

# 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

**October 6, 2019**

**9:05 a.m. – 11:28 a.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 Mike Zochert**  
**Tia Messino, Assist. to the VM**

### ABSENT:

The meeting was called to order at 9:05 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, Schwarze, LaRocca and McCarthy

Absent: Village 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 the foundations for a municipal 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.

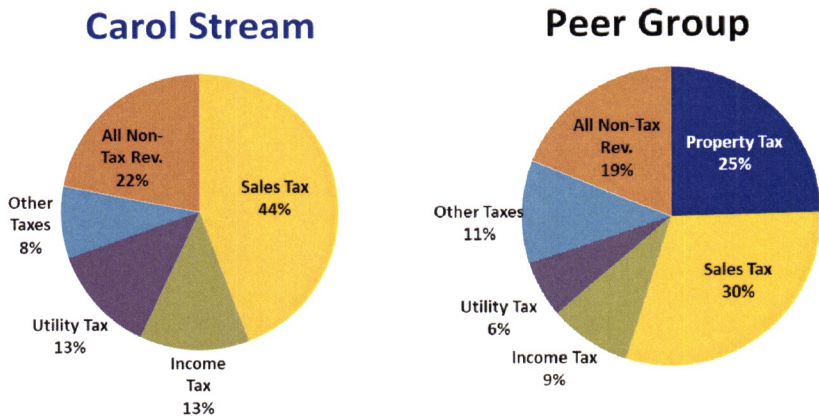
Go to “News” and “Budget Update” on the home page.

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
 

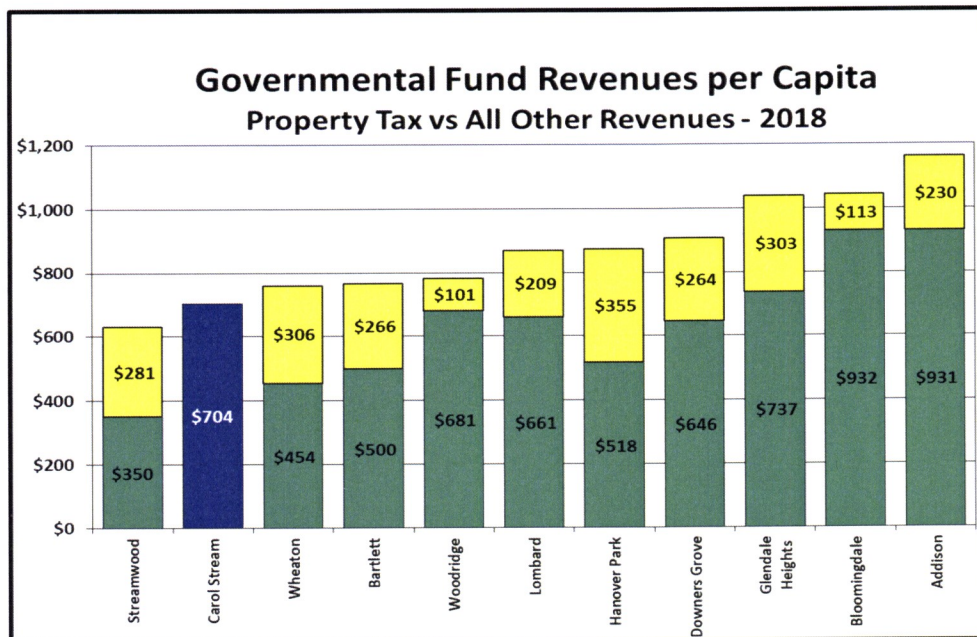
Addison	Glendale Heights	Streamwood
Bartlett	Hanover Park	Wheaton
Bloomingtondale	Lombard	Woodridge
Downers Grove		

**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.



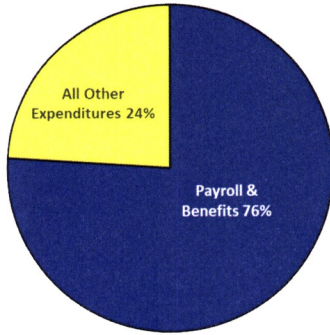
Source: Comprehensive Annual Financial Reports. ■ Property Tax Component (excl. TIF, SSA, R&B)  
■ All Other Governmental Revenues

