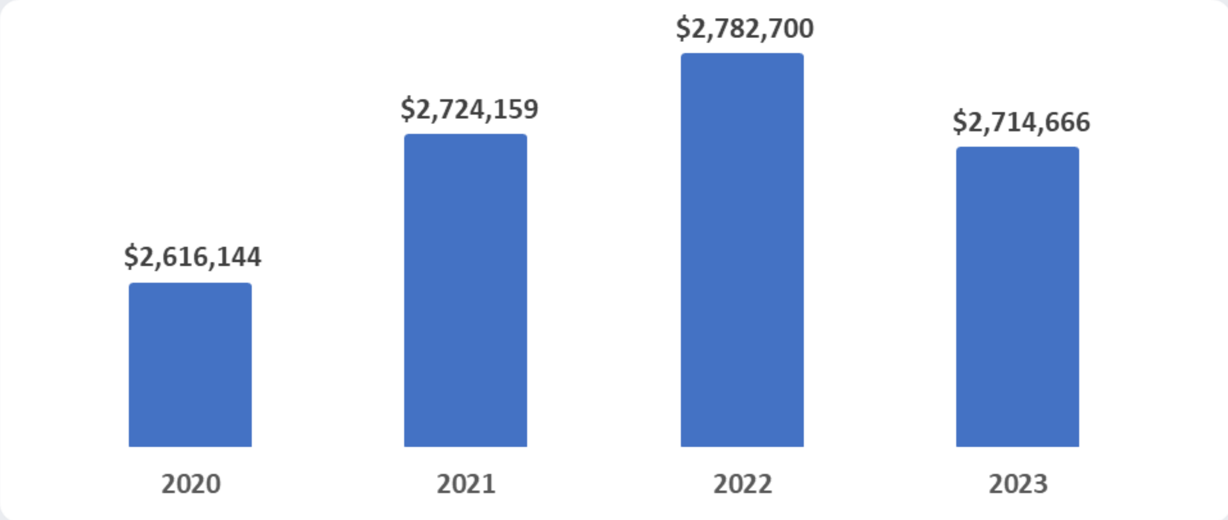
- Natural gas prices have tripled this year mainly due to the Ukraine situation; this will lead to higher utility tax
- Electricity prices have increased fairly significantly; this will lead to more conservation and less usage in the future, resulting in lower utility tax
- Telecommunications Tax will continue to decline due to removal of landlines (decreased approx. $530K or 51% since FYE 2015)

Water Sales

2.4% **LOWER** than the same period for FYE 2022

$8.3M **FYE 2023 BUDGET** 32.7% Received YTD

Water Sales (May thru August 2022)



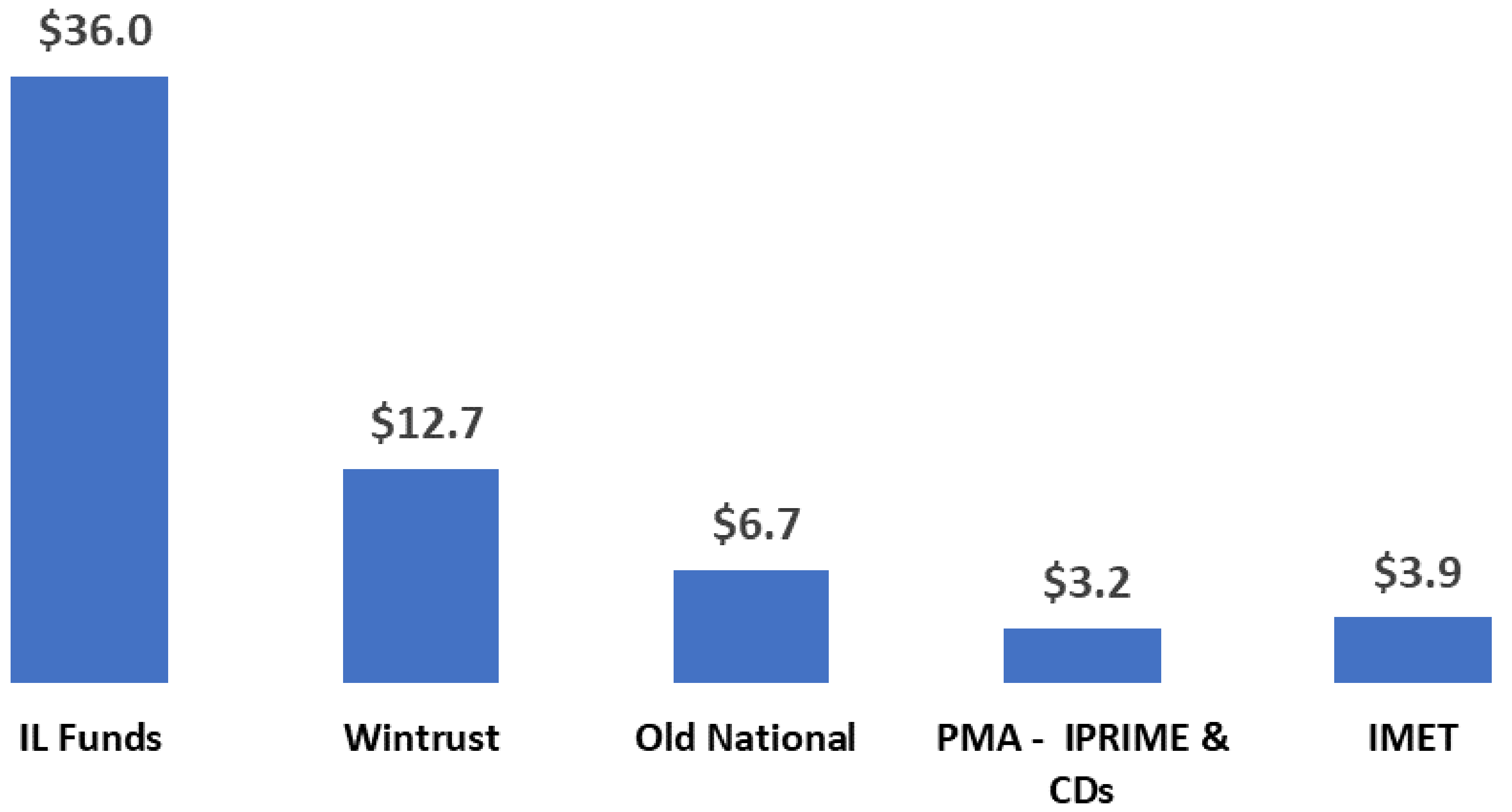
Factors Affecting Revenue

- Hotel occupancy may increase in future months due to local tourism and people going back to work in the office
- Dry/wet weather conditions
- Rate increases and timing of bills/exceptions

Important Notes

- Beginning on August 31, 2022, there was a $0.21 per/1000 gals water increase from $10.61 to $10.82 to cover the increase from supplier charge
- Residents are billed bi-monthly
- Businesses are billed monthly

Village of Westmont Investments @ 8/31/2022 ($M)



TOTAL INVESTMENTS

$62,374,908