

SYCAMORE CITY COUNCIL
AGENDA
November 15, 2004

City Council Committee Meetings

No Meetings Are Scheduled

Regular City Council Meeting
At the Sycamore Center
7:00 P.M.

1. **CALL TO ORDER**
2. **INVOCATION**
3. **PLEDGE OF ALLEGIANCE**
4. **APPROVAL OF AGENDA**
5. **AUDIENCE TO VISITORS**
6. **CONSENT AGENDA**
 - A. Approval of the Minutes for the City Council Meeting of November 1, 2004;
 - B. Payment of the Bills for November 15, 2004.
 - C. Plan Commission Minutes for the Meeting of October 11, 2004.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Recognition of the Sycamore Varsity Boys Soccer Team and Coaches, and the Sycamore Varsity Girls Volleyball Team and Coaches.
 - B. Consideration of a Presentation by the Sycamore Economic Development Commission. Commissioner Bill Nicklas will introduce Mike Weckerly of MorningStar Media Group at 240 Edward Street in Sycamore. Mr. Weckerly will give a brief overview of the products and services of his firm.

8. REPORTS OF OFFICERS

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS--None

11. ORDINANCES

A. Ordinance No. 2004.55—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Roncon Development for a Final Plat for the Camden Crossing Planned Unit Development in the City of Sycamore, Illinois. First and Second Reading.

On February 16, 2004 the City Council approved a revised preliminary plan for a 41.12-acre residentially-zoned parcel behind the frontage lots abutting the northwest corner of Peace Road and Il Rt. 23. The parcel was originally annexed and zoned for townhouses in November 2000. The revised preliminary plan had the following features:

- a. A reduced total of 183 housing units of all types, including 43 single-family detached units, 48 duplex units, and 92 townhomes.
- b. A density of 4.45 dwelling units per gross acre (6 units per acre is permitted).
- c. A total of 74 guest parking spaces in the townhouse area, or .8 guest spaces per townhouse.
- d. A public park dedication toward the north end of the plan, comprising 2.56 acres.
- e. A 10-foot wide pedestrian and bike path linking residents to the commercial frontage and future growth to the west.
- f. Privately-owned and maintained roadways and parking areas within the townhouse area.

The townhouse layout turns garage openings away from the public streets, as preferred. The developer also agreed to install a natural screen of evergreens to the south and a continuous landscaped berm on the east border, with breaks at the location of the extra parking spaces.

The proposed population of this plan has already been included in the City's "timeline" for the build-out of existing subdivisions and has been included in the School District's development notebook. Since this subdivision was annexed in 2000, it does not fall under the growth management regulations adopted in November, 2003 (Ordinance 2003.65), but periodic increases in impact fees and other City fees can be passed along at the time of permitting.

The final plat depicts all of the area shown on the preliminary plan (41.12 acres). The single family lots are numbered 1 through 43; the duplex lots are numbered 44 through 67; and the townhouse area comprises lots 68 and 69. Lot 200 is a park parcel of 1.33 acres. The Plan Commission reviewed this plat at its regular meeting of November 8 and recommended its approval by a unanimous vote of 8-0. City Council approval of the Plan Commission recommendation is requested.

B. Ordinance No. 2004.56--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Ideal Industries for Annexation and of a 63.06-Acre Parcel Adjacent to the Southeast Boundary of the Sycamore Prairie Business Park and Rezoning of Said Parcel to “M-1” Light Manufacturing District and “M-2” Heavy Manufacturing District” in the City of Sycamore, Illinois. First and Second Reading.

Ideal Industries is requesting consideration of the annexation of a 63.06 parcel that is east of the Farm Bureau property and on the north side of Bethany Road. This parcel was not included in the original annexation of the Sycamore Prairie Business Park for several reasons:

- i. this parcel would logically serve a larger industrial user, but its configuration might not suit an industrial prospect without further subdivision;
- ii. further subdivision would be premature without the evidence of market demand.

In the past year, several industrial prospects have shown interest in this parcel as is. In order to make it more attractive, it would be useful to incorporate the parcel within the City’s jurisdiction and the business park. Industrial prospects often are looking for occupancy within a year. Any time devoted to the public approval process after a contract to purchase is entered would tighten the time frame for completion of a new building and possibly make the site less attractive in relation to sites in other northern Illinois business parks.

