

SYCAMORE CITY COUNCIL
AGENDA
November 16, 2009

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 2, 2009.
 - B. Payment of the Bills for November 16, 2009.
 - C. Architectural Review Committee Minutes for the Meeting of July 16, 2009.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS--None**

11. ORDINANCES--None

12. RESOLUTIONS

A. Resolution No. 530—A Resolution Authorizing the Execution of the IMLRMA Minimum/Maximum Contribution Agreement with the City of Sycamore, Illinois for Worker’s Compensation and Liability Coverage for City Employees.

The City’s worker compensation and liability insurance coverage will expire on December 31, 2009. For the past twelve 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 is a large risk pool that has been meeting the risk management needs of Illinois municipalities for 28 years and they currently insure over 783 municipalities.

Since 2005, the City has participated in the IMLRMA’s fully insured program, as this program had been more affordable for the City than the IMLRMA’s Minimum/Maximum program. The “Min/Max” program 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. However, if the “max” is exceeded, the City pays more than the cost of a flat premium. The data for 2008 and 2009 to date show that our loss ratio is decreasing due in part to the efforts of our Safety Committee and a conscientious effort on the part of our employees. For this reason, as well as the current constraints on City revenue, it may be in the City’s best interest to participate in the Min/Max program for the 2010 plan year, as this would save \$74,921.22 in premium costs upfront. The IMLRMA has quoted a premium of \$523,924.83 for the fully insured program and \$449,003.61 for the Min/Max Program (maximum exposure is \$604,895.00). Both amounts include a 1% early pay discount.

This year, the IMLRMA renewal was 14%, which is 4% less than last year’s renewal rate. The average renewal rate for municipalities in the same class (populations between 10,001 and 25,000) was 13%. The underwriters compute the City’s renewal rate by looking back over claims experience in intervals of 3 years, five years, and ten years. This year they looked at losses incurred during the years 2005 through 2007. Our loss ratios for two out of three of these years are well over 100%. Our past and current loss ratios are illustrated in the following table (based on claims processed as of 10/13/09):

YEAR	PREMIUM PAID		YTD TOTAL CLAIMS INCURRED		YTD TOTAL CLAIMS PAID (INCL RESERVES)		LOSS RATIO		# OF OPEN CLAIMS	
	WORK COMP	PROP/ CASUAL	WORK COMP	PROP/ CASUAL	WORK COMP	PROP/ CASUALTY	WORK COMP	PROP/ CASUAL	WORK COMP	PROP/ CASUAL
2004 MIN/MAX	96,454.54	109,225.90	22	14	959,783.11	82,626.43	995.06%	75.65%	0	0
2005	133,881.72	129,746.12	26	13	560,226.69	12,737.27	418.45%	9.81%	0	0
2006	150,057.60	131,091.66	28	12	57,887.21	44,433.44	38.58%	33.89%	0	0
2007	202,376.86	120,318.52	33	21	370,855.03	18,738.05	183.25%	15.57%	2	0
2008	256,292.54	129,368.82	30	16	440,169.22	15,801.53	171.74%	12.21%	3	0
2009 TO DATE	299,643.82	154,842.60	20	9	66,880.20	3,880.00	22.32%	2.51%	6	2

As in 2008, the City worked with Larry Forsberg of Partridge Insurance to secure quotes from other insurance carriers for our worker comp and liability insurance coverage. Mr. Forsberg has not received a competitive quote as of this writing. As we have noted in past years, finding coverage that is comparable in price to that offered by the IMLRMA has proven to be difficult, as our worker comp claims experience is still an issue when our employee group is scrutinized by the private insurance market.

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 \$449,003.61 (which includes a 1% discount if paid before November 20) for the City's participation in the Min/Max program.

13. **CONSIDERATIONS**

A. Consideration of a Biannual Report from the Sycamore Chamber of Commerce Regarding Tourism in the City of Sycamore.

Rose Trembl, executive director of the Sycamore Chamber, will present a brief report and answer any questions the Council may wish to ask about recent events and attractions.

B. Consideration of a Recommendation from the Sycamore Liquor Commissioner to Discount the License Fee for a Class "H" License for the Balance of the Fiscal Year.

Ed and Pam Carey are interested in purchasing the Sycamore Winery at 322 W. State Street. The business presently has a Class "H" license which authorizes the sale of beer or wine, brewed or fermented, on the premises by the glass, or in corked or capped containers labeled for consumption off the premises. The license also permits the sale of food in conjunction with the sale of wine or beer for consumption on the premises.

