



PROPOSED STATUTORILY PERMISSIBLE
2023 TAX LEVY PUBLIC HEARING
NOVEMBER 2, 2023

TRUSTEE ANDREW HONIG, FINANCE & ADMINISTRATION COMMITTEE CHAIR
SCOTT NIEHAUS, VILLAGE MANAGER
TIM SEXTON, DIRECTOR OF FINANCE

OVERVIEW – 2023 Statutorily Permissible Tax Levy Increase

- The annual tax levy funds public services from police, fire, community development, public works, finance and governance.
- Per the Truth in Taxation Act, the Village is able to increase property taxes each year by the lesser of 5% or Consumer Price Index (CPI) plus new growth, without a referendum.
- A public hearing is required when the percentage increase in proposed tax levy is greater than 5%.
- The Finance & Administration Committee reviewed the proposed 2023 statutorily permissible tax levy at their September 11, 2023 meeting and voted unanimously to recommend that the Board of Trustees approve the 2023 statutorily permissible proposed levy of \$11,788,323, an increase of \$735,283, or 6.65%, requiring a public hearing.
 - The Committee recommended that the increase be set aside specifically for public safety building needs.
- The proposed tax levy increase translates to **an increase of approximately \$29.31 for the owner of a \$300,000 home.**
- **It is a common misconception that the majority of property taxes go to the Village. The Village of Lombard currently receives approximately 7.57% of property tax dollars, or 7.57 cents of each property tax dollar paid.**

Total Tax Rate – Property Tax Allocation



Why take the statutorily permissible levy increase?

- As a Non-Home Rule municipality, if Lombard does not take the statutorily permissible increase in a given year, that piece of the increase that is left on the table is forfeited in all future years going forward as well and cannot be reclaimed.
- Any actual revenue over expenditures will be allocated using the Long-Range Plan Waterfall Policy to fund the priorities of the Village Board, mainly the funding for future building needs and paying down net pension liabilities.
- Any part of the proposed statutorily permissible tax levy increase historically not taken, amounts to lost revenue the Village of Lombard has had to come up with through raising revenue in different ways and reducing expenditures. For instance, not taking an approximately \$250,000 tax increase in 2013 has cost the Village approximately \$2.7 million due to compounding over a ten-year period and will continue to impact the Village throughout its years.

Compounding of Statutorily Permissible \$251,073 Tax Levy Not Taken for 2013 Levy Year (2014 Fiscal Year)		
	Amount	Actual CPI
2013	(\$251,073)	1.5%
2014	(\$254,839)	0.8%
2015	(\$256,878)	0.7%
2016	(\$258,676)	2.1%
2017	(\$264,043)	2.1%
2018	(\$269,611)	1.9%
2019	(\$274,761)	2.3%
2020	(\$281,040)	1.4%
2021	(\$284,868)	7.0%
2022	(\$304,912)	
Average CPI Over Period		2.2%
Ten Year Impact	(\$2,700,701)	

PROPOSED 2023 Statutorily Permissible Levy

2023 Statutorily Permissible Levy		\$11,788,323	
2022 Extended Levy	-	\$11,053,040	
Total 2023 Permissible Increase		\$735,283	6.65% *
*Breakdown of 2023 Permissible Increase			
CPI		\$552,652	5.00%
Fire Pension (Exempt)		\$18,149	0.16%
Total for Existing Properties		\$570,801	5.16%
New Growth/Construction		\$164,482	1.49%
		\$735,283	6.65%

It is estimated that new growth will account for 1.49% of the increase in the levy. If there is no new growth, there will be no levy for this.

PROPOSED 2023 Statutorily Permissible Levy

It is estimated that new growth will account for 1.49% of the increase in the levy.
If there is no new growth, there will be no levy for this.

	New Growth	\$ New Growth	Impact of New Growth on \$300,000 Home	CPI Increase	\$ of CPI	Impact of CPI on \$300,000 Home	Total New Levy \$
New Growth + Statutory CPI (5.16%)	1.49%	\$164,482	\$0	5.16%	\$570,801	\$29.31	\$735,283

Why take the statutorily permissible levy increase?

