

**MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL OF THE CITY OF ELMHURST, ILLINOIS
HELD ON TUESDAY, SEPTEMBER 2, 2008
209 NORTH YORK STREET
ELMHURST, ILLINOIS**

EXECUTIVE SESSION 7:00 P.M. – LITIGATION AND LAND ACQUISITION

1. Executive session was called to order at 7:00 p.m. by Mayor Marcucci for the purpose of discussing Litigation and Land Acquisition.

Present: Diane Gutenkauf, Norman Leader, Pat Shea, Michael Bram, Susan Rose, John Gow, Stephen Hipskind, Chris Nybo, George Szczepaniak, Steve Morley, Donna Lomnicki

Absent: Michael J. Regan (arrived at 7:16 p.m.), Moira Moriarty (arrived at 7:04 p.m.), Mark A. Mulliner

Also in attendance: City Attorney Kubiesa, City Manager Borchert

Alderman Rose moved to convene into executive session for the purpose of discussing Litigation and Land Acquisition. Alderman Gow seconded. Roll call vote:

Ayes: Rose, Gow, Gutenkauf, Leader, Shea, Bram, Hipskind, Nybo, Szczepaniak, Morley, Lomnicki

Nays: None

11 yeas, 0 nays, 3 absent
Motion duly carried

Alderman Morley moved to adjourn executive session. Alderman Moriarty seconded. Voice vote. Motion carried. Executive session adjourned at 7:40 p.m.

CALL TO ORDER/ PLEDGE OF ALLEGIANCE/ROLL CALL

Attendance: 16

2. The Regular Meeting of the Elmhurst City Council was called to order by Mayor Marcucci at 7:45 p.m.

Present: Michael J. Regan, Diane Gutenkauf, Norman Leader, Pat Shea, Michael Bram, Susan J. Rose, John Gow, Stephen Hipskind, Moira Moriarty, Chris Nybo, George Szczepaniak, Steve Morley, Donna Lomnicki

Absent: Mark A. Mulliner

Also in Attendance: City Attorney Kubiesa, City Manager Borchert, Finance Director Gaston, Assistant Finance Director Trosien, Human Resources Manager Johnson, Public Works Director Hughes, Fire Chief Kopp, Police Chief Neubauer, PZED Director Said, Museum Director Bergheger

PUBLIC HEARING – PROPOSING THE ESTABLISHMENT OF A SPECIAL SERVICE AREA IN THE CITY OF ELMHURST (SSA 11 – WILLOW)

3. Mayor Marcucci opened the public hearing at 7:45 p.m. The Mayor asked if anyone wished to speak regarding the proposed establishment of a Special Service Area in the City of Elmhurst, SSA 11 – Willow Road. No one spoke. The public hearing closed at 7:46 p.m.

RECEIPT OF WRITTEN COMMUNICATIONS AND PETITIONS FROM THE PUBLIC

4. None.

PUBLIC FORUM

5. Dave McCafferty
444 S. Poplar Ave.
Elmhurst, IL 60126

Spoke on the Home Rule Sales Tax increase and ways to increase revenue. He stated there needs to be more creative ways to increase revenues other than raising taxes.

Daniel Cusack
0S579 Kirk Ave.
Elmhurst, IL 60126
Yorkfield

Spoke of the presentation given by Mr. Hanegraaf at the August 18, 2008 meeting mentioning the Yorkfield area and stated that Yorkfield is not a part of Elmhurst. He also spoke regarding the proposed Home Rule Sales Tax increase stating if Elmhurst Memorial Hospital would have paid more to the City, that could have helped the budget deficits.

Darlene Heslop
200 N. Michigan Ave.
#227
Elmhurst, IL 60126

Spoke regarding the Finance, Council Affairs and Administrative Services Committee proposed Home Rule Sales Tax increase. She asked Council to listen to the Committee's recommendation and agree with it.

Kathryn Dungan
270 Eggleston Ave.
Elmhurst, IL 60126

Spoke of her opposition to the Comprehensive Plan Presentation which rezones her area from R2 to Commercial Mixed Use. She asked Council not to accept this plan.

Tony Noice
668 Eggleston Ave.
Elmhurst, IL 60126

Spoke regarding the Comprehensive Plan Presentation and his opposition of zoning for mixed use.

Steve Hillsman
230 Niagara
Elmhurst, IL 60126

Spoke in the Council's lack of leadership over the last year and decision making. He asked Council to do their job and let the City staff do their job.

Paula Pezza
275 Cottage Hill
Elmhurst, IL 60126

Spoke in response to Mr. Hillsman's comments stating asking tough questions and having an open discussion is a good thing.

CONSENT AGENDA

6. The following items on the Consent Agenda were presented:
 - a. MINUTES OF REGULAR MEETING HELD ON MONDAY, AUGUST 18, 2008 (City Clerk Spencer): Approve as published
 - b. MINUTES OF THE EXECUTIVE SESSION HELD ON MONDAY, AUGUST 18, 2008 (City Clerk Spencer): Receive and place on file
 - c. ACCOUNTS PAYABLE – AUGUST 31, 2008 TOTAL \$ 1,040,569.76
 - d. APPOINTMENTS AND REAPPOINTS TO THE ELMHURST ECONOMIC DEVELOPMENT COMMISSION – MARK SABATINO, BETSY HANISCH, SCOTT LAMORTE AND RICHARD REICHERT (Mayor Marcucci): Concur with the Mayor's recommendation

August 6, 2008

To: Members of the City Council
Re: Appointments and Reappointments to the Elmhurst Economic Development Commission
– Mark Sabatino, Betsy Hanisch, Scott LaMorte and Richard Reichert

With your advice and consent, I will reappoint Betsy Hanisch, Scott LaMorte and Richard Reichert to the Elmhurst Economic Development Commission for terms to expire April 30, 2011 and appoint Mark Sabatino to fill the open position with a term expiring on April 30, 2011.

