

SYCAMORE CITY COUNCIL
AGENDA
November 7, 2005

City Council Committee Meetings

No Meetings are Scheduled

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Regular City Council Meeting
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 Regular City Council Meeting of October 17, 2005.
 - B. Payment of the Bills for November 7, 2005.
 - C. FY06 Budget Update.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Introduction of new patrol officer Mike Domenighini.
 - B. Presentation by the Sycamore Economic Development Commission. Commissioner Ken Mundy will introduce Kevin and Marla Reese, owners of Dad's Deli & Dogs, who will briefly describe the expanded menu and services offered by their restaurant.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS—None.**

11. ORDINANCES

A. Ordinance No. 2005.56—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Territorial Development to Rezone Property Located at 1235 Hathaway Drive from “C-3” Highway Business District to “C-4” Mixed Use Commercial District for a Planned Unit Development with Thirteen Office/Warehouse Units and Thirty-Two Residential Townhouse Units with a Minimum Front Yard Setback of Thirty-Five Feet from Hathaway Drive in the City of Sycamore, Illinois. Second Reading.

At the last regular City Council meeting of October 17, the Council considered a rezoning petition from Territorial Development on first reading. The petition proposed to rezone Lot 5 of the Farm & Fleet subdivision from “C-3” Highway Business District to “C-4” Mixed-Use Commercial District. The parcel comprises 4.64 acres on Hathaway Drive immediately south of the Farm & Fleet store. Some Council members expressed concern about the density of the proposed housing units on the residential portion of the concept plan, and asked the principal owner of territorial Development, Randy Yock, to reconsider the density before a second reading was held on November 7.

Background

Mr. Yock originally presented a concept plan for a rezoning to “R-3” Multiple Family Residence District in a Plan Commission workshop on January 13, 2004 and presented a similar plan on April 12, 2004. On both occasions, the Commission identified two key concerns:

- a) the rezoning would result in the loss of about 5 acres of commercially-zoned land, and
- b) the proposed townhouse development appeared rather dense for the area (8.7 units per acre), although two different multifamily subdivisions had been developed to the east of the property (the Foxpointe Townhome Association and the Foxpointe Condominium Association).

At the June 13 2005 meeting, the petitioner noted that 4.64-acre lot remains undeveloped so none of the allowable commercial uses in the underlying “C-3” Highway Business zoning are in play. No bona fide commercial retail business tenants have shown interest in the lot since the Farm & Fleet subdivision was approved about ten (10) years ago. Recently, however, there has been some interest in storage garages and also in commercial condos for small contractor shops. However, the residential zoning of the vacant land to the east and the developed properties to the south have concerned commercial prospects who would not be interested in risking complaints about their commercial activities. After consultation with the City staff, Mr. Yock presented a hybrid “mixed use” concept to provide a zoning transition on the lot, and commercial uses that would be more compatible with adjacent residential neighbors.

The concept plan presented on June 13 depicted twelve (12) commercial condos facing west, or toward the private drive that extends from Hathaway Drive to Walgreen, the Country Inn & Suites, and Farm & Fleet. These condos could be used for retail purposes, but the local market presently leans toward professional offices or contractor shops. The

east half showed “stacked” or up-and-down residential condos that would be buffered by landscaping from the new commercial uses to the west and Farm & Fleet to the north, and would offer two-car garages with ample guest parking. The overall property tax and potential sales tax generated per acre would likely exceed that generated from a single warehouse or commercial user. The residential condos would probably be valued at about \$80-plus per square foot, versus \$55 per square foot for warehouse/office or retail space.

