

**SYCAMORE CITY COUNCIL**

**AGENDA**

**November 5, 2007**

**CITY COUNCIL COMMITTEE MEETINGS**

**No Committee 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 October 15, 2007.
  - B.** Release of Closed Session Minutes for the Council Closed Session Meetings of January 15, 2007; April 16, 2007 and August 20, 2007.
  - C.** Approval of Closed Session Minutes for the Council Closed Session Meetings of April 16, 2007; May 21, 2007; August 6, 2007; August 20, 2007; September 4, 2007 and September 17, 2007.
  - D.** Authorization to Destroy the Closed Session Tapes from November 7, 2005 through April 3, 2006.
  - E.** Payment of the Bills for November 5, 2007.
  - F.** Monthly Budget Report.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**

- A. Sycamore Economic Development Commission member Berni Schelkopf will introduce Dan Schneider of Schwann’s Ice Cream Company who will briefly summarize his firm’s products and services.
- B. Recognition of the Sycamore High School Boys and Girls Cross Country Teams.

**8. REPORTS OF OFFICERS**

**9. REPORTS OF STANDING COMMITTEES**

**10. PUBLIC HEARINGS--None**

**11. ORDINANCES--None**

**12. RESOLUTIONS--None**

**13. CONSIDERATIONS**

**A. Consideration of an Administration Recommendation to Award a Demolition Contract to American Demolition in the Amount of \$16,700.00.**

On October 18, the City opened bids for a demolition project involving the demolition of the former boiler room on the Harvester Square site on South Avenue. The removal of asbestos from this portion of the site had been accomplished prior to going to bid. Excerpts from the bid specifications are attached. The contract documents made it clear that the large amount of heavy steel beams and posts could be valued for salvage by the contractor, and a deduction for such value could be included in the base bid.

Five firms submitted bids and their base bid prices are shown in the table below:

Bid Summary October 18, 2007 Harvester Square Demolition		
Company	Pre-Bid Mtg	Base Bid
American Demolition--Elgin	X	\$16,700
Alpine Demolition Services-- Batavia	X	\$69,000
EHC Industries--Wauconda	X	\$98,750
Gorafix, Inc.--Bensonville	X	\$38,000
Abundant Services—Copley, OH	X	\$22,148

The low bid was received from American Demolition of Elgin, Illinois. The City Manager recommends the Council’s approval of a contract with American Demolition in the amount of \$16,700.

**B. Consideration of an Administration Recommendation to Award a Contract to Gilfillan, Callahan & Nelson for Conceptual Design Services for a New Police Facility.**

In mid-August, a request for qualifications (“RFQ”) was published inviting qualified architectural firms to discuss the City’s interest in a conceptual design for a Police facility addition at 535 DeKalb Avenue. Funding for this initiative (\$20,000) was budgeted in the FY08 budget (Fund 22, line item 8331).

Twelve firms responded to the RFQ. Five firms were interviewed during the week of October 15. The City’s interview team consisted of City Manager Bill Nicklas, Assistant City Manager Brian Gregory, Police Chief Don Thomas and Police Lieutenant Darrell Johnson. A list of the issues and questions common to each of the interviews is attached, as well as the list of qualified firms.

All of the interviewees were qualified firms with experience in the construction of police facilities in Illinois. Each would certainly have been a good partner in the conceptual design process. Gilfillan, Callahan & Nelson gave the most dynamic presentation, including the use of laptop computers to show some simulated spaces and site layouts. After deliberation with the interview team, the City Manager recommends the award of a contract to the architectural firm of Gilfillan, Callahan & Nelson. The firm’s work will include meetings with a Police department committee to discuss space needs, a conceptual site layout, and some architectural renderings.

The fixed fee for the conceptual design is \$18,000 which is within the FY08 budget allocation. The professional fee for future construction design will be about 7.5% of the cost of construction.

City Council approval is recommended. Upon Council approval, a standard AIA contract can be drafted for review by the City Attorney and City Manager.

**C. Consideration of Community Proposals for the Future Use of the Engh Farmstead.**

At the City Council meeting of October 15, the Council postponed further consideration of the proposals received in September for the use of the Engh farmstead until November 5. The postponement was in response to a request from three of the interested parties—the Sycamore Historical Society and Museum, the Sycamore Park District, the Kishwaukee Family YMCA—for more time to prepare a collaborative proposal. The proposal from the other interested party, DeKalb County Probation Services, is attached for the Council’s review. The following notes summarize the various proposals.

**1. DeKalb County Probation Services.**

The agency is interested in the main house, the smaller manager’s house, the residential garage, and the corn crib. The intended use of the large house would be a “safe house” for male or female youth (aged 13-17 years). These youth would be supervised by a full-time live-in family recruited, trained, and supervised by the DeKalb County Court Services. The youth would either be charged with the offense of domestic violence, or otherwise involved in the court system for the youth’s

protection. Counseling and case management services would be offered by Court Services in concert with such placements. The perceived benefit of such short-term placements would be an opportunity for troubled youth to experience a family setting where conflict is more appropriately resolved, and positive social values are modeled.

The agency would use the smaller house as a transitional living space for older adolescents (17-21 years) involved in the court system. Such young adults would typically need to move out of a troubled domestic environment and would benefit from the guidance and supervision of a responsible adult. The garage might be used for group sessions, recreational projects, etc. and the corn crib could be used for storage or some additional space for individual youth to unwind.

Lease: Two-year term with the option of re-negotiation.

City water tower and well: the City would retain use of the southeast corner of the property for a future elevated water tower and well. It is likely that the present hog building and the wooden barn would be razed to afford sufficient room for such purposes.

#### Financial Considerations

DeKalb County Court Services proposes the following:

- Equal sharing of the expenses to bring the two houses up to local code standards. Since the extent of such expenses is unknown at this time, approximate costs are not listed.
- Decorative modifications such as painting and cleaning through the County's restitution services.
- DCCS responsibility for appliances and furnishings.
- DCCS responsibility for ongoing lawn maintenance.
- DCCS responsibility for snow removal.
- DCCS responsibility for repairs of less than \$500 throughout the term of the lease.
- DCCS responsibility for maintaining rental insurance.
- DCCS responsibility for utilities (except water and sewer).
- DCCS responsibility for a minimum monthly rent of \$250.00. The actual rent would be negotiable.

