

**BOARD OF TRUSTEES WORK SESSION**  
**11004 Carpenter Street, Mokena, Illinois 60448**  
**Monday, October 23, 2017**

**CALL TO ORDER**

Mayor Fleischer called the Board of Trustees Work Session to order at 7:59 p.m.

**ROLL CALL**

The following Trustees were present:

Debbie Engler  
George Metanias  
Jim Richmond  
Joseph Budzyn  
Joseph Siwinski

Absent: John Mazzorana

Also present were the following: Village Clerk Jillian Hersted; Village Administrator John Tomasoski; Finance Director Barb Damron; Community/Economic Development Director Alan Zordan; Chief Steve Vaccaro; Assistant Village Administrator Kirk Zoellner; Staff Engineer Dan Peloquin and Village Attorney Carl Buck.

**Cupcake Law and Home Kitchen Operations**

Community/Economic Development Director Alan Zordan presented this item.

<p style="text-align: center;"><b>"ILLINOIS CUPCAKE LAW"</b></p> <p style="text-align: center;">VILLAGE BOARD CONCEPT REVIEW OCTOBER 23, 2017</p> 	<p style="text-align: center;"><b>REQUEST</b></p> <ul style="list-style-type: none"><li>• Conceptual review in order to determine if the Village should adopt the "Cupcake Law" in order to allow residents to sell home baked goods commercially.</li></ul>
<p style="text-align: center;"><b>HISTORY OF LEGISLATION</b></p> <ul style="list-style-type: none"><li>• 12 year old Chloe Sterling in Troy, Illinois was selling cupcakes made out of her home to raise money.</li><li>• The local health department closed down her operations because her family's kitchen was not certified by the health department as required by Illinois law.</li><li>• Ms. Sterling worked with state lawmakers who in turn passed the "Cupcake Law" in 2014 so that small scale incubator businesses did not have to abide by Health Department regulations.</li></ul>	<p style="text-align: center;"><b>STATE OF ILLINOIS CONDITIONS</b></p> <ul style="list-style-type: none"><li>• Monthly gross sales do not exceed \$1,000.00.</li><li>• The food is not a potentially hazardous baked food.</li><li>• A notice is provided to the purchaser that the product was produced in a home kitchen.<ul style="list-style-type: none"><li>• The Department of Public Health or health department of a unit of local government may inspect a home kitchen operation in the event of a complaint or disease outbreak.</li></ul></li><li>• This only applies to a home kitchen operation located in a municipality, township, or county where the local governing body has adopted an ordinance authorizing the direct sale of baked goods.</li></ul>
<p style="text-align: center;"><b>VILLAGE BOARD FEEDBACK</b></p> <ul style="list-style-type: none"><li>• Village Board thoughts on potentially adopting the Cupcake Law?</li></ul> 	

**Discussion:** The consensus of the Board was to adopt the requested ordinance allowing limited home baking and directed staff to prepare such an ordinance for consideration at a future Board meeting.

**2017 Tax Levy Discussion**  
Village Administrator John Tomasoski and Finance Director Barb Damron presented this item.

Village of Mokena				
Financial Overview				
10/23/17				

Status of Funds – Operating				
Ending FY '17 - Beginning FY '18				
	Budgeted	Estimated	Actual	Estimated vs. Actual Difference
General:				
Fund Balance	3,664,388	3,294,833	3,567,365	272,532
Refuse:				
Fund Balance	146,099	151,909	154,833	2,924
Water:				
Fund Balance	720,078	1,380,336	1,425,418	45,082
Sewer:				
Fund Balance	516,504	548,885	583,975	35,090
Parking Lot:				
Fund Balance	200,750	123,735	139,055	15,320

Status of Funds – Capital Reserves Ending				
FY '17 - Beginning FY '18				
	Budgeted	Estimated	Actual	Estimated vs. Actual Difference
Water System Capital:				
Fund Balance	2,629,833	3,077,180	3,155,170	77,990
Sewer System Capital:				
Fund Balance	688,452	888,601	923,063	34,462
Sewer Plant Replacement:				
Fund Balance	651,906	964,056	971,138	7,082
Sewer Plant Expansion:				
Fund Balance	5,243,370	5,313,417	5,314,672	1,255
Cap. Imp., Repair, & Replace:				
Fund Balance	4,960,723	7,688,421	7,805,118	116,697