In contrast with the earlier option of a dense residential development, the Commission felt that the mixed-use plan had merit and encouraged the petitioner (by a straw poll of 9-2) to proceed with a rezoning plan. The plan presented to the Plan Commission on October 10 essentially conformed to the mixed use plan presented on June 13 with the following revisions:

- a) the number of commercial condos has increased from 12 to 13;
- b) more guest parking spaces have been added;
- c) the overall zoning has been changed to “C-4” Mixed-Use Commercial. A copy of the UDO table describing the allowable commercial uses in a “C-4” district is appended for the commission’s review.
- d) The front-yard setback on Hathaway is 35 feet. The Unified Development Ordinance (UDO) normally requires a front yard setback of 25 feet for residential and 50 feet for commercial. In this case, the staff felt that a uniform setback for both types of uses would be more presentable to passerby.

At their regular meeting on October 10, the Plan Commission voted 8-2 to favorably recommend this rezoning proposal to the Council, with the understanding that all of the townhouse units will be limited to two bedrooms.

Discussion

At the City Council meeting of October 17, some Council members expressed the concern that the residential portion of the site was still “too dense,” and might not offer adequate roadway widths for the private lanes serving the attached townhouses. Since the meeting, the developer has agreed to remove the fifth units from each of the five-unit buildings, so that all buildings would be four-unit structures. This would also reduce the total number of townhouse units from 32 to 28.

Recommendation

The Council’s approval of a revised plan that reduces the number of townhouses from 32 to 28 and limits the bedroom space per unit to two bedrooms is recommended.

B. Ordinance No. 2005.59—An Ordinance Approving the Execution of an Agreement Between the City of Sycamore, Illinois and the IMLRMA for Worker’s Compensation and Liability Coverage for City Employees. First and Second Reading

The City’s worker’s compensation and liability insurance coverage will expire on December 31. For the past eight years, the City has had an agreement with the Illinois Municipal League Risk Management Association (IMLRMA) for worker’s compensation and liability coverage. The IMLRMA has been meeting the risk management needs of

Illinois municipalities for 25 years. They currently have 739 members and now provide coverage to over one half of the municipalities in our state.

Prior to 2005, the City participated in the IMLRMA's Minimum/Maximum Program, which allowed the City to pay a minimum premium for coverage each calendar year as opposed to the full premium, which is only payable if the City approaches its maximum exposure in claims. While this program works well in years with minimum losses, it does not work well when maximum losses are paid out, since this may occur two to three years after claims are incurred and that is when the City would be billed for the remaining premium. For the years 1999-2004, the City incurred maximum claims exposure three out of the 6 years. For this reason, as well as for budgetary purposes, the City opted to return to the fully insured program for 2005. Our claims experience to date indicates this was a good choice, since all indications are that the City will once again incur maximum claims exposure this year.

It is recommended that the City Council approve the renewal of the IMLRMA policy for several reasons:

- Even considering our claims experience, the IMLRMA quote for the 2006 fully insured program is only 6.5% higher than last year's premium.
- With our claims history, self-insurance is still not an option for the City. The 2006 quote from the IMLRMA for both workers compensation and liability coverage is still considerably less than a quote that we received from the Illinois County Risk Management Trust, which was \$550,000 and only included coverage for Worker's Compensation claims.
- Several large claims incurred between 1999 and 2003 that affected our experience last year are still open this year. Until we can close out these claims, we will be considered a high risk to other companies who may consider our business, which translates into higher premiums.

Recommendation

The City currently has a contract with the IMLRMA that automatically renews each year unless rescinded by mutual consent of both parties. The City Manager recommends that the Council renew this contact and approve a one-time payment of \$281,149.26 (which includes a 2% discount if paid before November 18, 2005) for fully insured coverage.

The City is putting together a plan that will hopefully reduce the cost of claims in the coming year. If this goal can be achieved, we hope to be able to return to the Minimum/Maximum Program at our 2007 renewal. The plan includes:

- A concerted effort to find alternate productive duty for those employees who are injured on or off the job.
- Increased safety training.
- Exploring the use of employee safety incentives.