Respectfully submitted,
/s/ Thomas D. Marcucci
Mayor

- e. APPOINTMENT TO THE EEDC COMMISSION – DAN HIFFMAN (Mayor Marcucci):
Concur with the Mayor's recommendation

August 13, 2008

To: Members of the City Council
Re: Appointment to the EEDC Commission – Dan Hiffman

With your advice and consent, I will appoint Mr. Dan Hiffman to the Elmhurst Economic Development Commission (EEDC). This appointment is to fill the unexpired term of Mr. Bob Schiller whose term expires on April 30, 2009 and has resigned from the Commission.

Respectfully submitted,
/s/ Thomas D. Marcucci
Mayor

- f. REAPPOINTMENTS TO THE ELMHURST HISTORIC PRESERVATION COMMISSION – CHARLES A. GODING, CHARMAINE M. TELLEFSEN AND RICHARD SARNA (Mayor Marcucci): Concur with the Mayor's recommendation

August 6, 2008

To: Members of the City Council
Re: Re-appointments to the Elmhurst Historic Preservation Commission –
Charles A. Goding, Charmaine M. Tellefsen and Richard F. Sarna

With your advice and consent, I will re-appoint Charles A. Goding, Charmaine M. Tellefsen and Richard F. Sarna to the Elmhurst Historic Preservation Commission for terms that will expire on May 30, 2011.

Respectfully submitted,
/s/ Thomas D. Marcucci
Mayor

- g. BID, 2008 MATERIAL HAULING AND DELIVERY PROJECT (City Clerk Spencer): Refer to the Public Works and Buildings Committee

August 21, 2008

TO: Mayor Marcucci and Members of the City Council
RE: Bid, 2008 Material Hauling and Delivery Project

In response to an invitation to bid for the 2008 Material Hauling and Delivery Project advertised in the Elmhurst Press on Friday, July 25, 2008, bids were received from four area contractors.

Bids we opened at 10:00 a.m. on Tuesday, August 20, 2008, and following is a list of the bidders:

<u>Contractor</u>	<u>City, State</u>
Berkley Trucking	Elmhurst, IL.
Campanella Material, Inc.	Lake Zurich, IL
Koz Trucking, Inc.	Medinah, IL
Marcott Enterprises, Inc.	Addison, IL

The unit prices are listed on the attached bid tabulation page.

Respectfully submitted,
/s/ Patty Spencer
City Clerk

- h. REVIEW OF SAFETY ISSUES – ALDERMAN NYBO & ALDERMAN MORIARTY (City Manager Borchert): Refer to the Public Affairs and Safety Committee

August 26, 2008

To: Mayor Marcucci and Members of the City Council
Re: Review of Safety Issues – Ald. Nybo & Ald. Moriarty

It is respectfully requested that the attached memo from Ald. Nybo and Ald. Moriarty regarding safety issues in the 5th Ward be referred to the Public Affairs and Safety Committee for review and recommendation.

Respectfully submitted,
Public Affairs and Safety Committee

/s/ Mark A. Mulliner
Chairman
/s/ Michael Bram
Vice-Chairman
/s/ Chris Nybo

- i. LINCOLN SCHOOL PARKING AND TRAFFIC RESTRICTIONS – ALDERMAN NYBO & ALDERMAN MORIARTY (City Manager Borchert): Refer to the Public Affairs and Safety Committee

August 28, 2008

To: Mayor Marcucci and Members of the City Council
Re: Lincoln School Parking and Traffic Restrictions - Ald. Nybo & Ald. Moriarty

It is respectfully requested that the attached memorandum from Alderman Nybo and Alderman Moriarty regarding parking and traffic restrictions at Lincoln School be referred to the Public Affairs and Safety Committee for review and recommendation.

Respectfully submitted,
Public Affairs and Safety Committee

/s/ Mark A. Mulliner
Chairman
/s/ Michael Bram
Vice-Chairman
/s/ Chris Nybo

- j. REPORT – PARKING RESTRICTIONS FOR OAK STREET AT ARMITAGE AVENUE The following report of the Public Affairs and Safety Committee was presented:

August 25, 2008

To: Mayor Marcucci and Members of the City Council
RE: Parking Restrictions for Oak Street at Armitage Avenue

The Public Affairs and Safety Committee met on August 25, 2008 to discuss a request to change the current parking configuration on Oak Street at Armitage Avenue during times of peak activities at Berens Park. The request came from residents on Oak Street and was made due to parking issues on weekday evenings and weekend days during the summer months. The request is in response to vehicles parked for extended periods of time on both sides of the street, interfering with residential deliveries and overall vehicular traffic flow. The Engineering Division sent out surveys to residents on Oak Street to gain their input on this proposed parking configuration.

