

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
6:05 p.m. – 8:59 p.m.

Meeting Notes

ATTENDANCE:

Mayor Frank Saverino, Sr.
Trustee Greg Schwarze
Trustee John Zalak
Trustee Mary Frusolone
Trustee Rick Gieser
Trustee Matt McCarthy
Trustee John LaRocca

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
Deputy Chief John Jungers
Deputy Chief Mike Zochert
Tia Messino, Assist. to the VM

ABSENT:

The meeting was called to order at 6:05 p.m. by Mayor Frank Saverino, Sr. and the roll call read by Village Clerk Laura Czarnecki. The result of the roll call vote was as follows:

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

Absent: None

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.

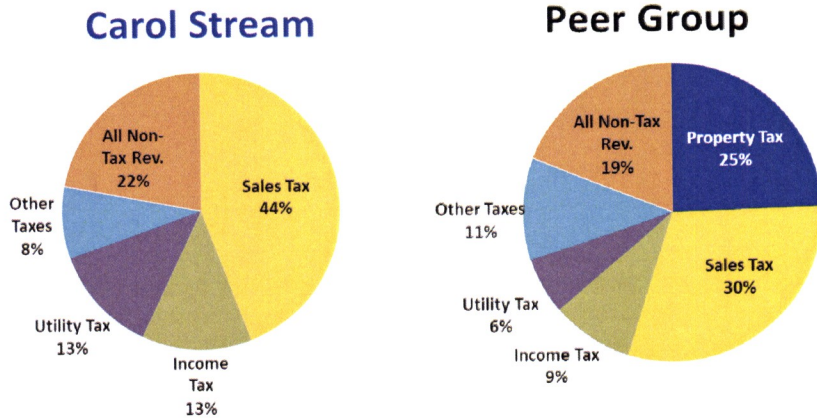
These presentations are available on the Village’s web site.

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

Peer Comparison:

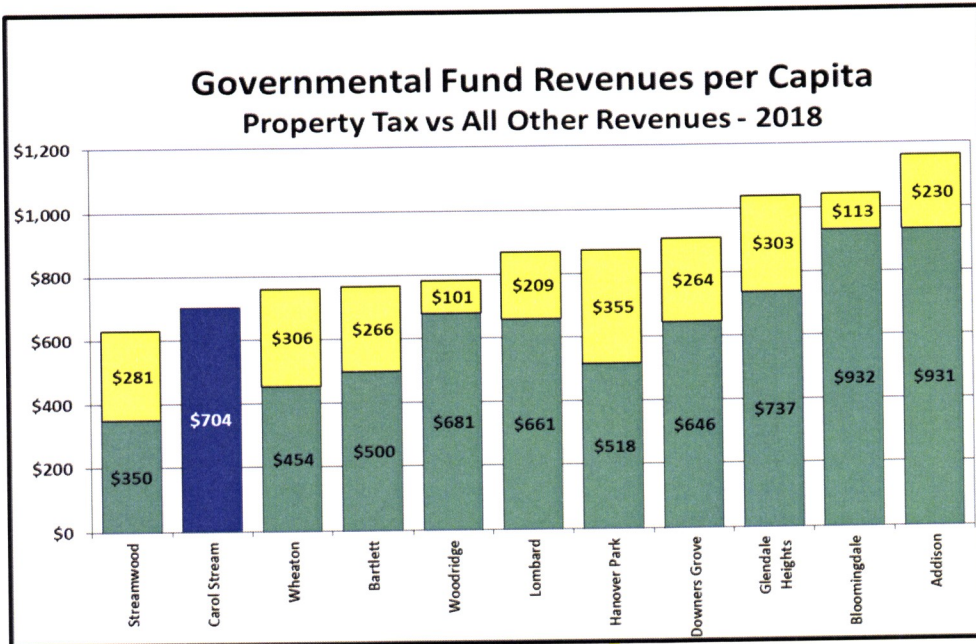
- Selection criteria
 - Population, Footprint, Tax Value, Median Home Value, Median Household Income
 - Included in labor market comparisons
 - Often considered along with Carol Stream by new home buyers
- Ten peers selected
 - Addison
 - Bartlett
 - Bloomington
 - Downers Grove
 - Glendale Heights
 - Hanover Park
 - Lombard
 - Streamwood
 - Wheaton
 - Woodridge

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.