- Developing a peer review process, in which members of the Safety Committee would review the causes of accidents and injuries and look for ways to prevent them in the future.
- Exploring ways of increasing communication between our Worker Comp claims administrator, including quarterly meetings, more in-depth updates on outstanding claims, and utilizing outside case management on large claims

12. RESOLUTIONS

A. Resolution No. 463—Authorizing the Mayor to Sign an Agreement with the Illinois Department of Transportation for Certain Professional Engineering Services to be Funded by Motor Fuel Tax Funds for Material Testing Relating to the Bethany Road Reconstruction Project, Section 99-00064-00-FP.

One of the final steps that must be taken before the Bethany Road Reconstruction Project can be completed is the obligatory testing of materials through core samples and other means. The Illinois Department of Transportation maintains a list of qualified testing firms. City Engineer John Brady has recommended Testing Services Corporation. The attached resolution would authorize the Mayor to sign an agreement that follows the standard IDOT form for such consultant services. City Council approval is recommended.

13. CONSIDERATIONS

A. Consideration of Conceptual Plans for a Second Fire Station by FGM Architects of Oak Brook, Illinois.

In early June of this year, the City entered an agreement with FGM Architects of Oak Brook, Illinois to create a concept plan for a second fire station. The station site was donated by B&B Development upon the annexation of the Heron Creek planned unit development in February, 1999. The site comprises approximately 3.3 acres and is located at the northeast corner of the intersection of Frantum Road and Peace Road.

A Request for Qualifications was circulated in March and we received 14 responses from regional architectural firms. An ad hoc administrative committee consisting of the City Manager, the Fire Chief, the Assistant Fire Chief and three active firefighters was organized to sort through the responses and interview the finalists. After interviewing nine of the fourteen respondents in early April, the Committee recommended FGM Architects whose fee was \$9,100.

Over the past two months the committee has worked with Andy Jasek of FGM to prepare a conceptual floor plan, site plan, and elevations for the Council's review. Mr. Jasek will present his firm's conceptual drawings to the Council for review and comment.

B. Consideration of a Revised Regulatory Framework for the Issuance of Permits for Dwelling Units in the City of Sycamore.

After the vote on the B&B proposals on October 17, some Council members suggested that the staff investigate code revisions that would defer the first permits in any future residential subdivisions until at least 2010, and further postpone the first permits if it appeared that the average number of new dwelling units City-wide would exceed 250, in

that later year. The attached ordinance draft attempts to meet this objective. Specifically, it would

1. eliminate the “bank” of permits that Ordinance 2003.65 allowed the developer to carry over from the initial to the second year of development.
2. establish a threshold of January 1, 2010 for the first permits for any future subdivision approvals.
3. commit the Council to review any future annexation agreements with the expectation that the timing and number of permits would conform to the fiscal standard of an average of 250 dwelling units per year.

Why proceed with such changes at this time? It is clear from the Council decision on the B&B proposals that Ordinance 2003.65 no longer represents the thinking of the body with respect to the timing of new housing starts. From a staff standpoint, regulations that clearly define the sense of the Council are preferable in discussions with future petitioners. Verbal explanations could be variously interpreted according to what the petitioner may want to hear.

Depending on the Council’s direction, an ordinance draft could be brought back to the Council at the November 21 meeting. This would give our staff a firm legal footing on which to discuss future subdivision proposals. Ultimately, the UDO would need to be revised as well, which requires a Plan Commission review and public hearing prior to Council action.

The proposed departures from Ordinance 2003.65 are highlighted in **bold** in the text below:

Number of Dwelling Units on the Preliminary Plan	Dwelling Units Permitted Per Year	Time Limit Before New Building Permits Are Issued Following Annexation*
0 to 50 dwelling units	No More than 25 per Year	No Time Limit
51 to 100 dwelling units	No More than 30 per Year	One Year
101 to 200 dwelling units	No More than 35 per Year	Two Years
201 to 300 dwelling units	No More than 40 per Year	Three Years
301 to 400 dwelling units	No More than 50 per Year	Four Years
401 to 500 dwelling units	No More than 60 per Year	Five Years
Over 500 dwelling units	No More than 65 per Year	Six Years

***For planned unit developments and all other subdivisions annexed after November 1, 2005, no permits shall be issued until January 1, 2010.**

This provision shall apply to planned unit developments and all other subdivisions annexed after November 1, 2005. The annual allowance for the issuance of dwelling unit permits shall commence on January 1 of each year.

