

SYCAMORE CITY COUNCIL
AGENDA
November 17, 2008

CITY COUNCIL COMMITTEE MEETINGS
No Meetings Are Scheduled

REGULAR CITY COUNCIL MEETING
7:00 P.M.

- 1. CALL TO ORDER**
- 2. INVOCATION**
- 3. PLEDGE OF ALLEGIANCE**
- 4. APPROVAL OF AGENDA**
- 5. AUDIENCE TO VISITORS**
- 6. CONSENT AGENDA**
 - A.** Approval of the Minutes for the Regular City Council Meeting of November 3, 2008.
 - B.** Payment of the Bills for November 17, 2008.
 - C.** Budget Report for October, 2008.
 - D.** Building Department Permit Report for October, 2008.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
- 8. REPORTS OF OFFICERS**
- 9. REPORTS OF STANDING COMMITTEES**
- 10. PUBLIC HEARINGS—None**

11. **ORDINANCES**

A. Ordinance No. 2008.50—An Ordinance Amending the Sycamore City Code, Title 6, “Traffic,” Chapter 4, “Traffic Schedules,” Section 6-4-1, “Stop Intersections,” to Add Streets in the Sycamore Prairie Business Park. First and Second Reading.

The expanding industrial development in the Sycamore Prairie Business Park includes the opening of a new street, Aster Road, connecting Bethany Road and West Prairie Drive. The attached ordinance would establish that traffic on Aster Road stops for traffic on Bethany Road, and that traffic on Aster Road stops for traffic on West Prairie Drive.

Additionally, the attached ordinance cleans up some confusion in the existing traffic code relating to stops on Afton and Thornwood Roads. Ordinance 2008.50 would establish that traffic of Afton Road shall stop for traffic on West Prairie Drive, and that traffic on Thornwood Road shall stop for traffic on South Prairie Drive. City Council approval is recommended.

B. Ordinance No. 2008.51—An Ordinance Approving the Execution of an Agreement Between the City of Sycamore and the IMLRMA for Worker’s Compensation and Liability Coverage for City Employees. First and Second Reading.

The City’s worker’s compensation and liability insurance coverage will expire on December 31. For the past eleven years, the City has had an agreement with the Illinois Municipal League Risk Management Association (IMLRMA) for worker’s compensation and liability coverage. The IMLRMA has been meeting the risk management needs of Illinois municipalities for over 25 years. They currently insure over 783 municipalities.

Since 2005, the City has participated in the IMLRMA’s fully-insured program, as this program has become more cost-effective for the City than the IMLRMA’s “Minimum/Maximum” program, which allows participants to pay a minimum premium for coverage each calendar year as opposed to the full premium, which is only payable if the participant approaches its maximum exposure in claims. Based on the data for 2007 and 2008 to date, it would be in the City’s best interest to remain in the fully-insured plan in 2009.

This year, the IMLRMA renewal increase was 18%, which is 2% less than last year’s renewal rate. The average renewal rate for cities of comparable size in the IMLRMA pool was 8.5%. The underwriters compute the City’s renewal rate by looking back over claims experience in intervals of 3 years, five years, and ten years. The City’s three-year loss ratio was 231%; the five-year loss ratio was 185%; and the ten-year loss ratio was 136%. The average loss for other program members in the same period was in the 80%-96% range. Our past and current loss ratios are illustrated in the following table:

	Year	Premium Paid		YTD Total Claims Incurred		YTD Total Claims Paid		YTD Outstanding Reserves		YTD Total Incurred		Loss Ratio		# of Claims Open	
		Work Comp	Property/Casualty	Work Comp	Property/Casualty	Work Comp	Property/Casualty	Work Comp	Property/Casualty	Work Comp	Property/Casualty	Work Comp	Property/Casualty	Work Comp	Property/Casualty
MIN-MAX PROGRAM	1998	74,752.00	121,982.00	12	3	418,340.00	3,111.00	149,406.00	0.00	567,746.00	3,111.00	759.51%	2.55%	2	0
	1999	63,169.00	134,399.00	12	5	47,253.00	6,106.00	0.00	0.00	47,253.00	6,106.00	74.80%	4.54%	0	0
	2000	58,283.00	120,941.00	14	10	14,108.00	43,832.00	0.00	0.00	14,108.00	43,832.00	24.21%	36.24%	0	0
	2001	60,818.00	118,406.00	25	10	190,684.00	18,720.00	0.00	0.00	190,684.00	18,720.00	313.53%	15.81%	2	0
	2002	96,567.00	106,488.00	18	10	32,325.00	18,005.00	0.00	0.00	32,325.00	18,005.00	33.47%	16.91%	0	0
	2003	105,137.00	121,549.00	20	1	207,998.00	6,804.00	0.00	0.00	207,998.00	6,804.00	197.84%	5.60%	0	0
	2004	114,980.00	130,204.00	19	10	797,623.00	80,280.00	181,657.00	47,759.00	979,280.00	128,039.00	851.70%	98.34%	1	1
	2005	133,881.72	129,746.12	26	13	284,395.38	12,135.48	306,918.95	0.00	591,314.33	12,135.48	441.67%	9.35%	1	0
	2006	150,057.60	131,091.66	28	12	57,871.81	44,433.44	0.00	2,000.00	57,871.81	46,433.44	38.57%	35.42%	0	1
	2007	202,376.86	120,318.52	33	21	184,453.39	18,738.05	190,972.71	50,011.00	375,426.10	68,749.05	185.51%	57.14%	3	1
*	2008	256,292.54	129,368.82	16	12	26,289.01	13,596.56	2,652.58	5,973.00	28,941.59	19,569.56	11.29%	15.13%	4	3
	2009	299,644.80	155,201.62												
	*2008 data through 9/5/08														

The City formed a Safety Committee in 2006 and its members have worked diligently with representatives from the IMLRMA over time to educate our employees on various safety issues in order to prevent new and recurring injuries and accidents. Their efforts, along with those of all City employees, can be seen in the reduction of our loss ratios for the years 2006, 2007, and 2008 to date. We also continue to make a concerted effort to find alternate productive duty for those employees who are injured on (or off) the job. If this trend continues, the City organization will have several consecutive years of reduced claims expenses and loss ratios under 100%, which will enable us to successfully obtain quotes from other insurers in the worker comp market.

In the past month, the City administration worked with local broker Larry Forsberg of Pardridge Insurance to secure quotes from other insurance carriers for our work comp and liability insurance coverage. Mr. Forsberg had hoped to obtain quotes from the Gallagher and Traveler's Insurance groups, but as of this writing he had not received any quotations. Mr. Forsberg did mention that he was not optimistic about finding coverage that was comparable in price to that offered by the IMLRMA, as our work comp claims experience is still an issue when our group is subject to review by private insurers.

The City's contract with the IMLRMA automatically renews each year unless rescinded by the mutual consent of both parties. The City Manager recommends that the Council renew this contract and approve a one-time payment of \$454,846.42 (which includes a 2% discount if paid before November 21) for fully-insured coverage.

12. RESOLUTIONS

A. Resolution No. 510—Adopting the DeKalb County All Hazards Mitigation Plan.

In cooperation with the Federal Emergency Management Agency (FEMA), the County of DeKalb adopted a mitigation plan in January of 2008 to address all natural hazards such as flooding, tornadoes, and severe winter and summer storms which can cause damage to property, disrupt business, adversely affect traffic, threaten lives, and present public health risks. The adoption of such a plan is a pre-condition for the County to be eligible for mitigation funds under various provisions of the United States Code.

It appears that other local governments such as cities and villages must adopt the County plan to likewise qualify for federal mitigation funds. A copy of the County plan is attached. As you will see, upon adoption, the City Manager shall delegate certain emergency functions to appropriate city departments. In practice, such a delegation of responsibility has long been in place. However, confirmation is needed to meet FEMA requirements.

City Council approval is recommended.

13. CONSIDERATIONS

A. 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 \$7.78170 per \$100 EAV in 2008, based on the 2007 levies; for residences and businesses located in Cortland Township the property tax rate in 2008 was \$7.74997 per \$100 EAV. **The City’s 2008 rate--\$0.59965--represented about 7.7% 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	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual
Property Tax— General Operating	\$1,524,794*	\$1,500,583*	\$1,476,125	1,514,008	1,492,738	1,528,278	1,545,064
Property Tax— FICA/IMRF	\$220,000	\$247,500	\$275,000	302,225	302,225	310,870	310,870
Property Tax— Police Pension**	\$87,300	\$152,883	\$169,045	167,080	213,305	233,410	259,054
Property Tax— Fire Pension**	\$180,390	\$213,142	\$257,961	260,762	303,729	309,399	327,018
Crossing Guards	\$20,000	\$20,000	\$20,000	20,000	20,000	20,000	20,000
Totals	\$2,032,484	\$2,134,108	\$2,198,131	2,264,075	2,331,997	2,401,957	2,462,006

*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 FY08 (\$896,942) constituted about 36% of the City's property tax receipts. In FY01 pension obligations constituted 24% of the City's property tax receipts.