“No Parking Monday thru Friday 6 – 9 p.m. and Saturday thru Sunday 10 a.m. – 3 p.m. from May 1 to August 1” on both sides of Oak Street from Armitage Avenue to 461/464 Oak Street.

The following is a summary of those surveys:

14 Surveys were delivered – 13 (93%) were returned: 10 (71%) agreed with the proposed parking change, 3 (22%) did not agree with the proposed parking change.

The Public Affairs and Safety Committee concurred with the survey results and the request for parking restrictions was acceptable.

It is therefore, the recommendation of the Public Affairs and Safety Committee that the appropriate ordinance be drafted and adopted by the City Council to restrict parking on Oak Street at Armitage Avenue as proposed above.

Respectfully submitted,
Public Affairs and Safety Committee

/s/ Mark A. Mulliner

Chairman

/s/ Michael Bram

Vice-Chairman

/s/ Chris Nybo

- k. REPORT – BIDS, TWO (2) FORD 4X4 EXPEDITIONS The following report of the Public Affairs and Safety Committee was presented:

August 25th, 2008

TO: Mayor Marcucci and Members of the City Council
RE: Bids, Two (2) Ford 4X4 Expeditions

The Public Affairs and Safety Committee met on Monday, August 25th, 2008 to discuss bids received for one Ford 4X4 Expedition, K-9 vehicle PD-16, and one Ford 4x4 Expedition EL, Evidence Technician vehicle PD-29. These vehicles are due for replacement under the current 2008-2009 budget.

Both vehicles are fully marked patrol cars, one used by the K-9 officer and the second used by the evidence technicians to carry all necessary equipment for their specific duties. PD-29 (evidence technician vehicle) is an extended version of the standard Ford 4x4 Expedition. The increased cargo room will allow the evidence technicians to carry additional equipment to crime scenes and have immediately available. The Ford 4x4 has proven a reliable and useful vehicle to traverse all manner of terrain to access a crime scene for both evidence technicians and the K-9 officer.

Equipment Superintendent Caron sent out invitations to bid to (6) Six-area dealers for two (2) Ford 4X4 Expeditions as described above. The results are listed below:

<u>Dealer</u>	<u>Total Price Less Trade For PD-16</u>	<u>Total Price Less Trade For PD-29</u>
Elmhurst Ford, Elmhurst, IL	\$21,400.00	\$30,300.00
Freeway Ford, Lyons, IL	\$22,845.00	\$31,845.00
Packey Webb Ford, Wheaton, IL	\$23,250.00	\$28,750.00
Joe Rizza Ford, North Riverside, IL	No Bid	No Bid
Northwest Ford, Franklin Park, IL	No Bid	No Bid
Sutton Ford., Matteson, IL	No Bid	No Bid

The low bid from Elmhurst Ford., Elmhurst, IL for PD-16 meets all bids specifications. The price reflects a trade-in allowance of \$3,600.00 for PD-16. The low bid from Packy Webb Ford., Wheaton, IL for PD-29 meets all bids specifications. The price reflects a trade-in allowance of \$3,100.00 for PD-29. PD-16 and PD-29 will be used in the Police Department.

Funds have been provided in the FY 2008/2009 budget under the following account numbers: \$32,000.00 in 110-5030-421-8006 for PD-16 and \$32,000.00 in 110-5030-421-8006 for PD-29. Delivery is 80 Days after receipt of order.

It is, therefore, the recommendation of the Public Affairs and Safety Committee that the City Council approve the purchase of One 2009 Ford Expedition from Elmhurst Ford, Elmhurst, IL, to replace PD-16 and one 2009 Ford Expedition EL from Packy Webb Ford of Wheaton, IL, to replace PD-29. It is also the recommendation of the Public Affairs and Safety Committee that the City Council authorize the disposal of old PD-16 and PD-29 by trading these vehicles as part of the purchase. The total cost for PD-16 from Elmhurst Ford, Elmhurst, IL is \$21,400.00 with a trade in value of \$3,600.00. The total cost for PD-29 from Packy Webb Ford, Wheaton, IL is \$28,750.00 with a trade in value of \$3,100.00.

Respectfully submitted,
 Public Affairs and Safety Committee

/s/ Mark A. Mulliner

Chairman

/s/ Michael Bram

Vice-Chairman

/s/ Chris Nybo

1. REPORT – STATUS REPORT OF PENDING ITEMS The following report of the Finance, Council Affairs and Administrative Services Committee was presented:

August 26, 2008

To: Mayor Marcucci and Members of the City Council
 Re: Status Report of Pending Items

The Finance, Council Affairs and Administrative Services Committee met August 25, 2008 to review the Committee's list of pending items. The following status report is in response to a Finance Committee report, approved by the City Council on August 1, 1988, that mandates Committee reporting of the status of pending agenda referral items.

01/7/2008

Referral - Review of Vehicle Sticker Rates

Status - Comparative information is being gathered and it will be presented to the Finance Committee this Fall.

04/14/2008

Referral - Increase Home Rule Sales Tax

Status - This request has been reviewed by the Finance Committee and a recommendation to increase the home rule sales tax from .25% to .75% will be forwarded to the City Council in September 2008.

04/14/2008

Referral - Transfer of Bond Debt Service Payment from General Fund to the Capital Improvement Fund

Status - This request has been reviewed by the Finance Committee and a recommendation to maintain the current debt service payment in the General Fund will be forwarded to the City Council in September 2008.