## **2. Sycamore Historical Society/Sycamore Park District/Kishwaukee Family YMCA**

The collaborative proposal between the three agencies is still being polished, but the following assumptions appear to be agreed:

- ✓ The lead agency would be the Sycamore Park District. The City would enter a master lease with the District for a period up to five years to afford sufficient time to establish a framework for cooperative programming by the multiple interested agencies.
- ✓ One condition of the master lease would be a sublease between the Sycamore Historical Society and Museum and the Park District for a period of three years,

- with the option of two, one-year extensions. The Sycamore Historical Society would enter a sublease for the large and small houses and the residential garage.
- ✓ Another condition of the master lease would be a letter of understanding between the Sycamore Park District and the Kishwaukee Family YMCA promoting further consultation regarding the constructive use of the 6,300 square foot (60' X 105') metal machine shed. The parties have discussed possible after-school, weekend, and summer programming for the building, but neither the programming objectives or the potential costs for remodeling have been nailed down as yet.
  - ✓ The City would retain use of the southeast corner of the property for a future elevated water tower and well. The present hog building would need to be razed to afford sufficient room for such purposes, as would the large wooden barn unless the parties are able to acquire some additional land from the neighboring property owner to the south to save the large wooden barn for future programming.

Among the details to be determined are the following:

- a) The relative investment of each participating agency in the various improvements to bring the two frame houses up to the minimum City codes for an assembly (museum) use. A key focus would be accessibility, exit and emergency lighting, restroom space, etc.
- b) The party or parties responsible for ongoing yard maintenance, snow removal, etc.
- c) The relative investment of the Park District and YMCA in the remodeling of the machine shed for programming. Such remodeling would include insulation, heating, restrooms, etc.
- d) The relative investment of the Park District and YMCA in additional parking, a driveway access off Heron Creek Drive, etc.
- e) Rents, including utilities.
- f) Insurance coverage.

City Council direction is requested.

#### **D. Consideration of an Administration Request for Direction Regarding New Funding Options for Street Improvements.**

At the City Council meeting of October 1, the City Manager reviewed Sycamore's recent efforts to improve older streets and summarized a variety of funding options that could help expand the city's annual street improvement program. Following a general discussion of this report, the Council directed the City Manager to continue to review all available funding options and to bring this matter back at the November 5 meeting. This approach also allowed for more community responses. In addition to inquiries from local residents and businesses prompted by the thorough local media coverage, the Sycamore Chamber of Commerce held an informational meeting for its members on Friday, October 19 to consider the Council's initiative.

The following report is essentially the same as that presented by the City Manager on October 1, although an additional funding option—a local gasoline tax—has been added.

### **Legislative Background**

How Sycamore can address the deterioration of its neighborhood residential and commercial streets in particular, and its aging street network in general, has been an abiding concern of City Councils for many years. From the mid-1970s until the late 1990s, street improvements were undertaken each year, but not at a pace to maintain the serviceable lives of aging street surfaces. In this period, federal revenue-sharing dried up, a number of established Sycamore businesses closed, and both population growth and economic growth in general were flat. For most of the 1990s, the street maintenance program was reduced to less than \$100,000 per year. From the mid-1990s, even as successive City Councils engaged the community in long-term land use planning and capital planning, the pursuit of an ambitious, ongoing program of street repair had to annually compete head-on with other ongoing capital needs as well as demands for additional municipal service. Each city budget message since the spring of 1999 has highlighted the need for fiscal strength in the form of strong general revenues, to enable the city government to adequately satisfy the sometimes competing public expectations for more service and more capital improvements. Of course, general revenues are not the only source of funding for new operational initiatives and capital projects, but they are perceived by bond buyers as the most reliable sources of debt service for long-term capital improvements. Examples of such general revenues include property taxes, sales taxes, use taxes and state-shared revenues such as income tax and motor fuel taxes.

Since the mid-1990s, when a modest revival in commercial investment and housing starts began, City Councils have expanded the general revenue stream in a number of ways. The expanded stream of revenue has simultaneously funded new hires and new borrowings to complete larger capital improvement projects. The financial highlights are as follows:

- November 5, 1996. City residents approve home rule status by referendum by a vote of 2,414 to 1,344.
- October 27, 1997. City Council imposes a home rule tax of ½% on retail sales (except automobile, food, and drug sales per state statute).
- March 20, 2000. City Council increases the home rule tax on retail sales within the corporate limits from ½% to ¾%.
- April 3, 2000. City Council dedicates the home rule tax increase toward the funding of a modest list of general capital projects including annual street maintenance. These funds become the principal source of revenue for the Capital Assistance Fund (Fund 6).
- May 1, 2002. A 2% restaurant/bar tax becomes effective to support general operations and to pump up general revenues to help fund the debt on the \$4 million 2002 Capital Projects Bond (Fund 24). The General Fund transfers \$200,000 each year to Fund 24 for debt service. Among the capital projects funded by this general obligation debt are the Home Street project, the conversion of the former Street Division garages to create the Building and Engineering offices, the remodeling of the Public Safety building, the Somonauk Street improvements from State to Elm and the Maple Street improvements from Exchange to Elm.

- July 1, 2003. A 5% telecommunication tax becomes effective. This tax applies to local and long-distance calls, either land-based or wireless, and is charged against the caller's billing address. The tax is deposited in the General Fund to support general operations and additional general obligation debt service.

The juggling of local expectations regarding both operational services (i.e. departmental spending) and capital improvements annually requires a careful allocation of these general revenues toward both ends. Three-year capital spending goals have been a part of this budget process since 1999 and annually portray the sources and uses of capital funds. A color-keyed copy of the three-year plan presented during the FY08 fiscal budget process is attached.

From the Spring of 1999 to the present, general revenues such as property taxes, sales taxes, and use taxes have funded the following new hires in our public safety departments:

- ✓ Police: 9 patrol officers
- ✓ Fire: 10 firefighters
- ✓ Public Works (street, water and treatment plant divisions): 6 laborers

In this same period, the portion of our general revenues allocated toward annual debt service has increased from \$155,000 (1996 Bond debt service) to \$770,000. In FY08, the two major repositories of general revenues--the General Fund and Capital Assistance Fund (Fund 6)--will pay debt service for the following borrowings:

FY08 Debt Service—General Capital Dollars			
	General Fund	Capital Fund	MFT Fund
2002 Bond Fund	\$200,000	\$120,000	
2003 Bond Fund		\$95,000	\$50,000
2005 Bond Fund*	\$155,000		\$50,000
2007 Bond Fund	\$200,000		
Total	\$555,000	\$215,000	\$100,000

\*The 2005 Bond Fund (Fund 27) refunded the 1999 Bond Fund which refunded the 1996 Bond Fund

The City's auditor recently reflected that the City's legal debt, funded in large part by the annual debt service payments noted in the table above, is comfortably within Sycamore's legal debt margin and represents a lower per capita debt than most Illinois communities of comparable size. However, this does not mean that the City can dramatically expand its annual debt obligations on the basis of its current general revenues. In fact, as year-to-date revenue estimates show, the "juggling" of current general revenues for both expanded operations and existing capital commitments does not promise a year-end surplus that can be translated into more capital debt.

