

SYCAMORE CITY COUNCIL
AGENDA
December 5, 2005

City Council Committee Meetings
No Meetings are Scheduled

.....
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 November 21, 2005.
 - B. Payment of the Bills for December 5, 2005.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Presentation by the Sycamore Economic Development Commission. Commissioner Rose Trembl will introduce Rich Para, co-owner of Ben Franklin at 341 West State Street, who will briefly discuss the expanded range of goods and services provided by his store.
 - B. Presentation of Humanitarian Service Awards extended by MABAS and the Illinois Fire Chief's Association to Fire Lieutenant Mark Kessler; full-time firefighters Paul Rubeck, Pat Dulzo, Jim Ward, Kevin Mikkelson, and Dan Marcinkowski; and paid-on-call firefighter George Spartz for their participation in the Hurricane Katrina recovery effort.
 - C. Annual Presentation of Service Awards to City Employees. Human Resource Director Jean Tritle will assist the City Manager in presenting awards for employees with 5, 10, 15, 20, and 25 years of service to the City of Sycamore.

8. REPORTS OF OFFICERS

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS

A. Public Hearing on the Proposed 2005 Corporate Levy.

At the regular City Council meeting of November 7, 2005 the City Council directed the City Manager to prepare ordinances that would establish the 2005 City property tax levy and abate debt service on certain outstanding bond issues. Ordinances 2005.63, 2005.64, 2005.65 and 2005.66, 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 the enactments that address them. Unless the Council directs otherwise, a second reading will be held on these ordinances on December 19.

On November 7, the City Council directed the City Manager to prepare ordinances to increase the City levy by 3% and the Sycamore Library levy by 8%. The combined City and Library levies constitute the corporate levy, which would increase from \$2,876,279 to \$2,993,177, representing an increase of \$116,898 (4%). However, because of the substantial estimated growth in the City's aggregate assessed valuation from \$261,496,432 in 2004 to \$295,000,000 in 2005 the corporate rate should *decrease* from \$1.09993/\$100 EAV to \$1.014636/\$100 EAV, or a corporate rate decrease of 8.5%. This should result in a reduction in the actual dollars paid by Sycamore residents and businesses to the City as well as the Library, so long as no substantial improvements have been made to their real estate in 2005.

What about the City portion of the levy? **Based on an estimated City-wide EAV of \$295,000,000 in 2005, the proposed City levy of \$2,331,997 would result in a City tax rate of .79051 per \$100 EAV, a decrease of 8.7% and the lowest City rate since 1966.** This should in turn result in a decrease 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 levies, 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	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%).**

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%)
2005**	\$295,000,000 (+12.8%)	\$2,331,997 (+3%)	.79051

*Excludes Sycamore Public Library and Sycamore Hospital.

**Estimated

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

As important, since capped taxing bodies generally levy at their legal limits, the City's continuing effort to reduce its portion (about 10% in 2004) 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 residents and businesses in Sycamore Township in 2004 was \$8.64123 per \$100 EAV, which was about 3% higher than the aggregate tax rate for residents and businesses in DeKalb Township, which had a rate of \$8.39704 per \$100 EAV, and roughly 10% higher than the composite rate in competing cities in Kane County. With respect to the attraction of industrial businesses, Sycamore continues to work with its partners in other local taxing districts to reduce the composite tax rate. To the extent that our overall rate does not favorably compare with our competition, local taxing bodies have been prepared to consider tax abatement for worthy industrial companies that would otherwise consider our aggregate rate a disincentive.

11. ORDINANCES

A. Ordinance No. 2005.63--An Ordinance Levying Taxes for the Corporate Purposes of the City of Sycamore for the Fiscal Year Commencing May 1, 2006 and Ending April 30, 2007. 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 **\$2,993,177** includes a City levy of \$2,331,997 (+\$67,922 or 3%) and a Sycamore Library levy of \$661,180 (+\$48,976 or 8%). The proposed corporate levy will be \$116,898 (4%) higher than the 2004 corporate levy of \$2,876,279. Assuming a city-wide EAV of \$295,000,000 in 2005, the corporate tax rate should be \$1.014636 per \$100 EAV, a *decrease* of 8.5% from the 2004 corporate rate of \$1.09993 per \$100 EAV.

City Council consideration on first reading only is recommended.

B. Ordinance No. 2005.64—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 2006-2007. First Reading Only.

All of the debt service (\$303,365.00) on the 2002 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 \$303,365.00 and abate \$303,365.00, 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 consideration on first reading only is recommended.