Respectfully submitted,
Finance, Council Affairs and
Administrative Services Committee

/s/ George Szczepaniak
Chairman

/s/ Stephen Hipskind
Vice-Chairman

/s/ Moira Moriarty

/s/ Steven Morley

- m. REPORT – INVITATION TO JOIN S.T.A.R.T. (SOLUTIONS TO AREA RAIL TRAFFIC)
The following report of the Development, Planning and Zoning Committee was presented:

August 26, 2008

TO: Mayor Marcucci and Members of the City Council

RE: Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic)

Request for the City of Elmhurst to join and become a member community of START (Solutions to Area Rail Traffic).

The Development, Planning and Zoning Committee met on August 26, 2008, to review the invitation to join START (Solutions to Area Rail Traffic) and become a member community. The Committee reviewed the invitation letter and related documents that were provided by the START organization.

Ms. Tammy Wierciak, Planning Coordinator for the West Central Municipal Conference (WCMC) was present to highlight the START initiative. She explained that this organization is just getting started, and that WCMC is the coordinating agency for it. A website, www.startcoalition.org has been created to provide information and communications about the organization and rail traffic in the Chicago region. Ms. Wierciak noted that 23 communities have joined the organization already, and more are expected to join; Congressman Dan Lipinski (II, Third Congressional District) is Honorary Co-Chair of the group. There is no fee of any kind for communities or other groups to join START.

According to the START fact sheet:

START was created support and help seek federal approval for Canadian National's (CN's) proposed acquisition of the Elgin, Joliet & Eastern (EJ&E) railway because of the overall benefits the transaction offers the Chicago region.

The proposal offers a privately funded solution to the severe congestion currently facing the rail system of the Chicago region and its outlying areas, which impacts business, economic growth and traffic on roadways.

Communities within the arc of the EJ&E railway and within the city of Chicago currently bear the burden of the freight rail congestion. This transaction (CN's acquisition of the EJ&E railway) would positively impact more than 60 communities with a combined population of 4.1 million residents, more than double the number of the less than 30 communities with a combined population of 1.5 million that would see rail traffic increases. Currently, our region's status as the transportation hub of North America is at risk because of the rail bottleneck: it can take train approximately 24 hours to travel 30 miles through Chicago. The gridlock delays interstate commerce and has a chilling effect on the competitiveness of the Chicago region.

Approval of CN's transaction would result in rail congestion relief for a combined population of 4.1 million residents in 60 communities, and positively impact the quality of life and residents and businesses throughout the Chicago region. Moreover, by relieving rail congestion through this transaction, we can help protect the Chicago region's distinction as the rail hub of North America, which touches 5 million jobs nationwide every year, \$782 billion in output and \$217 billion in wages.

The CN line through Elmhurst is the rail line in Elmhurst directly affected by this transaction, with fewer trains expected to travel through Elmhurst on a daily basis as more freight rail traffic would circumvent the area via the EJ&E line. However, indirect benefits to the entire regional rail system, including the Union Pacific line, are anticipated due to the rerouting resulting from this transaction.

After discussion of the regional rail and freight system, the DPZ Committee expressed their support for the City of Elmhurst to become a member community of START. Therefore, the Development, Planning and Zoning Committee recommends approval of the request to join START (Solutions to Area Rail Traffic).

Respectfully submitted,
Development, Planning and Zoning
Committee

/s/ Susan J. Rose
Chairman

/us/ Norman Leader
Vice-Chairman

/s/ Diane Gutenkauf

- n. REPORT – REVIEW OF INTERIOR SIDE YARD REQUIREMENTS The following report of the Development, Planning and Zoning Committee was presented:

August 26, 2008

TO: Mayor Marcucci and Members of the City Council
RE: Review of Interior Side Yard Requirements

The Development, Planning and Zoning Committee met on September 24, 2007 and August 25, 2008 to review the referral from the City Council to review zoning requirements for interior side yard setbacks. The Committee discussed current zoning requirements such as lot width, permitted obstructions in yards, and related materials as part of their review. (At the conclusion of the September 24, 2007 meeting, the Committee specifically continued review of this item for a 6 to 9 month period for further review and to determine whether any complaints from residents would be received. The item was then brought back to the Committee agenda on August 25, 2008.)

At the September 24, 2007 meeting, Alderman Moriarty (who made the original request for referral) provided background and stated her concerns including safety and emergency access. Chief Kopp stated that no safety issue exists as far as access to the home's side or rear yards and added that they would never drive a fire truck around the home to the rear yard. Alderman Moriarty added that she believes that property values may be affected by side yard obstructions and that water runoff may be affected, although no evidence was presented to support this. Committee members emphasized that no rationale or evidence regarding zoning, construction, stormwater runoff, or related topics, has been provided to support a proposed change. They noted that all permitted obstructions are minor accessories to the principal building and do not add significant structural bulk or volume to the side yard areas. While the Committee acknowledged that reconstruction activity had decreased, it still goes on and could increase again in the future.