### **Recent Fiscal Commitments to Street Reconstruction and Maintenance**

What has been accomplished in the way of street improvements in recent years? Through a combination of significant state grants, borrowed monies, and some accumulated reserves, the City has been able to make substantial progress in the repair, reconstruction, or extension of a number of key arterial and collector streets, including DeKalb Avenue, State

Street, a variety of downtown streets, Bethany Road, and Oakland Drive. The table below illustrates this progress in terms of City budget allocations:

<b>Street Maintenance and Reconstruction (includes engineering, easements, r.o.w.)</b>										
FUND	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	Total
General Fund	\$155,918	\$291,854	\$190,037	\$221,308	\$127,445	\$137,650	\$149,418	\$102,669	\$104,321	\$1,480,620
Capital (Fund 6)	\$0	\$25,877	\$2,822,362	\$2,608,611	\$398,550	\$76,185	\$38,364	\$150,000	\$100,000	\$6,219,949
MFT (Fund 7)	\$93,889	\$0	\$0	\$894,703	\$248,016	\$344,274	\$290,463	\$162,193	\$0	\$2,033,538
1996 Bond (Fund 14)	\$0	\$1,003,752	\$635,798	\$0	\$0	\$0	\$0	\$0	\$0	\$1,639,550
Fuel Fund (Fund 22)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,104	\$44,512	\$79,616
2002 Bond (Fund 24)	\$0	\$0	\$0	\$0	\$300,279	\$600,385	\$1,520,943	\$0	\$0	\$2,421,607
2003 Bond (Fund 26)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$395,911	\$520,375	\$916,286
2007 Bond (Fund 29)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$249,807</b>	<b>\$1,321,483</b>	<b>\$3,648,197</b>	<b>\$3,724,622</b>	<b>\$1,074,290</b>	<b>\$1,158,494</b>	<b>\$1,999,188</b>	<b>\$845,877</b>	<b>\$769,208</b>	<b>\$14,791,166</b>
<b>Key Projects:</b>										
FY99	Neighborhood residential streets									
FY00	Neighborhood residential streets; Fund 14: Rt 23/Rt 64 water & sewer									
FY01	Fund 6: Rt 23/Rt 64 (includes state reimbursements; city share was about \$2,305,000); Fund 14: Rt23/Rt64 water & sewer									
FY02	Fund 6: Downtown Streetscape (includes \$500,000 in Illinois First grant reimbursements); Fund 7: Bethany Road									
FY03	Fund 6: Close-out Rt23/Rt 64 project; Fund 7: Bethany Road; Fund 24: Neighborhood residential streets									
FY04	Fund 7: Bethany Road; Fund 24: Home Street reconstruction									
FY05	Fund 7: Bethany Road; Fund 24: Somonauk/Maple Street reconstruction									
FY06	Fund 7: Bethany Road; Fund 26: Oakland Drive extension									
FY07	Fund 26: Oakland Drive extension									

Although not part of this report, City spending on municipal sidewalk repairs and installation has also been significant in recent years and likewise leveraged by borrowed monies. The 2003 Bond Fund and the Sales Tax Distributive Fund (Fund 22) have been the major financing sources for sidewalk improvements apart from the annual assistance program offered by the Building department. Alliance Contractors built new sidewalk to fill in sidewalk “gaps” around the community in 2005 and 2006 in the amount of \$240,000 and Stenstrom Excavating has a \$99,217 contract to repair sidewalks along S. Main Street in 2007. The installation of new sidewalk along Commercial Street is planned for 2008.

## **NEW REVENUE OPTIONS TO INCREASE CAPITAL SPENDING ON LOCAL STREETS**

While notable for a small community, the City's investment in road repairs and reconstruction in the past ten years has had a limited impact on neighborhood residential streets. Both the Council and the City staff are eager to make more progress in neighborhood street repair, particularly in older neighborhoods with streets that have not been well-maintained for generations because of inadequate public funds. The balance of this report will highlight some options for funding such improvements in a substantial manner, for years to come.

### **Option A. Increase the City's Home Rule Tax.**

As noted above, when the City's home rule sales tax was increased from ½% to ¾% in 2000, the entire proceeds from the additional .25% were deposited in the Capital Fund (Fund 6). In FY07 the proceeds from this .25% amounted to \$604,940, and the total in FY08 is estimated to be \$650,000. Is it safe to say that each incremental increase of .25% would generate an additional \$600,000 to \$650,000 per year for street improvements? It is impossible to know for sure. At some point, shoppers and diners would adjust their buying habits. However, with the current DeKalb home rule tax at 1.25% (vs Sycamore's .75%), it is not likely that Sycamore would experience a competitive disadvantage with an increase to 1%, or possibly 1.25%. The opinions of local retailers would be welcome and critical on such a topic, and public hearings would be prudent. In addition, the Council would likely need to rebate the incremental increase for the two fuel companies whose revenue-sharing agreements with the City give them the option of nullifying their commitment if the City increases its sales tax.

### **Option B. Impose a Utility Tax.**

Municipal utility taxes are imposed on the gross revenues of companies providing electricity, gas, cable television, and telephone utility services within a community's corporate limits. Utility companies calculate the tax, place it on the customer's bill, collect the tax, and remit the tax directly to the City on a monthly basis. The City of DeKalb imposes a 5% municipal utility tax. This tax has been avoided in the past because of its significant impact on businesses that are large energy users, such as industrial firms in our midst, and firms we hope to attract to our industrial and business parks. It is difficult to gauge the revenue that might be derived from this source, but something in excess of \$50 per capita would be a conservative starting point.