#### 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	9.4%
<b>Total Payroll &amp; Benefits</b>	<b><u>4.5%</u></b>



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

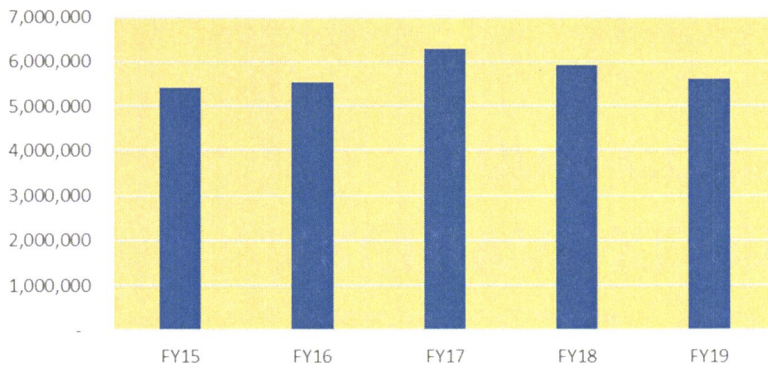


### Non-Payroll Costs

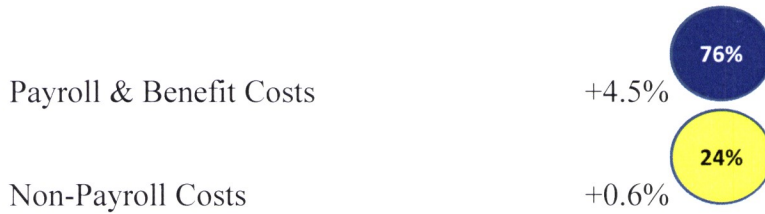
All other non-payroll costs include Contractual Services, Commodities, and Capital Outlay categories.

- 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>
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

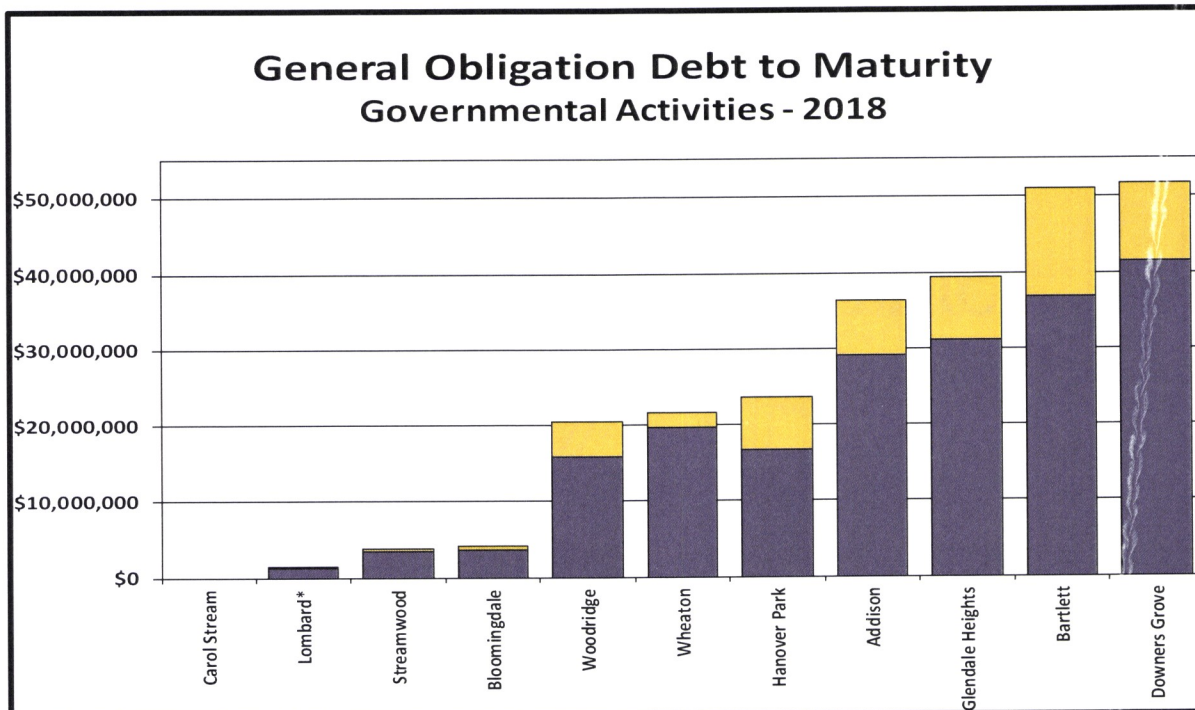
- The CIP requires approximately \$5.6 million in regular annual funding per year over the next 5 years (net of programmed grant and other cost sharing funding).
- With \$2.5 million of current funding, this leaves a shortfall of about \$3.1 million per year to adequately fund the program.