The Committee further noted that should the Zoning Ordinance be changed, many homes, perhaps thousands, in Elmhurst, could become legal nonconforming structures. This could cause significant complications for residents, especially for refinancing, future home improvements and other matters related to their homes. The Committee identified that the Zoning Ordinance has served the community well since the 1920's, and they found no compelling reason or occurrences to suggest changes of this nature. However, the Committee once again informed those in attendance (which included home builders) to abide by the City's construction Code of Conduct, and reminded them that City Staff will continue their vigilance in monitoring residential construction activity.

Therefore, the Development, Planning and Zoning Committee does not recommend changes to the City's Zoning Ordinance regarding side yard requirements at this time.

Respectfully submitted,
Development, Planning and Zoning
Committee

/s/ Susan J. Rose
Chairman

/us/ Norman Leader
Vice-Chairman

/s/ Diane Gutenkauf

Alderman Morley pulled item **6m. Report – Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic) from the Consent Agenda.**

Alderman Shea moved to accept the contents of the Consent Agenda less item **6m. Report – Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic) from the Consent Agenda.** Alderman Bram seconded. Voice vote unanimous, motion carried. Alderman Gow moved to approve the contents of the Consent Agenda less item **6m. Report – Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic) from the Consent Agenda.** Alderman Bram seconded. Roll call vote:

Ayes: Gow, Bram, Regan, Gutenkauf, Leader, Shea, Rose, Hipskind, Moriarty, Nybo, Szczepaniak, Morley, Lomnicki

Nays: None

Results: 13 ayes, 0 nays, 1 absent
Motion duly carried

Alderman Rose moved to approve item **6m. Report – Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic).** Alderman Gutenkauf seconded.

Alderman Rose stated this is a request for the City of Elmhurst to join and become a member community of S.T.A.R.T. (Solutions to Area Rail Traffic). It was created to support and help Canadian National Railroad's acquisition of the Elgin, Joliet and Eastern Railway because of the overall benefits the transaction offers the Chicago region.

Alderman Morley stated he pulled item **6m. Report – Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic)** because he had some questions regarding the request since the railroad bisects in his ward. He asked if this would bring a reduction in traffic and what is the timing of it? He asked if there is more information other than the website www.startcoalition.org.

Discussion ensued regarding the lack of information supporting the request and the results it can have for Elmhurst's railroad traffic.

Alderman Morley asked about timing.

Mayor Marcucci stated there will be public hearings. The Mayor asked Alderman Rose to announce the dates and locations of the public hearings.

Alderman Rose stated the following are the dates and locations of the public hearings:

- September 8, 2008, Loyola University, Rubloff Auditorium Chicago
- September 9, 2008, Aurora West H.S., Aurora
- September 10, 2008 Indiana University Northwest Auditorium, Gary IN
- September 11, 2008 Holiday Inn, Joliet

She stated a final decision is scheduled for December 2008 or, more likely, March 2009.

City Manager Borchert advised to read the handout attachment applying to Elmhurst.

Roll call vote on item **6m. Report – Invitation to Join S.T.A.R.T. (Solutions to Area Rail Traffic):**

Ayes: Rose, Gutenkauf, Regan, Leader, Shea, Bram, Hipskind, Moriarty, Nybo, Szczepaniak, Morley, Lomnicki, Gow

Nays: None

Results: 13 ayes, 0 nays, 1 absent
Motion duly carried

COMMITTEE REPORTS

7. a. REPORT – REVENUE OPTIONS REVIEW

1. MAJORITY REPORT The following majority report of the Finance, Council Affairs and Administrative Services Committee was presented:

August 13, 2008

To: Mayor Marcucci and Members of the City Council
Re: Revenue Options Review

The Finance, Council Affairs and Administrative Services Committee met several times, most recently August 12, 2008, to review revenue options for the General Fund as requested by the City Council during the recent budget review meetings.

During the recent budget review meetings for the fiscal 2009 budget, a budget shortfall in the General Fund of approximately \$4.7 million was identified. The City Council approved four actions to address the shortfall as follows:

1. Hold the City Manager to within 97% (approximately \$1.3 million) of the approved budget (“fence of spending”);
2. Move \$250,000 from the Working Cash Fund to the General Fund;
3. Use General Fund fund balance in the amount of \$900,000, and
4. Eliminate funding by the Capital Improvement Fund of the recommended ambulance purchase in the amount of \$470,000 and redirect those funds to street resurfacing and maintenance.

To further address the budget shortfall, the City Council directed the Finance, Council Affairs and Administrative Services Committee to review the current policy of the 80%/20% State income tax allocation between the Capital Improvement Fund and the General Fund, to review the current policy of charging certain general obligation bond debt service to the General Fund, and to review the possibility of a .50% increase in the home rule sales tax rate.

The Finance Committee reviewed the current State income tax allocation policy of 80% Capital Improvement Fund/20% General Fund. The importance of consistently funding infrastructure improvements and the high expectations of Elmhurst residents regarding maintenance of the City’s infrastructure were taken into consideration by the Committee. It was noted that the City Council has the authority to pass a resolution at any time to allocate funds from the Capital Improvement Fund to the General Fund, should the Council believe there is a need to do so. Given this flexibility and the need to consistently fund infrastructure improvements, it is the consensus of the Finance Committee to maintain the current 80%/20% State income tax allocation policy. The Finance Committee also reviewed a change in funding of the Public Works Maintenance Facility debt service from the General Fund to the Capital Improvement Fund. Currently, this debt service is charged to the General Fund because the

sales tax generated from retail outlets at the former maintenance facility site, which is now part of the redeveloped shopping center, are credited to the General Fund. It is the consensus of the Finance Committee that the policy of funding the Public Works Maintenance Facility debt service with General Fund sales tax revenue is appropriate and should be continued, which is what it was intended to do.