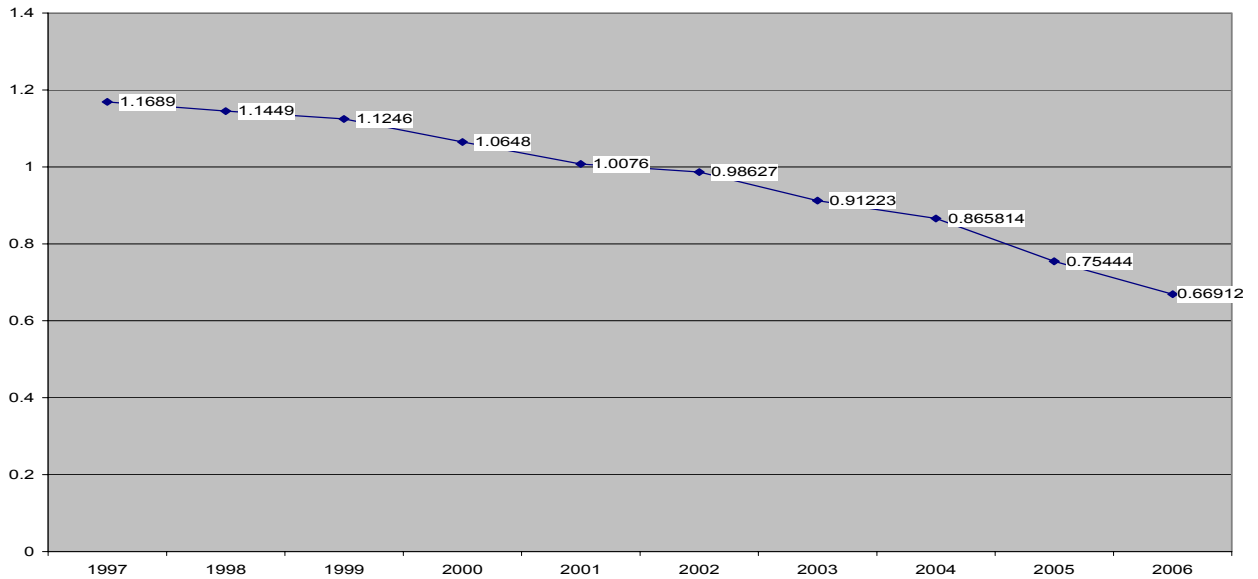
In view of the competitive advantage which Sycamore enjoys in attracting industrial firms because it does not impose a utility tax, and the additional household cost that such a tax would bring to the City's residents regardless of income, this option is not recommended.

### **Option C. Increase the City's Property Tax.**

In the interest of a thorough range of options, this possibility is raised. However, in view of the singular progress made by City Councils since the late 1990s in substantially reducing the City's property tax rate and, as a result, the aggregate property tax rate for local businesses and residents, a substantial increase in the City's annual levy would be particularly galling and antithetical to the City's business attraction efforts. The progress in

the City's campaign to decrease the impact of local property taxes from 1996 through 2006 is illustrated in the table below:

City Property Tax Rate  
1996-2006



**Option D. Impose a Transportation Impact Fee on New Development.**

As with other impact fees, transportation impact fees must meet three constitutional standards in Illinois that ensure a substantial relationship between the regulatory requirements and the public purpose for which they are imposed. The three standards examine whether the exaction is (a) uniquely and specifically attributable to the development; (b) bears a reasonable relationship to the development; and (c) has a rational nexus with the new development.

Impact fees may not cover costs associated with the repair, reconstruction, operation or maintenance of existing roads except where a new improvement can be shown to be uniquely and specifically attributable to a particular development. This substantially narrows the instances in which such fees can be used. The City requires developers to install all the public and private streets within their subdivision. The new improvements attributable to a development that are not within a development might include lane widening or turn lanes on an existing collector street which intersects with a residential street within a new subdivision. The same may be true of traffic signals for which warrants are met, and for which a proportional share of the cost can be attributed to the new development.

Based on the language of the City's annexation agreements, it does not appear that road fees can be retroactively imposed on buyers of lots in subdivisions of record. However, it is certain that the imposition of a road impact fee affecting future annexation agreements is possible so long as the fees meet the constitutional tests noted above as well as procedures

established in law. Such procedures are outlined in the Road Improvement Impact Fee Law (605 ILCS 5/5-901, *et seq*) and include the adoption of a comprehensive road improvement plan, a statement by the City as to how the proposed plan would be served by the road fees, a public hearing on said plan and fees, etc. As a matter of prudence, some communities surveyed for this report have hired an engineering consulting firm to develop a methodology for determining the impact of new trips added to the local road system, before proceeding to a public hearing. Although the City requires traffic impact studies for new developments, the calculation of captured trips in the impact fee context is different than that in a traffic impact analysis.

A copy of the Naperville ordinance for roadway impact fees is appended for the Council's review.

### **Option E. Establish Special Service Areas.**

#### **1) Special Service Areas in Existing Neighborhoods.**

The Illinois Constitution allows a municipality to levy an additional real estate tax in an area within its boundaries for the purpose of providing special services to this area that are not available to the entire municipality. The statutory authority can be found in the Special Service Area Tax Law (35 ILCS 200/27-5, *et seq.*). Special services “. . . means all forms of services pertaining to the government and affairs of the municipality . . . including but not limited to . . . improvements permissible under Article 9 of the Illinois Municipal Code . . .” Article 9 of the Municipal Code pertains to local improvements and provides for making a wide variety of improvements by special assessments, including water, sewers, streets, sidewalks, shopping malls, and street lights.

As in every other municipal project, a special service tax or bond issue must be for a public purpose. After determining that this condition can be met, the next requirement is to ascertain a reasonable boundary for the special service area (SSA). One of the practical difficulties in SSA financing is the establishment of the boundaries of the SSA. As property taxes are levied uniformly throughout the Special Service Area, the property on the borderline within the SSA is assessed in full, and the first property outside the boundary is not assessed at all. Under the Statute, a special service area “. . . means a contiguous area within a municipality or county in which special governmental services are provided in addition to those services provided generally throughout the municipality or county, the cost of these special services to be paid from revenues collected from taxes levied or imposed on property within that area.” After the boundaries are set, the next step is to determine that the services to be rendered are “special,” which means that the services to be rendered are different in quality or quantity from services generally rendered in the municipality.