### 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**

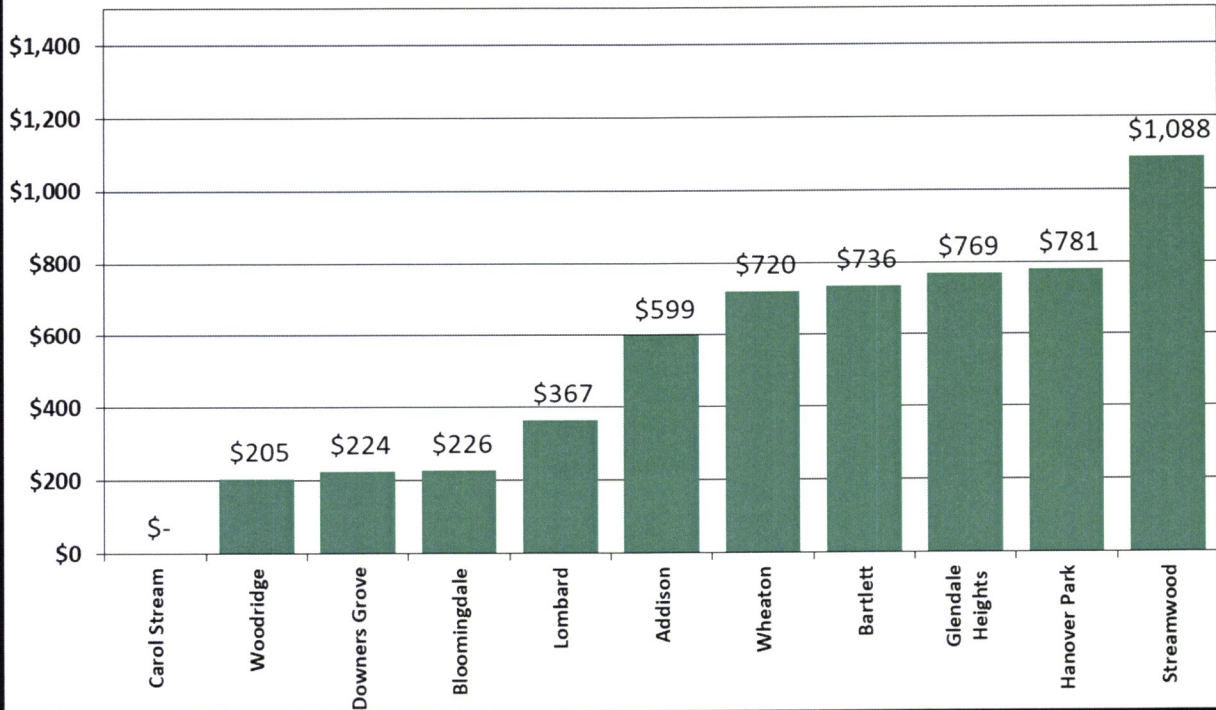


Source: Comprehensive Annual Financial Reports (CY2017/FY2018).

