

Fiscal Year 2019 Budget Revenue Hearing

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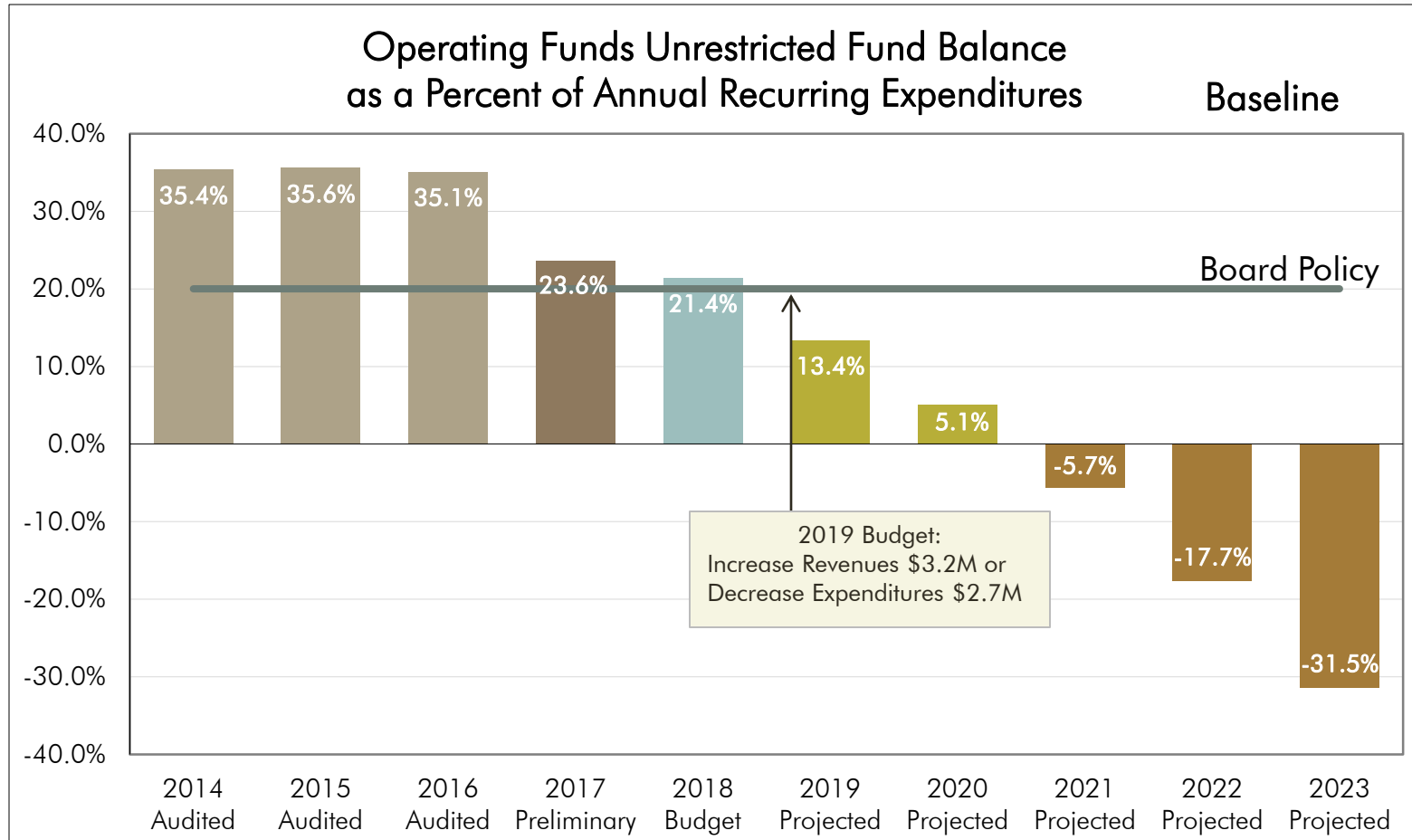