Once a geographic area is established along with the special purpose, the procedures are as follows:

An ordinance is adopted by the municipality calling for a hearing on the establishment of the SSA. Among other things, the ordinance must set forth the nature of the proposed special services, a statement as to whether the proposed special services are for new construction, maintenance, or other purposes; a notification that all interested persons, including all persons owning taxable

real estate located within the SSA, will be given an opportunity to be heard at the hearing regarding the tax levy and an opportunity to file objections to the amount of the tax levy if the tax is a tax upon property; and the maximum rate of taxes to be extended within the SSA in any year and the maximum number of years the special taxes will be levied if a maximum number of years is to be established.

After this initial ordinance is adopted, proper legal notices must be mailed and published. A public hearing is required (a) to form a special service district, (b) to levy or impose a special service tax, and (c) to issue bonds to be retired by taxes levied in the district. These three items can be combined at the same public hearing. In addition to the right to a hearing, an SSA may be vetoed by a petition of 51% of the electors and owners of record filed within 60 days following the final adjournment of the public hearing. The petition may be directed against any one of the three propositions or against all the propositions. The sixty (60) days within which the petition to veto the proposition can be filed does not commence until final adjournment of the public hearing, so care should be taken to indicate when a hearing adjourns that it is a final adjournment.

The next step after the public hearing is to adopt an ordinance establishing the SSA. This ordinance can be adopted immediately following final adjournment of the public hearing providing its effective date is deferred for the sixty (60) day petition period and is contingent on no petition being filed. In general, it is suggested that the ordinance contain findings to the effect that the notices of public hearing were published and mailed in conformity with the Special Service Area Tax Law and that all interested persons were given an opportunity to be heard. In addition, a finding showing the basis on which the SSA boundaries were defined and that proposed municipal services are unique and in addition to the municipal services provided to the village as a whole should be made. The ordinance should specify the geographical area included in the SSA and the purpose for which the area is formed. The ordinance must include the legal description, the permanent tax parcel numbers, and an accurate map of the SSA.

If the public hearing considers the question of issuing bonds then the adopting ordinance shall set forth the amount of the bonds to be issued, the interest rate, the maximum maturity, and the maximum tax to be levied annually.

Special service areas addressing aging infrastructure are common in municipalities within the collar counties. Where corporate boundaries are set and general revenue growth is constrained by slower development or relatively higher re-development costs, incremental property tax increases may be more palatable than higher use taxes.

## 2) Special Service Areas in New Subdivisions.

In the course of negotiating an annexation proposal, language can be added to the annexation agreement which essentially imposes a special tax on future homeowners. Such language must meet state statutory requirements for the establishment of an SSA. Initially, of course, the developer is the principal owner of record, but as parcels are sold and buildings are built by disparate owners the tax burden would be spread. If the purpose of such an SSA is to provide, in effect, a sinking fund for future road improvements, it can be so stated and the obligation can be passed along from parcel owner to parcel owner.

**Option F. Increase the Telecommunication Fee.**

The current fee can be increased from 5% to 6% in .25% increments. Such action requires an ordinance. To become effective by July 1, a change must be made by March 1 in any year. To become effective by January 1, the change must be made by September 20. A 1% increase would generate an estimated \$100,000; such a modest gain may not balance the cost borne by local residents.

**Option G. Impose a Gasoline Tax.**

Home rule cities and counties can impose a gasoline tax without referendum. Although Illinois Department of Revenue sources have not identified the actual number, it appears from other sources that at least four Illinois counties and about 45 Illinois municipalities have imposed gasoline taxes. The rates imposed by these entities range from ½ cent per gallon to 6 cents per gallon and the average rate is \$0.02 per gallon. The table below shows a sampling of gasoline tax rates by municipality:

City	Gasoline Tax Rate
Addison	\$ -
Arlington Heights	\$ -
Aurora	\$ -
Batavia	\$ -
Bolingbrook	\$0.05/gal
Buffalo Grove	\$ -
Carol Stream	\$ -
Channahon	\$0.01/gal
Chicago	\$0.05/gal
DeKalb	\$ -
Des Plaines	\$0.02/gal
Downers Grove	\$0.015/gal
Elgin	\$ -
Elk Grove Village	\$ -
Elmhurst	\$ -
Evanston	\$0.02/gal
Galesburg	\$0.025/gal
Geneva	\$ -
Hanover Park	\$ -
Hazel Crest	\$0.03/gal
Hoffman Estates	\$ -
Joliet	\$0.01/gal
Lincolnwood	\$0.02/gal
Lisle	\$ -

City	Gasoline Tax Rate
Lombard	\$ -
Moline	\$0.01/gal
Mount Prospect	\$0.01/gal
Naperville	\$0.02/gal
Niles	\$ -
Oak Brook	\$ -
Oak Brook Terrace	\$ -
Oak Forest	\$0.03/gal
Oak Lawn	\$ -
Oak Park	\$0.01/gal
Palatine	\$ -
Park Ridge	\$0.03/gal
Plainfield	\$ -
Rockford	\$ -
Rock Island	\$0.01/gal
Rolling Meadows	\$0.02/gal
Rosemont	\$0.02/gal
St. Charles	\$ -
Schaumburg	\$ -
Skokie	\$ -
Streamwood	\$ -
Warrenville	\$ -
Wheaton	\$ -
Woodridge	\$0.025/gal

Assuming a price per gallon of \$3.06, the breakdown of present taxes presently paid at Sycamore fuel stations would be as follows:

Wholesale Price	\$2.50
Motor Fuel Tax (19 cents per gallon)	.19
UST & IEPA Impact Fee (1.1 cent per gallon)	.011
Federal Excise Tax (18.4 cents/gal)	.184
Sales Tax (@ 6.25%)	.156
Home Rule tax (@ 0.75%)	.019
Total	\$3.06

It is not possible to know the exact volume of gasoline sales generated within the city limits at this time, since the City has no revenue-sharing agreements with the retailers in question, and because state sales reports do not separate fuel sales from the miscellaneous consumer items sold in food and fuel outlets. However, some reasonable extrapolation is possible. In 2006, it is estimated that businesses within the City of Sycamore generated about \$22 million in fuel sales. In that period, the price per gallon averaged about \$2.80, so the number of gallons pumped can be assumed to be 7,857,143.

