

SYCAMORE CITY COUNCIL
AGENDA
December 4, 2006

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 November 20, 2006.
 - B. Payment of the Bills for December 4, 2006.
 - C. Budget Report as of December 1, 2006.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. 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, 25 and 30 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 2006 Corporate Levy.

At the regular City Council meeting of November 6, 2006 the City Council directed the City Manager to prepare ordinances that would establish the 2006 City property tax levy and abate debt service on certain outstanding bond issues. Ordinances 2006.51, 2006.52, 2006.53 and 2006.54, 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 18.

On November 6, 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 \$2,993,177 to \$3,116,031, representing an increase of \$122,854 (4.1%). However, because of the substantial estimated growth in the City’s aggregate assessed valuation from \$309,324,156 in 2005 to \$346,450,000 in 2006 the corporate rate should *decrease* from \$0.96765/\$100 EAV to \$0.89942/\$100 EAV, or a corporate rate decrease of 7.1%. 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 2006.

What about the City portion of the levy? **Based on an estimated City-wide EAV of \$346,450,000 in 2006, the proposed City levy of \$2,401,957 would result in a City tax rate of 0.69331 per \$100 EAV, a decrease of 8.1% 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%) Increase in City Levy

	1999	2000	2001	2002	2003	2004	2005	2006
Total Levy	1,934,593	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957
Police Pension	73,200	77,600	87,300	152,883	169,045	167,080	213,305	233,410
Fire Pension	147,000	130,000	180,390	213,142	257,961	260,762	303,729	309,399
FICA/IMRF	189,000	205,000	220,000	247,500	275,000	302,225	302,225	310,870
Crossing Guards	20,000	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	1,528,278
City-Wide EAV	172,022,591	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	346,450,000
City Tax Rate	1.1246	1.0648	1.0076	.98627	.91223	.865814	.75444	.69331

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	2006
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147	78,420
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.69331
City Tax Bill	480.76	469.04	471.44	478.37	475.41	468.86	543.69

Overall Impact:

- Should result in a City tax rate decrease of 8.1%.
- Should result in a decrease in actual City taxes paid by the current homeowner who makes no substantial home improvements.
- Property taxes (minus the portion--\$542,809--going directly to the Fire and Police Pension funds) would represent 17.97% of all budgeted FY2006-2007 General Fund expenditures.
- Increase the monies available for general operations by \$35,540 (2.38%).

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	\$309,324,156 (+18.3%)	\$2,331,997 (+3%)	.75444 (-12.9%)

*Excludes Sycamore Public Library and Sycamore Hospital.

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 mid-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 general operating revenues, the property tax constituted 50.7% in FY1976 and 18.4% 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 (9.2% in 2005) 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 2005 was \$8.20984 per \$100 EAV, which was about 0.2% higher than the aggregate tax rate for residents and businesses in DeKalb Township, which had a rate of \$8.19304 per \$100 EAV, and roughly 8-10% 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. 2006.51—An Ordinance Levying Taxes for the Corporate Purposes of the City of Sycamore for the Fiscal Year Commencing May 1, 2007 and Ending April 30, 2008. First Reading.

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 **\$3,116,031** includes a City levy of \$2,401,957 (+\$69,960 or 3%) and a Sycamore Library levy of \$714,074 (+\$52,894 or 8%). The proposed corporate levy will be \$122,854 (4.1%) higher than the 2005 corporate levy of \$2,993,177. Assuming a city-wide EAV of \$346,450,000 in 2006, the corporate tax rate should be \$0.89942 per \$100 EAV, a *decrease* of 7.1% from the 2005 corporate rate of \$0.96765 per \$100 EAV.

City Council consideration on first reading only is recommended.

B. Ordinance No. 2006.52—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 2007-2008. First Reading Only.

All of the debt service (\$302,840.00) 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 \$302,840 and abate \$302,840.00, 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. 2006.53—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 2007-2008. First Reading Only.

This ordinance concerns the debt service on the General Obligation Bond Series 2003, issued in September 2003. The levy of \$148,717.50 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. 2006.54—An Ordinance Abating the Debt Service Levy for the 2005 Refunding Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2007-2008. 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 FY2007-2008 is \$428,968.75. The levy is \$155,000 and the abatement is \$273,968.75. 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. 2006.55—An Ordinance Partially Abating Certain Real Estate Revenue Due to the City of Sycamore for Property Owned by Tate & Lyle in the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2007-2008. First Reading Only.

