

# Village of Carol Stream

## Special Workshop Meeting of the Village Board

### *Property Tax Public Forum*

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

**September 30, 2019**

**9:00 a.m. – 11:01 a.m.**

## Meeting Notes

### ATTENDANCE:

**Mayor Frank Saverino, Sr.**  
**Trustee Greg Schwarze**  
**Trustee John Zalak**  
**Trustee Mary Frusolone**  
**Trustee Rick Gieser**

**Bob Mellor, Village Manager**  
**Joe Carey, Assistant Village Manager**  
**Marc Talavera, Information Tech. Dir.**  
**Bill Cleveland, Engineering Services Dir.**  
**Don Bastian, Community Dev. Director**  
**Jon Batek, Finance Director**  
**Phil Modaff, Public Works Director**  
**Caryl Rebholz, HR Director**  
**John Jungers, Deputy Police Chief**  
**Mike Zochert, Deputy Police Chief**  
**Tia Messino, Assist. to the VM**

### ABSENT:

**Trustee Matt McCarthy**  
**Trustee John LaRocca**  
**Village Clerk Laura Czarnecki**

The meeting was called to order at 9:00 a.m. by Mayor Frank Saverino, Sr. and the roll call read by Assistant to the Village Manager Tia Messino. The result of the roll call vote was as follows:

Present: Mayor Saverino, Sr., Trustees Zalak, Gieser, Frusolone and Schwarze

Absent: Trustees LaRocca, McCarthy and Clerk Laura Czarnecki

### PROPERTY TAX PUBLIC FORUM

Mayor Saverino commented on why we are here and asked for public participation.

Finance Director Jon Batek presented slides showing the need for a more stable revenue source and more specifically a property tax as follows:

#### Background:

- The Village last imposed a property tax in the 1970's but it was discontinued due to developer-related revenues during the Village's rapid growth years.
- Current revenue sources are increasingly volatile due to:
  - Heavy reliance on Sales Tax
  - State cuts to Municipal Revenue (LGDF, PPRT, Sales Tax)

- Past Village Board Strategic Plans and Budget Workshops focused on greater stability for the funding of Village operations and capital improvements.

Recent Public Meeting Discussions:

1. August 5, 2019 - Presented an updated Financial Profile and Peer Comparison showing key financial metrics for Carol Stream compared to 10 municipal peer organizations.
2. August 19, 2019 - Presented Current Revenue and Expenditure Trends and a Plan for Improving Long-term Financial Stability. This included a discussion of sustaining Village operations (General Fund) and a review of Capital Improvement Plan funding levels if a property tax were implemented.

These presentations are available on the Village’s web site.

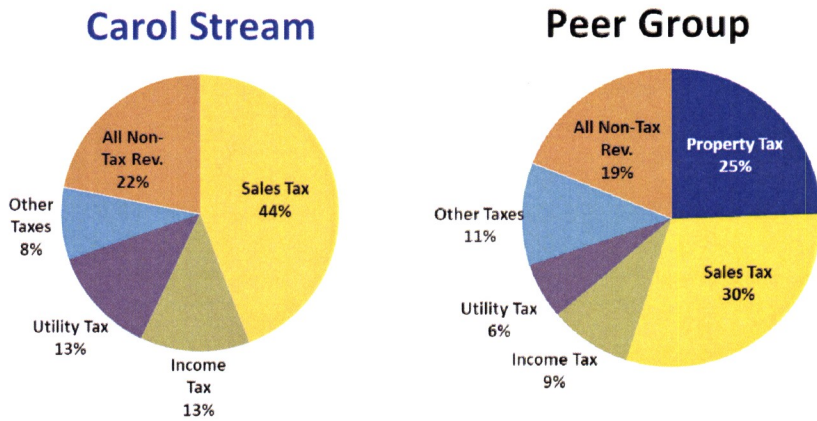
Go to “News” and “Budget Update” on the home page.