Although the City Council approved a distribution of \$250,000 from the Working Cash Fund to the General Fund to help reduce the fiscal 2009 budget shortfall, the Finance Committee believes the Working Cash policy should be reviewed. The Finance Committee will review the policy this Fall.

The Finance Committee reviewed several revenue options including increasing home rule sales tax, food and beverage tax, hotel/motel tax, gas use tax, and property tax, and establishing a water utility tax, gas utility tax, vehicle fuel tax, and a stormwater utility tax (see Attachment A). The Finance Committee also reviewed use of these revenue sources by other DuPage County municipalities (see Attachment B), and the pros and cons for each revenue source (see Attachment C).

Based on the fiscal 2009 City budget as approved, it was the consensus of the Finance Committee that a new revenue source is needed, or an existing revenue source needs to be increased. The Committee focused on revenues that are broadly based, that customers from both within the community and outside the community would pay, such as the home rule sales tax, food and beverage tax, hotel/motel tax and vehicle fuel tax. After discussion of these revenue sources, the Finance Committee further refined its focus to the home rule sales tax. The City of Elmhurst currently has a .25% home rule sales tax, implemented in 1991, which provides revenue of approximately \$1.6 million annually. The home rule sales tax applies to all items except licensed vehicles, grocery and drugs. The total sales tax for Elmhurst is 7.50%.

As part of the review, the Finance Committee referenced two maps: Summary of Total City Sales Tax Rates for DuPage and Western Cook Counties (see Attachment D); and Summary Home Rule and Non-Home Rule Sales Tax Rates for DuPage and Western Cook Counties (see Attachment E). The Finance Committee reviewed both a .25% increase (approximately \$1.6 million) and a .50% increase (approximately \$3.2 million). State law allows adjustment to the home rule sales tax in .25% increments. Given the size of the budget shortfall and the projection that the budget shortfall will continue in fiscal 2010, the Finance Committee believes increasing the home rule sales tax by .50% from .25% to .75% is prudent at this time. The Committee also believes that a significant portion of the increased revenue will be generated from non-residents.

With the addition of .50%, the City's total sales tax rate would be 8.00%, which the Finance Committee believes will be comparable with the sales tax rates of neighboring communities.

There are two effective dates each year to establish, change or discontinue the tax, July 1 and January 1. An ordinance to establish, change or discontinue the tax must be filed with the Illinois Department of Revenue by April 1 for July 1 implementation, or filed by October 1 for January 1 implementation. It is the consensus of the Finance Committee to recommend increasing the City's home rule sales tax by .50% to .75%, for implementation January 1, 2009.

It is, therefore, the recommendation of the Finance, Council Affairs and Administrative Services Committee that the City Council direct the City Attorney to prepare an ordinance establishing an adjustment to the City of Elmhurst home rule sales tax rate of .50%, from .25% to .75%, effective January 1, 2009.

Respectfully submitted,
Finance, Council Affairs and
Administrative Services Committee

/s/ George Szczepaniak
Chairman
/s/ Stephen Hipskind
Vice-Chairman
/s/ Steven Morley

2. MINORITY REPORT The following minority report of the Finance, Council Affairs and Administrative Services Committee was presented:

August 28, 2008

To: Mayor Marcucci and Members of the City Council
Re: Revenue Options Review

The Finance, Council Affairs and Administrative Services Committee met several times, most recently August 12, 2008, to review revenue options for the General Fund as requested by the City Council during the recent budget review meetings.

During the recent budget review meetings for the fiscal 2009 budget, a budget shortfall in the General Fund of approximately \$4.7 million was identified. The City Council approved four actions to address the shortfall as follows:

5. Hold the City Manager to within 97% (approximately \$1.3 million) of the approved budget (“fence of spending”);
6. Move \$250,000 from the Working Cash Fund to the General Fund;
7. Use General Fund fund balance in the amount of \$900,000, and
8. Eliminate funding by the Capital Improvement Fund of the recommended ambulance purchase in the amount of \$470,000 and redirect those funds to street resurfacing and maintenance.

To further address the budget shortfall, the City Council directed the Finance, Council Affairs and Administrative Services Committee to review the current policy of the 80%/20% State income tax allocation between the Capital Improvement Fund and the General Fund, to review the current policy of charging certain general obligation bond debt service to the General Fund, and to review the possibility of a .50% increase in the home rule sales tax rate.

The Finance Committee reviewed the current State income tax allocation policy of 80% Capital Improvement Fund/20% General Fund. The importance of consistently funding infrastructure improvements and the high expectations of Elmhurst residents regarding maintenance of the City’s infrastructure were taken into consideration by the Committee. It was noted that the City Council has the authority to pass a resolution at any time to allocate funds from the Capital Improvement Fund to the General Fund, should the Council believe there is a need to do so. Given this flexibility and the need to consistently fund infrastructure improvements, it is the consensus of the Finance Committee to maintain the current 80%/20% State income tax allocation policy. I disagree with the consensus of the Committee. My recommendation is to modify the 80%/20% State income tax allocation to 70%/30%. This adjustment will provide additional funds into the General Fund as well as continue to meet the obligation of maintaining the infrastructure of the City.