In its consideration of new residential annexations after November 1, 2005, the Sycamore City Council will only consider annexation agreements that adjust both the timing and the number of new housing permits in any given year in order to

achieve an overall average of 250 dwelling units per year in the City of Sycamore, from 2010 onward.

The City Council may consider a petition for annexation and preliminary plat approval involving less than the full acreage of a tract of 100 or more contiguous acres. However, in order to plan for orderly growth and to discourage the submittal of a series of annexation plats and preliminary plats from the same tract of 100 or more acres, the Council will only consider one additional petition for annexation and preliminary plat approval involving the balance of land in said tract, and such Council action may only occur after five years has elapsed from the approval of the initial development plat. The Council may only waive this provision by a two-thirds vote of the corporate authorities.

The proposed revisions also reduce the allowable number of permits that can be issued per year at each of the thresholds in the permit table, and removes confusion from the language pertaining to the subdivision of larger tracts that the staff and Plan Commission identified in June. For the Council’s reference, the first ordinance restricting annual permit growth—Ordinance 2003.04 (passed in June 2003)—and the current permit regulations—Ordinance 2003.65 (passed in November 2003)—are attached to illustrate where we have been and where we need to be at this point. City Council direction is requested.

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 \$8.64123 per \$100 EAV in 2005, based on the 2004 levies; for residences and businesses located in Cortland Township the property tax rate in 2005 was \$8.5896 per \$100 EAV. **The City’s 2005 rate--\$0.865814--represented about 10% 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	2004 Actual
Property Tax—General Operating	\$1,505,393*	\$1,540,685*	\$1,524,794*	\$1,500,583*	\$1,476,125	1,514,008
Property Tax—FICA/IMRF	\$189,000	\$205,000	\$220,000	\$247,500	\$275,000	302,225
Property Tax—Police Pension**	\$73,200	\$77,600	\$87,300	\$152,883	\$169,045	167,080
Property Tax—Fire Pension**	\$147,000	\$130,000	\$180,390	\$213,142	\$257,961	260,762
Crossing Guards	\$20,000	\$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	2,264,075

*Includes \$155,000 for debt service. Until 2002, about \$240,000 was included 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. In 2006, the monthly refuse cost per unit will be \$14.54 times the CPI for 2005.

** 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 FY05 (\$730,067) constituted about 32.3% of the City's property tax receipts, up from 21% in FY01.

The actuarial recommendations for 2006 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 and modest gains in FY05. The investment returns for the Police Pension fund in FY05 were up 6.36%, and the returns for the Fire Pension Fund in FY05 were up 8.24%. However, these increases do not offset the significant increase in each fund's accrued liabilities. As a result, the percentage of liabilities that are funded will slightly decrease from 86.6% to 82.4% in the Police Pension Fund, and will decrease from 75.3% to 74.2% in the Fire Pension Fund. The recommended Police pension obligation is \$213,305 (an increase of \$46,225 or 28% above the 2004 levy of \$167,080), and the recommended Fire pension levy is \$303,729 (an increase of \$42,967 or 16.5% over the 2004 levy of \$260,762). The pension funding is a collaborative effort involving a city contribution, employee contributions, and sound investment. After a series of bad market years in the first three years of this decade, 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 2006.

The City's FICA or social security obligation includes Medicare withholding costs as well. The combined FICA/Medicare rate is 7.65% Apart from Fire and Police personnel, our full-time employees contribute to the Illinois Municipal Retirement Fund (IMRF). The fund announced in October 2005 that Sycamore should use an IMRF employer contribution rate of 9.57% against eligible employee earnings in 2006, an increase of 0.54% over the 2005 contribution rate of 9.03%. During the poor market years of 2001 through 2003, IMRF kept contribution levels steady by relying on reserve funds. In 2006 and possibly for several more years, IMRF is committed to rebuilding its reserves by raising its contribution rate.

