

Village of Carol Stream

Special Meeting of the Village Board

Revenue Projections: Current FY16 & FY17

Tour of Village Hall

Gregory J. Bielawski Municipal Center
500 N. Gary Avenue, Carol Stream, IL 60188

January 19, 2016

6:00 p.m. – 7:19 p.m.

Meeting Notes

ATTENDANCE:

Mayor Pro Tem Matt McCarthy
Trustee Dave Hennessey
Trustee John LaRocca
Trustee Rick Gieser
Trustee Mary Frusolone
Trustee Greg Schwarze
Village Clerk Laura Czarnecki

Joseph E. Breinig, Village Manager
Bob Mellor, Assistant Village Manager
Chris Oakley, Asst. to the Village Manager
John Batek, Finance Director
Jim Knudsen, Director of Engineering
Phil Modaff, Director of Public Works
Ed Sailer, Police Chief
Don Bastian, Community Dev. Dir.
Caryl Rebholz, Employee Relations Dir.
Marc Talavera, Information Systems Dir.
Rick Lescher, B & G Maint. Supervisor
John Jungers, Deputy Police Chief
Tom Farace, Plan. & Econ. Dev. Manager

The meeting was called to order at 6:00 p.m. by Mayor Pro Tem Matt McCarthy and the roll call read by Village Clerk Laura Czarnecki. The result of the roll call vote was as follows:

Present: Mayor Pro Tem McCarthy, Trustees Hennessey, LaRocca, Gieser, Frusolone and Schwarze

Absent: Mayor Saverino, Sr.

Revenue Projections: Current FY16 & FY17

Finance Director Batek discussed the General Fund Revenues with the Village Board as follows:

GENERAL FUND REVENUES

- Historical Revenue Performance
- Current Year FY16 Revenues
 - Year-To-Date Performance
 - Year-End Projections
 - Review of Major Revenue Sources
 - FY17 GF Revenue Projections
- Revenue Outlook

