SPECIAL FINANCE AND PERSONNEL COMMITTEE
Monday, November 12, 2018
Municipal Center Classroom, 5:30 PM

Call to Order: The meeting was called to order at 5:30 p.m.

Roll Call: Deputy Clerk Meadows called the roll. Roll call: Members present: Chairman Curry, Alderman Schaefer and Alderman Mihevc. Also in attendance: Finance Director Lynch and Director of Economic Development Martin.

Public Comment: None.

Motion to approve the October 15, 2018 Finance and Personnel Committee meeting report. Alderman Curry asked if any of the Committee Members had any questions or comments regarding the October 15, 2018 Finance and Personnel Committee meeting report. The Committee Members offered no comments. A Motion was made by Alderman Mihevc and seconded by Alderman Schaefer to approve the October 15, 2018 Finance and Personnel Committee meeting report. Roll call: Vote: 3 ayes: Alderman Mihevc, Alderman Schaefer, and Alderman Curry. 0-nay, 0-abstained. Motion carried.

Economic Incentive Policy-Discussion and Recommendation
Director Martin provided the Committee Members with a brief history of the City’s past and present Economic Policies and Incentive programs. He continued on to discuss the GFOA’s Best Practices recommendations. He noted that some of their recommendations he disagreed with. In his opinion their recommendations shift economic activity from one area of the community to another.

Director Martin commented on the City of Woodstock’s Economic Incentive Policy. He noted that in his opinion the policy has many good boiler plate elements. However, it falls short when it get into specifics about incentives, amounts and how they are determined.

Director Martin commented on the City of St. Charles Economic Incentive Policy. He reported that this policy is specifically for tax increment financing and sales tax assistance. In addition, the policy states that the eligible business must fill and underserved business segment but does not specifically list what those may be.

Director Martin discussed the City of Crystal Lake Economic Incentive Policy. He reported that this is a very narrow policy and only covers a small high-sales tax producing number of uses.

Director Martin continued on to discuss the Village of Libertyville South Milwaukee Avenue (IL 21) Business District No. 1 Development Plan.
He reported that this plan is based off the state statute for business districts, and each agreement is negotiated on a case-by-case basis. In addition, it states a minimum 25% of the total improvement cost must be used on exterior or site improvements, but not less than $25,000. Director Martin did not think this was necessarily a bad idea, he was just uncertain how the numbers 25% and $25,000 were derived, as this may deter an applicant from seeking incentives.

The Committee Members discussed previously executed incentive agreements and the way in which the City could improve future incentive agreements. The Committee Members suggested a one or two-page incentive policy including a page of frequently asked questions and answers. The Committee Members directed Staff to also define the incentive rate base on projected new sales tax revenue that would be generated by the business and for the term in which the incentive would be in effect.

Director Martin will draft an Economic Incentive Policy based on the Committee’s comments and this matter will be placed on an upcoming agenda.

Due to a previous commitment Alderman Mihevc left the meeting at 6:30 p.m.

Revenue Sources—Discussion and Recommendation.
Director Lynch reported that last year’s Telecommunication Tax revenues were $129,000 at the rate of 1%. She noted that majority of the surrounding communities’ Telecommunication Tax rate is at 6%. The Committee Members discussed possible raising the rate to minor the rate established by the majority of the other surrounding communities. Director Lynch reported that the tax increase would only affect telephone land lines and voice over IP service not data plans. The tax is collected by the State and then distributed to the various local agencies.

The Committee Members directed Staff to research a Real Estate Transfer Tax and report back.

The discussion regarding revenue sources will be placed on the next Finance and Personnel Committee agenda.

Staff Reports
The Staff Members offered no reports at this time.

Any Other Business
There was no other business to discuss.

Motion to adjourn from the meeting
There being no further public business to discuss, a Motion was made by Alderman Schaefer and seconded by Alderman Curry to adjourn from the public meeting at 6:45 p.m. Roll call: Vote: 2-ayes: Alderman Schaefer and Alderman Curry. 0-nays, 0-abstained. Motion carried.
Respectfully submitted,

Debra Meadows, Deputy City Clerk

Reviewed and approved this 3rd day of December 2018.

Alderman Curry, Chairman