FUTURE CHALLENGE: Public Safety Building Needs

- The Finance & Administration Committee recommended that the levy increase be set aside specifically for public safety building needs.
- Draft architectural report puts estimated costs at \$40 - \$50 million for police and fire building needs
 - Public Safety Committee reviewed on 9/6/23 and recommended approval.
 - Village Board of Trustees accepted the report on 9/21/23.
- This is reflected in the budget, transferring the levy increase amount out of the General Fund and to the Building Fund.
 - These funds will not be used for operational expenses or salaries.
 - The funds from the levy increase will be set aside for bricks and mortar for the public safety buildings.

Public Safety Buildings

The feasibility analysis provides guidance to the Village on the steps necessary to ensure that the facilities meet the current and future demands of the department's

- **Strategic Plan priorities related to the Village's infrastructure/facilities:**
 - Facilities adequate to meet operational needs
 - High quality and reliable utility and roadway systems
 - Effective project management
- **Strategic Plan goals related to the Village's ability to provide effective services:**
 - Competent workforce
 - Efficient service delivery
 - Improved operational effectiveness

Public Safety Buildings

- How does the Village address the needs?
 - Based upon the study, it is recommended that the best solution to address the Village Board’s strategic goals would be as follows:
 - Relocate the Police Station to another site within the Village. The location of the Police Department is not as critical for response as the Fire Station would be.
 - Build a new Central Fire Station on the Municipal Campus. This addresses the needs of the Fire Department and resolves the service gap issue.

What will the central fire station cost?

Item	Low	High
Construction Budget	\$8,836,108	\$9,415,273
Owner Purchased Items (FF&E, etc.)	\$225,000	\$267,000
Fees and Soft Costs	\$1,018,250	\$1,116,375
Total Project Budget	\$10,079,357	\$10,798,648

What will a new police station cost?

Item	Low	High
Construction Budget	\$34,757,058	\$36,225,207
Owner Purchased Items (FF&E, etc.)	\$805,000	\$875,000
Fees and Soft Costs	\$2,398,423	\$2,544,312
Total Project Budget	\$37,960,482	\$39,674,52

Public Safety Buildings

Next Steps:

- ✓ Staff to develop a list of possible sites for the relocation of the police department
- ✓ Retain experts to assist with the review of possible sites
- ✓ Select architect(s) to develop architectural designs for facilities
- ✓ Village Board discuss funding options for future facility improvements (decisions anticipated in 2025-2026)

SCHEDULE OF PROPOSED TAX LEVY PROCESS

- September 11, 2023 - Finance & Administration Committee reviewed and recommended approval of Proposed 2023 Tax Levy
- November 2, 2023 – Public Hearing/1st Reading on Proposed 2023 Tax Levy
- November 16, 2023 – Public Hearing on Proposed 2024 Budget and 2nd Reading on Proposed 2023 Tax Levy
- December 7, 2023 – 2nd Reading on Proposed 2024 Budget
- December 2023 - Village of Lombard files the Board approved 2023 Tax Levy and 2024 Budget ordinances with DuPage County
- DuPage County mails tax bills on or about April 30th of each year

COMMUNICATIONS PLAN

2024 BUDGET, WATER & SEWER RATES, 2023 TAX LEVY COMMUNICATIONS PLAN/FAQ

- Communicate to the majority of residents and business owners about the factors that contribute to a long-term budget deficit and the need to remain watchful, diligent, prepared, and flexible in light of the ever-changing economy and its effect on revenue streams and rising expenditure costs.
- Prepare public adequately for potential impacts and challenges
 - Unforeseen future unfunded State mandates
 - Anticipated major public safety building expenses
 - Anticipated increased operational expenses
 - Anticipated increased pension liabilities
- Communicate the monthly and annual impact of the tax levy and water rate increase to the average homeowner.
- Communicate the use of the Long-Range Plan Waterfall Policy as a fiscally effective and responsible policy to fund important Strategic Plan initiatives.
- Communicate the recommendation to set aside the levy increase for public safety building needs.

Recommendation

The Finance & Administration Committee, at their meeting on September 11, 2023, voted unanimously to recommend the proposed statutorily permissible 2023 tax levy to the President and Board of Trustees, and set the increase aside specifically for public safety building needs.

Ordinance on First Reading is on Separate Action:

Ordinance Providing for the Levy and Assessment of Taxes for the Fiscal Year beginning January 1, 2023, and ending December 31, 2023, for the Village of Lombard