This annexation request is straightforward. It is proposed to annex and re-zone the property with a 300-foot wide strip of “M-1” zoning west of the Somonauk Meadows subdivision and the balance of the property zoned “M-2” Heavy Manufacturing District. Because the parcel has no intended use as yet, the City would abate its portion of the annual property tax obligation for up to five years, or until development occurs, whichever is sooner. The City would also agree to waive the \$1,000 per acre annexation fee that would apply under the terms of the pre-annexation agreement of 1991 (amended in 1996).

The Plan Commission reviewed this annexation request on November 8 and recommended its approval by a vote of 8-0. City Council approval of the annexation petition and Plan Commission recommendation is requested.

C. Ordinance No. 2004.57—An Ordinance of the Annexation of a 63.06-Acre Parcel Approximately 0.40 Miles West of Somonauk Street and Adjacent to the Southeast Boundary of the Sycamore Prairie Business Park in the City of Sycamore, Illinois. First and Second Reading.

If the City Council approves Ordinance No. 2004.56, the Council will be obliged to approve the attached ordinance of annexation, which separately considers the actual act of annexation for recording purposes.

D. Ordinance No. 2004.58—An Ordinance Adding Chapter 3, Section 19, “Hospital Hospitality Homes,” to the City Code of the City of Sycamore, Illinois. First and Second Reading.

At the regular meeting of the Plan Commission on October 11, local resident Mary Lou Eubanks and Cindy Smith, the CEO of Kindred Hospital, approached the Plan Commission in a workshop session to introduce the concept of a “hospital hospitality house” to serve families with loved ones undergoing treatment at Kindred Hospital on Edward Street in Sycamore. Two general issues were raised: (1) shall the zoning code be revised to permit such a facility, either by right or by special permit, and (2) what would be the required building and zoning provisions for such a facility?

With the Commission’s support, the City staff has been at work on necessary Zoning Code and City Code adaptations. In terms of the Zoning Code, revisions to the “R-2”, “R-3” and “C-1” zoning districts are needed to permit hospitality houses under the essential terms afforded a bed and breakfast. The Plan Commission reviewed such changes at its regular meeting of November 8 but must hold a formal public hearing on such zoning changes at its next regular meeting on December 13. The actual definition of the appropriate building features would more appropriately be inserted in the City Code (Section 3-19), which falls under the City Council’s purview. The attached ordinance would introduce licensing and permitting standards for such “hospital hospitality homes” in a manner that parallels the provisions of the “bed and breakfast” codes approved in 1999.

In the days ahead, public notice will be given that a hearing will be held at the Plan Commission level on the necessary zoning changes on December 13. Specifically, sections 8.02 (R-2 Two Family District), 8.03 (R-3 Multiple Family District) and 9.01 (Neighborhood Commercial District) of the Zoning Code will need to be revised to allow a “hospital hospitality house” as a special use. Section 12.04, “Schedule of Parking Requirements,” would have to be changed to specify “hospital hospitality houses” and to require the same number of parking spaces as would apply to a bed and breakfast guest home. The most important zoning requirement would be the public hearing on requests for “hospital hospitality houses” at the Plan Commission and Council levels as part of the special use process. This requirement will invite the widest public participation in the decision-making process.

For the present, the Council can act on the attached ordinance to create the licensing and code enforcement requirements. City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of a Presentation by MPO Director Ray Keller and Transportation Planner Laurie Hoogeveen Regarding the DeKalb-Sycamore Area Transportation Area Study (DSATS).

Federal regulations call for the creation of a metropolitan planning organization (MPO) for urban areas with a combined population exceeding 50,000. Such organizations are intended to provide a more comprehensive and cooperative form of planning for transportation projects that may be eligible for federal assistance. An MPO for DeKalb County was

organized in 2002. The Sycamore City Council approved a cooperative agreement forming the DeKalb-Sycamore Area Transportation Study (DSATS) on December 2, 2002 (Res. 422). Our local MPO (DSATS) has a policy committee that makes decisions about the local transportation plan and prioritizes funding requests in pursuit of the plan's goals. The policy committee consists of 8 representatives from DeKalb, Sycamore, DeKalb County, NIU, and IDOT. The DSATS also has a technical committee that includes administrators, planners and engineers from the member organizations, as well as representatives from the Town of Cortland, Kishwaukee College, and the Voluntary Action Center (by virtue of its transit role in our MPO area). Sycamore's city manager is currently the chair of the Technical Committee.