If a one penny (\$.01) gas tax was imposed by the City, the revenue would be \$78,571. A three-cent tax would generate an amount roughly equal to what the City puts aside each year in the General Fund and Capital Fund for street and alley repairs (not counting debt service). It should be noted that if our sales assumptions are reasonably accurate, annual fuel sales of \$22,000,000 in 2006 did generate about \$385,000 in local sales taxes (.0175 times \$22 million) without a city gasoline tax.

### Summary

As the Council considers different options to increase the funding for annual street maintenance, some information regarding the scope of the problem may be useful. To simplify matters, asphalt street improvements are the principal focus although there are a significant number of older City blocks with some concrete paving.

The repair, resurfacing, and reconstruction of asphalt streets involve differing construction methods with different service lives. The service life for each type is outlined below:

- ✓ Crack sealing with rubberized asphalt. 5 years. Such work is ideally performed early in the life of a new street.
- ✓ Pavement patching. Variable depending on type.
- ✓ Pavement sealing. 5 years.
- ✓ Microsurfacing. 5 to 7 years.
- ✓ Bituminous resurfacing. 15 to 20 years.
- ✓ Reconstruction. 20 to 25 years.

It is important to note that the serviceable life of an asphalt street can be extended with timely crack filling and pavement sealing at 5-year intervals. Conversely, if such work is not performed in a timely fashion, the service life of an asphalt street can be shortened, depending on the severity of annual freeze-thaw cycles.

The two most costly categories of asphalt improvements are (a) resurfacing and (b) reconstruction. The breakdown of costs in 2007 dollars for these two categories of repair is presented below:

- a) Resurfacing. For the purpose of preparing an estimate for street resurfacing for a street that is probably around 30 to 35 years old, it is assumed that the street is 35' measured back to back of B-6.12 curb and gutter with a bituminous surface width of 32'. The work would typically include milling off the existing 2" to 3" bituminous surface, preparation of the base (possibly with new aggregate), priming the stone base, and placing a 2 1/2" binder and 1 1/2" surface layer of asphalt. Often, some minor curb and gutter replacement is involved, along with manhole adjustments with new frames and covers and traffic control during the work. The estimated cost for this work is \$108.50 per lineal foot or \$30.48 per square yard.
- b) Reconstruction. In the extreme case, street reconstruction may be necessary. Again, a street with a width of 35' back to back of curb is assumed. Where reconstruction is involved, aging underground infrastructure is usually involved as well. A reasonable estimate would accordingly include all new sanitary sewer and water main and new services to each lot as well as a new storm sewer system. This was the scope of work for the Home Street and Walnut Street project completed in 2003 and would include the previously mentioned sanitary, water, and storm sewer along with trench backfill, excavation, a new aggregate base course, bituminous surface, new curb and gutter, new sidewalk, driveway removal and replacement, and sodding. The estimated cost for this work is approximately \$950.00 per lineal foot or around \$267.00 per square yard. Such work is significantly more expensive than building a new street in a new subdivision because of the need to work around existing infrastructure, resident needs for access to their properties and the need to maintain limited access for deliveries, etc.

The City currently has about 80 miles of streets and alleys that are publicly owned and maintained. It is estimated that possibly one-fifth of these street miles are in need of some form of substantial improvement, and nearly all of these deteriorating street miles are in subdivisions built between the 1920s and the mid-1990s. In 1997, City Engineer John Brady estimated that a street program designed to bring a targeted list of older City streets within the estimated service lives of each construction method outlined above would cost about \$1.9 million in the first year with a 4% budget increase in subsequent years (see the attachment). Mr. Brady's overall list included \$12,063,000 in street repairs, excluding alley repairs.

Since 1997, a number of the larger resurfacing and reconstruction projects on Mr. Brady's list have been completed (e.g. State Street; portions of Home and Walnut Streets; Bethany Road; DeKalb Avenue and Elm Street). At the current pricing detailed above, a conservative estimate of the overall cost for restoring our present inventory of existing streets might be in the range of \$10-\$11 million, assuming at least 20% of all existing streets are in need of resurfacing or more substantial improvement. This estimate does not include the engineering time to design the improvements, any alley improvements, or the ongoing annual costs necessary to keep the improved streets in serviceable condition.

In weighing the options detailed above, the Council will consider both the revenue gains for the City and the potential impact on existing businesses and residents. Each option will increase the cost of living in Sycamore for some or all residents. Against this impact, the Council will weigh the impact of the continuing deterioration of City streets on the quality of life in Sycamore.

The discussion to date has generated much community discussion. Upon Council direction, further opportunities for public response will be provided in the form of public hearings at City Council meetings.

**E. 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 \$8.092 per \$100 EAV in 2007, based on the 2006 levies; for residences and businesses located in Cortland Township the property tax rate in 2007 was \$8.06526 per \$100 EAV. **The City's 2007 rate--\$0.66912--represented about 8.27% 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	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual
Property Tax— General Operating	\$1,540,685*	\$1,524,794*	\$1,500,583*	\$1,476,125	1,514,008	1,492,738	1,528,278
Property Tax— FICA/IMRF	\$205,000	\$220,000	\$247,500	\$275,000	302,225	302,225	310,870
Property Tax— Police Pension**	\$77,600	\$87,300	\$152,883	\$169,045	167,080	213,305	233,410
Property Tax— Fire Pension**	\$130,000	\$180,390	\$213,142	\$257,961	260,762	303,729	309,399
Crossing Guards	\$20,000	\$20,000	\$20,000	\$20,000	20,000	20,000	20,000
Totals	\$1,973,285	\$2,032,484	\$2,134,108	\$2,198,131	2,264,075	2,331,997	2,401,957

\*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. Since that time, unit fees have been tied to annual CPI changes. In 2007, the monthly refuse cost per unit has been \$15.28 per month.

\*\* 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 Manager. 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

for which levies were voted in FY07 (\$853,679) constituted about 36% of the City's property tax receipts, an increase of 1% over FY06. In FY01 pension obligations constituted 24% of the City's property tax receipts.

The actuarial recommendations for 2008 have been submitted by the City's long-time actuary, Timothy Sharpe. Both the Fire and Police Pension Funds posted substantial gains in FY07. The investment returns for the Police Pension fund in FY07 were up 9%, and the returns for the Fire Pension Fund in FY07 were up 8.4%. 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 84.8% to 84.5% in the Police Pension Fund, and will increase from 76.8% to 78.9% in the Fire Pension Fund. The recommended Police pension obligation is \$259,054 (an increase of \$25,644 or 10.1% above the 2006 levy of \$233,410), and the recommended Fire pension levy is \$327,018 (an increase of \$17,619 or 5.7% over the 2006 levy of \$309,399). The pension funding is a collaborative effort involving a city contribution, employee contributions, and sound investment. Because of a series of bad market years in the first three years of this decade, the pension funds have had 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.