The actuarial recommendations for 2009 have been submitted by the City's long-time actuary, Timothy Sharpe. The investment returns for both the Fire and Police Pension Funds in FY08 were basically flat while the wages for firefighters and police officers increased by an average of 4%. As a result, the percentage of liabilities that are funded will slightly decrease from 84.5% to 82.6% in the Police Pension Fund, and will decrease from 78.9% to 75% in the Fire Pension Fund. The recommended Police pension obligation is \$268,204 (an increase of \$9,150 or 3.5% above the 2007 levy of \$259,054), and the recommended Fire pension levy is \$381,471 (an increase of \$54,453 or 16.7% over the 2007 levy of \$327,018). The pension funding is a collaborative effort involving a city contribution, employee contributions, and sound investment. Because of the slide in investment portfolio values in 2007 and a more substantial loss thus far in 2008, the pension funds have to be more vigilant than ever before about their investment returns in order to restore higher funding levels and to avoid higher employee and taxpayer 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). In January 2008 IMRF was 100% funded. However, the Fund has not been insulated from the severe market swings of the past two months and it is estimated that by year's end IMRF will be 80% funded. The preliminary rate for 2009 is 8.58%, slightly lower than the 2008 employer contribution rate (8.76%) and more reflective of the IMRF position in January than November, 2008. In fact, IMRF's December memorandum to participating employers warned of a funding rate of 9.27% in 2009. 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 rebuilt its reserves by raising its contribution rate. It is assumed that the Fund will pursue the same course in 2009 and beyond. Nevertheless, for levy purposes an IMRF contribution rate of 8.58% against eligible employee earnings is assumed in 2009 because it is too early to tell how equities will fare for the balance of 2008 and 2009.

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 2007 was \$410,867,373. The County Supervisor of Assessments has completed a preliminary estimate of the value of new construction in the City in 2008. 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 rate-setting EAV for 2008 will be \$442,169,668 including the value of new construction. As in recent years, this number has been discounted to allow for further appeals and exemptions. **The estimated 2008 EAV of \$438,000,000** is \$27,132,627 (6.6%) higher than the 2007 community EAV of \$410,867,373. This estimate includes deductions for exemptions, appeals, and TIF (which had an estimated EAV increment of \$722,972 in 2007 and generated an incremental tax extension of \$46,432). The County estimate also **assumes an equalization factor of 1.0488 for Sycamore Township and 1.0354 for Cortland Township and \$15,023,139 in new construction in 2008** (compared to \$21.4 million in 2007). Since the actual EAV growth for 2008 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%)
2007	\$410,867,373 (+14.3%)	\$2,462,006 (+2.5%)	.59965 (-10.4%)

*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 2008 extensions, the County’s CPI change has not yet been established for the period extending from January 1, 2007 through December 31, 2007. According to the U.S. Department of Labor’s Bureau of Labor Statistics, **the increase in the Consumer Price Index for All Urban Consumers (CPI-W) for the twelve-month period from September 2007 through September 2008 was 4.8%**. In the third quarter ending on September 30, 2008, the average price of all existing and new homes sold in Sycamore was (\$224,562) according to the DeKalb Area Association of Realtors.

Six City Levy Options

Option #1: No Increase in City Levy

	2001	2002	2003	2004	2005	2006	2007	2008
Total Levy	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,462,006
Police Pension	87,300	152,883	169,045	167,080	213,305	233,410	259,054	268,204
Fire Pension	180,390	213,142	257,961	260,762	303,729	309,399	327,018	381,471
FICA/IMRF	220,000	247,500	275,000	302,225	302,225	310,870	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,481,461
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.56210

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 period January 1, 2008 through September 30, 2008 (\$224,562).

