



## Legislation Text

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File #: 17-620, Version: 1

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### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Adopt the Resolution authorizing execution of the Special Census Memorandum of Agreement between the City of Naperville and the US Census Bureau, to conduct a partial Special Census.

**DEPARTMENT:** Transportation, Engineering and Development

**SUBMITTED BY:** Kasey Evans, AICP

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

The City of Naperville has conducted special censuses at various times throughout past decades. A special census allows municipalities to certify an adjusted population, which can procure additional revenues from three taxes distributed by the state on a per capita basis - income tax, local use tax and motor fuel tax.

In early July, the Illinois General Assembly approved a state budget, which included a 10-percent reduction in distribution of the Local Government Distribution Fund (LGDF). The LGDF is comprised of income taxes collected by the state and redistributed to municipalities based on population. The reduction was approved for a one-year period spanning the state's fiscal year - July 2017 through June 2018. Based on historic projections, the City of Naperville will lose approximately \$1.28 million in income tax revenue during that span.

As part of the reduction, the state also redesigned the distribution method of income taxes. Traditionally, the state deposited LGDF funds into the General Fund before transferring shares to each municipality and county. The process took approximately two months after collection to reach local entities. The process will now be streamlined with a direct deposit into the LGDF fund, eliminating to the 60-day delay. This change will allow local governments to receive a temporary surge in revenues during the state's current fiscal year with 14 payments distributed over 12 months. This will not completely offset the 10-percent overall reduction, but will mitigate its negative impact on cashflow.

A special census will allow the City to recoup some of the lost revenue by increasing the population and certifying the city for a higher portion of the LGDF. The most recent special censuses undertaken occurred in 2003 and 2008.

#### *2003 Special Census*

The 2003 Special Census added 8,041 residents with a total cost of approximately \$121,000. The

census generated more than \$2.6 million in additional revenue prior to the 2008 Special Census.

#### *2008 Special Census*

In 2008, the City targeted 95 census blocks, primarily located in the southwestern portion of the city, adding 8,160 residents to the certified population. The increase pushed the population from 136,400 to 144,560 and generated more than \$2.6 million in additional revenue over a 27-month period. The total cost of the census was \$258,088, \$26,000 less than the initial estimate. The payback period for the census was approximately three to four months.

#### *Current Population*

Based on the 2010 decennial census the City's current population is 141,853.

### **DISCUSSION:**

To conduct a special census, the City is required to execute a Memorandum of Agreement (MOA) with the U.S. Census Bureau. The MOA outlines the general scope of work and responsibilities of each party in conducting the special census. For example, the City is responsible for recruiting and compensating field personnel, and providing office space for the Census Bureau representative. The MOA must be executed and returned to the U.S. Census Bureau no later than Sept. 30, 2017; however, the Census Bureau strongly suggested submitting the completed MOA and payment by Sept. 15, 2017 to avoid potential delays.

#### *Special Census Cost Estimates*

This spring the City requested a cost estimate from the U.S. Census Bureau to conduct a special census in the upcoming year. The City's special census request includes 58 census blocks with an estimated total population of 10,277 persons. Based on this information, the U.S. Census Bureau provided a cost estimate of approximately **\$238,544**. Of this amount, **\$127,557** is paid to the Census Bureau in advance and the remaining **\$110,987** is held by the City to pay census employees hired from the area. The cost estimate is valid until Sept. 30, 2017.

#### *Census Timeline*

Timing of a special census is imperative to generating additional revenue. The 2008 Special Census occurred two years before the U.S. Census Bureau conducted the decennial census in 2010. Based on the 2008 Special Census timeline, the estimated timeframe from the beginning of the Special Census until the City receives additional revenues is approximately 10 months. This includes three months of preparatory work, 2-3 months to conduct counts and three months for the population to be certified. A more accurate timeline will be available once the U.S. Census Bureau is involved.

The last special census was conducted in May and June 2008 with preliminary counts provided from the Census Bureau approximately two months later. Official census counts were received by year end and the population change first applied in March 2009. The updated population was effective for 27 months, concluding June 2011 when the 2010 decennial census figures became official. This is important to note, as any special census will be effective until approximately May 2021, when the 2020 decennial census is certified. The state is required to certify and enact updated population figures submitted by the U.S. Census Bureau. Based on these past experiences, staff anticipates a similar timeline for the proposed 2018 Special Census.

#### *State Tax Revenue Forecast*

Staff expects to begin receiving incremental revenue in March 2019. The table below provides a five-

year breakdown on the projected revenues generated by the state distribution taxes. Estimates were developed based around historical data gathered from the Illinois Department of Revenues and Illinois Department of Transportation. Projections also factor forecasts provided by the Illinois Municipal League's (IML). Historically, IML projections have been slightly conservative compared to actual disbursements; however, staff believes they are the most reliable figures for this analysis.

Based on the estimated increase of 4,650 to the population, revenues are projected to increase approximately \$1.67 million over a 27-month period between March 2019 and May 2021. The estimate assumes no additional changes will be made to the state's tax distribution structure and the recently approved 10-percent reduction to the state income tax distributions are not renewed following June 2018. In this scenario, the payback for the special census costs would take approximately three months.

	Projected Rate*	Est. Total Revenue (Current Pop.)	Est. Total Revenue (Add. 10,277 Pop.)	Difference
2017	144.77	20,535,885	20,535,885	-
2018	146.27	20,748,578	20,748,578	-
2019	154.92	21,975,840	22,565,708	589,868
2020	157.74	22,375,901	23,109,393	733,491
2021**	73.94	10,487,393	10,831,738	344,345
<b>Total</b>		<b>\$ 96,124,143</b>	<b>\$ 97,791,302</b>	<b>\$ 1,667,705</b>

\* Rates were calculated to reflect the City of Naperville's calendar year budget. IML projections are based on a fiscal year starting in May and ending the following April.

\*\* Projections for 2021 were cut off after five months, when the 2020 decennial populations are expected to become official.

### **FISCAL IMPACT:**

CIP#: N/A

Expenses for the special census were not budgeted for CY2017. The initial payment of \$127,557 to the U.S. Census Bureau will be funded through accelerated payments collected from the state on per capita tax distributions. The expense will be reflected in the support services account listed below. Remaining expenses will be budgeted appropriately by the Finance Department in CY2018.

Account Number	Fund Description	Total Budget Amount
010-1510-415.30-29	General	\$178,657