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 2007 that Sycamore should use an IMRF employer contribution rate of 8.76% against eligible employee earnings in 2008, a decrease of 8.5% over the 2007 contribution rate of 9.57%. During the poor market years of 2001 through 2003, IMRF kept contribution levels steady by relying on reserve funds. In the period 2005-2007 IMRF was 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 2.5% levy increase for 2007, the pension fund obligations borne by the General Fund in FY08 will total \$896,942 or 36.43% of the City's property tax receipts, up from 36% in 2006 (and 24% 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 2006 was \$359,225,508. The County Supervisor of Assessments has completed a preliminary estimate of the value of new construction in the City in 2007. 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 2007 will be \$439,963,515 which is \$80,738,007 (22.5%) higher than the rate-setting 2006 EAV of \$359,225,508. This estimate includes deductions for exemptions, appeals, and TIF (which had an EAV of \$2,199,337 in 2006 and generated an incremental tax extension of \$43,181). The County estimate also assumes an equalization factor of 1.0770 for Sycamore Township and 1.0508 for Cortland Township and about \$21,400,000 in new construction in 2007 (compared to \$24.8 million in 2006). To be conservative, the EAV estimate has been adjusted to **\$435,000,000** (+\$75,774,492 or 21%) 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 2007 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%)
2005	\$309,324,156 (+18.3%)	\$2,331,997 (+3%)	.75444 (-12.9%)
2006	\$359,225,508 (+16%)	\$2,401,957 (+3%)	.66912 (-11.3%)

\*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 generally 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 2007 extensions, the CPI change is measured from January 1, 2006 through December 31, 2006. According to the Illinois Department of Revenue, the increase in the Consumer Price Index for All Urban Consumers (CPI-U) for that twelve-month period was **2.5%**. In the period January 1, 2006 through December 31, 2006, the average price of all existing and new homes sold in Sycamore was \$211,197 according to the DeKalb Area Association of Realtors.

## Five City Levy Options

### Option #1: No Increase in City Levy

	2000	2001	2002	2003	2004	2005	2006	2007
Total Levy	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,401,957
Police Pension	77,600	87,300	152,883	169,045	167,080	213,305	233,410	259,054
Fire Pension	130,000	180,390	213,142	257,961	260,762	303,729	309,399	327,018
FICA/IMRF	205,000	220,000	247,500	275,000	302,225	302,225	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,540,685	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,485,015
City-Wide EAV	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	435,000,000
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.55217

**Resulting Impact on Single-Family Homeowner.** The “Property EAV” is merely an illustration and is derived from the average price of all homes sold in Sycamore during the previous year (\$211,197):

	2000	2001	2002	2003	2004	2005	2006	2007
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147	78,420	70,399
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.55217
City Tax Bill	480.76	469.04	471.44	478.37	475.41	468.86	524.72	388.72

#### Overall Impact:

- Should result in a City tax rate decrease of 17.5%.
- 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--\$586,072--going directly to the Fire and Police Pension funds) would represent 15.1% of all budgeted FY2007-2008 General Fund expenditures (\$11,562,698).
- Decrease the monies available for general operations by \$43,263 (2.8%).

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

	2000	2001	2002	2003	2004	2005	2006	2007
Total Levy	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006
Police Pension	77,600	87,300	152,883	169,045	167,080	213,305	233,410	259,054
Fire Pension	130,000	180,390	213,142	257,961	260,762	303,729	309,399	327,018
FICA/IMRF	205,000	220,000	247,500	275,000	302,225	302,225	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,540,685	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064
City-Wide EAV	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	435,000,000
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.56598

**Resulting Impact on Single-Family Homeowner.** The “Property EAV” is merely an illustration and is derived from the average price of all homes sold in Sycamore during the previous year (\$211,197):

	2000	2001	2002	2003	2004	2005	2006	2007
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147	78,420	70,399
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.56598
City Tax Bill	480.76	469.04	471.44	478.37	475.41	468.86	524.72	398.44

**Overall Impact:**

- Should result in a City tax rate decrease of 15.4%.
- 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--\$586,072--going directly to the Fire and Police Pension funds) would represent 15.9% of all budgeted FY2007-2008 General Fund expenditures (\$11,562,698).
- Increase the monies available for general operations by \$16,786 (1.1%).

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

	2000	2001	2002	2003	2004	2005	2006	2007
Total Levy	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,474,016
Police Pension	77,600	87,300	152,883	169,045	167,080	213,305	233,410	259,054
Fire Pension	130,000	180,390	213,142	257,961	260,762	303,729	309,399	327,018
FICA/IMRF	205,000	220,000	247,500	275,000	302,225	302,225	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,540,685	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,557,074
City-Wide EAV	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	435,000,000
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.56874

**Resulting Impact on Single-Family Homeowner.** The “Property EAV” is merely an illustration and is derived from the average price of all homes sold in Sycamore during the previous year (\$211,197):

	2000	2001	2002	2003	2004	2005	2006	2007
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147	78,420	70,399
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.56874
City Tax Bill	480.76	469.04	471.44	478.37	475.41	468.86	524.72	400.39

**Overall Impact:**

- Should result in a City tax rate decrease of 15%.
- 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--\$586,072--going directly to the Fire and Police Pension funds) would represent 16.3% of all budgeted FY2007-2008 General Fund expenditures (\$11,562,698).
- Increase the monies available for general operations by \$28,796 (1.9%).

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

	2000	2001	2002	2003	2004	2005	2006	2007
Total Levy	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,486,026
Police Pension	77,600	87,300	152,883	169,045	167,080	213,305	233,410	259,054
Fire Pension	130,000	180,390	213,142	257,961	260,762	303,729	309,399	327,018
FICA/IMRF	205,000	220,000	247,500	275,000	302,225	302,225	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,540,685	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,569,084
City-Wide EAV	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	435,000,000
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.57150

**Resulting Impact on Single-Family Homeowner.** The “Property EAV” is merely an illustration and is derived from the average price of all homes sold in Sycamore during the previous year (\$211,197):

	2000	2001	2002	2003	2004	2005	2006	2007
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147	78,420	70,399
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.57150
City Tax Bill	480.76	469.04	471.44	478.37	475.41	468.86	524.72	402.33

**Overall Impact:**

- Should result in a City tax rate decrease of 14.6%.
- 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--\$586,072--going directly to the Fire and Police Pension funds) would represent 16.43% of all budgeted FY2007-2008 General Fund expenditures (\$11,562,698).
- Increase the monies available for general operations by \$40,806 (2.67%).