	2001	2002	2003	2004	2005	2006	2007	2008
Property EAV	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.56210
City Tax Bill	469.04	471.44	478.37	475.41	468.86	524.72	422.15	420.75

Assuming a property owner’s 2007 EAV increased only by the Sycamore Township multiplier (4.88%) and not because of any improvements, then the lower City rate of 0.56210 will result in a slight decrease in the City portion of the homeowner’s tax bill ($1.0488 \times \$70,399 = 73,835 \times .0056210 = \415.03).

Overall Impact:

- Should result in a City tax rate decrease 6.3%.
- Property taxes (minus the portion--\$649,675--going directly to the Fire and Police Pension funds) would represent 15% of all budgeted FY2008-2009 General Fund expenditures (\$12,106,913).
- Decrease the monies available for general operations by \$63,603 (4.1%).

Option #2: One Percent (1%) Increase in City Levy

	2001	2002	2003	2004	2005	2006	2007	2008
Total Levy	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,486,626
Police Pension	87,300	152,883	169,045	167,080	213,305	233,410	259,054	268,204
Fire Pension	180,390	213,142	257,961	260,762	303,729	309,399	327,018	381,471
FICA/IMRF	220,000	247,500	275,000	302,225	302,225	310,870	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,506,081
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.56772

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 period January 1, 2008 through September 30, 2008 (\$224,562).

	2001	2002	2003	2004	2005	2006	2007	2008
Property EAV	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.56772
City Tax Bill	469.04	471.44	478.37	475.41	468.86	524.72	422.15	424.96

Assuming a property owner’s 2007 EAV increased only by the Sycamore Township multiplier (4.88%) and not because of any improvements, then the lower City rate of 0.56772 will result in a slight decrease in the City portion of the homeowner’s tax bill ($1.0488 \times \$70,399 = 73,835 \times .0056772 = \419.18).

Overall Impact:

- Should result in a City tax rate decrease of 5.32%.
- Property taxes (minus the portion--\$649,675--going directly to the Fire and Police Pension funds) would represent 15.17% of all budgeted FY2008-2009 General Fund expenditures (\$12,106,913).
- Decrease the monies available for general operations by \$38,983 (2.5%).

Option #3: Two Percent (2%) Increase in City Levy

	2001	2002	2003	2004	2005	2006	2007	2008
Total Levy	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,511,246
Police Pension	87,300	152,883	169,045	167,080	213,305	233,410	259,054	268,204
Fire Pension	180,390	213,142	257,961	260,762	303,729	309,399	327,018	381,471
FICA/IMRF	220,000	247,500	275,000	302,225	302,225	310,870	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,530,701
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.57334

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 period January 1, 2008 through September 30, 2008 (\$224,562).

	2001	2002	2003	2004	2005	2006	2007	2008
Property EAV	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.57334
City Tax Bill	469.04	471.44	478.37	475.41	468.86	524.72	422.15	429.17

Assuming a property owner’s 2007 EAV increased only by the Sycamore Township multiplier (4.88%) and not because of any improvements, then the lower City rate of 0.57334 will result in a slight increase in the City portion of the homeowner’s tax bill ($1.0488 \times \$70,399 = 73,835 \times .0057334 = \423.33).

Overall Impact:

- Should result in a City tax rate decrease of 4.39%.
- Property taxes (minus the portion--\$649,675--going directly to the Fire and Police Pension funds) would represent 15.4% of all budgeted FY2008-2009 General Fund expenditures (\$12,106,913).
- Decrease the monies available for general operations by \$14,363 (1%).

Option #4: Three Percent (3%) Increase in City Levy

	2001	2002	2003	2004	2005	2006	2007	2008
Total Levy	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,535,866
Police Pension	87,300	152,883	169,045	167,080	213,305	233,410	259,054	268,204
Fire Pension	180,390	213,142	257,961	260,762	303,729	309,399	327,018	381,471
FICA/IMRF	220,000	247,500	275,000	302,225	302,225	310,870	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,555,321
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.57897

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 period January 1, 2008 through September 30, 2008 (\$224,562).

	2001	2002	2003	2004	2005	2006	2007	2008
Property EAV	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.57897
City Tax Bill	469.04	471.44	478.37	475.41	468.86	524.72	422.15	433.38

Assuming a property owner’s 2007 EAV increased only by the Sycamore Township multiplier (4.88%) and not because of any improvements, then the lower City rate of 0.57897 will result in a slight increase in the City portion of the homeowner’s tax bill ($1.0488 \times \$70,399 = 73,835 \times .0057897 = \427.48).