This is the first year of a three-year property tax abatement incentive extended to Tate & Lyle (formerly CCI), located at 1631 S. Prairie Drive in the Sycamore Prairie Business Park. The City Council approved its abatement package on December 15, 2003 (Resolution No. 443), which called for the abatement of 80% of the firm’s property tax obligation to the City of Sycamore in the first full assessment year, 70% in the second year of full assessment, and 50% in the third year. The City’s abatement is part of a larger incentive combining property tax abatements from all other local taxing bodies, as illustrated below:

CCI/Tate & Lyle				
	First Full Assessment Year (2006)	Second Full Assessment Year (2007)	Third Full Assessment Year (2008)	Fourth Full Assessment Year (2009)
School District		80%	70%	50%
DeKalb County	80%	70%	50%	
City of Sycamore	80%	70%	50%	
Kishwaukee College	90%	75%		
Park District	80%	70%	50%	
Cortland Township	80%	70%	50%	
Sycamore Library	80%	70%	50%	

The Tate & Lyle assessment values in 2005 and 2006 are shown below:

Tate & Lyle		Land	Building	New Construction	EAV Total
	2005	\$149,262	\$1,003,818	\$0.00	\$1,153,080
	2006	\$149,262	\$1,246,043	\$242,225	\$1,395,305

Based on an EAV of \$1,395,305 for the Tate & Lyle parcel (#09-06-427-011) in 2006, the City's Year One abatement is estimated to be \$7,739.03.

City Council approval is recommended.

F. Ordinance No. 2006.56—An Ordinance Partially Abating Certain Real Estate Revenue Due to the City of Sycamore for Property Owned by Fullco Industries in the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2007-2008. First Reading Only.

This is also the first year of a three-year property tax abatement incentive extended to Fullco Industries located at 1551 S. Prairie Drive in the Sycamore Prairie Business Park. The City Council approved its abatement package on March 7, 2005 (Ordinance 2004.74), which called for the abatement of 90% of the firm's property tax obligation to the City of Sycamore in the first full assessment year, 75% in the second year of full assessment, and 50% in the third year. The City's abatement is part of a larger incentive combining property tax abatements from all other local taxing bodies, as illustrated below:

Fullco Industries				
	First Full Assessment Year (2006)	Second Full Assessment Year (2007)	Third Full Assessment Year (2008)	Fourth Full Assessment Year (2009)
School District		90%	75%	
DeKalb County	90%	75%	50%	
City of Sycamore	90%	75%	50%	
Kishwaukee College	90%	75%		
Park District	90%	75%	50%	
Cortland Township	90%	75%	50%	
Sycamore Library	90%	75%	50%	

The Fullco assessment values in 2005 and 2006 are shown below:

Fullco Industries					
	2005	\$29,439	\$253,133	\$0.00	\$282,572
	2006	\$29,439	\$543,342	\$290,209	\$572,781

Based on an EAV of \$572,781 for the Fullco parcel (#09-05-301-001) in 2006, the City's Year One abatement is estimated to be \$3,574.00.

City Council approval is recommended.

12. RESOLUTIONS

A. Resolution No. 486—Authorizing the Mayor to Execute a Utility Easement with Sycamore Land Venture for the Extension of Sanitary Sewer Near the Southwest Corner of the Intersection of Peace Road and Illinois Route 64.

The attached permanent easement sets aside a small triangular area at the southwest corner of Peace Road and Illinois Route 64 to allow for the placement of the sanitary sewer main that has been extended from the interceptor on the Black Farm along Illinois Route 64 to Peace Road and thence south along the west right-of-way of Peace Road to the First Rockford property (Sycamore Crossings). An easement previously existed, but field decisions regarding the most workable path for the sewer extension resulted in the need for an adjustment at the corner.

City Council approval is recommended.

B. Resolution No. 487—Authorizing the Mayor to Execute a Utility Easement with Cheryl Schmitz, Michael Schmitz and Thomas Schmitz for the Extension of a Sanitary Sewer Interceptor Along Illinois Route 64.

The attached permanent easement likewise concerns the path of the sewer extension that will serve Sycamore Crossings and many intervening points along Illinois Route 64 and Peace Road. This sewer will also afford an alternative to the force main presently serving the Fox Briar condominiums. The grant of easement concerns that portion of the sewer that extends along the Black Farm frontage on Illinois Rt. 64. It was agreed in principal several months ago, but signatures were delayed due to the geographical distance between the parties, and the multiple counsels reviewing the document.

City Council approval is recommended.

13. **CONSIDERATIONS--None**
14. **OTHER NEW BUSINESS**
15. **APPOINTMENTS**
16. **ADJOURNMENT**