

**SYCAMORE CITY COUNCIL  
AGENDA  
December 3, 2007**

**CITY COUNCIL COMMITTEE MEETINGS**

**No Committee 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 19, 2007.
  - B.** Payment of the Bills for December 3, 2007.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
  - A.** Recognition of the Sycamore High School Girls Volleyball and Tennis Teams and the Boy's Golf Team for their Successful Seasons and Post-Season Competition.
- 8. REPORTS OF OFFICERS**
- 9. REPORTS OF STANDING COMMITTEES**
- 10. PUBLIC HEARINGS**
  - A.** Public Hearing on the Proposed 2007 Corporate Levy.

At the regular City Council meeting of November 5, 2007 the City Council directed the City Manager to prepare ordinances that would establish the 2007 City property tax levy and abate debt service on certain outstanding bond issues. Ordinances 2007.31 through 2007.38, 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 17.

On November 5, the City Council directed the City Manager to prepare ordinances to increase the City levy by 2.5% and the Sycamore Library levy by 7%. The total property taxes to be levied for the corporate purposes of the City of Sycamore (the City and Library levies combined) for 2007 would be \$3,226,065, an increase of \$110,034 (3.5%) over the corporate levy of \$3,116,031 in 2006. The resulting corporate tax rate should decrease by 14.6%--from \$0.86792 per \$100 EAV in 2006 to \$0.74162 per \$100 EAV in 2007. 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 2007.

What about the City portion of the levy? **Based on an estimated City-wide EAV of \$435,000,000 in 2007, the proposed City levy of \$2,462,006 would result in a City tax rate of \$0.56598 per \$100 EAV, a decrease of 15.4% from the 2006 City rate of \$0.66912 per \$100 EAV and the lowest City rate since the early 1960s. In fact, the City's tax rate has been cut in half over the past ten levy years!!** The 2007 levy should result in a decrease in the actual City taxes paid by the average homeowner who made no substantial home improvements in 2007. The tables below illustrate the recent history of City levies, the breakdown of operational and pension obligations, and the impact on a theoretical homeowner:

**Proposed City levy and City levies of recent years:**

|                    | 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%).

**Historic City EAV, City Levy, and City Tax Rate totals:**

| Year | EAV                    | City Levy*        | City Tax Rate*<br>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.

**Proposed Library levy and Library levies of recent years:**

| Recent Library Levy History | 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      |

**B. Public Hearing on New Funding Options for Local Street Improvements.**

At the City Council meeting of November 5, the Council directed the City Manager to hold a public hearing on December 3 regarding various options that the Council has been discussing to increase the annual allocation for the funding of local street improvements. The public is invited to comment on the following options or other options they wish the Council to consider:

**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.**

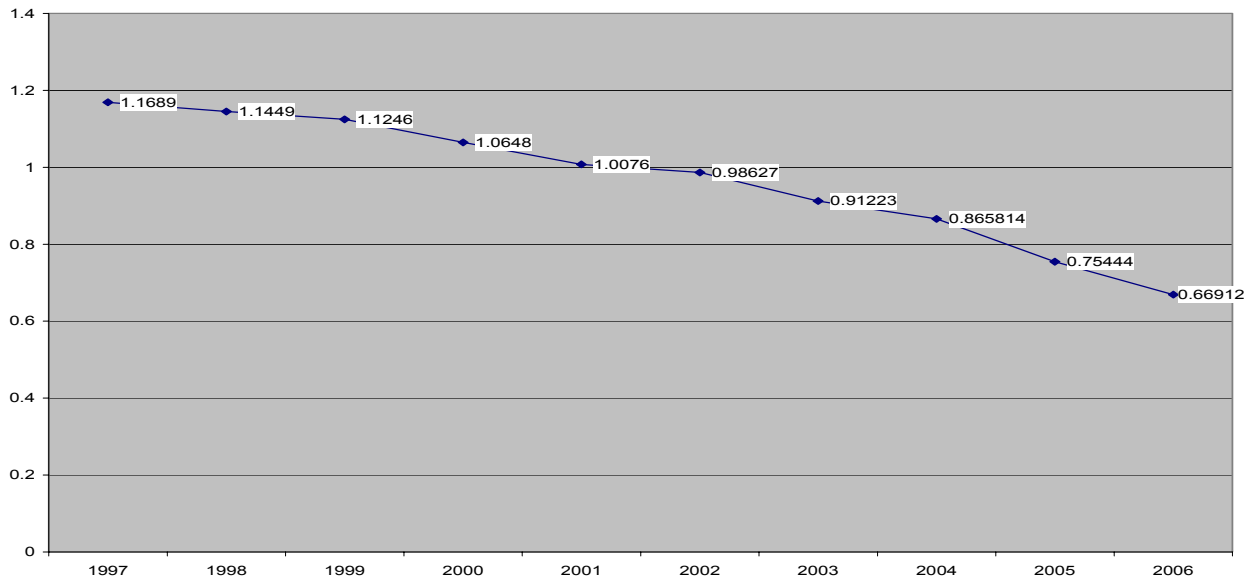
Municipal utility taxes are imposed on the gross revenues of companies providing electricity, gas, cable television, and telephone utility services within a community’s corporate limits. Utility companies calculate the tax, place it on the customer’s bill, collect the tax, and remit the tax directly 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     | \$ -              |
| Channahon         | \$0.01/gal        |
| Chicago           | \$0.05/gal        |
| DeKalb            | \$ -              |
| Des Plaines       | \$0.02/gal        |
| Downers Grove     | \$0.015/gal       |
| Elgin             | \$ -              |
| Elk Grove Village | \$ -              |
| Evanston          | \$0.02/gal        |
| Galesburg         | \$0.025/gal       |
| Geneva            | \$ -              |
| 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 Forest      | \$0.03/gal        |
| Oak Lawn        | \$ -              |
| Oak Park        | \$0.01/gal        |
| Palatine        | \$ -              |
| Park Ridge      | \$0.03/gal        |
| Plainfield      | \$ -              |
| Rockford        | \$ -              |
| Rolling Meadows | \$0.02/gal        |
| Rosemont        | \$0.02/gal        |
| St. Charles     | \$ -              |
| 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.

**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:

| Street Maintenance and Reconstruction (includes engineering, easements, r.o.w.) |           |             |             |             |             |             |             |           |           |              |
|---|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|--------------|
| 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          |
| Total   | \$249,807 | \$1,321,483 | \$3,648,197 | \$3,724,622 | \$1,074,290 | \$1,158,494 | \$1,999,188 | \$845,877 | \$769,208 | \$14,791,166 |

|               |   |  |  |  |  |  |  |  |  |  |
|---------------|---|--|--|--|--|--|--|--|--|--|
|               |   |  |  |  |  |  |  |  |  |  |
| Key Projects: |   |  |  |  |  |  |  |  |  |  |
| 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 had 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.

**Summary**

As the public considers different options to increase the funding for annual street maintenance, a frame of reference for different categories of repair might be useful. To simplify the public review, asphalt street improvements are the principal focus. Of course, the City has a mix of asphalt and concrete streets in its older residential and commercial areas which complicates the scope of repair and the cost.

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.

## 11. ORDINANCES

### A. Ordinance No. 2007.31—An Ordinance Levying Taxes for the Corporate Purposes of the City of Sycamore for the Fiscal Year Commencing May 1, 2008 and Ending April 30, 2009. First Reading.

At the top of this agenda a public hearing will be held on the proposed 2007 corporate levy for the City of Sycamore. As noted above, the corporate levy of **\$3,226,065** includes a City

levy of \$2,462,006 (+\$60,049 or 2.5%) and a Sycamore Public Library levy of \$764,059 (+\$49,985 or 7%). The proposed corporate levy will be \$110,034 (3.5%) higher than the 2006 corporate levy of \$3,116,031. Assuming a City-wide EAV of \$435,000,000 in 2007, the corporate tax rate should be \$0.74162 per \$100 EAV, a *decrease* of 14.6% from the 2006 corporate rate of \$0.86792 per \$100 EAV.

City Council consideration on first reading only is recommended.