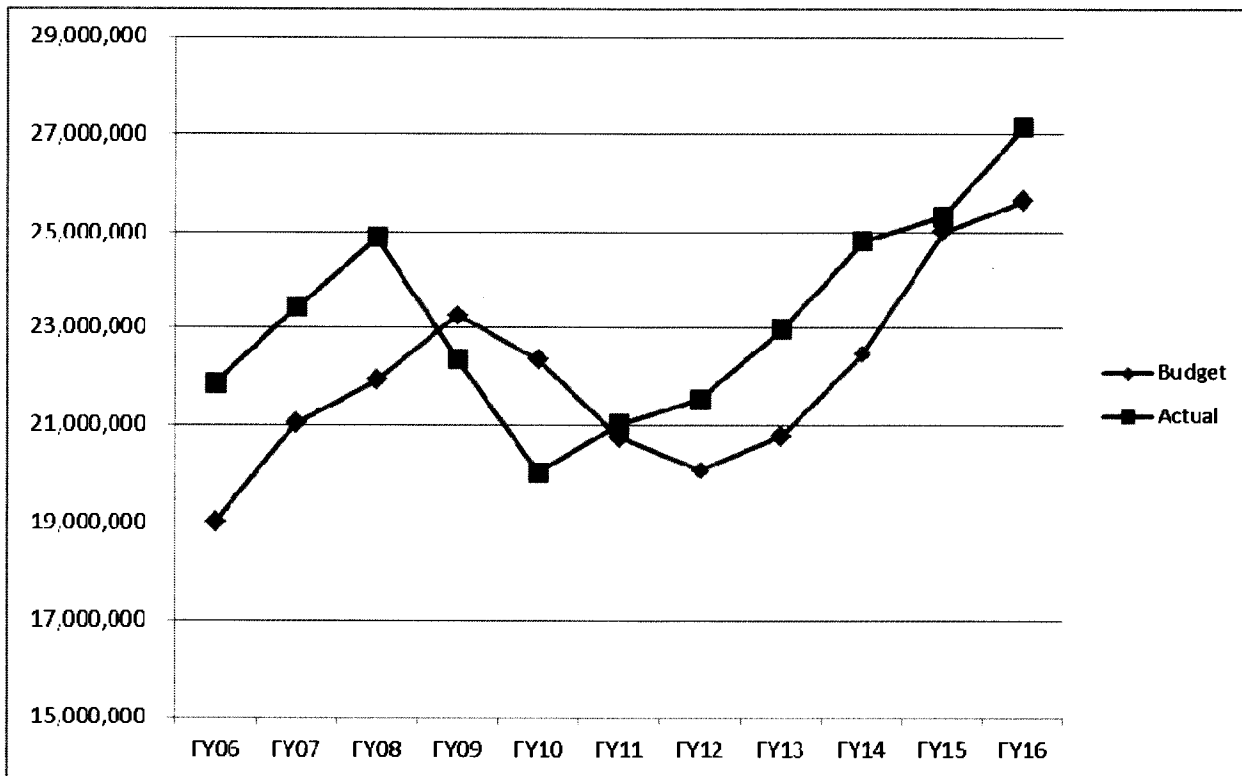
- Next Steps

General Fund Historical Revenue Performance

Our emergence from the Great Recession has been accompanied by positive and sustained growth in overall revenues. This has largely been achieved through natural growth/economic development activities rather than through general tax increases.

| | |
|-----------|-------|
| FY11 | +4.9% |
| FY12 | +2.4% |
| FY13 | +6.7% |
| FY14 | +8.1% |
| FY15 | +2.1% |
| FY16 est. | +7.1% |

Village of Carol Stream General Fund Revenues – Budget vs Actual



Current Year FY16 Revenues

Through December 31, 2015, (2/3rds of the fiscal year) total General Fund Revenues have showed strong growth over the prior year FY15

- \$1.7 million or 11% ahead of May – Dec 2014 actual revenues.
- Tracking higher than original budget projections by 3% year to date.
- Largest gains from top two revenue sources.
 - Sales tax (+ \$642,000)

- State Income Tax (+ \$336,000)

(This includes back taxes which were held by the State of Illinois for Video Gaming and Local Use Taxes which were paid to current in December).

General Fund Revenues
FY16 Year-End Projections

| | <u>FY15</u> <u>Actual</u> | <u>FY16</u> <u>Budget</u> | <u>FY16</u> <u>Estimate</u> | Over/ (Under) <u>FY15</u> | Over/ (Under) <u>Budget</u> |
|---------------------------|------------------------------|------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| Sales Tax | \$ 6,581,838 | \$ 6,710,000 | \$ 7,160,000 | \$ 578,162 | \$ 450,000 |
| State Income Tax | 3,889,081 | 3,881,000 | 4,300,000 | 410,919 | 419,000 |
| Home Rule Sales Tax | 3,901,906 | 3,960,000 | 4,090,000 | 188,094 | 130,000 |
| Utility Tax - Telecomm. | 1,332,265 | 1,210,000 | 1,250,000 | (82,265) | 40,000 |
| Utility Tax - Electricity | 1,883,544 | 1,850,000 | 1,880,000 | (3,544) | 30,000 |
| Natural Gas Use Tax | 632,979 | 570,000 | 515,000 | (117,979) | (55,000) |
| Real Estate Transfer Tax | 717,571 | 680,000 | 835,000 | 117,429 | 155,000 |
| Hotel Tax Receipts | 310,575 | 323,000 | 345,000 | 34,425 | 22,000 |
| Other Taxes | <u>1,294,066</u> | <u>1,295,500</u> | <u>1,381,000</u> | <u>86,934</u> | <u>85,500</u> |
| Total Taxes | 20,543,825 | 20,479,500 | 21,756,000 | 1,212,175 | 1,276,500 |
| Licenses and Permits | 1,152,821 | 1,214,000 | 1,309,400 | 156,579 | 95,400 |
| Grants | 235,994 | 200,000 | 105,000 | (130,994) | (95,000) |
| Charges for Services | 1,366,884 | 1,593,500 | 1,705,200 | 338,316 | 111,700 |
| Fines and Forfeitures | 1,629,601 | 1,665,000 | 1,675,000 | 45,399 | 10,000 |
| Interest Income | (265,377) | 5,000 | 6,000 | 271,377 | 1,000 |
| Miscellaneous Revenue | <u>681,093</u> | <u>525,000</u> | <u>599,400</u> | <u>(81,693)</u> | <u>74,400</u> |
| Total Revenues | \$ 25,344,841 | \$ 25,682,000 | \$ 27,156,000 | 1,811,159 | 1,474,000 |
| | 2.1% | | 7.1% | 7.1% | 5.7% |