The City of DeKalb provides staff support to the MPO through the services of a full-time transportation planner, Laurie Hoogeveen, and a considerable amount of time from city planner Ray Keller. Mr. Keller and Ms. Hoogeveen will be present to briefly review the progress of the MPO to date.

B. Consideration of the City of Sycamore's Financial Statements for FY2003-2004, Including the Independent Auditor's Report.

Carla Paschal and her audit team from Clifton Gunderson have completed the audited financial statements for the City of Sycamore as of April 30, 2004, along with the independent auditor's report. Several features are noteworthy:

1. As of April 30, 2004 the General Fund reserve was \$4,169,106. The FY04 operating surplus (\$1,159,856) substantially exceeded expectations primarily because a variety of development-related fees ran far ahead of budgeted numbers. This was especially true of engineering inspection fees (+463%); building inspection fees (+153%); electrical inspection fees (+219%); plumbing inspection fees (+133%); and annexation fees (+700%). In addition, restaurant/bar tax revenues and telecommunication tax revenues exceeded revenue projections.
2. The Water Fund ended FY03-04 with an operating surplus of \$415,021 and a reserve of \$1,275,478.
3. The Sewer Fund ended FY03-04 with an operating surplus of \$444,064 and a reserve of \$3,922,995.
4. In the Independent Auditor's Report it was noted that the City was in compliance with the guidelines established by the Government Accounting Standards Board (GASB 34) for calculating and depreciating the cost of public improvements, infrastructure, and property in general. The deadline for the completion of this transition was the end of FY04. Historically, governments have not reported or depreciated these assets in financial statements, as many private companies do. In FY04, the Finance office, with the special efforts of Brian Gregory, inventoried City property and adopted a methodology for the annual assessment of the City's fixed assets.
5. The Auditor's report also notes the progress made toward the segregation of duties in the water billing process. New accounting software was purchased in FY2003 and a part-time account clerk position was upgraded to a full-time position to accomplish this advance. In FY04, a new utility billing module

reconciled errors or irregularities electronically. In addition, the person receiving payments from water and sewer users was no longer the person who produced and mailed the utility bills.

Representatives of the accounting firm of Clifton Gunderson will be on hand to answer any Council questions.

C. Consideration of the Annual City Property Tax Levy.

By December 31 of each calendar year, the City Council must adopt an annual property tax levy. The City of Sycamore is one of seven local taxing bodies that annually raise operating revenue from property taxes. The combined or composite property tax rate for residences and businesses located in Sycamore Township was \$8.67221 per \$100 EAV in 2004, based on the 2003 levies; for residences and businesses located in Cortland Township the property tax rate in 2004 was \$8.64564 per \$100 EAV. **The City's 2004 rate--\$0.91223--represented about 10.5% of the overall rate charged against the EAV of our residences and businesses.**

The City of Sycamore uses the monies raised through property taxes primarily to fund the general operations of the city departments, but also uses a substantial portion of the collected taxes to fund the city's pension or fiduciary obligations.

The table below illustrates the breakdown of operational and pension obligations in recent years:

Category	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual
Property Tax— General Operating	\$1,505,393*	\$1,540,685*	\$1,524,794*	\$1,500,583*	\$1,476,125
Property Tax— FICA/IMRF	\$189,000	\$205,000	\$220,000	\$247,500	\$275,000
Property Tax— Police Pension**	\$73,200	\$77,600	\$87,300	\$152,883	\$169,045
Property Tax— Fire Pension**	\$147,000	\$130,000	\$180,390	\$213,142	\$257,961
Crossing Guards	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Totals	\$1,934,593	\$1,973,285	\$2,032,484	\$2,134,108	\$2,198,131

*Includes \$155,000 for debt service and, until 2002, about \$240,000 to subsidize the cost of residential refuse collection. The increase in monthly refuse fees to \$14 per month, effective July 1, 2003, effectively eliminated that subsidy.