Peer Comparison:

- Selection criteria
  - Population, Footprint, Tax Value, Median Home Value, Median Household Income
  - Included in labor market comparisons
  - Often considered along with Carol Stream by new home buyers
- Ten peers selected
 

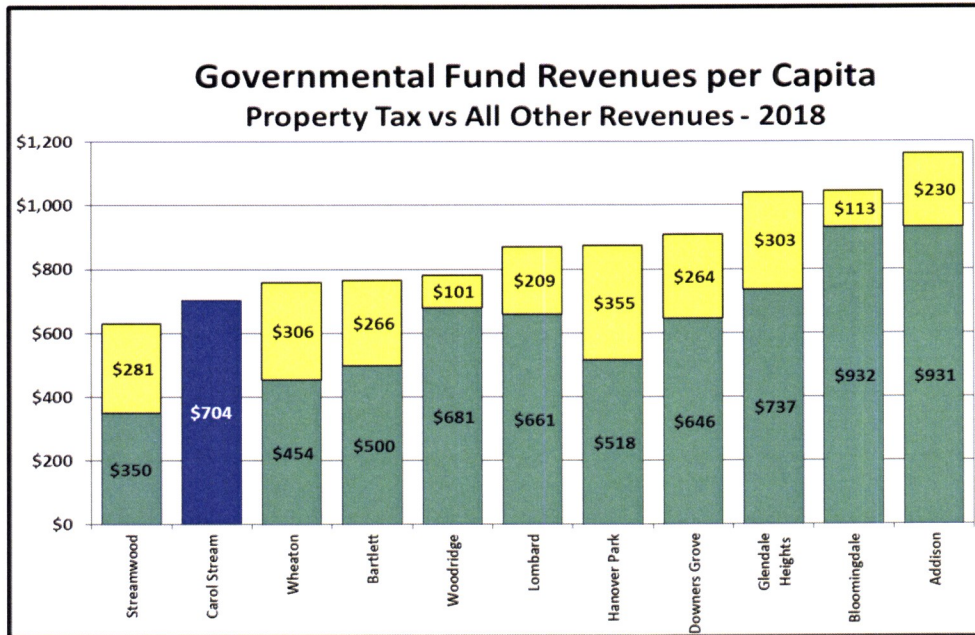
Addison	Glendale Heights	Streamwood
Bartlett	Hanover Park	Wheaton
Bloomingtondale	Lombard	Woodridge
Downers Grove		

**Governmental Fund Revenues by Type - 2018**



Other Taxes include such items as Hotel, Video Gaming, Food & Beverage, TIF, Real Estate Transfer, etc.

All Non-Tax Rev. includes such items as fines, charges for services, grants, licenses, permits, and interest income.



Source: Comprehensive Annual Financial Reports. Property Tax Component (excl. TIF, SSA, R&B)

All Other Governmental Revenues

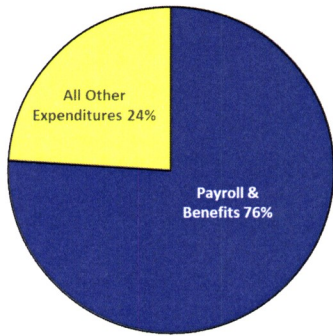
#### Annual Change in Sales Tax Collections

Calendar Year	DuPage County	Peer Group	Carol Stream
2018	2.0%	1.3%	-2.4%
2017	1.5%	1.7%	-6.6%
2016	2.2%	0.8%	8.8%
2015	2.6%	5.4%	11.2%
2014	4.2%	4.4%	6.7%
2013	6.1%	4.8%	17.9%
2012	3.3%	0.6%	3.4%
2011	4.5%	4.2%	1.6%
2010	4.6%	3.5%	2.1%
2009*	-9.9%	-8.1%	-13.7%

\* Low point of Great Recession

(excludes home rule sales tax)

## 5 Year General Fund Expenditures



All Other Expenditures includes contractual services, commodities, and capital outlay.

### Payroll & Benefits Expenditures

Payroll & Benefits Category	Average Annual Increase*
Salaries	4.5%
Overtime	5.4%
FICA	4.8%
Health Benefits	0.2%
Work Comp./Unemployment	0.3%
IMRF Pension	2.6%
Police Pension Fund	<u>9.4%</u>
<b>Total Payroll &amp; Benefits</b>	<u><b>4.5%</b></u>



\* Represents average annual increase each year for the last 5 years.