The Finance Committee also reviewed a change in funding of the Public Works Maintenance Facility debt service from the General Fund to the Capital Improvement Fund. Currently, this debt service is charged to the General Fund because the sales tax generated from retail outlets at the former maintenance facility site, which is now part of the redeveloped shopping center, are credited to the General Fund. I disagree with the consensus of the Finance Committee that the policy of funding the Public Works Maintenance Facility debt service with General Fund sales tax revenue is appropriate and should be continued because a capital improvement bond debt service obligation should be paid from the Capital Fund.

Although the City Council approved a distribution of \$250,000 from the Working Cash Fund to the General Fund to help reduce the fiscal 2009 budget shortfall, the Finance Committee believes the Working Cash policy should be reviewed. The Finance Committee will review the policy this Fall.

The Finance Committee reviewed several revenue options including increasing home rule sales tax, food and beverage tax, hotel/motel tax, gas use tax, and property tax, and establishing a water utility tax, gas utility tax, vehicle fuel tax, and a stormwater utility tax. The Finance Committee also reviewed use of these revenue sources by other DuPage County municipalities, and the pros and cons for each revenue source.

Given the current state of the economy, significant concerns expressed by members of our local business community as to the impact of an increase in the sales tax, and strong disappointment with high taxes and high cost of living expressed by Elmhurst residents in the recent citizen survey, it is important that that this decision is made directly by the Elmhurst residents. Such a course of action should be proposed directly to the taxpayers via a referendum. In addition to the referendum, the City should continue to reduce wherever possible General Fund expenditures. Referendum issues, however, must be properly constructed and approved by a City Council ordinance, all of which cannot be completed for this November election. This referendum matter should therefore be completed as quickly as possible for the spring 2009 election. The referendum questions should be worded approximately as:

- 1) To provide required additional revenue to allow City services to continue, I support a home rule sales tax increase of 0.5% (five cents on a ten dollar purchase in Elmhurst) rather than a _____ % increase (*to be determined*) in the City of Elmhurst property tax levy.
_____ Yes _____ No
- 2) To provide required additional revenue to allow City services to continue, I support a _____ % increase (*to be determined*) in City property tax levy rather than a 0.5% increase in home rule sales tax.
_____ Yes _____ No
- 3) I do not support a home rule sales tax increase nor a significant property tax increase and request an appropriate cut in expenditures in the General Fund and services from the General Fund to balance the budget.
_____ Yes _____ No

It is, therefore, the recommendation of the Finance, Council Affairs and Administrative Services Committee that the City Council authorize the City Attorney to work with the Finance, Council Affairs and Administrative Services Committee to draft a properly worded revenue referendum to address the general questions listed above for subsequent consideration and approval by the City Council for a referendum on this matter in the spring of 2009.

Respectfully submitted,
Finance, Council Affairs and
Administrative Services Committee

/s/ Moira Moriarty

Alderman Szczepaniak moved to approve item **7a1. Report – Revenue Options Review – Majority Report**. Alderman Hipskind seconded.

Alderman Szczepaniak stated a very important task was given to the Finance, Council Affairs and Administrative Services Committee to review revenue options for the General Fund as requested by the City Council during the recent budget review. During the budget meetings a shortfall in the General Fund of approximately \$4.7 million was identified. The Council approved four (4) actions to address the shortfall: 1) Hold the City Manager to within 97% (approximately \$1.3 million) of the approved budget (“fence of spending”) 2) Move \$250,000 from the Working Cash Fund to the General Fund 3) Use General Fund Balance in the amount of \$900,000 and 4) Eliminate funding by the Capital Improvement Fund of the recommended ambulance purchase in the amount of \$470,000 and redirect those funds to street resurfacing and maintenance.

Alderman Szczepaniak stated after reviewing the State income tax allocation policy of 80% Capital Improvement Fund/20% General Fund the Committee consensus was to maintain the current 80%/20% policy. The Committee reviewed several revenue options, the pros and cons of increasing the Home Rule Sales tax, Property tax, Food and Beverage tax, Gas Use tax, Water Utilities tax, Vehicle Fuel tax and a Stormwater Utility tax. The consensus of the Council was to focus on the Home Rule Sales Tax which is currently .25%, implemented in 1991, and increase this tax .50% to .75% (\$3.2 million). Alderman Szczepaniak stated Elmhurst would be competitive around the surrounding communities. He asked the Council to support the proposed Home Rule Sales Tax Increase.

Alderman Szczepaniak stated the Finance, Council Affairs and Administrative Services Committee and Council have a fiduciary duty to the community and no to do anything would not uphold the Council's duty to make tough decisions. The Council vote 14-0 for the Finance, Council Affairs and Administrative Services Committee to make a recommendation. He stated the Home Rule Sales Tax has not increased since 1991.

Alderman Hipskind stated Alderman Szczepaniak has done a fantastic job explaining this report and that the Finance, Council Affairs and Administrative Services Committee feels it is the right recommendation. Alderman Hipskind used an example that a \$20 meal will be an additional 10¢. He stated getting \$3,500,000 in sales tax revenue goes a long way in shoring up the budget.