** The taxes collected to meet the fire and police pension obligations are directly deposited in the respective pension funds for a clearer accounting trail.

City Pension Costs

The City's pension obligations are annually determined by an independent actuary. The city's IMRF and FICA (Social Security) obligations are calculated by the City Administrator. In recent years, the FICA/IMRF obligations for Water Department and Treatment Plant employees have been paid from the Sewer/Water Fund. **Altogether, the pension obligations borne by the City's General Fund in FY04 constituted about 32% of the City's property tax receipts, up from 21% in FY01.**

The actuarial recommendations for 2005 have been submitted by the City's long-time actuary, Timothy Sharpe. After three years of investment losses, both the Fire and Police Pension Funds posted substantial investment gains in FY04. The investment returns for the Police Pension fund in FY04 were up 17.12%, and the returns for the Fire Pension Fund in FY04 were up 14.59%. As a result, the percentage of liabilities that are funded will increase from 78.2% to 86.6% in the Police Pension Fund, and will increase from 71.2% to 75.3% in the Fire Pension Fund. The recommended Police pension obligation is \$167,080 (a decrease of \$1,965 or 1% below the 2003 levy of \$169,045), and the recommended Fire pension levy is \$260,762 (an increase of \$2,801 or 1% over the 2003 levy of \$257,961). The pension funding is a collaborative effort involving a city contribution, employee contributions, and sound investment. After a series of bad market years, the pension funds have to be more vigilant than ever before about their investment returns in order to restore higher funding levels and to avoid higher employee and city contributions in 2005.

The City's FICA or social security obligation includes Medicare withholding costs as well. The combined FICA/Medicare rate remains 7.65%. Apart from Fire and Police personnel, our full-time employees contribute to the Illinois Municipal Retirement Fund (IMRF). The fund announced in April 2004 that municipalities should use an IMRF employer contribution rate of 9.03% against eligible employee earnings, an increase of 9.9% over the 2003 contribution rate of 8.22%. During the poor market years of 2001 through 2003, IMRF kept contribution levels steady by relying on reserve funds. In 2005 and possibly for several more years, IMRF is committed to rebuilding its reserves by raising its contribution rate.

Calculating the Levy and Rate

The starting point is estimating the City's equalized assessed valuation (EAV) for the coming year. Sycamore's final EAV in 2003 was \$241,138,805. The County Supervisor of Assessments has completed a preliminary estimate of the value of new construction in the City in 2004. Other variables in the calculation of the new community-wide EAV include the value of homestead and senior exemptions and any equalizing "multiplier" established to maintain uniform assessments across all township districts. The EAV estimate must also allow for Board of Review actions following complaints about real property assessments later this fall.

Margaret Whitwell, DeKalb County's chief assessment officer, estimates that Sycamore's "net" EAV for 2004 will be \$258,959,696 which is \$17,820,891 (7.4%) higher than the actual 2003 EAV of \$241,138,805. This estimate includes deductions for exemptions, appeals, and TIF (which had an EAV of \$2,101,262 in 2003 or an increment of \$408,361 over 2002). The County estimate also assumes an equalization factor of 1.0258 for Sycamore Township and 1.0333 for Cortland Township and about \$13,000,000 in new construction in 2004. To be conservative, this total has been adjusted to **\$259,500,000** (+7.2%) for our calculations, although it is possible that the new construction total will increase after all appeals and re-examinations are complete. Since the actual EAV growth for 2004 will not be known until the final tax extension is published next spring, the actual City tax rate, determined by dividing the City levy by the City EAV, will be uncertain. If

the actual EAV published next spring is not as high as the projected level, the final City rate may be higher than expectations.