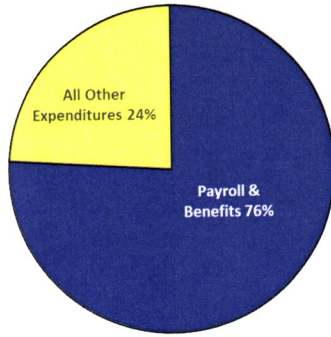
Source: Comprehensive Annual Financial Reports. ■ Property Tax Component (excl. TIF, SSA, R&B)
■ All Other Governmental Revenues

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	9.4%
Total Payroll & Benefits	<u>4.5%</u>

76%

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

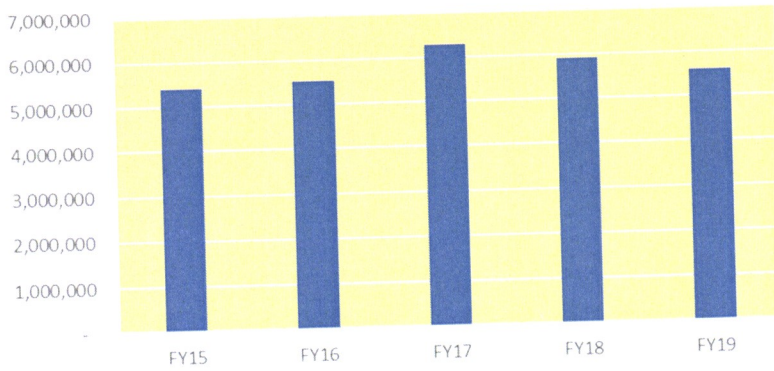
24%

Non-Payroll Costs

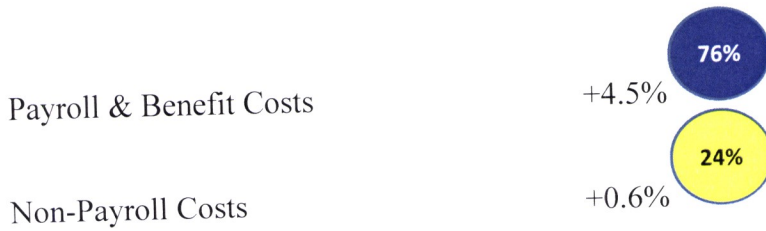
All other non-payroll costs include Contractual Services, Commodities, and Capital Outlay categories.

- 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 3rd 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>
Total CIP	<u>\$8,641,112</u>	<u>\$3,628,112</u>	<u>(\$517,888)</u>	<u>(\$3,347,888)</u>	<u>(\$5,841,888)</u>

Capital Improvement Program Expenditures

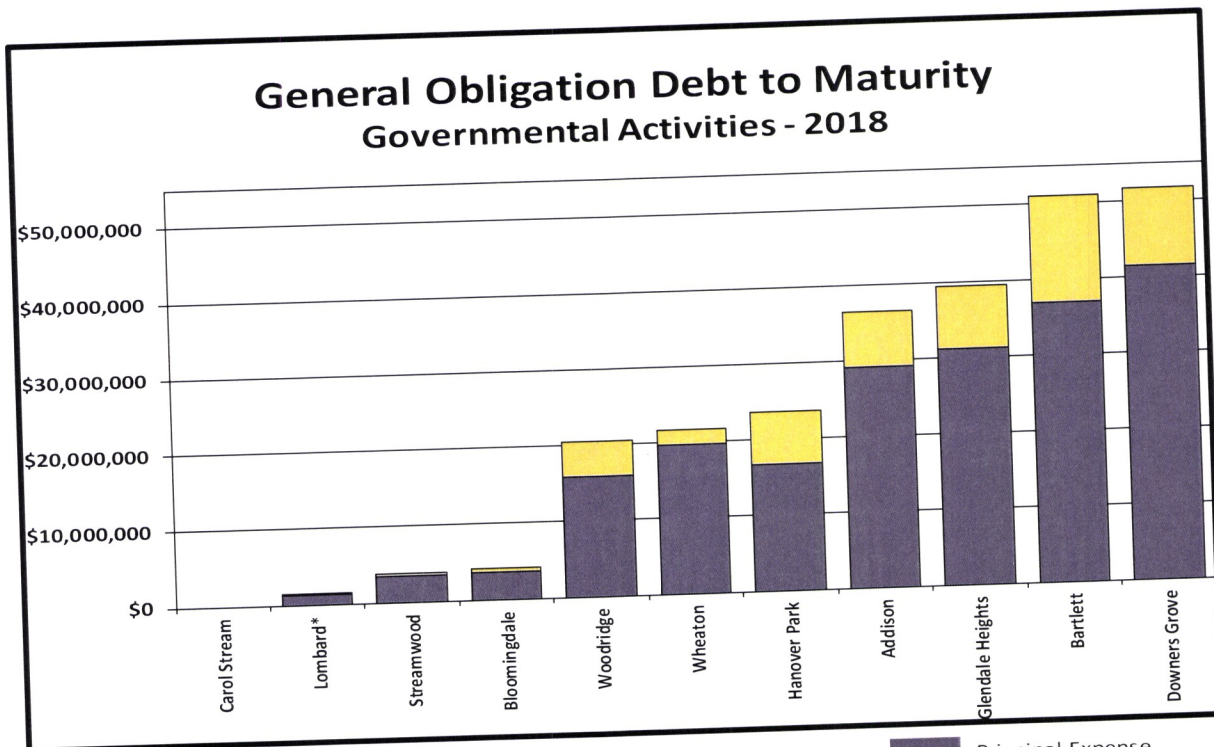
- The CIP requires approximately \$5.6 million in regular annual funding per year over the next 5 years (net of programmed grant and other cost sharing funding).
- With \$2.5 million of current funding, this leaves a shortfall of about \$3.1 million per year to adequately fund the program.