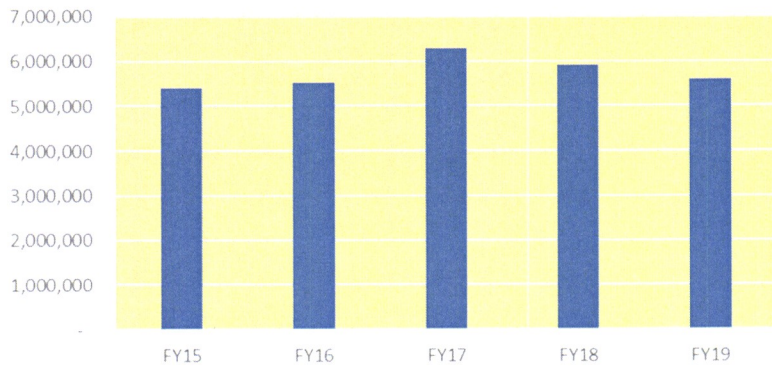


### Non-Payroll Costs

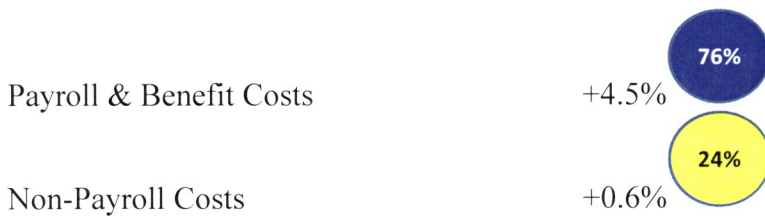
All other non-payroll costs include Contractual Services, Commodities, and Capital Outlay categories.

- Growth in non-payroll costs has been much slower (0.6% per year in each of the past 5 years) than payroll and benefit costs at 4.5% average per year.

**General Fund  
Non-Payroll Expenditures - FY15 to FY19**



5 Year Average Annual Growth in General Fund Revenues and Expenditures - FY14 to FY19



Total General Fund Expenditures **+3.6%**  
 General Fund Revenues **+2.1%**

**5 year average expenditure growth is outpacing revenue growth.**

5 Year Capital Improvement Program (CIP)

- The 5 year CIP currently projects reserve will be depleted during the 3<sup>rd</sup> year (FY22) of the 5 year plan.
- This assumes no surplus transfers from the General Fund.
- The amount and availability of regular General Fund surpluses are not as reliable as in years' past. There have been no transfers made in the last 2 years.
- Without additional regular funding, the scope of capital infrastructure improvements will need to be cut back significantly.

**Projected Reserve Balances**

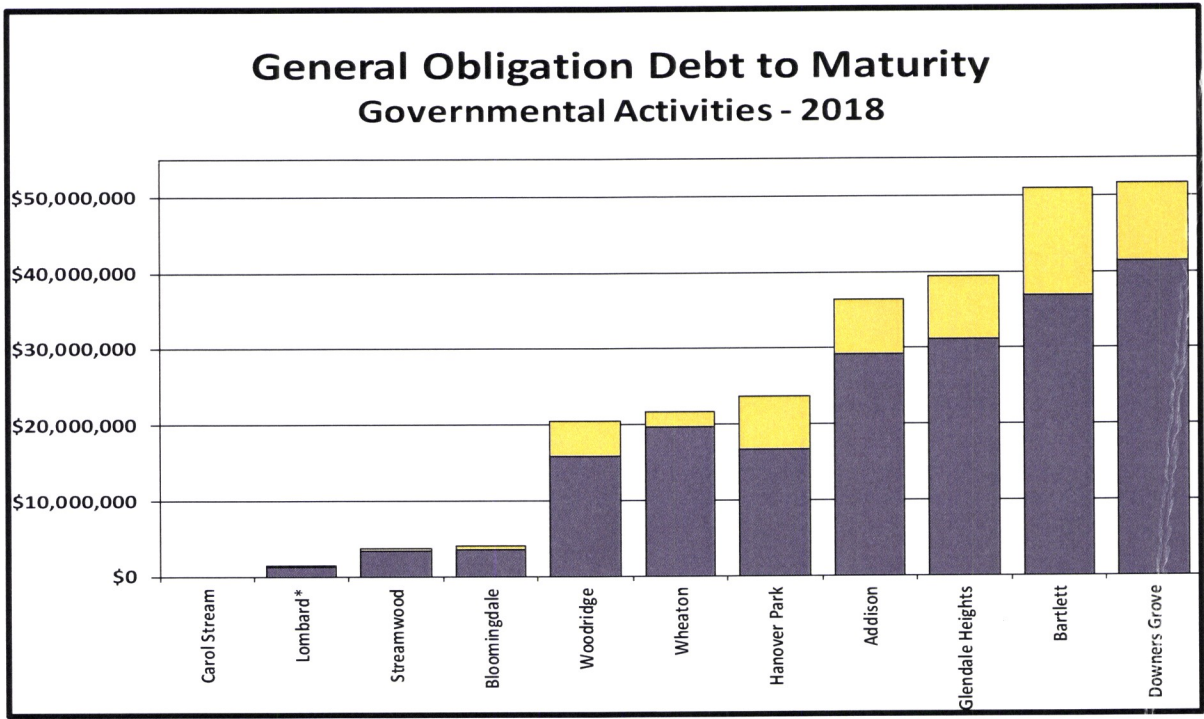
Fund	FY20	FY21	FY22	FY23	FY24
Capital Projects Fund	\$5,827,158	\$2,755,158	(\$2,359,842)	(\$6,154,842)	(\$9,609,842)
Motor Fuel Tax Fund	<u>2,813,954</u>	<u>872,954</u>	<u>1,841,954</u>	<u>2,806,954</u>	<u>3,767,954</u>
<b>Total CIP</b>	<b><u>\$8,641,112</u></b>	<b><u>\$3,628,112</u></b>	<b><u>(\$517,888)</u></b>	<b><u>(\$3,347,888)</u></b>	<b><u>(\$5,841,888)</u></b>

