Village of Carol Stream

SPECIAL WORKSHOP MEETING

MONDAY, SEPTEMBER 30, 2019

9:00 A.M.

GREGORY J. BIELAWSKI MUNICIPAL CENTER
500 N. GARY AVENUE
CAROL STREAM, ILLINOIS 60188

BOARD ROOM

AGENDA

1. CALL TO ORDER
2. ATTENDANCE
3. PROPERTY TAX PUBLIC FORUM
4. OTHER BUSINESS
5. ADJOURNMENT
VILLAGE OF CAROL STREAM
Property Tax Public Forum

9:00 a.m. and 6:00 p.m.
September 30, 2019

9:00 a.m. October 6, 2019
Agenda

I. Background
II. Peer Comparison
III. General Fund Revenues & Expenditures
IV. Capital Improvement Program (CIP)
V. Property Tax
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.
Background

- Public Safety
- Public Works
  - Snow Plowing
  - Parkway Trees
  - Mowing
  - Street Sweeping
  - Traffic Signs
  - Street Lights
- Community Dev.
- Engineering
- Support Services
  - Info. Technology
  - Finance
  - Human Resources
  - Administration

Village Operations

Water and Sanitary Sewer Utility

Supported by Water and Sewer Rates

Surplus Transfers (if any)

Capital Improvement Plan (CIP)

- Road Construction
- Storm Water System
- Major Public Facilities
Background

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  
  Bloomingdale  
  Downers Grove  
  
  Glendale Heights  
  Hanover Park  
  Lombard  
  
  Streamwood  
  Wheaton  
  Woodridge
Governmental Fund Revenues by Type - 2018

Carol Stream

- Sales Tax: 44%
- All Non-Tax Rev.: 22%
- Utility Tax: 13%
- Income Tax: 13%
- Other Taxes: 8%

Peer Group

- Property Tax: 25%
- Sales Tax: 30%
- All Non-Tax Rev.: 19%
- Other Taxes: 11%
- Utility Tax: 6%
- Income Tax: 9%

Source: Comprehensive Annual Financial Reports.

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.
Governmental Fund Revenues per Capita
Property Tax vs All Other Revenues - 2018

Source: Comprehensive Annual Financial Reports.

- Property Tax Component (excl. TIF, SSA, R&B)
- All Other Governmental Revenues
# Annual Change in Sales Tax Collections

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

* 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

<table>
<thead>
<tr>
<th>Payroll &amp; Benefits Category</th>
<th>Average Annual Increase*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>4.5%</td>
</tr>
<tr>
<td>Overtime</td>
<td>5.4%</td>
</tr>
<tr>
<td>FICA</td>
<td>4.8%</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>0.2%</td>
</tr>
<tr>
<td>Work Comp./Unemployment</td>
<td>0.3%</td>
</tr>
<tr>
<td>IMRF Pension</td>
<td>2.6%</td>
</tr>
<tr>
<td>Police Pension Fund</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Total Payroll &amp; Benefits</strong></td>
<td><strong>4.5%</strong></td>
</tr>
</tbody>
</table>

* 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](include 505 North Ave Renovation Costs)
5 Year Average Annual Growth in General Fund Revenues and Expenditures - FY14 to FY19

Payroll & Benefit Costs  +4.5%  76%
Non-Payroll Costs  +0.6%  24%
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.

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

<table>
<thead>
<tr>
<th>5 Year CIP Program Expenditures, Revenues, and Funding Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in $000’s)</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>CIP Expenses</td>
</tr>
<tr>
<td>(net of grants)</td>
</tr>
<tr>
<td>Current Revenues</td>
</tr>
<tr>
<td>Funding Shortfall</td>
</tr>
</tbody>
</table>

Average Annual Expenditures $5,568
Average Annual Funding Shortfall $3,068
General Obligation Debt to Maturity
Governmental Activities - 2018

* Lombard uses Debt Certificates rather than G.O. Bonds.
2018 Municipal Property Tax Bill (paid in 2019)
$231,400 Median Home Market Value

AVG = $572

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

Average = 8.9528%

Source: Comprehensive Annual Financial Reports / DuPage County Clerk

Rates used are for portion of municipality within DuPage County (Cook County for Streamwood).
Amounts in yellow indicate municipal tax rate. Amounts in green indicate all other taxing jurisdictions.
## Estimated Property Tax Bill Impact

For each $1,000,000 Levied*

<table>
<thead>
<tr>
<th>Property Market Value</th>
<th>Estimated Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$26.37</td>
</tr>
<tr>
<td>150,000</td>
<td>39.56</td>
</tr>
<tr>
<td>200,000</td>
<td>52.74</td>
</tr>
<tr>
<td><strong>231,400</strong></td>
<td><strong>61.03</strong></td>
</tr>
<tr>
<td>250,000</td>
<td>65.93</td>
</tr>
<tr>
<td>300,000</td>
<td>79.12</td>
</tr>
<tr>
<td>350,000</td>
<td>92.30</td>
</tr>
<tr>
<td>400,000</td>
<td>105.49</td>
</tr>
<tr>
<td>500,000</td>
<td>131.86</td>
</tr>
<tr>
<td>1,000,000</td>
<td>263.72</td>
</tr>
<tr>
<td>2,000,000</td>
<td>527.44</td>
</tr>
<tr>
<td>3,000,000</td>
<td>791.16</td>
</tr>
<tr>
<td>5,000,000</td>
<td>1,318.60</td>
</tr>
<tr>
<td>10,000,000</td>
<td>2,637.21</td>
</tr>
</tbody>
</table>

*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.
QUESTIONS?