Historic City EAV, City Levy, and City Tax Rate totals:

Year	EAV	City Levy*	City Tax Rate* Per \$100 EAV
1966	\$27,220,176	\$216,252	.7945
1976	\$44,278,153	\$679,882	1.5355
1986	\$56,800,908	\$934,248	1.6448
1996	\$145,647,122	\$1,792,999	1.2318
1997	\$155,861,773 (+7%)	\$1,822,000 (+2%)	1.1689 (-5%)
1998	\$165,664,346 (+6.3%)	\$1,896,660 (+4%)	1.1449 (-2%)
1999	\$172,022,591 (+3.84%)	\$1,934,593 (+2%)	1.1246 (-2%)
2000	\$185,519,631 (+7.85%)	\$1,973,285 (+2%)	1.0648 (-5%)
2001	\$201,706,953 (+8.7%)	\$2,032,484 (+3%)	1.0076 (-5.37%)
2002	\$216,389,113 (+7.28%)	\$2,134,108 (+5%)	.98627 (-2.1%)
2003	\$241,138,805 (+11.4%)	\$2,198,131 (+3%)	.91223 (-7.5%)

*Excludes Sycamore Public Library and Sycamore Hospital.

Although as a home rule community the City is not subject to the provisions of the Property Tax Extension Limitation Law, previous City Councils have chosen to levy within the extension limitation for the year, which for “capped” taxing bodies means “the lesser of 5% or the percentage increase in the Consumer Price Index during the twelve month calendar year preceding the levy year.” For 2004 extensions, the CPI change is measured from December 2002 to December 2003. According to the Illinois Department of Revenue the U.S. City average Consumer Price Index (CPI) increase for that twelve-month period was **1.9%**. For the same period (12/2002-12/2003), the average price of all existing and new homes sold in Sycamore was \$164,728 according to the DeKalb Area Association of Realtors.

Five City Levy Options

Option #1: No Increase in City Levy

	1999	2000	2001	2002	2003	2004
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,198,131
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,505,393	1,540,685	1,524,794	1,398,959	1,476,125	1,448,064
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	258,500,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.85034

Resulting Impact on Single-Family Homeowner. The “Property EAV” is derived from the average price of all homes sold in Sycamore during the particular year.

	2000	2001	2002	2003	2004
Property EAV	45,150	46,550	47,800	52,437	54,909
City Tax Rate	1.0648	1.0076	.98627	.91223	.85034
City Tax Bill	480.76	469.04	471.44	478.37	466.91

Overall Impact:

- Should result in a City tax rate decrease of 6.8%.
- Should result in a decrease in actual City taxes paid by the average homeowner who makes no substantial home improvements.
- Property taxes (minus the portion going directly to the Fire and Police Pension funds) would represent 20% of all budgeted FY2004-2005 General Fund expenditures (\$8,846,342). They presently represent 19.93%.
- Decrease the monies available for general operations by \$28,061 (2%).

Option #2: Two Percent (2%) Increase in City Levy

	1999	2000	2001	2002	2003	2004
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,242,094
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,505,393	1,540,685	1,524,794	1,398,959	1,476,125	1,492,027
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	258,500,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.86735

Resulting Impact on Single-Family Homeowner. The “Property EAV” is derived from the average price of all homes sold in Sycamore during the particular year.

	2000	2001	2002	2003	2004
Property EAV	45,150	46,550	47,800	52,437	54,909
City Tax Rate	1.0648	1.0076	.98627	.91223	.86735
City Tax Bill	480.76	469.04	471.44	478.37	476.25

Overall Impact:

- Should result in a City tax rate decrease of 4.92%.
- Should result in a slight decrease in actual City taxes paid by the average homeowner who makes no substantial home improvements.

- Property taxes (minus the portion going directly to the Fire and Police Pension funds) would represent 20.5% of all budgeted FY2004-2005 General Fund expenditures (\$8,846,342). They presently represent 19.93%.
- Increase the monies available for general operations by \$15,902 (1.1%).

Option #3: Three Percent (3%) Increase in City Levy

	1999	2000	2001	2002	2003	2004
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,505,393	1,540,685	1,524,794	1,398,959	1,476,125	1,514,008
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	258,500,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.87585

Resulting Impact on Single-Family Homeowner. The “Property EAV” is derived from the average price of all homes sold in Sycamore during the particular year.