Capital Improvement Program Expenditures

- The CIP requires approximately \$5.6 million in regular annual funding per year over the next 5 years (net of programmed grant and other cost sharing funding).
- With \$2.5 million of current funding, this leaves a shortfall of about \$3.1 million per year to adequately fund the program.

**5 Year CIP Program Expenditures, Revenues, and Funding Shortfall**

(in \$000's)	FY20	FY21	FY22	FY23	FY24	Total
CIP Expenses (net of grants)	\$4,955	\$7,213	\$6,247	\$4,880	\$4,544	\$27,839
Current Revenues	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>(12,500)</u>
Funding Shortfall	<u>\$2,455</u>	<u>\$4,713</u>	<u>\$3,747</u>	<u>\$2,380</u>	<u>\$2,044</u>	<u>\$15,339</u>
Average Annual Expenditures						\$5,568
Average Annual Funding Shortfall						\$3,068

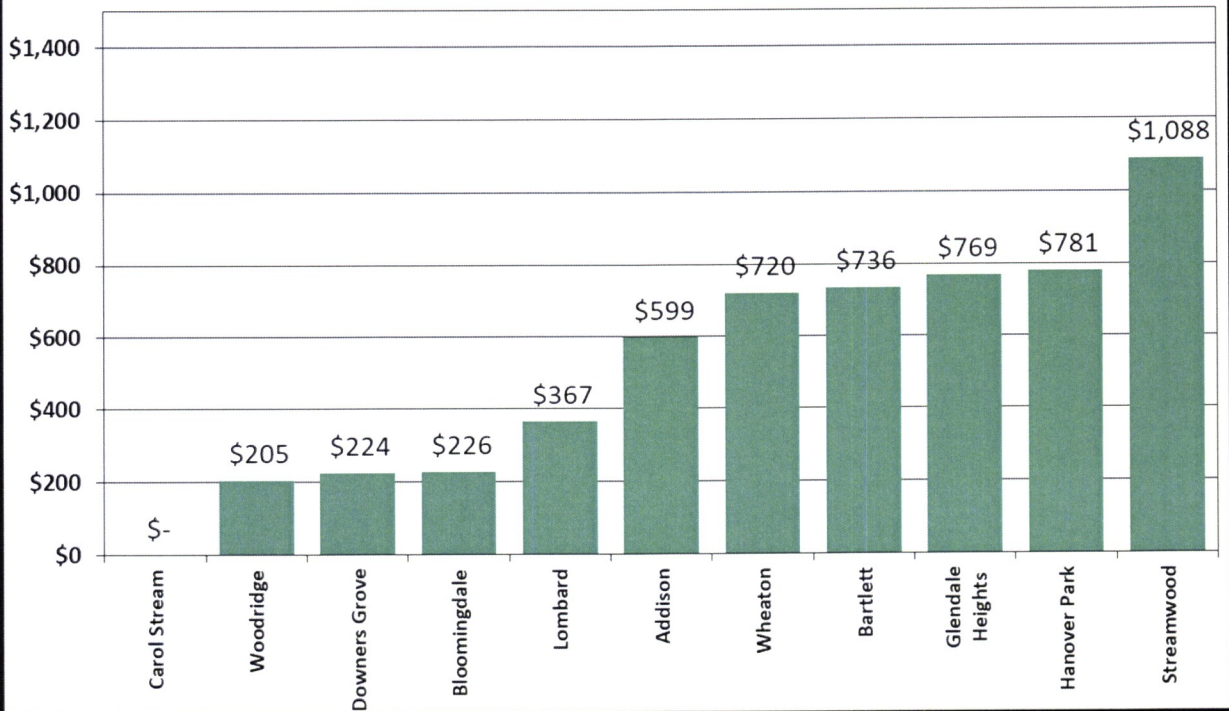


Source: Comprehensive Annual Financial Reports (CY2017/FY2018).