The annual license fee for "H" licenses is \$500.00. However, the initial license fee for persons or firms that do not currently hold a valid City liquor license is \$2,500 if the business space does not exceed 3,000 square feet.

Because the current license fee has been paid through April 30, 2010, and because they are willing to pay an additional \$500.00 for the remaining months before the end of the fiscal year, the Careys have requested relief from the full \$2,500 initial license fee. Mayor Mundy supports this recommendation. The liquor commissioner may offer such relief with the consent of the majority of the City Council. City Council direction is requested.

C. Consideration of a Recommendation from the Architectural Review Committee Regarding a Façade Grant Application for 320 West State Street.

On Thursday, November 5, the City's Architectural Review Committee considered a facade grant application from Jim and Ann Tucker, the future owners of the property at 320 W. State Street, formerly the Sycamore Coin Gallery (see attachment). The Tuckers plan to undertake some extensive remodeling including exterior work such as the removal of the wooden awning, the replacement of the second floor windows, new signage, a new exterior door to the second floor tenant space and new exterior siding and trim, in addition to a variety of interior remodeling tasks to introduce their antiques to the community. The Tuckers have applied for

the maximum grant of \$5,000 to help offset the estimated \$20,000 they intend to spend on exterior remodeling alone.

The committee reviewed the Tucker application and was generally supportive of the investment they plan to make. There was some extended discussion about the color scheme in the exhibit provided by the applicants, however. Although the façade program guidelines have no prescriptive color schemes for the downtown’s individual facades, there was some concern that the boldness of the proposed color scheme departed from the “historic” tones that the committee had previously supported. The committee voted to recommend the grant request, on the condition that further thought would be given to the exterior colors. A follow-up meeting was held with the applicants on November 10 to explain the committee’s reservation. The applicants agreed to reconsider the bold look of the awning to bring it in line with the coloring of the natural materials integral to the exterior look.

City Council approval of the Architectural Review Committee’s recommendation is requested.

D. Consideration of a Fire Department Recommendation Regarding the Purchase of a Replacement Command Vehicle.

The FY2009-2010 Budget contains an allocation of \$25,000 (22-8521) to replace the assistant chief’s vehicle, which is a 1994 Jeep Cherokee. As with the Chief’s vehicle, such a command vehicle responds to emergencies and often becomes the incident command post. It must be large enough to hold several emergency responders in turnout gear in addition to an array of radios, phones, hazardous material information, and a command board to monitor units responding from other agencies.

Bids were advertised by the department on October 21 and a bid opening was held on Friday, November 6, at 11:00 a.m. Each of the vendors bid red, brand-new vehicles. The bid results are noted in the table below:

Bidder	Lump Sum
VETO Enterprises, Sycamore	\$23,400.00
Terry’s Ford-Lincoln-Mercury, Peotone	\$23,330.00
Landmark Ford, Springfield	\$23,202.00
Rock River Block, Rockford	\$23,651.00
Brad Manning Ford, DeKalb	\$22,997.00
Advantage Chevrolet, Hodgekins	\$29,523.50

The lowest responsible local bidder was Brad Manning Ford of DeKalb in the amount of \$22,997.00. City Council approval of the Manning bid is recommended.

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 \$7.91155 per \$100 EAV in 2009, based on the 2008 levies; for residences and businesses located in Cortland Township the property tax rate in

2009 was \$7.81037 per \$100 EAV. **The City's 2009 rate--\$0.57759--represented about 7.3% of the overall rate applied 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	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual
Property Tax— General Operating	\$1,500,583*	\$1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631
Property Tax— FICA/IMRF	\$247,500	\$275,000	302,225	302,225	310,870	310,870	310,870
Property Tax— Police Pension**	\$152,883	\$169,045	167,080	213,305	233,410	259,054	268,204
Property Tax— Fire Pension**	\$213,142	\$257,961	260,762	303,729	309,399	327,018	381,471
Crossing Guards	\$20,000	\$20,000	20,000	20,000	20,000	20,000	20,000
Totals	\$2,134,108	\$2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176

*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, eliminated that subsidy. From July 2003 until July 2008, unit fees were tied to annual CPI changes. In July 2008, the City agreed to a contract extension with WMX with no increase in 2009 and 3% increases in 2010 and 2011. The monthly refuse cost per unit is \$16.00 per month in 2009.