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

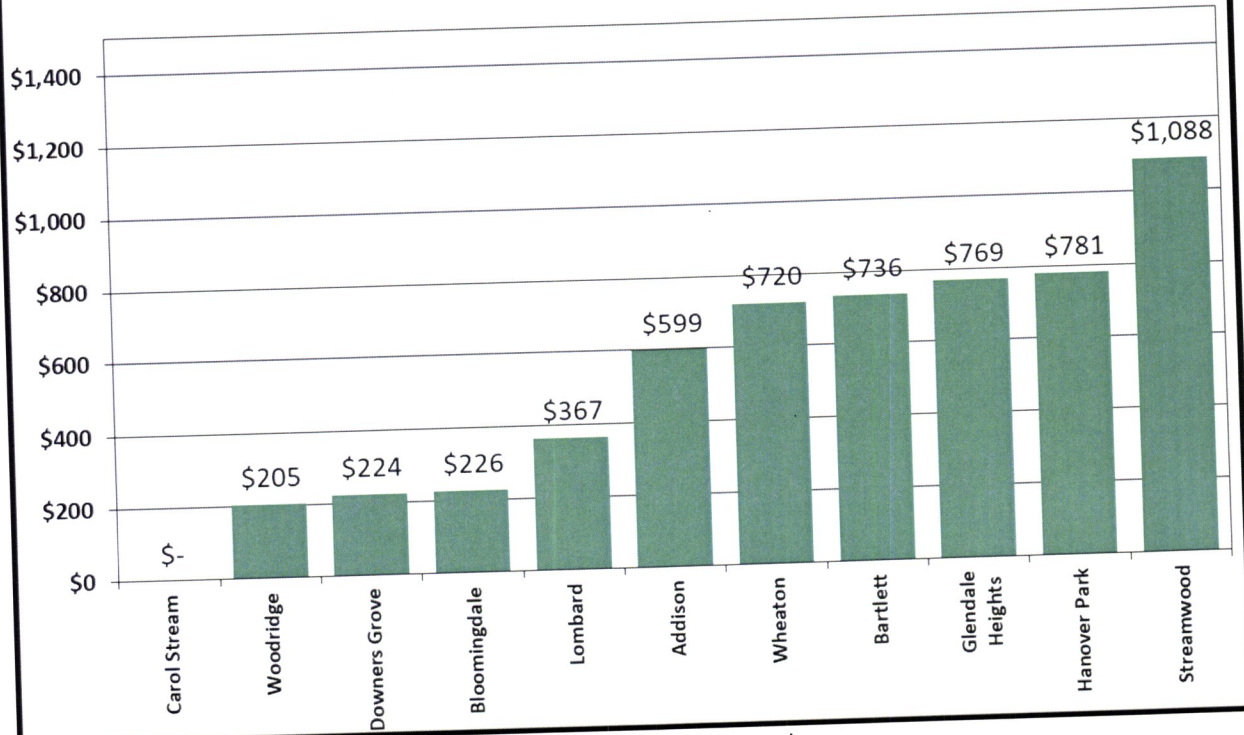
Average Annual Funding Shortfall \$3,068



Source: Comprehensive Annual Financial Reports (CY2017/FY2018).
 * Lombard uses Debt Certificates rather than G.O. Bonds.