Status of Funds – Special Revenue/Pension				
Ending FY '17 - Beginning FY '18				
	Budgeted	Estimated	Actual	Estimated vs. Actual Difference
Audit:				
Fund Balance	18,995	19,871	19,860	-11
Performance Bond:				
Fund Balance	689,807	923,962	1,022,387	98,425
Tourism:				
Fund Balance	67,209	95,679	101,737	6,058
Special Tax Allocation (TIF):				
Fund Balance	182,063	172,980	181,652	8,672
Crossing Guard:				
Fund Balance	30,690	32,207	32,097	-110
Motor Fuel Tax:				
Fund Balance	889,004	1,039,288	1,045,146	5,858
IMRF/FICA/MC:				
Fund Balance	335,804	403,793	406,307	2,514
Police Pension:				
Fund Balance	18,290,607	19,300,472	19,600,474	300,002

Since Fiscal Year 2018 Budget Adoption	
<ul style="list-style-type: none"><li>Senate Bill 42 (Public Act 100-0023)<ul style="list-style-type: none"><li>SB 42 authorizes municipalities to receive 2 “accelerated payments” in FY 2018 for a total of 14 payments, however 12 of the payments will be reduced by 10%. A 10% reduction for our traditional 12 payments in FY 18 would represent a loss of +/- \$192,267.20.</li><li>It should be noted that the accelerated payments will be contingent on the State Comptroller’s Office having the cash flow to make the payments earlier than usual.</li><li>Imposes a 2% service fee for the collection of locally approved sales taxes collected by the State, which includes our ⅓% non-home rule sales tax. The impact to us will be +/- \$44,773.56 less than our budgeted figure for FY 18.</li></ul></li><li>Total: +/- \$237,040.76</li></ul>	

Since Fiscal Year 2018 Budget Adoption	
<ul style="list-style-type: none"><li>House Bill 4101<ul style="list-style-type: none"><li>Representative DeLuca introduced HB 4101 on 9/27/17</li><li>This legislation would reduce the service fee on the 1/2% sales tax from 2% to 1%</li><li>Current Status – 10/12/17 Referred to Rules Committee</li></ul></li></ul>	

Special Census	
<ul style="list-style-type: none"><li>Still on track</li><li>Increased per capita revenue<ul style="list-style-type: none"><li>5 Months For Fiscal 2018</li><li>State Income Tax (Less 10% Reduction) - \$52K</li><li>Local Use Tax - \$14K</li><li>Motor Fuel Tax - \$14K</li></ul></li></ul>	

1% Sales Tax Trends																											
<table><thead><tr><th>Fiscal Year</th><th>1% Sales Tax Revenue</th></tr></thead><tbody><tr><td>FY 18 Est.</td><td>\$5,800,000</td></tr><tr><td>FY 18 Bud.</td><td>\$5,600,000</td></tr><tr><td>FY 17</td><td>\$5,400,000</td></tr><tr><td>FY 16</td><td>\$5,200,000</td></tr><tr><td>FY 15</td><td>\$5,000,000</td></tr><tr><td>FY 14</td><td>\$4,800,000</td></tr><tr><td>FY 13</td><td>\$4,600,000</td></tr><tr><td>FY 12</td><td>\$4,400,000</td></tr><tr><td>FY 11</td><td>\$4,200,000</td></tr><tr><td>FY 10</td><td>\$4,000,000</td></tr><tr><td>FY 09</td><td>\$3,800,000</td></tr><tr><td>FY 08</td><td>\$3,600,000</td></tr></tbody></table>		Fiscal Year	1% Sales Tax Revenue	FY 18 Est.	\$5,800,000	FY 18 Bud.	\$5,600,000	FY 17	\$5,400,000	FY 16	\$5,200,000	FY 15	\$5,000,000	FY 14	\$4,800,000	FY 13	\$4,600,000	FY 12	\$4,400,000	FY 11	\$4,200,000	FY 10	\$4,000,000	FY 09	\$3,800,000	FY 08	\$3,600,000
Fiscal Year	1% Sales Tax Revenue																										
FY 18 Est.	\$5,800,000																										
FY 18 Bud.	\$5,600,000																										
FY 17	\$5,400,000																										
FY 16	\$5,200,000																										
FY 15	\$5,000,000																										
FY 14	\$4,800,000																										
FY 13	\$4,600,000																										
FY 12	\$4,400,000																										
FY 11	\$4,200,000																										
FY 10	\$4,000,000																										
FY 09	\$3,800,000																										
FY 08	\$3,600,000																										