If the Council concurs with the pension levy recommendation noted above, and if the Council settles on a 3% levy increase for 2005, the pension fund obligations borne by the General Fund in FY06 will total \$819,259 or 35% of the City's property tax receipts, up from 21% in FY01.

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 2004 was \$261,496,432. The County Supervisor of Assessments has completed a preliminary estimate of the value of new construction in the City in 2005. 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 2005 will be \$300,658,311 which is \$39,161,879 (14.98%) higher than the actual 2004 EAV of \$261,496,432. This estimate includes deductions for exemptions, appeals, and TIF (which had an EAV of \$2,086,411 in 2004 and generated an incremental tax extension of \$39,551). The County estimate also assumes an equalization factor of 1.0330 for Sycamore Township and 1.0361 for Cortland Township and about \$21,009,870 in new construction in 2005. To be conservative, the EAV estimate has been adjusted to **\$295,000,000** (+\$33,703,568 or 12.9%) 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 2005 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%)
2004	\$261,496,432 (+8.4%)	\$2,264,075 (+3%)	.865814 (-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 2005 extensions, the CPI change is measured from January 1, 2004 through December 31, 2004. According to the Illinois Department of Revenue, the U.S. City average Consumer Price Index (CPI) increase for that twelve-month period was **3.3%**. In the period January 1, 2004 through December 31, 2004, the average price of all existing and new homes sold in Sycamore was \$186,442 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	2005
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,264,075
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080	213,305
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762	303,729
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225	302,225
Crossing Guards	20,000	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	1,424,816
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	295,000,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.865814	.76748

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	2005
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.76748
City Tax Bill	480.76	469.04	471.44	478.37	475.41	476.97

Overall Impact:

- Should result in a City tax rate decrease of 11.4%.
- 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--\$517,034--going directly to the Fire and Police Pension funds) would represent 17.8% of all budgeted FY2005-2006 General Fund expenditures.
- Decrease the monies available for general operations by \$89,192 (5.9%).

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

	1999	2000	2001	2002	2003	2004	2005
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,309,357
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080	213,305
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762	303,729
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225	302,225
Crossing Guards	20,000	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	1,470,098
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	295,000,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.865814	.78283

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	2005
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.78283
City Tax Bill	480.76	469.04	471.44	478.37	475.41	486.51

Overall Impact:

- Should result in a City tax rate decrease of 9.58%.
- 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 18.26% of all budgeted FY2005-2006 General Fund expenditures (\$9,815,573). They represented 19.9% in FY05.
- Decrease the monies available for general operations by \$43,910 (2.9%).

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

	1999	2000	2001	2002	2003	2004	2005
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080	213,305
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762	303,729
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225	302,225
Crossing Guards	20,000	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	1,492,738
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	295,000,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.865814	.79051

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	2005
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.79051
City Tax Bill	480.76	469.04	471.44	478.37	475.41	491.28

Overall Impact:

- Should result in a City tax rate decrease of 8.7%.
- 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 18.5% of all budgeted FY2005-2006 General Fund expenditures (\$9,815,573). They represented 19.9% in FY05.
- Decrease the monies available for general operations by \$21,270 (1.4%).

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

	1999	2000	2001	2002	2003	2004	2005
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,343,318
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080	213,305
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762	303,729
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225	302,225
Crossing Guards	20,000	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	1,504,059
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	295,000,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.865814	.79435

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	2005
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.79435
City Tax Bill	480.76	469.04	471.44	478.37	475.41	493.67

Overall Impact:

- Should result in a City tax rate decrease of 8.25%.
- 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 18.6% of all budgeted FY2005-2006 General Fund expenditures (\$9,815,573). They represented 19.9% in FY05.
- Decrease the monies available for general operations by \$9,949 (0.7%).