Review of Major Revenue Sources

Sales Taxes (combined 1% + .75% Home Rule)

- Through December 31, 2015:
 - \$642,000 or 9.5% above May-Dec 2014.
- Assuming moderate growth through remainder of FY16, we should end the year \$766,000 or 7.3% above FY15 actual revenues.
- Growth coming from new large businesses as well as steady growth in existing core businesses.

Sales Taxes (combined 1% + .75% Home Rule)

Analysis of top 80 businesses in Carol Stream:

- Compared revenue production from May-Dec 2015 vs 2014, excluding businesses opening and closing during that period.

- This group produces about 85% of all sales taxes.
- Median revenue growth at 6%.
- Businesses with revenue gains = 64%
- Businesses with revenue declines = 36%

Sales Taxes (combined 1% + .75% Home Rule)

Looking to FY17

- General base growth of 6% assumed.
- Brings new revenue of approx. \$440,000 to FY17.
- Excludes impact of new major business as an off-set to loss of major business in Dec. 2015.
- Projection is conservative and does not incorporate current growth prospects.
- Great potential looking forward into FY17.

Income Taxes

- Through December 31, 2015:
 - \$336,000 or 13.8% above May-Dec 2014.
- We anticipate ending FY16 10.6% ahead of FY15 or \$108 per capita (an all-time high).
- IML has hypothesized there were one-time gains in early FY16 that we should not expect to continue.
- FY17 projection has been dialed back to \$102 per capita, less than FY16 estimate but still a 4.4% increase over the FY16 budget amount.
- No potential Springfield impacts (“sweeps”, formula changes, etc.) are built into projections.

Utility Taxes

- Telecommunications/Electricity/Natural Gas
- These are generally “non-growth” revenues with telecom generally declining each year as traditional land-line based telco. services decline.
- In total, these 3 revenues make up about 14% of General Fund revenues, so not insignificant.
- FY16 estimate projects a 5.3% decline over FY15 actual revenues. Prior year revenues were “polar vortex” which is not repeating in 2016 ... thus far.
- Good news is that these in total are within budget expectations for the current year, so largely predicted.
- Forecast for FY17 is generally flat for electric/natural gas with “typical” reduction for telecom

Real Estate Transfer Tax

- Continued strong growth with improvement in the housing market.
 - May-Dec 2015 we have seen a 15% increase in the number of residential sales, with an increase in average home selling price of 2.5%.
- We continue to see a number of significant industrial property sales each year.
- We should reach our budget amount of \$680,000 by the end of January 2016, 23% above budget by April 2016.
- Projection for FY17 of \$810,000 is a 19% increase over FY16 budget, but still slightly below the FY16 estimate of \$835,000.
- 10 year LOW = \$241K (FY11) HIGH = \$1,044K (FY06)

Hotel Taxes

- Combined growth through December = 13.7%
- Prior year growth FY14 to FY15 = 11.0%
- Using a more conservative 6.0% growth assumption for FY17.

Other Taxes

Includes:

- Local Use Tax (63% of total)
- PPRT/Auto (10%)
- Road & Bridge Tax (20)
- Video Gaming Tax (7%)

- Local Use Tax drives most of this category. 15.3% growth FY15 to FY16 est. and 5.9% growth projected by IML in FY17. (Per capita State distribution.)
- Video Gaming. Starting to plateau at about \$150,000. Currently 47 terminals among 10 establishments. Modest growth assumed (5 terminals per year)