** 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 FY09 (\$960,545) constituted about 37.6% of the City's property tax receipts. In FY01 pension obligations constituted 24% of the City's property tax receipts.

The actuarial assumptions for 2010 have been submitted by the City's long-time actuary, Timothy Sharpe. The investment returns for both the Fire and Police Pension Funds in FY09 declined precipitously (-12.15% for Police and -13.26% for Fire) in FY09. While the wage increases for senior firefighters and police officers in FY09 increased by an average of 4%, the average payroll increases were 9.2% for Police and 9.2% for Fire when step increase are included and the residual impact of new hires is added (e.g. a new hire who served only six months in the previous year would effectively double their wage impact in the first full year of employment). As a result, the percentage of liabilities that are funded will decrease from 82.6% to 70.4% in the Police Pension Fund, and will decrease from 75% to 61.3% in the Fire Pension Fund. In line with the City's 10% increase in IMRF obligations, the recommended Police pension obligation is \$295,024 (an increase of \$26,820 or 10% above the 2008 levy of \$268,204), and the recommended Fire pension levy is \$419,618 (an increase of \$38,147 or 10% over the 2008 levy of \$381,471). The pension funding is a collaborative effort involving a city contribution, employee contributions, and sound investment. Because of the significant slide in

investment portfolio values in 2008-2009, 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. In the next twelve months, it is expected that interest revenue will rise, barring any unforeseen economic calamities.

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 18 months and it is estimated that by year’s end IMRF will be 84% funded. The preliminary IMRF contribution rate for 2010 is 9.44%, an increase of 10% over the 2009 rate of 8.58%. It is estimated that the increase in 2011 will likewise be about 10% against eligible employee earnings, barring any adverse economic impacts.

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 2008 was \$442,308,820. The County Supervisor of Assessments has completed a preliminary estimate of the value of new construction in the City in 2009. 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.

Preliminary County estimates indicate that Sycamore’s net rate-setting EAV for 2009 will be \$455,000,000 including the value of new construction (about \$11 million, vs. over \$17 million in 2008). **The estimated 2009 EAV of \$455,000,000** is \$12,691,180 (2.87%) higher than the 2008 community EAV of \$442,308,820. This estimate includes deductions for exemptions, appeals, and TIF (which had an EAV increment of \$111,670 in 2008 and generated an incremental tax extension of \$56,338). The estimate also **assumes an equalization factor of 1.0386 for Sycamore Township (vs. 1.0488 in 2008) and 1.04 for Cortland Township (vs. 1.0354 in 2008)**. Since the actual EAV growth for 2009 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%)
2008	\$442,308,820 (+7.6%)	\$2,548,176 (+3.4%)	.57759 (-3.6%)

*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 2009 extensions, the County’s CPI change has been established at 0.1%.

Six City Levy Options

Option #1: No Increase in City Levy

	2002	2003	2004	2005	2006	2007	2008	2009
Total Levy	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176	2,548,176
Police Pension	152,883	169,045	167,080	213,305	233,410	259,054	268,204	295,024
Fire Pension	213,142	257,961	260,762	303,729	309,399	327,018	381,471	419,618
FICA/IMRF	247,500	275,000	302,225	302,225	310,870	310,870	310,870	341,957
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631	1,471,577
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.56004

Overall Impact:

- Should result in a City tax rate decrease of 3%.
- Property taxes minus the portion going directly to the Fire and Police Pension funds would represent 14.89% of all budgeted FY10 General Fund expenditures (\$12,308,086), versus 15.73% in FY09.
- Decrease the monies available for general operations by \$96,054 (6.13%).

Resulting Impact on Single-Family Homeowner. This year, it is unusually difficult to estimate the impact of the Council’s levy decision on the “average” homeowner. In past years, we have identified the average homeowner by the average price of all homes sold in our community over the previous year. According to the DeKalb Area Association of Realtors, the average price of all homes sold in Sycamore during the period July 1, 2009 through September 30, 2009 was \$173,756—a 20% drop from the same period in 2008 (\$224,562)! If that hypothetical home-owning family sold their home today at the reduced price, the new owner would logically approach the township assessor in 2010 for a downward assessment. However, in 2009 the property will experience a 3.86% increase in EAV due to the Sycamore Township multiplier. If the 2008 EAV in the illustrative table below is not re-assessed, and the Sycamore Township multiplier is applied, the lower City rate of .56004 will result in a \$3.04 increase in

the City portion of the homeowner's tax bill ($\$74,854 \times 3.86\% = \$77,743 \times .0056004 = \435.39).