ORLAND PARK

August 13, 2018 - 6:00PM

Long Term Financial Forecast -

As presented at June 4, 2018 Budget Hearing

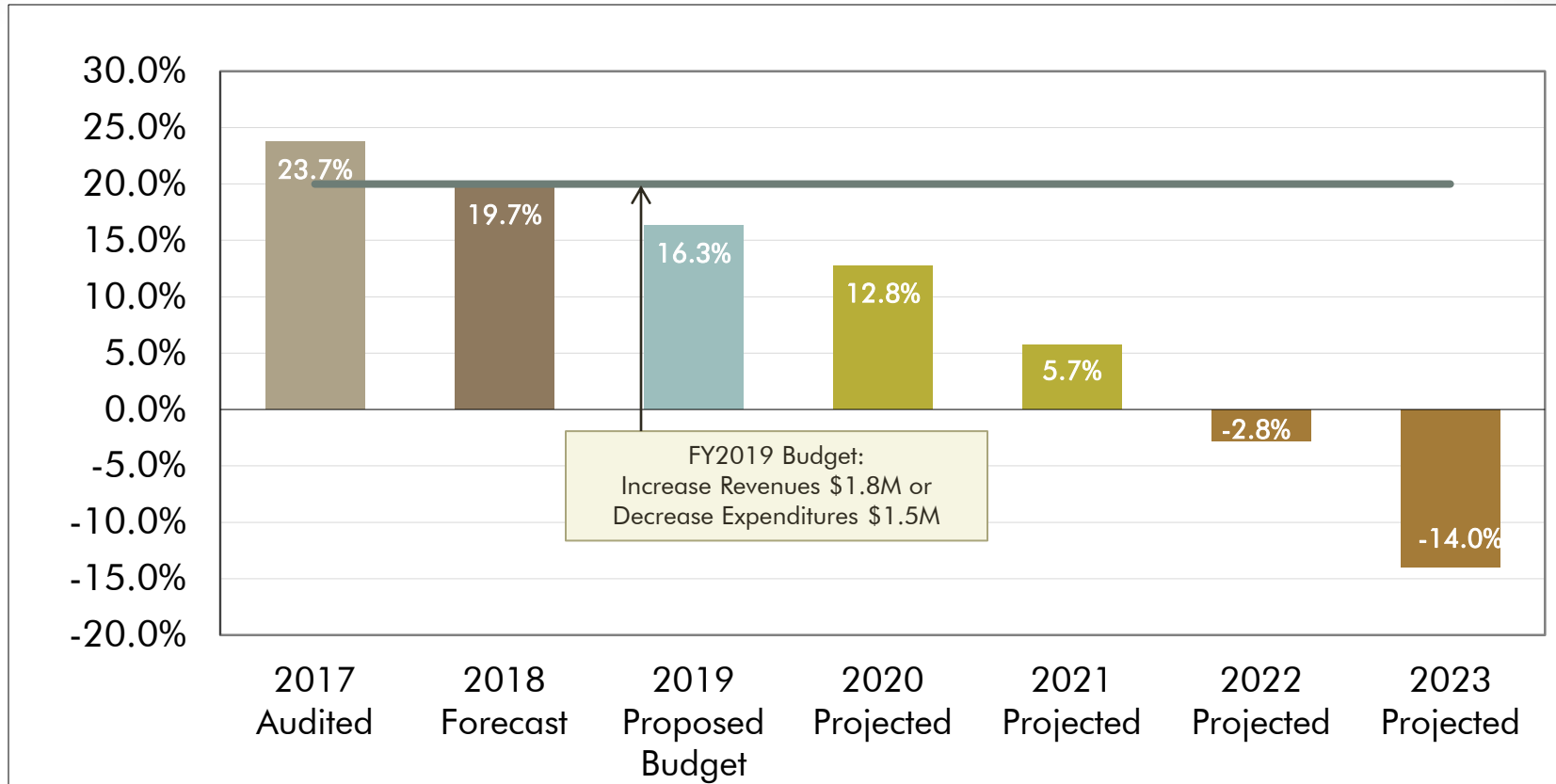


Board Direction –

Propose \$2M in revenue enhancements, reduce expenditures by \$2M

Long Term Financial Forecast –

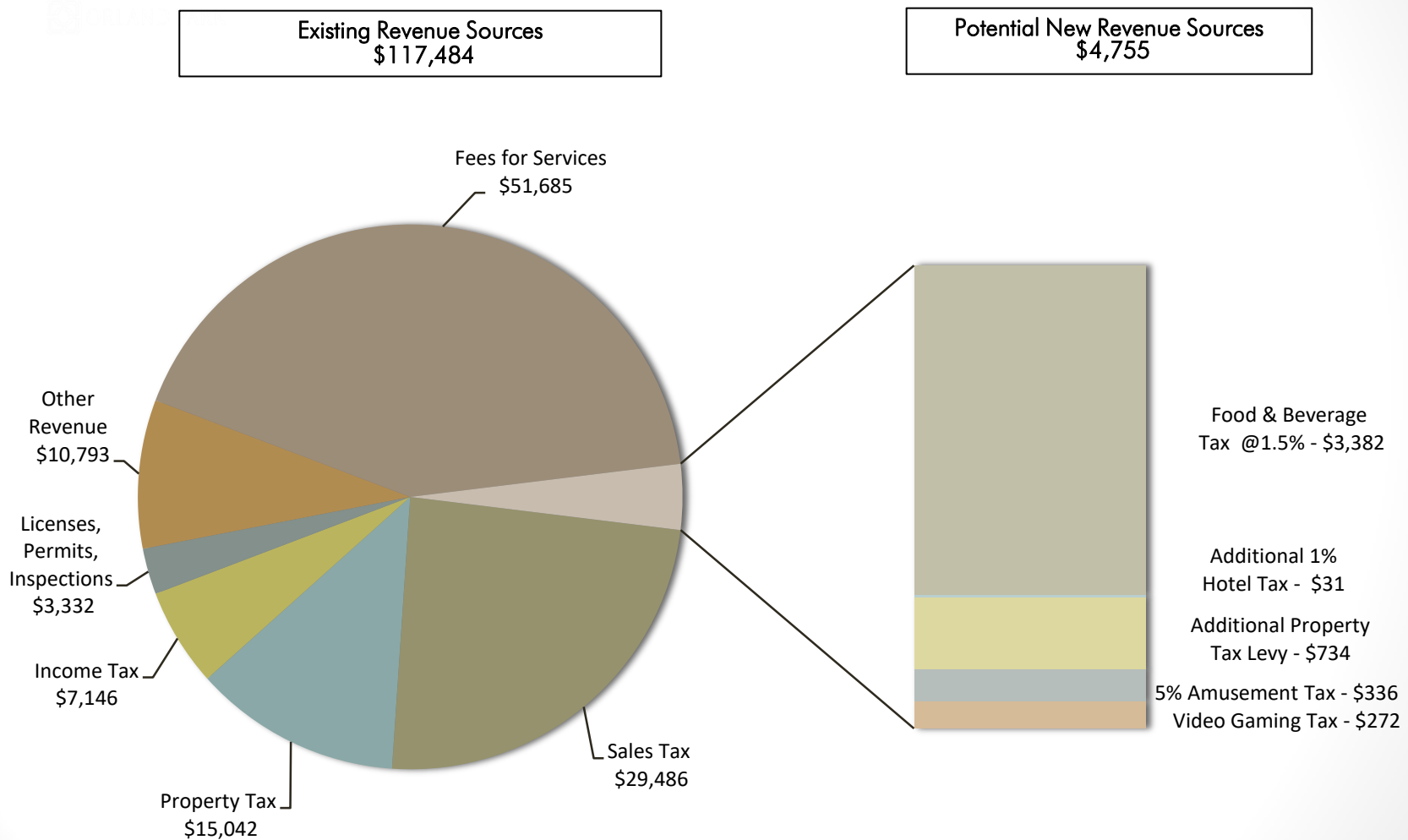
Including updates listed below



Above forecast reflects updated FY2019 revenue projections, Video Gaming revenue and projected 2019 personnel cost savings w/current ERI participants

FY2019 Proposed Revenue – All Funds

(in \$1,000's)



Total revenues do not include Interfund Transfers

Potential New Revenue Sources

Hotel Tax

- ❑ Increase tax rate from 4% to 5%
- ❑ Current hotel – average occupancy approximately 80 - 85%
- ❑ Estimated revenue @ 5% , current hotel – \$156,750
- ❑ Additional revenue beginning in mid-2020 based on addition of at least one new hotel