\* Lombard uses Debt Certificates rather than G.O. Bonds.

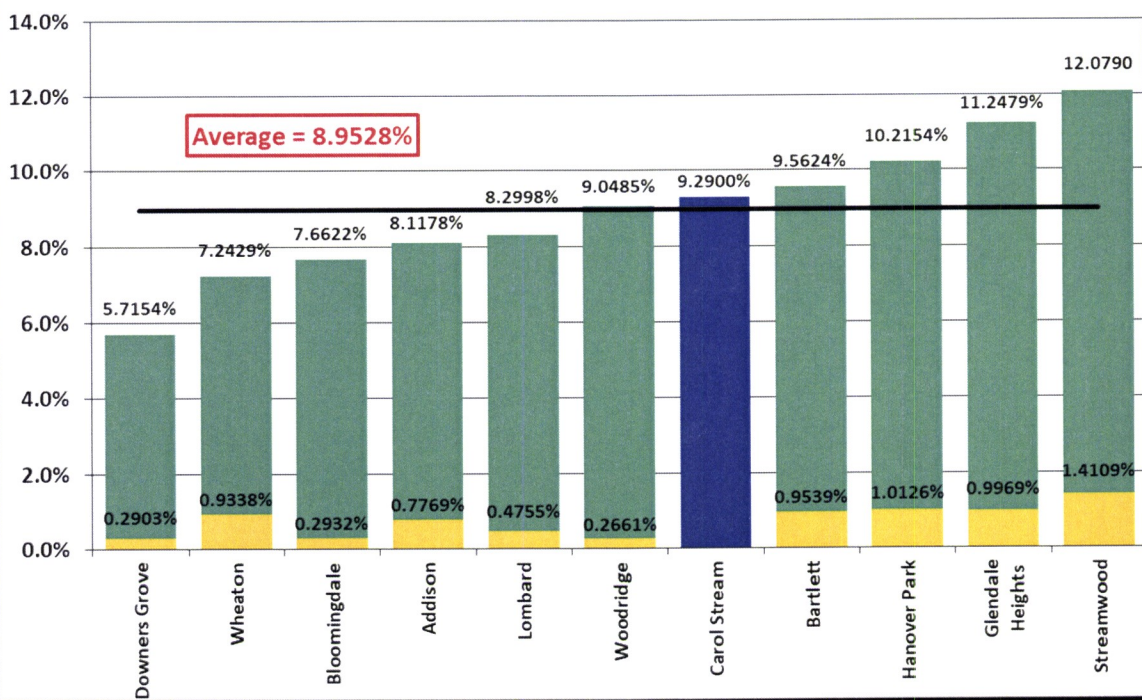
Principal Expense  
 Interest Expense

## 2018 Municipal Property Tax Bill (paid in 2019) \$231,400 Median Home Market Value



Source: Comprehensive Annual Financial Reports/County Records.  
 Fire-specific property taxes have been excluded from tax bill amount shown  
 Excludes parks/recreation levy

## Total 2018 Community Property Tax Rate



Estimated Property Tax Bill Impact  
For each \$1,000,000 Levied\*

Property Market Value	Estimated Tax	
\$ 100,000	\$ 26.37	
150,000	39.56	
200,000	52.74	
<b>231,400</b>	<b>61.03</b>	<b>Median Home Value</b>
250,000	65.93	
300,000	79.12	
350,000	92.30	
400,000	105.49	
500,000	131.86	
1,000,000	263.72	
2,000,000	527.44	
3,000,000	791.16	
5,000,000	1,318.60	
10,000,000	2,637.21	

\* Based on 2018 Carol Stream Equalized Assessed Property Values.