	2000	2001	2002	2003	2004
Property EAV	45,150	46,550	47,800	52,437	54,909
City Tax Rate	1.0648	1.0076	.98627	.91223	.87585
City Tax Bill	480.76	469.04	471.44	478.37	480.92

Overall Impact:

- Should result in a City tax rate decrease of 3.64%.
- Should result in little or no change in actual City taxes paid by the average homeowner who makes no substantial home improvements.
- Property taxes (minus the portion going directly to the Fire and Police Pension funds) would represent 20.76% of all budgeted FY2004-2005 General Fund expenditures (\$8,846,342). They presently represent 19.93%.
- Increase the monies available for general operations by \$37,883 (2.6%).

Option #4: Three and One-Half Percent (3-1/2%) Increase in City Levy

	1999	2000	2001	2002	2003	2004
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,275,066
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225
Crossing	20,000	20,000	20,000	20,000	20,000	20,000

Guards						
General Operations	1,505,393	1,540,685	1,524,794	1,398,959	1,476,125	1,524,999
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	258,500,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.88010

Resulting Impact on Single-Family Homeowner. The “Property EAV” is derived from the average price of all homes sold in Sycamore during the particular year.

	2000	2001	2002	2003	2004
Property EAV	45,150	46,550	47,800	52,437	54,909
City Tax Rate	1.0648	1.0076	.98627	.91223	.88010
City Tax Bill	480.76	469.04	471.44	478.37	483.26

Overall Impact:

- Should result in a City tax rate decrease of 3.2%.
- Should result in an increase of 1% in actual City taxes paid by the average homeowner who makes no substantial home improvements.
- Property taxes (minus the portion going directly to the Fire and Police Pension funds) would represent 21% of all budgeted FY2004-2005 General Fund expenditures (\$8,846,342). They presently represent 19.93%.
- Increase the monies available for general operations by \$48,874 (3.3%).

Option #5: Four Percent (4%) Increase in City Levy

	1999	2000	2001	2002	2003	2004
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,286,056
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,505,393	1,540,685	1,524,794	1,398,959	1,476,125	1,535,984
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	258,500,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.88435

Resulting Impact on Single-Family Homeowner. The “Property EAV” is derived from the average price of all homes sold in Sycamore during the particular year.

	2000	2001	2002	2003	2004
Property EAV	45,150	46,550	47,800	52,437	54,909
City Tax Rate	1.0648	1.0076	.98627	.91223	.88435
City Tax Bill	480.76	469.04	471.44	478.37	485.59

Overall Impact:

- Should result in a City tax rate decrease of 3.1%.
- Should result in an increase of 1.5% in actual City taxes paid by the average homeowner who makes no substantial home improvements.
- Property taxes (minus the portion going directly to the Fire and Police Pension funds) would represent 21% of all budgeted FY2004-2005 General Fund expenditures (\$8,846,342). They presently represent 19.93%.
- Increase the monies available for general operations by \$59,864 (4%).

RECOMMENDATION:

The City has aggressively reduced its portion of the property owner's annual tax bill for the past five years. Until the 2000 levy year when the levies of other local taxing bodies were legally capped, the City's reduction in its tax rate in effect subsidized other taxing bodies by offsetting the impact of levies that exceeded the inflation rate. Today, the City's property tax rate is lower than at any time since the early 1970s. By way of reference, in 1975 the City's EAV was \$38,902,799 and the City levy was \$431,542, which resulted in a City tax rate of \$1.11 per \$100 EAV. Between 1975 and 2004 the City's levy increased by \$1,766,589 (4.09 times, from \$431,542 to \$2,198,131) while operational spending increased \$7,994,942 (9.39 times, from \$851,400 to \$8,846,342). As a proportion of general operating revenues, the property tax constituted 50.7% in FY1976 and 19.93% in FY2005. Clearly, the long-term historic trend, accelerated in recent years, is toward less reliance on property taxes for essential services notwithstanding the rising demand for services.

All five options presented above would result in a reduction in the City's property tax rate. **The City Manager recommends Option 3, or the 3% levy increase.** This option would reduce the City tax rate by an estimated 3.64% and continue the long-term trend of lower City tax rates. It would also maintain the relative proportion of property taxes to other sources of General Fund revenues. The taxes levied in 2004 are received in the FY2005-2006 fiscal year (i.e. after May 1, 2005). If expenditures in the FY06 General Fund budget increase by about \$600,000, as they did in FY04 and FY05, the proposed City property tax levy (excluding police and fire pension costs) would represent about 19.67% of budgeted expenditures.