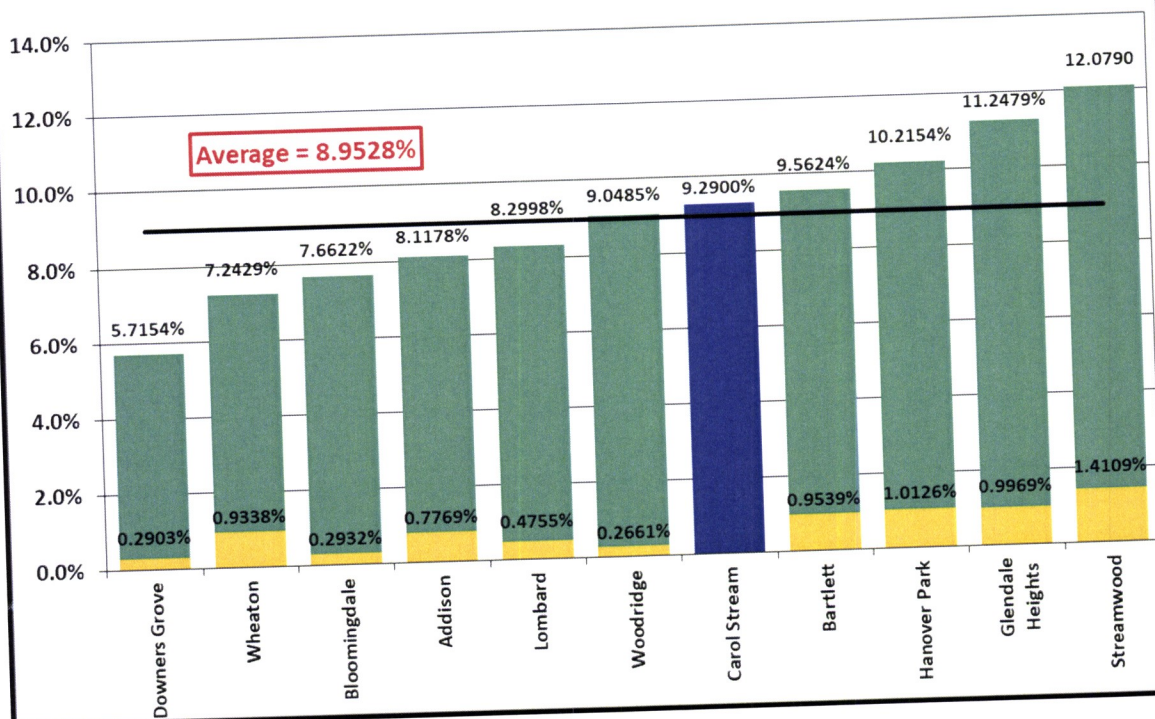
Principal Expense
Interest Expense

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
231,400	61.03
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

Median Home Value

* 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:

Mark Jateczak expressed concerns on the motor fuel tax fluctuation and the CIP fund.

David Desai questioned the shortfall on an annual basis and asked if the Village can levy a head tax. Village Board replied the Village cannot have a shortfall

Debra Schultz expressed concern with the Board acting in fear of a property tax freeze. She would like to see a partnership between state and local governments working together. Mayor explained existing partnerships between local taxing bodies and the quarterly meetings that exist and how we help each other.

Tom Garvey expressed concerns on the Village's reserves and where the library loan was funded. Also questioned part-time employees receiving a pension. Finance Director Batek replied that part time employees need to be under 1000 hours not to receive IMRF. Our part time employees work 998 hours. Police Pension funds were explained on how we fund based on an independent actuary's assessment of our pension liabilities and it is required to be paid. There were also capital improvement plan concerns which motor fuel tax is only used for roads, but we apply for grants which we hope to receive.