	2002	2003	2004	2005	2006	2007	2008	2009
Property EAV	47,800	52,437	54,909	62,147	78,420	70,399	74,854	60,155
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.56004
City Tax Bill	471.44	478.37	475.41	468.86	524.72	422.15	432.35	336.89

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

	2002	2003	2004	2005	2006	2007	2008	2009
Total Levy	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176	2,573,658
Police Pension	152,883	169,045	167,080	213,305	233,410	259,054	268,204	295,024
Fire Pension	213,142	257,961	260,762	303,729	309,399	327,018	381,471	419,618
FICA/IMRF	247,500	275,000	302,225	302,225	310,870	310,870	310,870	341,957
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631	1,497,059
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.56564

Overall Impact:

- Should result in a City tax rate decrease of 2.1%.
- Property taxes minus the portion going directly to the Fire and Police Pension funds would represent 15.1% of all budgeted FY10 General Fund expenditures (\$12,308,086), versus 15.73% in FY09.
- Decrease the monies available for general operations by \$70,572 (4.5%).

Resulting Impact on Single-Family Homeowner. This year, it is unusually difficult to estimate the impact of the Council's levy decision on the "average" homeowner. In past years, we have identified the average homeowner by the average price of all homes sold in our community over the previous year. According to the DeKalb Area Association of Realtors, the average price of all homes sold in Sycamore during the period July 1, 2009 through September 30, 2009 was \$173,756—a 20% drop from the same period in 2008 (\$224,562)! If that hypothetical home-owning family sold their home today at the reduced price, the new owner would logically approach the township assessor in 2010 for a downward assessment. However, in 2009 the property will experience a 3.86% increase in EAV due to the Sycamore Township multiplier. If the 2008 EAV in the illustrative table below is not re-assessed, and the Sycamore Township multiplier is applied, the lower City rate of .56564 will result in a \$7.40 increase in the City portion of the homeowner's tax bill ($\$74,854 \times 3.86\% = \$77,743 \times .0056564 = \439.75).

	2002	2003	2004	2005	2006	2007	2008	2009
Property EAV	47,800	52,437	54,909	62,147	78,420	70,399	74,854	60,155
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.56564
City Tax Bill	471.44	478.37	475.41	468.86	524.72	422.15	432.35	340.26

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

	2002	2003	2004	2005	2006	2007	2008	2009
Total Levy	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176	2,599,140
Police Pension	152,883	169,045	167,080	213,305	233,410	259,054	268,204	295,024
Fire Pension	213,142	257,961	260,762	303,729	309,399	327,018	381,471	419,618
FICA/IMRF	247,500	275,000	302,225	302,225	310,870	310,870	310,870	341,957
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631	1,522,541
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57124

Overall Impact:

- Should result in a City tax rate decrease of 1.1%.
- Property taxes minus the portion going directly to the Fire and Police Pension funds would represent 15.3% of all budgeted FY10 General Fund expenditures (\$12,308,086), versus 15.73% in FY09.
- Decrease the monies available for general operations by \$45,090 (2.9%).

Resulting Impact on Single-Family Homeowner. This year, it is unusually difficult to estimate the impact of the Council’s levy decision on the “average” homeowner. In past years, we have identified the average homeowner by the average price of all homes sold in our community over the previous year. According to the DeKalb Area Association of Realtors, the average price of all homes sold in Sycamore during the period July 1, 2009 through September 30, 2009 was \$173,756—a 20% drop from the same period in 2008 (\$224,562)! If that hypothetical home-owning family sold their home today at the reduced price, the new owner would logically approach the township assessor in 2010 for a downward assessment. However, in 2009 the property will experience a 3.86% increase in EAV due to the Sycamore Township multiplier. If the 2008 EAV in the illustrative table below is not re-assessed, and the Sycamore Township multiplier is applied, the lower City rate of .57124 will result in a \$11.75 increase in the City portion of the homeowner’s tax bill ($\$74,854 \times 3.86\% = \$77,743 \times .0057124 = \444.10).