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

	2000	2001	2002	2003	2004	2005	2006	2007
Total Levy	1,973,285	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,498,035
Police Pension	77,600	87,300	152,883	169,045	167,080	213,305	233,410	259,054
Fire Pension	130,000	180,390	213,142	257,961	260,762	303,729	309,399	327,018
FICA/IMRF	205,000	220,000	247,500	275,000	302,225	302,225	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,540,685	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,581,093
City-Wide EAV	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	435,000,000
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.57426

**Resulting Impact on Single-Family Homeowner.** The “Property EAV” is merely an illustration and is derived from the average price of all homes sold in Sycamore during the previous year (\$211,197):

	2000	2001	2002	2003	2004	2005	2006	2007
Property EAV	45,150	46,550	47,800	52,437	54,909	62,147	78,420	70,399
City Tax Rate	1.0648	1.0076	.98627	.91223	.865814	.75444	.66912	.57426
City Tax Bill	480.76	469.04	471.44	478.37	475.41	468.86	524.72	404.27

**Overall Impact:**

- Should result in a City tax rate decrease of 14.2%.
- 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--\$586,072--going directly to the Fire and Police Pension funds) would represent 16.54% of all budgeted FY2007-2008 General Fund expenditures (\$11,562,698).
- Increase the monies available for general operations by \$52,815 (3.5%).

**RECOMMENDATION:**

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 1950’s! 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 17.6% in FY2007. 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 and city taxes paid by the current homeowner who has not made any homestead improvements during the past year. **The City Manager recommends Option #2, or the 2.5% levy increase.** This option is consistent with the “cap” facing other local taxing bodies and would reduce the City tax rate by an estimated 15.4%, continuing the long-term trend of lower City tax rates. It would also slightly decrease the proportion of property taxes in relation to other sources of General Fund revenues. The taxes levied in 2007 are received in the FY2008-2009 fiscal year (i.e. after May 1, 2007).

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.

### **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 \$2,610,000 in 2007). Whenever a community plans a *corporate levy* increase of more than 4.9%, the Truth in Taxation Act requires a public hearing. This year, the proposed Library levy of \$764,059 combined with the proposed City levy of \$2,462,006 (totaling \$3,226,065) will increase the corporate levy by about 3.5% (\$110,034) over the 2006 corporate levy of \$3,116,031, 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 3 meeting of the City Council. If the proposed City and Library levies are approved, **the result should be a 14.6% decrease in the corporate rate (from 0.86792 in 2006 to 0.74162 in 2007).**

The Sycamore Public Library Board has met to consider the Library’s FY2007-2008 levy and will return to the topic at its November meeting. The Board is facing a number of maintenance projects in both the original Carnegie portion of the library and the 1995 addition and hopes to increase its annual maintenance budget without increasing its tax rate. Among the larger maintenance projects are the following:

- ✓ Replacing the Carnegie single-pane windows;
- ✓ Repairing chronic leaks where the original structure and the new addition meet;
- ✓ Replacing the carpeting in the lower level;
- ✓ Re-designing the main entrance;
- ✓ Expanding the youth services space;
- ✓ Improving the lighting in the Carnegie section;
- ✓ Adding downspouts to control stormwater runoff that has penetrated the foundation in heavy rains.

The proposed Library budget, which includes the annual levy recommendation from the executive director, has three levy options: a 5% increase, a 6% increase and a 7% increase (see attached). Consistent with the Library Board’s interest in resisting a rate increase, the 7% option would appear to maximize the Board’s outlay for maintenance in 2008 while reducing the Library tax rate. Of course, this assumes the city-wide EAV estimate is not overstated. The 7% increase would increase the Library levy by \$49,985 over the FY2006-2007 Library levy of \$714,074 and should result in a Library rate of .17565/\$100 EAV, which is 11.65% lower than the Library rate of 0.1988/\$100 EAV in 2006. The proposed 2007 Library levy would represent 81% of the Library’s proposed FY2007-2008 operating budget of \$938,198. The Library’s 2006 levy of \$714,074 represented 85.3% of the FY07 budget of \$836,674.

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

<b>Recent Library Levy History</b>	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Operating & Insurance	\$387,980	\$407,324	\$428,930	\$458,603	\$526,501	\$537,185	\$557,713	\$610,632	\$651,804	\$698,447
FICA	\$19,254	\$19,853	\$22,438	\$22,621	\$23,438	\$25,930	\$26,995	\$27,694	\$29,270	\$32,000
IMRF	\$28,000	\$20,389	\$20,294	\$19,396	\$15,627	\$19,308	\$26,253	\$21,611	\$31,200	\$31,612
Audit	\$2,500	\$2,091	\$500	\$250	\$655	\$1,184	\$1,243	\$1,243	\$1,800	\$2,000
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%)	\$714,074 (+8%)	\$764,059 (+7%)
Library Rate	.2642 (+25%)	.2614 (-1.1%)	.2545 (-2.64%)	.2483 (-2.4%)	.25683 (+3.44%)	.24202 (-5.8%)	.23413 (-3.3%)	.21377 (-8.7%)	.19880 (-7%)	.17565 (-11.65%)

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

	2000	2001	2002	2003	2004	2005	2006	2007
Library Levy	472,162	\$500,870	\$555,758	\$583,607	\$612,204	\$661,180	\$714,074	\$764,059
City-Wide EAV	185,519,631	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	435,000,000
Library Tax Rate	.2545	.2483	.25683	.24202	.23413	.21377	.1988	.17565
EAV of Avge Home Sold in Sycamore (2006)	45,150	46,550	47,800	52,437	54,909	62,147	78,420	70,399
Library Tax Bill	114.91	115.58	122.77	126.91	128.56	133.34	155.90	123.66

**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 3 along with a first reading on the levy ordinances.

**F. Consideration of an Administration Request for a Closed Session to Discuss Land Acquisition.**

**14. OTHER NEW BUSINESS**

**15. APPOINTMENTS**

**16. ADJOURNMENT**