Municipality	Tax Rate	Annual Revenue
Bolingbrook	11%	\$ 2,218,020
Schaumburg	8%	4,816,100
Skokie	7.5%	2,080,873
Oak Lawn	7%	563,419
Joliet	7%	2,462,156
Tinley Park	6%	1,473,285
Hoffman Estates	6%	1,274,499
Naperville	5.5%	1,435,000
Lombard	5%	1,962,433
Downers Grove	4.5%	947,481

Video Gaming Tax

- ❑ Per Ordinance – 20 establishments (30% of Class A liquor license holders) eligible for video gaming in 1st year, up to 5 terminals per establishment, initial license application fee of \$1,500, \$1,000 per terminal annual license fee
- ❑ Economic Impact Study net per terminal income- \$2,268
- ❑ Estimated revenue - \$271,750 (includes license application fees, per terminal annual license fees, gradual increase in monthly terminal income)
- ❑ Video Gaming revenue for nearby communities -

Municipality	2017 Annual Revenue	Video Gaming Terminal Count	Revenue Per Terminal
Oak Lawn	\$ 667,882	197	\$ 3,390
Tinley Park	346,432	143	2,423
New Lenox	162,976	59	2,762
Oak Forest	269,995	85	3,176
Palos Hills	140,607	65	2,163
Homer Glen	153,484	52	2,952
Lockport	196,830	79	2,492
Mokena	270,409	71	3,809

2018 Property Tax Levy (Collected in FY2019)

- ❑ Option 1: No increase in total levy
- ❑ Option 2: Increase total levy to fully fund administrative costs of Police Pension Fund – \$545,580
- ❑ Option 3: Increase total levy to fully fund administrative costs of Police Pension Fund and decrease recreation subsidy from 50% to 48% – \$734,000

	2017 Levy	2018 Levy Options (Collected in 2019)		
		Option 1	Option 2	Option 3
Operations				
<i>General Corporate</i>	\$ 1,548,964	\$ 2,758,577	\$ 2,758,577	\$ 2,758,577
<i>Recreation & Parks</i>	972,004	972,004	972,004	1,160,430
Pensions				
<i>FICA</i>	1,704,354	1,722,174	1,722,174	1,722,174
<i>IMRF</i>	2,130,888	1,793,269	1,793,569	1,793,569
<i>Police Pension</i>	3,017,612	3,099,295	3,644,876	3,644,876
Debt Service	4,051,696	3,080,200	3,080,200	3,080,200
	<u>\$13,425,519</u>	<u>\$ 13,425,519</u>	<u>\$ 13,971,400</u>	<u>\$ 14,159,825</u>

Based on a market value of \$300,000, a 10% assessment level and an equalizer of 2.9627 a homeowner would pay these approximate amounts to the Village of Orland Park -

\$ 421.56	\$ 421.57	\$ 438.70	\$ 444.61
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Food & Beverage Tax

- ❑ Tax levied on all food, soft drinks and alcoholic beverages sold for immediate consumption
- ❑ Estimated revenue includes a 1.5% tax, approximately 180 establishments; certain businesses, such as grocery store food courts and banquet halls, not included
- ❑ Estimated revenue - \$3,382,000 – utilize to fund capital and technology
- ❑ Food & beverage tax rates and revenue for nearby communities -

Municipality	Tax Rate	Annual Revenue
Schaumburg	2%	\$ 9,429,995
Naperville	1%	4,289,602
Skokie	2%	4,102,385
Lombard	2%	2,529,060
Bolingbrook	1.5%	2,412,346
Downers Grove	1%	1,500,000
Des Plaines	1%	1,268,923
Palatine	1%	1,202,362
Vernon Hills	1%	667,000