	2002	2003	2004	2005	2006	2007	2008	2009
Property EAV	47,800	52,437	54,909	62,147	78,420	70,399	74,854	60,155
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57124
City Tax Bill	471.44	478.37	475.41	468.86	524.72	422.15	432.35	343.63

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

	2002	2003	2004	2005	2006	2007	2008	2009
Total Levy	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176	2,624,621
Police Pension	152,883	169,045	167,080	213,305	233,410	259,054	268,204	295,024
Fire Pension	213,142	257,961	260,762	303,729	309,399	327,018	381,471	419,618
FICA/IMRF	247,500	275,000	302,225	302,225	310,870	310,870	310,870	341,957
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631	1,548,022
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57684

Overall Impact:

- Should result in a City tax rate decrease of 0.13%.
- Property taxes minus the portion going directly to the Fire and Police Pension funds would represent 15.52% of all budgeted FY10 General Fund expenditures (\$12,308,086), versus 15.73% in FY09.
- Decrease the monies available for general operations by \$19,609 (1.3%).

Resulting Impact on Single-Family Homeowner. This year, it is unusually difficult to estimate the impact of the Council’s levy decision on the “average” homeowner. In past years, we have identified the average homeowner by the average price of all homes sold in our community over the previous year. According to the DeKalb Area Association of Realtors, the average price of all homes sold in Sycamore during the period July 1, 2009 through September 30, 2009 was \$173,756—a 20% drop from the same period in 2008 (\$224,562)! If that hypothetical home-owning family sold their home today at the reduced price, the new owner would logically approach the township assessor in 2010 for a downward assessment. However, in 2009 the property will experience a 3.86% increase in EAV due to the Sycamore Township multiplier. If the 2008 EAV in the illustrative table below is not re-assessed, and the Sycamore Township multiplier is applied, the lower City rate of .57684 will result in a \$16.10 increase in the City portion of the homeowner’s tax bill ($\$74,854 \times 3.86\% = \$77,743 \times .0057684 = \448.45).

	2002	2003	2004	2005	2006	2007	2008	2009
Property EAV	47,800	52,437	54,909	62,147	78,420	70,399	74,854	60,155
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57684
City Tax Bill	471.44	478.37	475.41	468.86	524.72	422.15	432.35	347.00

Option #5: Three and One-Quarter Percent (3.25%) Increase in City Levy

	2002	2003	2004	2005	2006	2007	2008	2009
Total Levy	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176	2,630,992
Police Pension	152,883	169,045	167,080	213,305	233,410	259,054	268,204	295,024
Fire Pension	213,142	257,961	260,762	303,729	309,399	327,018	381,471	419,618
FICA/IMRF	247,500	275,000	302,225	302,225	310,870	310,870	310,870	341,957
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631	1,554,393
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57824

Overall Impact:

- Should result in a City tax rate increase of 0.11%.
- Property taxes minus the portion going directly to the Fire and Police Pension funds would represent 15.57% of all budgeted FY10 General Fund expenditures (\$12,308,086), versus 15.73% in FY09.
- Decrease the monies available for general operations by \$13,238 (0.85%).

Resulting Impact on Single-Family Homeowner. This year, it is unusually difficult to estimate the impact of the Council's levy decision on the "average" homeowner. In past years, we have identified the average homeowner by the average price of all homes sold in our community over the previous year. According to the DeKalb Area Association of Realtors, the average price of all homes sold in Sycamore during the period July 1, 2009 through September 30, 2009 was \$173,756—a 20% drop from the same period in 2008 (\$224,562)! If that hypothetical home-owning family sold their home today at the reduced price, the new owner would logically approach the township assessor in 2010 for a downward assessment. However, in 2009 the property will experience a 3.86% increase in EAV due to the Sycamore Township multiplier. If the 2008 EAV in the illustrative table below is not re-assessed, and the Sycamore Township multiplier is applied, the higher City rate of .57824 will result in a \$17.19 increase in the City portion of the homeowner's tax bill ($\$74,854 \times 3.86\% = \$77,743 \times .0057824 = \449.54).

