

SYCAMORE CITY COUNCIL
AGENDA
December 6, 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 15, 2004;
 - B. Payment of the Bills for December 6, 2004.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Consideration of a Presentation by the Sycamore Economic Development Commission. Commissioner Bill Nicklas will introduce Mike and Dan Larson of Elmer Larson, Inc. who will give a brief overview of the products and services of their firm.
 - B. State Representative Robert Pritchard will briefly review the results of the veto session in the Illinois legislature.
8. **REPORTS OF OFFICERS**

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS

A. Public Hearing on the Proposed 2004 Corporate Levy.

At the last regular City Council meeting of November 15, the City Council directed the City Manager to prepare ordinances that would establish the 2004 City property tax levy and abate debt service on certain outstanding bond issues. Ordinances 2004.60, 2004.61, 2004.62 and 2004.63, below, are offered pursuant to this direction. Each is presented on first reading only, to give the public an opportunity to be heard on the basic levy issues and to consider certain enactments that address them. Unless the Council directs otherwise, a second reading will be held on these ordinances on December 20.

This public hearing is not required. According to the provisions of the Truth in Taxation Act, a public hearing is required only if the Council intends to increase its corporate levy by more than 4.9%. However, the City of Sycamore typically holds a hearing on its corporate levy to invite public comment.

On November 15, the City Council directed the City manager to prepare ordinances to increase the City levy by 3% and the Sycamore Library levy by 4.9%. The proposed City and Library levies would increase the corporate levy from \$2,781,738 to \$2,876,279, which represents an increase of \$94,541 (3.4%). This should result in a corporate rate *decrease* from \$1.154/\$EAV to \$1.121/\$100 EAV, or a corporate rate decrease of 3%.

What about the City portion of the levy? **Based on an estimated City-wide EAV of \$258,500,000 in 2004, the proposed City levy of \$2,264,075 would result in a City tax rate of .87585 per \$100 EAV, a decrease of 4% and the lowest City rate since the late 1960s.** This should in turn result in little or no change in the actual City taxes paid by the average homeowner who makes no substantial home improvements. The tables below illustrate the recent history of City levy decisions, the breakdown of operational and pension obligations, and the impact on a theoretical homeowner:

Three Percent (3%) Levy Increase:

	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

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%)
2004	\$258,500,000 (+7.2%)**	\$2,264,075 (+3%)	.87585 (-4%)**

*Excludes Sycamore Public Library and Sycamore Hospital.

**Estimate

As the table above shows, the City has aggressively reduced its portion of the property owner’s annual tax bill for the past seven 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 late 1960s. 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.

As important, since capped taxing bodies continue to levy at their legal limits, the City’s continuing effort to reduce its portion (about 10.5% in 2003) of the overall tax rate is a key component of our community’s efforts to compete for new business, and to retain existing businesses. The aggregate tax rate for Sycamore Township in 2003 was \$8.67221 per \$100 EAV, which was about 4% higher than DeKalb’s and roughly 10-15% higher than the composite rate in competing cities in Kane County. With respect to the attraction of industrial businesses, Sycamore needs willing partners in the other taxing districts to reduce the composite tax rate. To the extent that our overall rate does not favorably

compare with our competition, we must be prepared to consider tax abatement for worthy industrial companies that would otherwise consider our rate a disincentive.

11. ORDINANCES

A. Ordinance No. 2004.59—An Ordinance Amending the Combined Annual Budget and Appropriation Ordinance for Fiscal Year 2004 to 2005 in the City of Sycamore, Illinois. First and Second Reading.

Under separate cover, a revised FY2004-2005 Budget has been circulated to the City Council and local media. The fiscal year budget originally approved on April 19, 2004 has been revised to replace estimated year-end numbers for FY2004 with actual audited numbers, and to update spending in the FY2005 budget. Among the more important revisions to the FY2005 Budget are:

- A deletion of the \$100,000 equity transfer from the General Fund's reserve to the Employee Benefit Assistance Fund (Fund 23). It appears that the retirement of several senior City employees will not occur until FY06.
- A projected increase of \$17,000 in estimated Restaurant/Bar taxes. This increase will fund the advance hiring of a replacement police officer in anticipation of the retirement of a senior police sergeant in mid-2005. The advance hiring will assure that the new officer is available for "solo" shift duty by the end of the fiscal year, in order to maintain current shift strength. The Police department budget has been increased by a like amount.
- A projected increase of \$17,900 in the 1% state sales tax to reflect a corresponding increase in car sales.
- An increase in intergovernmental revenue to reflect a retroactive federal grant of \$67,715 associated with hires made in the Police department several years ago. These monies reimburse the General Fund for wages and benefits already expended.
- A more accurate reflection of health, worker comp, and liability insurance costs in the General Fund Support budget of the General Fund (#513), and a more current estimate of the City's incentive obligations.
- The addition of a part-time intern position in cooperation with the master's program offered by NIU's Public Administration division of the Political Science department (702-8103). A corresponding reduction in the General Fund's contingency budget (513-8497) has been made to offset this additional expense (estimated to be \$6,000 for the balance of the fiscal year).
- Enhanced revenue in the Capital Assistance Fund (Fund 6) owing to two federal grants: one in the amount of \$31,600 to help finance the purchase of new turnout gear for all firefighters, and one in the amount of \$4,584.76 to offset a portion of the cost associated with the purchase of new bulletproof vests for patrol officers.
- The recognition of potential new sales tax revenues from American Aviation Supply in the Sales Tax Distributive Fund (Fund 22) and a re-formatting of that budget's spreadsheet to more clearly delineate the estimated revenues from both American Aviation Supply and United Aviation Fuels Corporation. In addition, on the expense side, Fund 22 will show a \$40,000 allocation for the consulting services of the Center for Governmental Studies which is conducting a comprehensive community fiscal impact study.