Pam White questioned why dogs need a license and not cats. She would like to see more tickets on vehicles parked over sidewalks and other means of revenue. Trustee Frusolone discussed the 4% vacancy rate in the industrial park.

John Cordell applauded the efforts of the Village Board. He questioned what will happen if residents leave, will the Village tax more or will it be lowered if the Village does not need the money? Mayor stated that Carol Stream has to file with the State in December and right now it is undecided.

Sue Jefferson expressed concern that there is not a number for the property tax revenue. She questioned how will residents know what the final number has been decided? Businesses will pay property tax even if empty. Village Board stated that it will go on a Village Board meeting and not a referendum. There will be a Public Hearing scheduled in November.

Kathy Carrier questioned the sale of adult use of marijuana and could this be an income source? Trustee Frusolone stated we do not have enough information to know what revenue would be generated. It is still an open discussion. The Village Board intends to make a decision by the end of the year.

John Howland does not want the sale of marijuana within the Village. He questioned the repair of streets and whether they could differ 2 to 3 years. Mayor Saverino explained the concept of preventative maintenance than waiting a couple of years.

David Hoover discussed TIF districts and questioned having more red light cameras. Mayor Saverino explained he would like to have more, but the County is not allowing us.

Mike Daniels asked what happened to the property on Morton and North Avenue and why in Winfield. Mayor Saverino stated a water main went through forest preserve property to connect. Mr. Daniels also asked Engineering Department to take a look at Woodhill where he has flooding issues.

Debra Schultz expressed her concerns to allow the sale of marijuana as the dispensaries which will be an additional source of revenue.

Tom Garvey asked what was the name of the company the Village lost 1 million dollars in sales tax. Village Manager Mellor replied that we cannot legally disclose the name. The Village Board has not heard anything from businesses located in the Industrial Park on the property tax.

Mark Jateczak questioned what we can do to prevent businesses from leaving Carol Stream? Mayor Saverino stated unfortunately Carol Stream has no incentive for businesses to be in Carol Stream.

Trustee Schwarze thanked everyone for their thoughtful and educated comments and questions. This Board takes pride in Carol Stream and it is not an easy solution. He explained how important it is to shop in Carol Stream.

Trustee LaRocca stated we needed to cut capital to balance the budget. Cutting capital just costs more money in the long term. He stated nothing is taken lightly and we care about the town and doing what is right. Trustee LaRocca thanked everyone for coming and God bless.

Trustee Gieser thanked everyone for coming and appreciates all the interest and caring enough to attend. It is not going to be an easy decision as we are all your friends and neighbors.

Trustee Zalak stated he has only been a Trustee for 6 months and this is not his idea. He thanked everyone for coming and appreciates resident's educated questions.

Trustee Frusolone thanked everyone for coming. There has been a lot of social media coverage and it speaks volumes of the residents attending. Staff takes pride in what they do and have been working hard. Please continue to ask questions. The Village will update our website and social media as more questions come in and will publicize when discussion is being made.

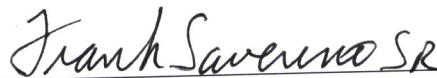
Trustee McCarthy agreed with everyone and stated yes we are listening to Carol Stream residents and we are hearing you.

Director of Public Works Phil Modaff discussed the innovations in Public Works and rehabbing trucks. Public Works takes measures to keep trucks in good shape and explained how they get a truck for a third of the cost. Solicited donations (\$14,000 raised) for the pink (breast cancer) truck. We collaborate with area towns to save money and spoke of many cost savings efforts Public Works accomplished.

Mayor Saverino stated he will think about the comments tonight. He is proud of the work the Village does and the quality of life in the Village whether it be our fire district, schools, etc. Our Police department keep us safe. We all work with other towns to save money. Mayor Saverino appreciates staff, but unfortunately we are at the mercy of the State. The Village Board are your neighbors. Mayor Saverino loves Carol Stream and the residents. He thanked everyone for coming and residents are welcomed to come on Sunday.

There being no further business, Trustee McCarthy moved and Trustee Gieser made the second to adjourn the Special Workshop meeting. The meeting was adjourned unanimously at 8:59 p.m.

FOR THE BOARD OF TRUSTEES



Frank Saverino, Sr., Mayor

ATTEST:


Laura Czarnecki, Village Clerk

Minutes approved by the President and Board of Trustees on this

7th day of October, 2019.

Jana Zurek
Village Clerk