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

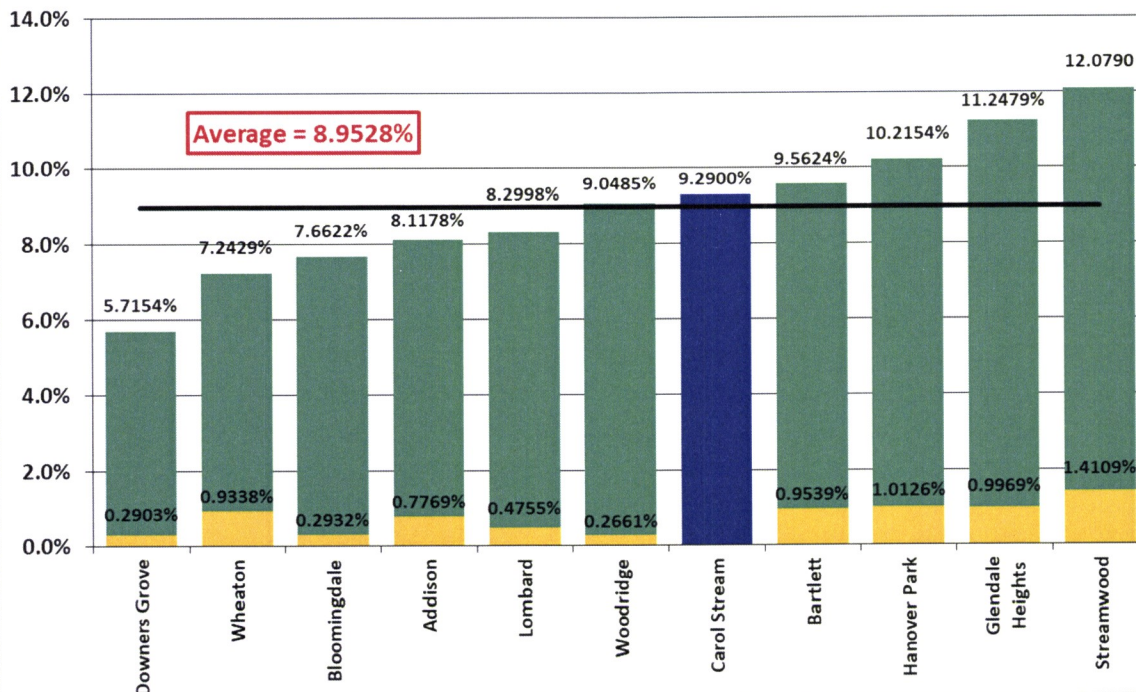
Principal Expense  
Interest Expense

## 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
<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:

Howard Bender recommends the Village of Carol Stream remove the “Hopes and Aspiration” CIP fund from reserves and budget for CIP expenditures. He would like to see more economic development efforts to attract new businesses and questioned what other revenues can be increased to reduce property tax. Mr. Bender suggested to apply a property tax to those properties above the median value. He is not opposed to property tax if it is managed well.

Finance Director Jon Batek stated DuPage County does not allow the Village to choose certain parcels to apply a property tax.



Community Development Director Don Bastian discusses economic development including maintaining relationships with industrial brokers and staying active with economic development organizations.

Public Works Director Phil Modaff discussed many initiatives Public Works has taken involving their vehicles, contract for services, joint purchasing agreements and street light fixtures.

10:03 a.m. - Trustee Gieser announces he has to leave due to work and thanked everyone for attending.

Mike Berardi conveyed his concerns about assessed property values and what the Village of Carol Stream will levy. His levy would be \$75/\$1 million, but has already decided to move out of state within the year. Mr. Berardi also questioned what kind of sales tax the industrial park is paying and if they will also pay a property tax.

Mayor Saverino discussed other property taxing bodies and their increases.

Irene Montana asked if the Village of Carol Stream can install solar panels on its facilities and not spray chemical weed treatments. She also asked if the Village will put a cap on the property tax.

Public Works Director Phil Modaff responded that solar panels have been looked at, but are not feasible due to lack of land. The Village spends under \$10,000 on weeds so eliminating this would not assist in Village's financial situation.

Jim Zay urged the Village Board to let residents know what the levy will be and if no levy, what will the Village need to cut. He stated to not take the property tax personal, it is a business and he feels that 3.1 million is what the Village needs. Mr. Zay is upset about a statement from a resident at the September 30<sup>th</sup> – 6pm workshop that he should be in prison and no Village Board member rebutted him. Board members strongly stated that they did not hear the comment and believe Jim Zay is a man of integrity.

Skip Stubbs stated property tax was an issue since he was on the Board 15 years ago. This should not be an open book for additional increases.

Brian Bylls is concerned that as soon as we have a property tax, we will also have debt. Our peers have a property tax and debt. He is not adverse to a property tax, but does not want the Village to have debt.

Phil Cyr questioned what the Village of Carol Stream is doing to help the public understand the Village's finances. He also asked if staff measures the effectiveness of public engagement.

Phil Vail has a home business. He has brought 100 complaints to the Police Department and wants to know what a property tax will do to resolve his issues and help with his business.

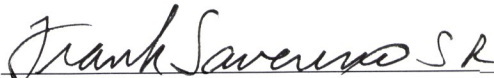
Mayor Saverino thanked everyone for attending. He talked about our Police Department doing a great job and all the awards they received.

Howard Bender questioned if the Village has looked at revenue for dispensaries. Village Board is still undecided at this time.

Mayor Saverino thanked staff and the Village Board.

There being no further business, Trustee McCarthy moved and Trustee Frusolone made the second to adjourn the Special Workshop meeting. The meeting was adjourned unanimously at 11:28 a.m.

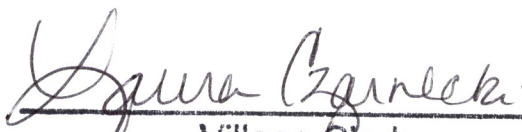
FOR THE BOARD OF TRUSTEES

  
\_\_\_\_\_  
Frank Saverino, Sr., Mayor

ATTEST:

  
\_\_\_\_\_  
Laura Czarnecki, Village Clerk

Minutes approved by the President and Board of Trustees on this  
21<sup>st</sup> day of OCTOBER, 2019.

  
\_\_\_\_\_  
Village Clerk