### General 2019 Property Tax Levy Timeline

- September, 2019 Carol Stream Library Board considers their 2019 property tax request and forwards to Village.
- October, 2019 Village adopts a resolution recording the determination of the amounts of money estimated to be needed from the property tax. This would include both Library and Village estimate.
- November, 2019 A public hearing would be noticed and required prior to adoption of the combined Village/Library levy. Once public hearing is closed, the Board may approve the levy by ordinance later the same meeting.
- December, 2019 Levy must be filed in the DuPage County Clerk’s Office no later than the last Tuesday in December.

### Public Participation included:

Jack Krans talked about IMRF and the State of Illinois pension system. He is concerned that raising taxes will drive people away from the State. Mr. Krans talked about public schools and charter schools and internet education. Village Board encouraged Mr. Krans to speak to the school board as the Village has no control over teacher pensions.

John Zimmerman thanked the Village Board for their response on high water bills. He stated the property tax would place additional burden on tax payers and is concerned whether the Board has done everything it can to prevent a property tax. Mr. Zimmerman stated salaries are higher and wonders if the Village has done everything it can related to high staff costs. He asked if there is more we can do to increase sales tax? Mr. Zimmerman stated he is concerned with the Village Hall renovation and the fact that the Village has depleted reserves. He would like the Village to form a committee similar to flooding for property tax.



Randall Mueller is concerned with the timing and optics of the tax. He understands the necessity for it, but would like an outline of the next few years. Mr. Mueller does not want people to move out because of a property tax and would like to see incentives for businesses to stay in Carol Stream.

Joe Scaccia stated he does not like the “reliable income” phrase and thinks the Village should change marketing of the proposal. He is concerned with the State’s deficit and pension problem and would like the Village to look at everything.

Sharon Leach questioned what the Village is doing to attract more stores. She also asked if the residents have a say on a property tax or capping it. Mayor Saverino commented on economic development efforts and what the Village has accomplished.

John Torracco questioned if the property tax applies to all property owners. Mayor stated he cannot restrict which area gets taxed. Trustee Zalak stated a property tax option includes the possible elimination of vehicle stickers.

Engineering Services Director Bill Cleveland discussed the danger of deferred maintenance and the Village’s grant funding efforts.

Trustee Greg Schwarze thanked everyone for attending and stated apart from vehicle stickers, residents currently do not contribute anything for the services provided.

Mayor Saverino shared DuPage Mayors and Managers Conference Legislative Committee discussion about water tower painting and how it is \$200,000 more to paint a tower because of a bill in Springfield. There are a lot of issues with the State that need to be addressed.

James Brewer asked about the Wayfair decision and if the Village is getting our fair share of internet sales. Finance department reviews sales tax reporting of village businesses and the Village has not been able to for online sales. Internet sales tax will go into effect July 1, but the Village cannot predict revenue impact.

Ron Shreve asked about the sale of cannabis in town and what is the Village Board’s position. The Village is undecided at this time.

Trustee Gieser thanked everyone for attending.

Trustee Frusolone talked about economic development and stated the industrial park vacancy rate was at 25% and has gone down to single digits under 5%.

Mayor Saverino thanked everyone for attending.

There being no further business, Trustee Schwarze moved and Trustee Gieser made the second to adjourn the Special Workshop meeting. The meeting was adjourned unanimously at 11:01 a.m.

FOR THE BOARD OF TRUSTEES

Frank Saverino Sr  
Frank Saverino, Sr., Mayor

ATTEST:

Laura Czarnecki  
Laura Czarnecki, Village Clerk

Minutes approved by the President and Board of Trustees on this  
7<sup>th</sup> day of October, 2019.

Laura Czarnecki  
Village Clerk