- Updated cost projections in the 2002 Bond Proceeds Fund (Fund 24) for the downtown street projects of 2004 (24-8634) and remodeling at 535 DeKalb Avenue (24-8348). The remodeling costs at 535 DeKalb Avenue include the unexpected replacement of the Police department's heating and cooling plant as well as substantial upgrades to the Public Safety Building's main electrical panel.
- New estimates of cost for the completion of Well #9 in the 2003 EPA Loan Fund (Fund 25).

Spending within the FY2005 Budget totals \$26,541,764 inclusive of all City operating, enterprise, special, capital, and bond funds. The General Fund expenditure budget has been increased by \$67,000 for a total of \$8,913,342. These expenditures are offset by \$8,989,790 in anticipated General Fund revenues. As noted above, the increase of \$67,000 will fund the hiring of a replacement police officer sometime in January 2005 (\$50,000) and also cover expected increases in worker comp settlements relating to injuries that occurred in previous years. The revised General Fund operating reserve or starting fund balance totals \$4,169,106 or 47 percent of the planned General Fund expenditures for FY2005. This considerable reserve will offer the Council alternatives to further debt service that would otherwise be borne by local taxpayers as the City faces a number of substantial capital expenditures in the coming years, including a second fire station on the City's north side.

City Council approval is recommended.

B. Ordinance No. 2004.60—An Ordinance Levying Taxes for the Corporate Purposes of the City of Sycamore for the Fiscal Year Commencing May 1, 2004 and Ending April 30, 2005. First Reading Only.

At the top of this agenda a public hearing will be held on the proposed corporate levy for the City of Sycamore. As noted above, the corporate levy of **\$2,876,279** includes a City levy of \$2,264,075 (+\$65,944 or 3%) and a Sycamore Library levy of \$612,204 (+\$28,597 or 4.9%). The proposed corporate levy will be \$94,541 (3.4%) higher than the 2003 corporate levy of \$2,781,738. Assuming a city-wide EAV of \$258,500,000 in 2004, the corporate tax rate should be \$1.11268 per \$100 EAV, a *decrease* of 3.55% from the 2003 corporate rate of \$1.15358 per \$100 EAV.

City Council approval is recommended.

C. Ordinance No. 2004.61—An Ordinance Abating the Debt Service Levy for the 1999 Revenue Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2004-2005. First Reading Only.

This ordinance would abate the debt service on the 1999 refunding bond that refinanced a portion of the 1996 bond series at a lower interest rate. All of the 1996 bond series that remained outstanding at the time of the issuance of the 2003 G.O. Bond were redeemed in September 2003. The debt service obligation for FY2004-2005 is \$223,325. The levy is \$155,000 and the abatement is \$68,325. The debt service will be paid from the 1999 Bond Fund (Fund 19) which gets its revenue from transfers from the General Fund, the Water Fund, the Sewer Fund, the Motor Fuel Tax Fund, and the Road & Bridge Fund.

City Council approval is recommended.

D. Ordinance No. 2004.62—An Ordinance Abating the Debt Service Levy for the 2002 General Obligation Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2004-2005. First Reading Only.

All of the debt service (\$303,183.75) on the 2002 Bond Series will be abated, and all of the debt service (\$330,990) on the 2003 Bond Series will be abated. This means that the City will continue its policy of paying the greatest share of its annual general obligation bond debt service from general revenues other than property taxes.

The attached ordinance will levy \$303,183.75 and abate \$303,183.75, so the extension will be \$0.00. The debt service will be paid by the 2002 Bond Proceeds Fund (Fund 24) which gets its primary revenue from General Fund and Capital Fund (Fund 6) transfers. City Council approval is recommended.

E. Ordinance No. 2004.63--An Ordinance Abating the Debt Service Levy for the 2003 General Obligation Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2004-2005. First Reading Only.

This ordinance concerns the debt service on the General Obligation Bond Series 2003, issued in September 2003. The levy of \$330,990 will be abated in its entirety. The debt service will be paid from the 2003 Bond Fund (Fund 26) which receives its primary revenue from Capital Fund, MFT Fund and 1999 Bond Fund transfers. City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

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

At the last regular City Council meeting of November 15, the City Council authorized the advance hiring of a patrol officer to assure that a new officer would be ready to work “solo” by the time an anticipated retirement occurs on May 1, 2005. The Sycamore Fire and Police Commission met on Monday, November 29 to facilitate the hiring of this replacement. Since the Council meeting of November 15, a more immediate opening has arisen with the resignation of probationary officer Ed Richter, who is seeking another career opportunity. The City Manager asks the Council to authorize the Sycamore Fire and Police Commission to proceed with the hiring of a replacement officer as soon as possible.

B. Consideration of an Administration Request for a Closed Session to Discuss Collective Bargaining and Closed Session Minutes.

14. APPOINTMENTS

15. ADJOURNMENT