C. Ordinance No. 2005.65—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 2006-2007. First Reading Only.

This ordinance concerns the debt service on the General Obligation Bond Series 2003, issued in September 2003. The levy of \$145,902.50 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 consideration on first reading only is recommended.

D. Ordinance No. 2005.66—An Ordinance Abating the Debt Service Levy for the 2005 Refunding Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2006-2007. First Reading Only.

This ordinance would abate the debt service on the 2005 refunding bond that refinanced the outstanding 1999 bond series at a lower interest rate. All of the 1999 bond series that remained outstanding at the time of the issuance of the \$2,965,000 2005 G.O. Bond were redeemed in June 2005. The debt service obligation for FY2005-2006 is \$342,651.50. The levy is \$155,000 and the abatement is \$187,651.50. The debt service will be paid from the 2005 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 consideration on first reading only is recommended.

E. Ordinance No. 2005.67—An Ordinance Approving a Collective Bargaining Agreement Between the City of Sycamore and the Fraternal Order of Police Labor Council, Representing the City of Sycamore F.O.P. Lodge No. 133. First and Second Reading.

The present labor contract between the City of Sycamore and the FOP Labor Council calls for both parties to “re-open” two of the forty-seven articles before May 1, 2006—Article 20, “Wages” and Article 35, “Health Insurance.” The City administration, a representative of the Illinois Labor Council, and representatives of Lodge 133 have been in negotiation since October 11 on these two articles and have reached a tentative agreement. The parties have agreed to the following:

- a) No change to Article 35, “Health Insurance.” However, the FOP has taken leadership within the City’s health insurance committee, which consists of representatives of all the City’s bargaining groups, management and retirees, to review retirement health savings plans that may be of benefit to all city employees. Presently, city employees have the opportunity to participate in “457” plans that allow them to defer a portion of their annual wages through payroll deduction. Such contributions and related interest are untaxed until withdrawn. These plans can provide an additional pool of money for the employee after retirement, while reducing current payroll taxes. The retirement savings plan under investigation by the FOP and other city employee groups is similar, except the deferred income is not taxed when withdrawn after retirement but must be used for health-related expenditures. After this idea is widely discussed by the City’s employee groups, the FOP and/or other bargaining groups may approach the City to authorize individual members to make such contributions at no cost to the City.
- b) A 4% wage step increase in FY07 (beginning May 1, 2006 through April 30, 2007; and

- c) A 4% wage step increase in FY08 (beginning May 1, 2007 through April 30, 2008).

The FOP membership voted to support the tentative agreement on November 27. If approved, Sycamore police officers will receive wages at about the median pay for officers in comparable cities, including Yorkville, Rochelle, Shorewood and Winfield (see the attached table). DeKalb is not considered a comparable city in terms of community EAV, municipal budget, department size, etc. but is a natural point of comparison because of our geographical proximity and our frequent professional interaction. The present wage range for officers in DeKalb, not including any bonuses, is \$49,587-\$62,441 as compared with Sycamore's proposed base range of \$40,250-\$56,117 in FY07, if this contract revision is approved.

City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Engineering Department Recommendation to Award a Contract for the Abandonment of Well #1.

The Engineering department has invited bids from qualified contractors for the abandonment of Well #1, located in the alley south of the 100 block of West State Street (the address is 118 South Maple Street). The abandonment will include, among other things, the removal of the line shaft pump, the disconnection of the electrical feed, the removal of the raised concrete pad for the well motor mounting, the filling of the bore hole with disinfected pea rock from -902 feet up to -617 feet and also from -567 feet up to -257 feet, and the placing of a bentonite plug between -617 feet and -567 feet and also from the bottom of the casing pipe at -257 feet to within 6 inches of the top of the floor in the well building. A 6-inch concrete cap will be poured on top of the casing pipe and finished flush with the top of the floor.

The cost of this abandonment will be paid by BP Amoco, which has been involved for years with the Illinois EPA in the mitigation of subsoil contamination in the vicinity of Well #1 and one of their former gas stations at the southwest corner of State and Main. Sealed proposals from licensed well drillers will be received on December 5 up to 2:00 p.m. City Engineer John Brady will prepare a bid tabulation and present the results, as well as a recommendation, to the Council at the regular Council meeting on the evening of December 5.

14. APPOINTMENTS

15. ADJOURNMENT