Alderman Leader stated he supports the Home Rule Sales Tax increase, adding that non-residents will share in this. He stated a property tax increase would hurt Elmhurst's senior residents and prompt higher rents from landlords. Alderman Leader stated a cut in the budget would result in decreased police and fire protection.

Alderman Morley thanked Alderman Szczepaniak for his outstanding job of vetting every source and resource. The Finance, Council Affairs and Administrative Services Committee was charged with finding revenue. Ten (10) different sources of revenue were looked at and who was going to be paying for it. Alderman Morley stated his support for the report.

Alderman Moriarty moved to substitute item **7a2. Report – Revenue Options Review – Minority Report** for item **7a1. Report – Revenue Options Review – Majority Report** for a referendum including three (3) questions to be asked on the April 2009 ballot per the minority report that was changed and put on the dais. Alderman Lomnicki seconded.

Alderman Hipskind called for a point of order to ask for an explanation on what changes were made to the Minority report.

Alderman Moriarty referred to item **7a2. Report – Revenue Options Review – Minority Report** which removed the previous amount of 55% and changed it to a “blank” percentage to be determined later.

Alderman Moriarty stated she was not in agreement with the Finance, Council Affairs and Administrative Services Committee report and their choices. She said there aren't any budget cuts or cutting expenses to increase revenues. She stated the citizens should have the right to say if they want a tax increase. Alderman Moriarty referred to 70%/30% for State income tax allocation. Alderman Moriarty stated she is against increased taxes.

Alderman Gutenkauf asked for the Clerk to read the recommendation paragraph of item **7a2. Report – Revenue Options Review – Minority Report**.

Clerk Spencer read the recommendation.

Alderman Gow commented that there wasn't any mention in the recommendation of the 70%/30% for state income tax allocation.

City Manager Borchert stated he assisted in the preparation of the Minority report and that was excluded. He stated point well taken.

Alderman Gutenkauf stated she supports item **7a2. Report – Revenue Options Review – Minority Report**. She asked who does Council think will be paying for this increase? Not only non-residents. She asked where is the data that makes this conclusion. She stated this will affect Elmhurst residents.

Alderman Lomnicki stated bring this to the public for a vote. She asked for clarification on the progression of a referenda if passed in 2009.

City Manager Borchert explained if the tax increase was approved as part of the April 2009 ballot it would not be collected until summer 2010.

Discussion ensued contrasting the majority and minority reports.

Alderman Gow moved to call the question. Alderman Rose seconded.

Alderman Rose called for a point of order for clarification on the Minority report as it referred to how many referenda.

City Attorney Kubiesa replied as many as three (3) advisory referendums, the maximum, may appear on the ballot.

Alderman Rose stated the vote for the Monority report would be for thee (3) referendum questions.

City Attorney Kubiesa replied yes.

Mayor Marcucci asked Clerk Spencer to call a roll call vote to call the question. Roll call vote to call the question:

Ayes: Gow, Rose, Regan, Leader, Shea, Lomnicki

Nays: Gutenkauf, Bram, Hipskind, Moriarty, Nybo, Szczepaniak, Morley

Results: 6 ayes, 7 nays, 1 absent
Motion failed.

Discussion continued.

Roll call vote to substitute item **7a2. Report – Revenue Options Review – Minority Report** for item **7a1. Report – Revenue Options Review – Majority Report** for a referendum including three (3) questions to be asked on the April 2009 ballot:

Ayes: Moriarty, Nybo

Nays: Lomnicki, Regan, Gutenkauf, Leader, Shea, Bram, Rose, Gow, Hipskind, Szczepaniak, Morley

Results: 2 ayes, 11 nays, 1 absent
Motion failed.

Discussion ensued regarding the Majority Report.

Alderman Hipskind moved to add additional language to the original motion. Alderman Gow seconded. Voice vote, motion carried.

Roll call vote to approve item **7a1. Report – Revenue Options Review – Majority Report to increase Home Rule Sales tax by .50% and dictate distribution of the Home Rule Sales tax 1/3 to the Capital Improvement Fund and 2/3 to the General Fund:**

Ayes: Szczepaniak, Hipskind, Regan, Leader, Rose, Gow, Morley, Mayor Marcucci

Nays: Gutenkauf, Shea, Bram, Moriarty, Nybo, Lomnicki

Results: 8 ayes, 6 nays, 1 absent
Motion carried.

REPORTS AND RECOMENDATIONS OF APPOINTED AND ELECTED OFFICIALS

8. a. UPDATES (Mayor Marcucci)

Mayor Marcucci stated he is proud to announce that the Government Finance Officer's Association (GFOA) has awarded the City of Elmhurst with the Distinguished Budget Presentation Award for the second consecutive year. This award is for creating a budget document that is in a readable format. Mayor Marcucci thanked Finance Director Gaston and Assistant Finance Director Trosien for a job well done.

City Manager Borchert congratulated Finance Director Gaston and Assistant Finance Director Trosien for receiving this prestigious budget award from the GFOA. The City Manager gave a special thanks to Assistant Finance Director Trosien for his efforts.

OTHER BUSINESS

9. None.

ANNOUNCEMENTS

10. None.

ADJOURNMENT

11. Alderman Gutenkauf moved to adjourn the meeting. Aldermen Szczepaniak seconded. Voice Vote. Motion carried. Meeting adjourned 10:48 p.m.

Thomas D. Marcucci, Mayor

Patty Spencer, City Clerk