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

	1999	2000	2001	2002	2003	2004	2005
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,354,638
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080	213,305
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762	303,729
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225	302,225
Crossing	20,000	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	1,514,008	1,515,379
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	295,000,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.865814	.79818

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	2005
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.79818
City Tax Bill	480.76	469.04	471.44	478.37	475.41	496.05

Overall Impact:

- Should result in a City tax rate decrease of 7.81%.
- 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 18.7% of all budgeted FY2005-2006 General Fund expenditures (\$9,815,573). They represented 19.9% in FY05.
- Decrease the monies available for general operations by \$1,371.

RECOMMENDATION:

The City has aggressively reduced its portion of the property owner’s annual tax bill for the past six 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. From 1975 through 2005 the City’s levy increased by \$1,832,533 (4.25 times, from \$431,542 to \$2,264,075) while operational spending increased \$8,964,173 (10.53 times, from \$851,400 to \$9,815,573). As a proportion of general operating revenues, the property tax constituted 50.7% in FY1976 and 18.7% in FY2006. 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 8.7% 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 2005 are received in the FY2006-2007 fiscal year (i.e. after May 1, 2006).

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 2005 operating levy is \$1,492,738. 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 FY06 fiscal year behind us, offsetting revenues are not apparent except through continued robust economic 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 .6% of the community's EAV (estimated to be \$1,568,979 in 2005). 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 2004 was \$2,876,279. This year, the proposed Library levy of \$661,180 combined with the proposed City levy of \$2,331,997 (totaling \$2,993,177) will increase the corporate levy by about 4% (\$116,898), 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 5 meeting of the City Council. If the proposed City and Library levies are approved, **the result should be an 8.5% decrease in the corporate rate (from 1.09993 in 2004 to 1.014636 in 2005).**

The Sycamore Public Library Board will meet on November 8 to consider the Library's FY2005-2006 levy. The proposed Library budget, which includes the annual levy recommendation from the executive director, recommends a 2005 levy of \$661,180. This proposal would be \$48,976 (8%) higher than the FY2004-2005 Library levy of \$612,204 and should result in a Library rate of .22413/\$100 EAV, which is 4.27% lower than the Library rate of 0.23413/\$100 EAV in 2004 because of the substantial City-wide EAV increase in 2005. The proposed 2005 Library levy represents **83%** of the Library's proposed FY2005-2006 operating budget of \$796,504. The Library's 2004 levy of \$612,204 represented 86% of the FY05 budget of \$711,806.

The proposed Library levy and Library levies of recent years are shown in the following table:

Recent Library Levy History	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Operating & Insurance	\$387,980	\$407,324	\$428,930	\$458,603	\$526,501	\$537,185	\$557,713	\$610,632
FICA	\$19,254	\$19,853	\$22,438	\$22,621	\$23,438	\$25,930	\$26,995	\$27,694
IMRF	\$28,000	\$20,389	\$20,294	\$19,396	\$15,627	\$19,308	\$26,253	\$21,611
Audit	\$2,500	\$2,091	\$500	\$250	\$655	\$1,184	\$1,243	\$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%)	\$661,180 (+8%)
Library Rate	.2642 (+25%)	.2614 (-1.1%)	.2545 (-2.64%)	.2483 (-2.4%)	.25683 (+3.44%)	.24202 (-5.8%)	.23413 (-3.3%)	.22413 (-4.27%)

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

	1999	2000	2001	2002	2003	2004	2005
Library Levy	449,657	472,162	\$500,870	\$555,758	\$583,607	\$612,204	\$661,180
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	295,000,000
Library Tax Rate	.2614	.2545	.2483	.25683	.24202	.23413	.22413
EAV of Average Home Sold in Sycamore	43,800	45,150	46,550	47,800	52,437	54,909	62,147
Library Tax Bill	114.49	114.91	115.58	122.77	126.91	128.56	139.29

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 5 along with a first reading on the levy ordinances.

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

14. APPOINTMENTS

15. ADJOURNMENT