Amusement Tax

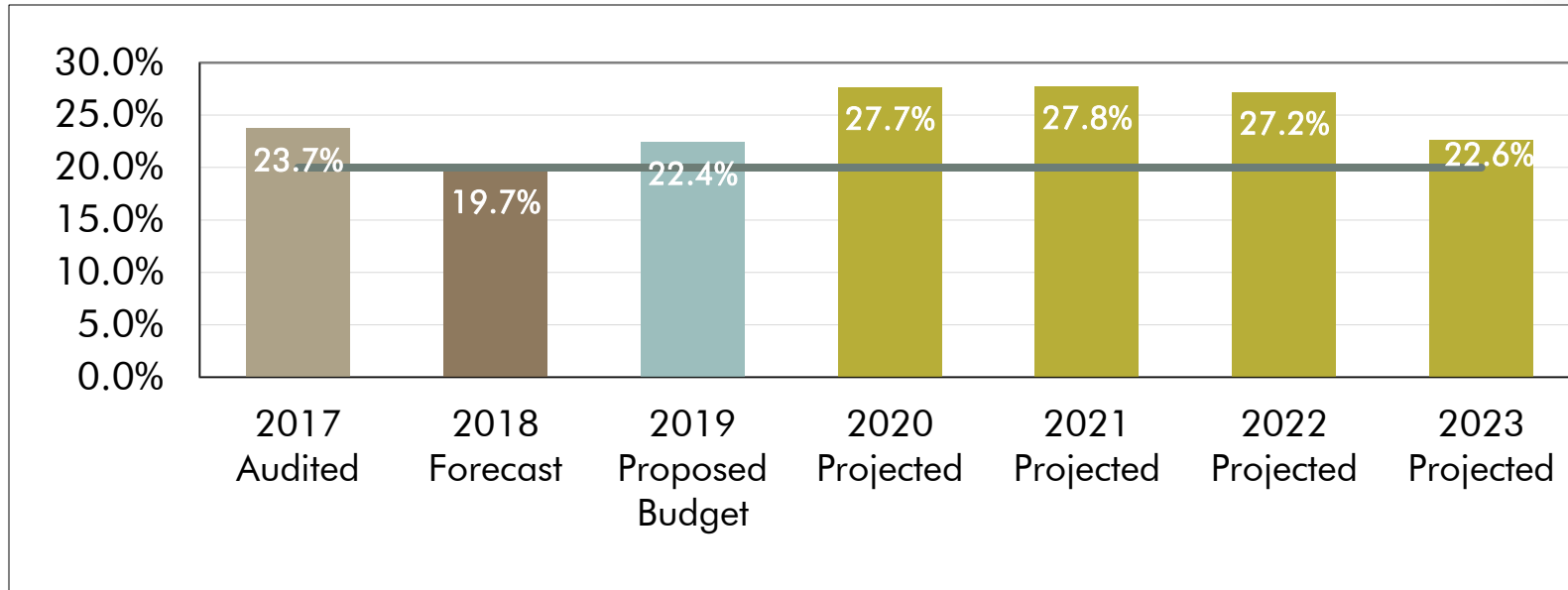
❑ Definition of “amusement” is determined by municipality; examples of items that have been classified as “amusement” include:

- ❑ Any amusement park, arcade, golf driving range, golf course, miniature or otherwise, public skating rink, bowling alley, or escape room
 - ❑ Any live theater or other live entertainment, and/or shows such as antique, car, boat, or other business shows
 - ❑ Any athletic contest or exhibition, public circus, carnival, flower, animal or dog show
 - ❑ Any public place with an admission or cover charge
- ❑ Estimated revenue - 5% tax on ticketed events at movie theaters - \$336,300
- ❑ Amusement tax rates and revenue for nearby communities -

Municipality	Tax Rate	Annual Revenue
Gurnee	4%	\$ 2,300,000
Rosemont	3%	2,000,000
Schaumburg	5%	1,404,753
Bloomington	4%	1,160,000
Tinley Park	5%	757,561
Lombard	5%	553,321
Vernon Hills	4%	295,955
Evanston	4%	247,968
Bolingbrook	3%	192,418

Long Term Financial Forecast -

Based on assumptions listed below



Assumptions

- ERI savings - current participants plus 25% of remaining participants - \$1,730,058
- Operating expenditures decreased \$500,000
- +1% Hotel Tax - \$31,300 (general operating revenue)
- Video Gaming - \$272,850 (special events)
- 1.5% Food & Beverage Tax - \$3,382,000 (capital, technology, administrative costs of revenue collection)
- Increase levy to fully fund Police Pension administrative costs and reduce recreation subsidy from 50% to 48% - \$734,000

Meeting Wrap Up

- Motion –
 - I move to recommend directing staff to move forward using the assumptions as proposed in the tentative FY2019 revenue estimates to prepare the FY2019 expenditure budget.
- Next budget hearing – Monday, September 10th
 - Proposed Capital Improvement Plan and Technology Projects