**B. Ordinance No. 2007.32—An Ordinance Abating the Debt Service Levy for the 2002 General Obligation Bond Issue for the City of Sycamore, DeKalb County, Illinois for the Fiscal Year 2008-2009. First Reading.**

All of the debt service (\$301,752.50) on the 2002 Bond series will be abated. This approach is consistent with the City 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 \$301,752.50 and abate \$301,752.50, 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 is recommended.

**C. Ordinance No. 2007.33—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 2008-2009. First Reading.**

This ordinance concerns the debt service on the General Obligation Bond Series 2003, issued in September 2003. The levy of \$150,717.50 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. 2007.34—An Ordinance Abating the Debt Service Levy for the 2005 Refunding Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2008-2009. 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 FY2008-2009 is \$423,542.50. The levy is \$155,000 and the abatement is \$268,542.50. 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. 2007.35—An Ordinance Abating the Debt Service Levy for the 2007 General Obligation Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2007-2008. First Reading Only.**

On April 2, 2007 (Ordinance 2006.73) the City Council approved the issuance of \$2 million in general obligation bonds to fund downtown street reconstruction and repair on California Street, S. Main Street, N. Locust Street, and E. State Street. The closing on the bonds occurred on May 1, 2007 or substantially after the effective date for Council action to levy and abate taxes for the debt service in FY2007-2008. The FY2007-2008 City Budget, approved in April 2007, established the 2007 Bond Fund (Fund 29) which pays the debt service on the 2007 bonds in FY2008 through a General Fund transfer of \$200,000. The attached ordinance officially abates all of the debt service (\$196,385.10) for FY08.

City Council consideration on first reading only is recommended.

**F. Ordinance No. 2007.36—An Ordinance Abating the Debt Service Levy for the 2007 General Obligation Bond Issue for the City of Sycamore, DeKalb County, Illinois for Fiscal Year 2008-2009. First Reading Only.**

This ordinance concerns the FY2008-2009 debt service on the General Obligation Bond Series 2007. The levy of \$195,927.50 will be abated in its entirety. The debt service will be paid from the 2007 Bond Fund (Fund 29) which receives its principal revenue (excluding interest) from a General Fund transfer.

City Council consideration on first reading only is recommended.

**G. Ordinance No. 2007.37—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 2008-2009. First Reading.**

This is the second 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 Twp.      | 80%                               | 70%                                | 50%                               |                                    |
| Sycamore Library   | 80%                               | 70%                                | 50%                               |                                    |

The Tate & Lyle assessment values in the period 2005-2007 are shown below:

| Tate & Lyle |      | Land      | Building    | EAV Total   |
|-------------|------|-----------|-------------|-------------|
|             | 2005 | \$149,262 | \$1,003,818 | \$1,153,080 |
|             | 2006 | \$151,814 | \$1,267,350 | \$1,419,164 |
|             | 2007 | \$159,587 | \$1,332,238 | \$1,491,825 |

Based on an EAV of \$1,491,825 for the Tate & Lyle parcel (#09-06-427-011) in 2007, the City's Year Two abatement is estimated to be \$5,910.40 (.0056598 x \$1,491,825 x .7).

City Council consideration on first reading is recommended.

**H. Ordinance No. 2007.38—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 2008-2009. First Reading.**

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 the period 2005-2007 are shown below:

| Fullco Industries |      | Land     | Building  | EAV Total |
|-------------------|------|----------|-----------|-----------|
|                   | 2005 | \$29,439 | \$253,133 | \$282,572 |
|                   | 2006 | \$29,942 | \$552,633 | \$582,575 |
|                   | 2007 | \$31,475 | \$580,928 | \$612,403 |

Based on an EAV of \$612,403 for the Fullco parcel (#09-05-301-001) in 2007, the City's Year Two abatement is estimated to be \$2,426.26 (.0056598 x \$612,403 x .7).

City Council consideration on first reading is recommended.

**12. RESOLUTIONS--None**

- 13. CONSIDERATIONS**
  - A. Consideration of an Administration Request for a Closed Session to Discuss Land Acquisition.**
- 14. OTHER NEW BUSINESS**
- 15. APPOINTMENTS**
- 16. ADJOURNMENT**