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Title: Receive the estimated 2023 property tax levies for Special Service Area numbers 23, 25, 30, 31, 33, 34 and 35, and schedule a public hearing for November 21, 2023

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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Receive the estimated 2023 property tax levies for Special Service Area numbers 23, 25, 30, 31, 33, 34 and 35, and schedule a public hearing for November 21, 2023

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

If an estimated Special Service Area (SSA) property tax levy is more than 105% of the tax amount extended for that special service area in the preceding year in any year other than the initial year of the SSA, state statute (35 ILCS 200/27-32) requires notice, compliant with the Open Meetings Act, be given and a hearing held on reasons for the increase.

This agenda item includes the estimated levy for each of the City’s seven SSAs that will levy taxes in 2023 for the purpose of determining whether a public hearing is required for any of the SSAs.

DISCUSSION:

The City has seven SSAs that will levy taxes in support of the proposed 2024 annual budget. The chart below compares the final 2022 property tax extension and the estimated 2023 property tax levy for each of the seven SSAs. Note that 2023 will be the first tax year in which a levy is assessed for SSA #35.

Purpose	2022 Final Extension	2023 Estimated Levy	% Change
SSA #23 (Naper Main)	98,939	98,939	-
SSA #25 (Lacrosse Lane)	68,003	68,000	-0.004%
SSA #30 (Downtown Streetscape)	80,003	93,111	16.4%
SSA #31 (Downtown Streetscape)	23,680	23,680	-
SSA #33 (Downtown Maint. & Marketing)	1,258,092	1,252,829	-0.4%
SSA #34 (Downtown Streetscape)	18,010	20,026	11.2%
SSA #35 (Downtown Streetscape)	-	125,000	-

Since two of the seven SSAs are estimated to levy more than 105% of the prior year’s extension, a properly noticed public hearing is required. Per state statute, the hearing must be held not more than 30 days prior to the adoption of the levy but not at the same meeting in which the adoption of the levy is considered. Therefore, public hearings for SSAs #30 and #34 will be scheduled for November 21, 2023.

Additional details on the amount requested for each levy are provided below.

SSA #23 - Main Street Promenade

The 2023 levy recommendation is \$98,939. The request is flat from last year’s extension. This levy is utilized to provide a financing mechanism for debt service on the Naper Main parking facility based upon the existing economic incentive agreement.

SSA #25 - Lacrosse Lane

The 2023 levy recommendation is \$68,000. The request is nearly flat to last year’s extension. The levy will contribute to the reimbursement of the City’s cost to install a traffic signal at Route 59 and Lacrosse Lane. The SSA was established in 2012 to finance the traffic signal over 15 years.

SSA #30 - Downtown Streetscape

SSA #30 was established to fund a capital project involving the design and construction of improvements to the streetscape in the Central Business District. SSA #30 includes the south side of Jefferson Avenue between Main and Webster Street, and both sides of Main Street between Jefferson and Jackson Avenue. Property owners will cover 40% of the expenses through the SSA levy over 12 years that begins in 2023. The 2023 levy recommendation is \$93,111. This represents a 16.4% increase from the previous year’s extension.

The increase is driven by several factors. Most notably, the project was delayed by more than two years, which shortens the number of years for the SSA to recoup project costs. The 2022 tax levy, which was the first levy year, was based on estimated construction costs. The initiating ordinance also capped the initial collection year levy at \$80,000. Now that the project is complete, the 2023 levy is based on actual construction costs to be repaid. This amount will be consistent for the remaining life of the SSA.

SSA #31 - Downtown Streetscape

SSA #31 was established in 2019 as a mechanism fund City required streetscape improvements

associated with the redevelopment of the property located at 41 S. Jefferson Avenue. The City reimbursed the property owner for the improvements and will recoup those costs, plus interest, through the SSA levy over 15 years. The 2023 levy recommendation is \$23,680.

SSA #33 - Downtown Maintenance and Marketing

SSA #33 provides special municipal services to the designated area including parking lot operations and maintenance; maintenance of the public parking garages; custodial services; sidewalk and parking lot snow removal; maintenance of landscaping; streetscape and street lighting; holiday lighting on parkway trees and buildings; sidewalk maintenance, including brick paver repair; special directional signage; and capital improvements. Property owners cover one-third, and the City covers two-thirds of the maintenance expenses. Additionally, the SSA provides funds for marketing, which are paid exclusively by the property owners. SSA #33 has a maximum tax rate of 2.5% per annum of Equalized Assessed Valuation (EAV) and will remain active through 2025. The 2023 levy recommendation is \$1,252,829. The request is essentially flat from last year's extension.

SSA #34 - Downtown Streetscape

SSA #34 was established to fund a capital project involving the design and construction of improvements to the streetscape in the Central Business District. Work included installing new sidewalks, curbs, and the parkway feature. SSA #34 includes the north side of Jefferson Avenue between Main and Webster Streets. Property owners will cover 40% of the expenses through the SSA levy over 15 years, beginning in 2023. The 2023 levy recommendation is \$20,026. The 2023 levy recommendation is an increase of 11.2% from the 2022 extension.

The 2022 tax levy, which was the first levy year, was based on estimated construction costs. Now that the project is complete, the 2023 levy is based on actual construction costs. This amount will be consistent for the remaining life of the SSA.

SSA #35- Downtown Streetscape

SSA #35 was established to fund a capital project involving the design and construction of improvements to the streetscape in the Central Business District. SSA 35 encompasses the east and west sides of Washington Street from Benton Avenue south to Chicago Avenue. The City is expensing engineering, design, and construction to the Capital Projects Fund. SSA 35 will provide a financing mechanism to reimburse that fund for the property owners' 40% portion of the project over 15 years, beginning in 2024. The 2023 levy recommendation is \$125,000. This levy is based on engineers' estimates and will be refined once the project is completed, and final construction costs are known.

FISCAL IMPACT:

This agenda item estimates the 2023 property tax levy for each of the City's seven SSAs for purposes of determining if a public notice and hearing are required. A formal request to approve the 2023 property tax levy for each of the SSAs will be presented on December 5, 2023.