1% Sales Tax Trends

Disb. Date	Fiscal '16	Fiscal '17	Fiscal '18	FY '17/FY '18 Difference
July	\$371,888.33	\$422,899.01	\$458,601.75	\$35,702.74
August	399,448.70	449,333.41	493,238.01	43,904.60
September	456,496.19	465,016.15	509,087.13	44,070.98
October	410,524.67	456,449.46	488,155.59	31,706.13
November	398,560.58	462,548.72		
December	409,694.60	456,309.60		
January	418,806.86	466,866.53		
February	392,669.79	436,221.21		
March	434,228.43	507,158.48		
April	347,959.47	391,785.56		
May	358,256.70	369,790.81		
June	424,698.10	467,487.65		
Totals	\$4,823,232.42	\$5,351,866.59	\$1,949,082.48	\$155,384.45

Budgeted Fiscal '18 Year End +/- \$5.53M  
Estimated Fiscal '18 Year End +/- \$5.78M

Police Pension Funding

- Police Pension (2017) – 8<sup>th</sup> out of 358 municipalities – 85.28%
  - Includes \$600,000 transfer from General Fund at the end of FY '16
- Police Pension (2015) – 8<sup>th</sup> out of 352 municipalities – 82.52%

Source: Illinois Department of Insurance 2015 and 2017 Biennial Reports

Village of Mokena  
2017 Tax Levy  
Discussion  
10/23/17

Property Tax Extension Limitation Law (PTELL)

- Went into effect for the 1991 levy year for non-home rule taxing districts in the collar counties
- Does not “cap” individual property assessments but it is designed to limit the increase in property tax extensions (total taxes billed) for non-home rule taxing districts
- Slows the growth of property tax revenues to taxing districts when property values are increasing faster than the rate of inflation
- The annual tax increase under PTELL is limited to 5% or the rate of inflation, whichever is less

Limiting Rate Calculation

2016 (Last Year Levy) Operating Extension \$1,902,173 x 1.021 = (Add \$39,946)	2017 (Current Year Base Levy) \$1,942,119
2016 (Last Year EAV) \$751,253,179 x 1.035 = (Add \$26,293,861)	2017 (Current Year Base EAV) \$777,547,040
2017 Base Levy 2017 Base EAV	\$1,942,119 \$777,547,040
= Limiting Rate .2498/\$100 EAV	

2017 Tax Levy Scenarios

- No Change in Levy
- Levy for New Growth Only
- Levy for Both CPI and New Growth

2017 Tax Levy Calculation

Options	Limiting Rate Per \$100 E.A.V.	New Growth	Maximum Levy on New Growth	Levy on Base (CPI)	Total Increase
(1)	.2498	@ 2%	15,025,064	-0-	-0-
(2)	.2498	@ 2%	15,025,064	37,533	37,533
(3)	.2498	@ 2%	15,025,064	37,533	39,946
Options	2016	Proposed Aggregate '17 Levy Increase	Proposed Aggregate Levy	% Change	Est. Rate
(1)	1,902,173	No Change	1,902,173	0.00	.2400
(2)	1,902,173	New Growth Only	1,939,706	1.97	.2447
(3)	1,902,173	CPI & Growth	1,979,652	4.07	.2498

2017 Base EAV (3.5% Increase) \$777,547,040  
2017 Estimated New Growth 15,025,064  
2017 Estimated Total EAV \$792,572,104

HOW IS THE PROPOSED 2017 MUNICIPAL TAX RATE CALCULATED?

	2016	2017 Option 1	2017 Option 2	2017 Option 3
LEVY	1,902,173	1,902,173	1,939,706	1,979,652
E.A.V.	751,253,179	792,572,104	792,572,104	792,572,104
RATE	.2532	.2400	.2447	.2498

2017 TAX LEVY BREAKDOWN  
OPTIONS 1, 2, 3

	Actual 2016	Option 1 2017	Option 2 2017	Option 3 2017
Corporate (General)	\$ 391,402.90	\$ 389,887.00	\$ 427,520.00	\$ 467,466.00
Police Protection	3,756.26	3,600.00	3,600.00	3,600.00
Audit	6,010.02	6,000.00	6,000.00	6,000.00
Crossing Guard	30,050.12	30,000.00	30,000.00	30,000.00
J.M.R.F.	305,008.79	303,136.00	303,136.00	303,136.00
Police Pension	760,268.21	760,000.00	760,000.00	760,000.00
Social Security	325,292.62	329,450.00	329,450.00	329,450.00
Medicare	80,384.09	80,000.00	80,000.00	80,000.00
Extended Levy	\$ 1,902,173.01	\$ 1,902,173.00	\$ 1,939,706.00	\$ 1,979,652.00
G.O. Bonds	0.00	0.00	0.00	0.00
Total Levy (Divided By)	\$ 1,902,173.01	\$ 1,902,173.00	\$ 1,939,706.00	\$ 1,979,652.00
Assessed Valuation Equals	751,253,179	792,572,104	792,572,104	792,572,104
Tax Rate Per \$100/EAV	.2532	.2400	.2447	.2498