The City Council's efforts to keep the City levy at or below the rate of inflation in recent years has been remarkable, considering the legitimate claim for more contractual and personnel resources to address Sycamore's outward growth. The Council's efforts, which have offset the relatively higher percentage increases of other local taxing bodies, have incrementally reduced the overall tax burden of local taxpayers and have made Sycamore slightly more competitive in attracting business to the region.

In 2000 the operating levy was \$1,540,685; the proposed 2004 operating levy is \$1,514,008. There is a point at which the City cannot afford to further reduce one of its three key operating revenue sources in order to offset the relatively higher average annual tax levy increases of other taxing bodies. That point is when the reduction is not likely to be offset by a measurable improvement in our competitiveness, or an offsetting increase in

other revenues, and may lead to a reduction in City services. With over one-half of the FY05 fiscal year behind us, offsetting revenues are not apparent except through continued robust development.

The Annual Sycamore Library Levy

The City annually levies property taxes for the Sycamore Library. The combined City and Library levies are considered the *corporate levy*.

Until the Sycamore Public Library has established a separate taxing authority through referendum, the Council is obliged to “pass through” the Library’s levy request, provided the annual Library tax does not exceed .60% of the community’s EAV (estimated to be \$258,500,000 in 2004). Whenever a community plans a *corporate levy* increase of more than 4.9%, the Truth in Taxation Act requires a public hearing. The corporate levy in 2003 was \$2,781,738. This year, the proposed Library levy of \$612,204 combined with the proposed City levy of \$2,264,075 (totaling \$2,876,279) will increase the corporate levy by about 3.4% (\$94,541), well under the 4.9% threshold. Nevertheless, the strong and legitimate public concern about relatively high property tax rates in Sycamore recommends a public hearing. Such a hearing will be scheduled for the December 6 meeting of the City Council.

The FY2004-2005 Library levy recommendation of \$612,204 is \$28,597 (4.9%) higher than the FY2003-2004 Library levy of \$583,607 and should result in a Library rate of .23683/\$100 EAV, which is 2.2% lower than the Library rate of .24202/\$100 EAV in 2003. The proposed 2004 Library levy represents 83% of the Library’s proposed FY2004-2005 operating budget of \$711,806. The Library’s 2003 levy of \$583,607 represented 85% of the FY04 budget of \$686,417.

The Library levies of recent years are shown in the table that follows:

Recent Library Levy History	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Operating & Insurance	\$387,980	\$407,324	\$428,930	\$458,603	\$526,501	\$537,185	\$557,713
FICA	\$19,254	\$19,853	\$22,438	\$22,621	\$23,438	\$25,930	\$26,995
IMRF	\$28,000	\$20,389	\$20,294	\$19,396	\$15,627	\$19,308	\$26,253
Audit	\$2,500	\$2,091	\$500	\$250	\$655	\$1,184	\$1,243
Total Library Levy	\$437,734 (+32.7%)	\$449,657 (+2.7%)	\$472,162 (+5%)	\$500,870 (+6%)	\$555,758 (+11%)	\$583,607 (+5%)	\$612,204 (+4.9%)
Library Rate	.2642 (+25%)	.2614 (-1.1%)	.2545 (-2.64%)	.2483 (-2.4%)	.25683 (+3.44%)	.24202 (-5.8%)	.23683 (-2.2%)

The impact of the proposed Library levy on the average single-family homeowner is shown below:

	1999	2000	2001	2002	2003	2004
Library Levy	449,657	472,162	\$500,870	\$555,758	\$583,607	\$612,204
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	258,500,000
Library Tax Rate	.2614	.2545	.2483	.25683	.24202	.23683
EAV of Average Home Sold in Sycamore	43,800	45,150	46,550	47,800	52,437	54,909
Library Tax Bill	114.49	114.91	115.58	122.77	126.91	130.04

City Council direction is requested. Once the City portion of the levy is determined, the corporate levy—the combined City and Library levies—can be determined. The City Manager hopes to hold a public hearing on the corporate levy proposal on December 6 along with a first reading on the levy ordinances.