General Fund
FY17 Revenue Projections

| | <u>FY16</u> <u>Budget</u> | <u>FY16</u> <u>Estimate</u> | <u>FY17</u> <u>Projected</u> | FY17 Over/ (Under) FY16 Budget | FY17 Over/ (Under) FY16 Est. |
|---------------------------|------------------------------|--------------------------------|---------------------------------|---|---------------------------------------|
| Sales Tax | \$ 6,710,000 | \$ 7,160,000 | \$ 7,600,000 | \$ 890,000 | \$ 440,000 |
| State Income Tax | 3,881,000 | 4,300,000 | 4,050,000 | 169,000 | (250,000) |
| Home Rule Sales Tax | 3,960,000 | 4,090,000 | 4,332,000 | 372,000 | 242,000 |
| Utility Tax - Telecomm. | 1,210,000 | 1,250,000 | 1,190,000 | (20,000) | (60,000) |
| Utility Tax - Electricity | 1,850,000 | 1,880,000 | 1,870,000 | 20,000 | (10,000) |
| Natural Gas Use Tax | 570,000 | 515,000 | 570,000 | - | 55,000 |
| Real Estate Transfer Tax | 680,000 | 835,000 | 810,000 | 130,000 | (25,000) |
| Hotel Tax Receipts | 323,000 | 345,000 | 365,000 | 42,000 | 20,000 |
| Other Taxes | <u>1,295,500</u> | <u>1,381,000</u> | <u>1,441,300</u> | <u>145,800</u> | <u>60,300</u> |
| Total Taxes | 20,479,500 | 21,756,000 | 22,228,300 | 1,748,800 | 472,300 |
| Licenses and Permits | 1,214,000 | 1,309,400 | 1,318,900 | 104,900 | 9,500 |
| Grants | 200,000 | 105,000 | 105,000 | (95,000) | - |
| Charges for Services | 1,593,500 | 1,705,200 | 1,657,800 | 64,300 | (47,400) |
| Fines and Forfeitures | 1,665,000 | 1,675,000 | 1,737,000 | 72,000 | 62,000 |
| Interest Income | 5,000 | 6,000 | 15,000 | 10,000 | 9,000 |
| Miscellaneous Revenue | <u>525,000</u> | <u>599,400</u> | <u>557,000</u> | <u>32,000</u> | <u>(42,400)</u> |
| Total Revenues | \$ 25,682,000 | \$ 27,156,000 | \$ 27,619,000 | \$ 1,937,000 | \$ 463,000 |
| | | | | | 1.7% |

General Fund
FY17 Revenue Projections

- Total GF revenues for FY17 projected to increase by 1.7% over the FY16 estimated actual revenues (\$463,000).
- While on the face this appears to be a modest increase, the GF revenue base grew by 7.1% (\$1,811,000) in the current fiscal year (FY16 est. vs FY15 actual).

- This continues to be positive news for the operating side of the budget.
- Staff is currently working on developing and refining expenditure estimates for our current year FY16. Considering strong GF revenue performance in FY16, we are projecting that there will be an ample surplus by 4-30-16, sufficient to fund a full year of road program improvements in the Capital Projects Fund.
- General Fund departmental budget reviews are not complete at present, however, staff believes that the proposed FY17 GF budget can be balanced without the introduction of new major revenue sources.

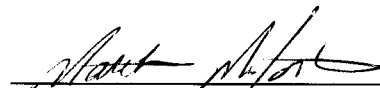
Although preliminary indications suggest that no new major revenue sources are required in FY17, staff still intends on presenting analysis on alternate revenue options in response to the Village Board's top objectives of ensuring adequate staffing levels to support community services (#1) and establishing sufficient revenues to sustain identified core Village services (#2).

Tour of the Village Hall

Village Staff led the Village Board on a tour of the Village Hall to allow the Board to see the current condition of the Village Hall including back office areas. Staff pointed out work areas and storage space that are under sized for current Village operations, staffing levels and technology uses.

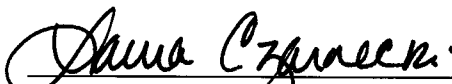
There being no further business, Trustee Frusolone moved and Trustee Gieser made the second to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:19 p.m.

FOR THE BOARD OF TRUSTEES



 Matthew McCarthy, Mayor Pro Tem

ATTEST:



 Laura Czarnecki, Village Clerk

Minutes approved by the President and Board of Trustees on this
13th day of February, 2016.

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 Village Clerk