Forecast – Option 1 and Option 2

2016 Operating Extension of \$1,902,173 (assumes 2% CPI after 2017)

	Option 1	Option 2	
	Operating Extension	Operating Extension	
Levy Year	No Increase in 2017	New Growth Only - 2017	Difference
2016	\$1,902,173	\$1,902,173	
2017	1,902,173	1,942,119	39,946
2018	1,940,216	1,980,961	40,745
2019	1,979,021	2,020,580	41,559
2020	2,018,601	2,060,992	42,391
2021	2,058,973	2,102,212	43,238
Total 5 Years	\$9,898,985	\$10,106,863	\$207,879
Difference:	\$207,879 over 5 years for not levying the 2.1% or \$39,946 in 2017		

Forecast – Option 1 and Option 3			
2016 Operating Extension of \$1,902,173 (assumes 2% CPI after 2017)			
	Option 1	Option 3	
	Operating Extension	Operating Extension	
	No Increase in 2017	2.1% CPI Plus	
Levy Year	2% New Growth	Difference	
2016	\$1,902,173	\$1,902,173	
2017	1,902,173	1,979,652	77,479
2018	1,940,216	2,019,245	79,028
2019	1,979,021	2,059,630	80,609
2020	2,018,601	2,100,822	82,221
2021	2,058,973	2,142,839	83,865
Total 5 Years	\$9,898,985	\$10,302,187	\$403,202
Difference:	\$403,202 over 5 years for not levying the 2.1% or \$39,946 and new growth of \$37,533 in 2017		

WHAT 'S THE IMPACT ON AN AVERAGE HOMEOWNER?				
	2016	2017 No Change (1)	2017 New Growth Only (2)	2017 CPI & New Growth (3)
MARKET VALUE	\$300,000	\$310,500	\$310,500	\$310,500
E.A.V.	\$100,000	\$103,500	\$103,500	\$103,500
RATE	.2532	.2400	.2447	.2498
TAX	\$253.20	\$248.40	\$253.26	\$258.54
ANTICIPATED CHANGE		(\$4.80) +/-	\$.06 +/-	\$5.34 +/-

Next Steps	
<ul style="list-style-type: none"><li>Board Policy Decision<ul style="list-style-type: none"><li>1. No Change in Levy</li><li>2. Levy for New Growth Only</li><li>3. Levy for Both CPI and New Growth</li></ul></li><li>Announce Levy Amount at the November 13<sup>th</sup> Meeting</li><li>Adopt Levy at the December 11<sup>th</sup> Meeting</li><li>File Levy With County Before December 26<sup>th</sup></li></ul>	

**Discussion:**  
Village Administrator John Tomasoski reviewed the status of the Village’s funds at the end of FY ’17 and the beginning of FY ’18, recent legislation and the impact on the Village.

Finance Director Damron reviewed the 2017 property tax levy and three different levy options.

Trustee Budzyn questioned the timing of the tax levy and the overall budget process. Finance Director Damron provided a more in-depth explanation of the tax levy process and how it correlates to the budget. The Mayor and Board expressed satisfaction in the budget process and directed staff to proceed with option two for the tax levy (new growth only).

**Staff Reports**  
Trustee Budzyn provided an update on the progress of the Laraway Communications Center.

Village Administrator Tomasoski asked legal counsel to advise the Board of the necessary steps for an applicant to secure a gaming license for a charitable event.

Village attorney Buck advised that the process for an applicant to obtain a gaming license for a charitable event was a 2-step process in which the applicant would apply for both the facility to host the event and the operator to run the event. If the Illinois Department of Revenue granted the license then the Village could consider an F Class liquor license if requested by the applicant.

There being no further business to bring before the Mayor and Board of Trustees, Mayor Fleischer adjourned the work session at 9:14 p.m.