Overall Impact:

- Should result in a City tax rate decrease of 3.5%.
- Property taxes (minus the portion--\$649,675--going directly to the Fire and Police Pension funds) would represent 15.58% of all budgeted FY2008-2009 General Fund expenditures (\$12,106,913).
- Increase the monies available for general operations by \$10,257 (0.7%).

Option #5: Three and a Half Percent (3.5%) Increase in City Levy

	2001	2002	2003	2004	2005	2006	2007	2008
Total Levy	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176
Police Pension	87,300	152,883	169,045	167,080	213,305	233,410	259,054	268,204
Fire Pension	180,390	213,142	257,961	260,762	303,729	309,399	327,018	381,471
FICA/IMRF	220,000	247,500	275,000	302,225	302,225	310,870	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.58178

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 period January 1, 2008 through September 30, 2008 (\$224,562).

	2001	2002	2003	2004	2005	2006	2007	2008
Property EAV	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.58178
City Tax Bill	469.04	471.44	478.37	475.41	468.86	524.72	422.15	435.49

Assuming a property owner’s 2007 EAV increased only by the Sycamore Township multiplier (4.88%) and not because of any improvements, then the lower City rate of 0.58178 will result in a slight increase in the City portion of the homeowner’s tax bill ($1.0488 \times \$70,399 = 73,835 \times .0058178 = \429.56).

Overall Impact:

- Should result in a City tax rate decrease of 3%.
- Property taxes (minus the portion--\$649,675--going directly to the Fire and Police Pension funds) would represent 15.68% of all budgeted FY2008-2009 General Fund expenditures (\$12,106,913).
- Increase the monies available for general operations by \$22,567 (1.5%).

Option #6: Four Percent (4%) Increase in City Levy

	2001	2002	2003	2004	2005	2006	2007	2008
Total Levy	2,032,484	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,560,486
Police Pension	87,300	152,883	169,045	167,080	213,305	233,410	259,054	268,204
Fire Pension	180,390	213,142	257,961	260,762	303,729	309,399	327,018	381,471
FICA/IMRF	220,000	247,500	275,000	302,225	302,225	310,870	310,870	310,870
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,524,794	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,579,941
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.58459

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 period January 1, 2008 through September 30, 2008 (\$224,562).

	2001	2002	2003	2004	2005	2006	2007	2008
Property EAV	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
City Tax Rate	1.0076	.98627	.91223	.865814	.75444	.66912	.59965	.58459
City Tax Bill	469.04	471.44	478.37	475.41	468.86	524.72	422.15	437.59

Assuming a property owner’s 2007 EAV increased only by the Sycamore Township multiplier (4.88%) and not because of any improvements, then the lower City rate of 0.58459 will result in a slight increase in the City portion of the homeowner’s tax bill ($1.0488 \times \$70,399 = 73,835 \times .0058459 = \431.63).

Overall Impact:

- Should result in a City tax rate decrease of 2.5%.
- Property taxes (minus the portion--\$649,675--going directly to the Fire and Police Pension funds) would represent 15.78% of all budgeted FY2008-2009 General Fund expenditures (\$12,106,913).
- Increase the monies available for general operations by \$34,877 (2.3%).

RECOMMENDATION:

The City has aggressively reduced its portion of the property owner’s annual tax bill for the past eleven 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 2007 the City's levy increased by 2,030,464 (5.7 times, from \$431,542 to \$2,462,006) while operational spending increased \$10,312,816 (13.11 times, from \$851,400 to \$11,164,216). As a proportion of general operating revenues, the property tax constituted 50.7% in FY1976 and 15.9% in FY2008. 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 six options presented above would result in a reduction in the City's property tax rate. **The City Manager recommends Option #5, or the 3.5% levy increase.** This option is lower than the "cap" facing other local taxing bodies and would reduce the City tax rate by an estimated 3%, continuing the long-term trend of lower City tax rates. It would also keep the proportion of property taxes in relation to other sources of General Fund revenues constant. The taxes levied in 2008 are received in the FY2009-2010 fiscal year (i.e. after May 1, 2008).

