

Village of North Riverside
Finance, Health & Appropriations Committee
Meeting Date: November 10, 2014

Trustee Wilt, Chairman
Trustee Demopoulos
Trustee Mengoni

Others in attendance were, Mayor Hermanek, Trustees Bianco, Czajka, Decosola, Administrator Belmonte and Finance Director Scarpiniti.

The meeting was called to order at 6:00 pm. and the following is a summary of the meeting.

Item #1: Discussion on Electrical Aggregation with Jay Dalicandro, Consultant to Christopher Burke Engineering: This item was tabled to 6:00 p.m. on Monday, November 17, 2014.

Item #2: Discussion on the 2014 Tax Levy: Director Scarpiniti distributed a 7-page detailed memo explaining the very complicated tax levy process in Cook County. She informed the committee that the Village must file its tax levy with the Cook County Clerk's Office by the last Tuesday in December, which is December 30, 2014. She added that the Village, due to its non-home rule status, would be limited to a tax levy increase equal to the rate of inflation plus any new property growth for the current calendar year. The Truth in Taxation Laws require a public hearing to be held if the 2014 tax levy request is greater than 105% over the previous year's final tax extension. The rate of inflation, as measured by the annual percent increase in the national consumer price index for all urban consumers at December 31st of the previous calendar year, has been determined to be 1.5%. This is the second lowest CPI since tax caps began in the early 1990's. A low rate of inflation, as witnessed over the last several years, will only add to the fiscal challenges facing the Village as the amount of new property tax revenue that can be generated in the upcoming tax year to finance growing operating costs is minimal (approximately \$7,500). In addition, next year's tax levy will see similar tax cap limitations as CPI is currently trending at 1.7% for the 2014 calendar year.

The tax cap law does allow the value of the current year's new construction growth to be added to the Village's total 2013 equalized assessed value (EAV), thereby, giving the Village a limited opportunity to raise additional property tax revenue beyond the low tax cap environment. With the addition of several new businesses to the Village's core business district in late 2013 and early 2014, the Village anticipates substantial growth in its new construction property values over last year. Overall, it can take up to three years to realize the full EAV on a new development and therefore, the Village could see sizeable growth in new property values until its next reassessment in 2017.

With new construction values expected to be at an all-time high for the Village, Staff is recommending a property tax levy that is 4.5% higher than the 2013 tax extension, thus allowing the Village to maximize the dollars collected from new property values. This would generate an estimated tax levy request of approximately \$529,800, approximately \$22,800 over the 2013 tax extension.

The estimated impact to a taxpayer whose home has a market value of \$200,000 (assuming the state multiplier remains consistent with prior years) would be approximately \$12. A senior resident receiving the senior exemption would expect to see a total increase equal to \$9. Currently the Village's portion of the total tax bill amounts to only 2% or approximately \$99 per year (\$77 for seniors). The committee and board asked a few questions of Director Scarpiniti then a motion was made by Trustee Demopoulos and seconded by Trustee Mengoni to accept staff's recommendations of a tax levy request in the amount \$529,800, approximately 4.5%

over the 2013 tax extension. No public hearing is required. The motion passed committee by a 3-yes to 0-no vote, Trustee Wilt polled the other trustees present and the Mayor and all agreed. At this time I would like to make the following motion.

To increase the Village's 2014 Tax Levy by 4 ½% and to have the Village Attorney prepare the proper ordinance for passage at the next Board meeting on December 15, 2014.

The Mayor thanked the committee and board members for making this difficult but responsible decision stating that the overall health and stability of the Village is dependent upon this Board getting its financial house in order. With escalating pension costs and a downgrade in the Village's bond rating, the Village must look for ways to generate additional revenues in order to continue to support essential services and programs within the community.

There being no further business the meeting was adjourned at 6:40 p.m.

Respectfully submitted,

Trustee Vera A. Wilt, Chairman