D. Consideration of the Recommendation of the Architectural Review Committee for a \$3,500 Façade Grant to Jesus Romero and a \$710 Façade Grant to Rich Para.

On September 7, the City Council was advised of a number of façade grant requests that had tentatively received the support of the Architectural Committee, but had not been recommended because of a desire for further detail regarding the proposed improvements. Since that time, the Committee has met and has resolved to recommend an award in the amount of \$710 to reimburse Rich Para for the historic-style of pendulum lighting he has installed above the front awning of the Ben Franklin store at 341 West State Street. City Council approval of this recommendation is requested.

Additionally, the Committee has been working with Jesus Romero, who recently purchased the building at 229 West State Street (formerly the location of the Tae Kwon Do center). This building is immediately west of Mr. Romero’s Taxco Restaurant and has become part of that establishment. Mr. Romero intends to integrate the look of the entrances to the three facades he now controls without homogenizing the appearance of the upper levels, which offer some distinctly different architectural shapes. The second story facades need tuckpointing and painting, and the first story awnings are slated for removal.

Some questions concerning what may be found behind the first story awning at 229 West State Street have slowed the process of review by the Committee. The Committee has concluded that the removal must precede a final plan for the improvement of the façade in order to resolve otherwise unanswered questions. Accordingly, the Committee has suggested an initial grant of \$3,500 to assist in the removal of the wooden awning, as well as any necessary wall repair and weatherizing for the winter. As a more detailed plan and rendering are subsequently developed by Mr. Romero, the Committee may consider further assistance.

City Council approval of the \$710 grant for Mr. Para and a \$3,500 grant for Mr. Romero is recommended by the Committee.

E. Consideration of an Administration Recommendation to Authorize the Hiring of a Replacement Police Officer.

It is anticipated that a senior sergeant will retire in early May 2005. Police Chief Don Thomas has requested the City Council's consideration of the hiring of a police officer who would be trained and in service by the end of the fiscal year on April 30, in order to more effectively maintain the current level of patrol services this Spring. The retirement of a sergeant will trigger a promotion from the present ranks of patrol officer, followed by the hiring of a patrol officer from the hiring list created by Sycamore's Fire and Police Commission. However, if the Council chose to defer authorization to hire a replacement until early May, it would likely be some months before a replacement could be ready to serve. Advance authorization would assure that the present shift levels could be maintained. On January 3, the next class of the Basic Law Enforcement Academy begins. Assuming the new hire will satisfactorily complete the Academy's course of instruction, the officer would be ready for "solo" patrol around early May.

There is some additional cost for the recommended action. The projected increase in compensation and benefits for the balance of this fiscal year will be about \$18,000, and there will be an additional \$4,500 in equipment and training costs. The Police Chief has agreed to find the equipment and training costs in his FY05 departmental budget. The General Fund's only contingency account (513-8497) can fund the compensation and benefit costs. That line item presently has about \$33,500 remaining. The downside of dedicating such monies is that there will be substantially less money available for any other contingency arising from other departmental needs for the balance of the fiscal year. If, as the Fire and Police Commission approaches candidates on its hiring list, it is found that the next available and eligible candidate has already been certified by an appropriate police academy, the hire can be deferred until later in the fiscal year without jeopardizing the goal of a seamless transition in May. Of course, the availability of the candidate at a later point in the fiscal year must be weighed in making such a decision.

The Council should also be aware that at least one and possibly two additional police officer hires will be recommended in the FY06 budget process. The Police department operates with only two officers on shift more than 50% of the time. Although the crime rate for Sycamore remained static during the last three years, the volume of calls for service along with "officer-initiated" responses has increased by about 200%. For example, in the period from May through October—a peak period for calls—the department handled a total of 5,676 calls for service in 2002; 9,108 in 2003; and 11,363 in 2004. More information about City departmental needs and the resources necessary to fund those needs will be presented during the FY06 budget process which begins in earnest in early January.

City Council approval of the Police Chief's recommendation is requested.

**E. Consideration of an Administration Request for a Closed Session to Discuss
Personnel Matters and Collective Bargaining.**

14. APPOINTMENTS

15. ADJOURNMENT