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 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 \$2,628,000 in 2008). 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 814,487 combined with the proposed City levy of \$2,548,176 (totaling \$3,362,663) will represent an increase of 4.2% (\$136,598) over the 2007 corporate levy of \$3,226,065 or somewhat under the 4.9% threshold. Nevertheless, the enduring and legitimate public concern about property tax rates recommends a public hearing. Such a hearing will be scheduled for the December 1 meeting of the City Council. If the proposed City and Library levies are approved, **the result should be a 2.2% decrease in the corporate rate (from 0.78518 in 2007 to .76773 in 2008).**

The Sycamore Public Library Board met to consider the Library's FY2008-2009 levy at its November 11 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 carpeting in the lower level;
- ✓ Re-designing and re-building the main entrance facing Locust Street;

- ✓ Expanding the programming space in the youth services area;
- ✓ Improving the lighting in the Carnegie section.

The Library Board expressed its strong interest in passing a levy that would not increase the Library's 2007 tax rate. If the estimated city-wide EAV is not overstated at \$438,000,000 when all appeals have been heard, a levy of \$814,487 would sustain the 2007 rate while maximizing the Board's outlay for maintenance in 2009. The 6.6% levy increase would increase the Library levy by \$50,428 over the FY2007-2008 Library levy of \$764,059 and should result in a Library rate of 0.18596/\$100 EAV, slightly less than the Library rate of 0.18598/\$100 EAV in 2007. The proposed 2008 Library levy of \$814,487 would represent 80.6% of the Library's proposed FY2008-2009 operating budget of \$1,010,096. The Library's 2007 levy of \$764,059 represented 78.7% of the FY08 budget of \$970,474.

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

Recent Library Levy History	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Operating & Insurance	\$428,930	\$458,603	\$526,501	\$537,185	\$557,713	\$610,632	\$651,804	\$698,447	\$741,287
FICA	\$22,438	\$22,621	\$23,438	\$25,930	\$26,995	\$27,694	\$29,270	\$32,000	\$35,700
IMRF	\$20,294	\$19,396	\$15,627	\$19,308	\$26,253	\$21,611	\$31,200	\$31,612	\$35,000
Audit	\$500	\$250	\$655	\$1,184	\$1,243	\$1,243	\$1,800	\$2,000	\$2,500
Total Library Levy	\$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%)	\$814,487 (+6.6%)
Library Rate	.2545 (-2.64%)	.2483 (-2.4%)	.25683 (+3.44%)	.24202 (-5.8%)	.23413 (-3.3%)	.21377 (-8.7%)	.19880 (-7%)	.18598 (-6.5%)	.18596 (0)

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

	2001	2002	2003	2004	2005	2006	2007	2008
Library Levy	\$500,870	\$555,758	\$583,607	\$612,204	\$661,180	\$714,074	\$764,059	\$814,487
City-Wide EAV	201,706,953	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	438,000,000
Library Tax Rate	.2483	.25683	.24202	.23413	.21377	.1988	.18598	.18596
EAV of Avge Home Sold in Sycamore	46,550	47,800	52,437	54,909	62,147	78,420	70,399	74,854
Library Tax Bill	115.58	122.77	126.91	128.56	133.34	155.90	130.93	139.20

City Council direction is requested. The City Manager hopes to hold a public hearing on the corporate levy proposal on December 1 along with a first reading on the levy ordinances.

B. Consideration of a Recommendation from the Liquor Commissioner to Allow City Bars to Remain Open Until 1:00 A.M. on Thursday, November 27, 2008.

Mayor Mundy, Sycamore Liquor Commissioner, has received a written request from five of the City's ten bar license holders to permit an extension of the closing hour on Wednesday, November 26, to 1:00 a.m. on Thursday, November 27. Under local and state statutes, only the Council has the authority to make such an adjustment. Typically, such requests have the intent of a permanent change in the local liquor code, and require an ordinance. In this instance, it appears that the proposed change is specific to this year, and arises from concerns relating to economic strains affecting the hospitality industry as well as all businesses. A one-time judgment on this matter limited to November 26-27, 2008 would seem to be appropriate.

C. Consideration of an Administration Request to Discuss Arbitration.

- 14. **OTHER NEW BUSINESS**
- 15. **APPOINTMENTS**
- 16. **ADJOURNMENT**