	2002	2003	2004	2005	2006	2007	2008	2009
Property EAV	47,800	52,437	54,909	62,147	78,420	70,399	74,854	60,155
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57824
City Tax Bill	471.44	478.37	475.41	468.86	524.72	422.15	432.35	347.84

Option #6: Three and One-Half Percent (3.5%) Increase in City Levy

	2002	2003	2004	2005	2006	2007	2008	2009
Total Levy	2,134,108	2,198,131	2,264,075	2,331,997	2,401,957	2,462,006	2,548,176	2,637,362
Police Pension	152,883	169,045	167,080	213,305	233,410	259,054	268,204	295,024
Fire Pension	213,142	257,961	260,762	303,729	309,399	327,018	381,471	419,618
FICA/IMRF	247,500	275,000	302,225	302,225	310,870	310,870	310,870	341,957
Crossing Guards	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
General Operations	1,398,959	1,476,125	1,514,008	1,492,738	1,528,278	1,545,064	1,567,631	1,560,763
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57964

Overall Impact:

- Should result in a City tax rate increase of 0.36%.
- Property taxes minus the portion going directly to the Fire and Police Pension funds would represent 15.62% of all budgeted FY10 General Fund expenditures (\$12,308,086), versus 15.73% in FY09.
- Decrease the monies available for general operations by \$6,868 (0.44%).

Resulting Impact on Single-Family Homeowner. This year, it is unusually difficult to estimate the impact of the Council's levy decision on the "average" homeowner. In past years, we have identified the average homeowner by the average price of all homes sold in our community over the previous year. According to the DeKalb Area Association of Realtors, the average price of all homes sold in Sycamore during the period July 1, 2009 through September 30, 2009 was \$173,756—a 20% drop from the same period in 2008 (\$224,562)! If that hypothetical home-owning family sold their home today at the reduced price, the new owner would logically approach the township assessor in 2010 for a downward assessment. However, in 2009 the property will experience a 3.86% increase in EAV due to the Sycamore Township multiplier. If the 2008 EAV in the illustrative table below is not re-assessed, and the Sycamore Township multiplier is applied, the higher City rate of .57964 will result in a \$18.28 increase in the City portion of the homeowner's tax bill ($\$74,854 \times 3.86\% = \$77,743 \times .0057964 = \450.62).

	2002	2003	2004	2005	2006	2007	2008	2009
Property EAV	47,800	52,437	54,909	62,147	78,420	70,399	74,854	60,155
City Tax Rate	.98627	.91223	.865814	.75444	.66912	.59965	.57759	.57964
City Tax Bill	471.44	478.37	475.41	468.86	524.72	422.15	432.35	348.68

RECOMMENDATION:

The City has aggressively reduced its portion of the property owner's annual tax bill for the past twelve 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 2008 the City's levy increased by \$2,116,634 (5.9 times, from \$431,542 to \$2,548,176) while operational spending increased \$10,312,816 (14.46 times, from \$851,400 to \$12,308,086). As a proportion of general operating revenues, the property tax constituted 50.7% in FY1976 and 15.5% in FY2009. 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.

Options 1 through 4 presented above would result in a reduction in the City's property tax rate. **The City Manager recommends Option #4, or the 3% levy increase.** This option would slightly reduce the City tax rate (-0.13%), and keep the proportion of property taxes in relation to other sources of General Fund revenues constant. Nevertheless, it would decrease the monies available for general operations by \$19,609 (-1.3%). The taxes levied in 2009 are received in the FY2010-2011 fiscal year (i.e. after May 1, 2010).

The City Council's decisions to keep the City levy at or below the rate of inflation in recent years have been noteworthy. 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. In 2009, the historically low EAV growth has meant that anything but a reduction in the City's levy would result in a slightly higher tax bill for city property tax payers, even if the tax rate declines.

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*.

The Sycamore Public Library Board met on November 10 to consider the Library's FY2009-2010 levy. The Board is facing a number of maintenance projects in both the original Carnegie portion of the library and the 1995 addition. Among the larger maintenance projects are the following:

- ✓ Replacing the electrical wiring in the lower level of the original Carnegie building;
- ✓ Replacing the southeast bay window;
- ✓ Remodeling the library layout to bring the circulation desk to the first floor near the new entrance.

To prepare for these tasks and to address ongoing operational needs, the Library Board voted a levy that would increase the Library's tax rate from 0.0018451 (2008) to 0.0018778 (2009). If the estimated city-wide EAV is not overstated at \$455,000,000 when all appeals have been heard, the proposed Library levy of \$854,397 would result in a rate that is 1.8% higher than the 2008 rate. If the Library Board were to hold the line on the 2008 rate with a levy of \$839,521 the difference would be \$14,876.

The 4.9% levy increase proposed by the Library Board would increase the Library levy by \$39,910 over the FY2008-2009 Library levy of \$814,487 and would result in a Library rate of 0.0018778 /\$100 EAV, which is greater than the Library rate of 0.18451/\$100 EAV in 2008.

The proposed 2009 Library levy of \$854,397 represents 82.9% of the Library's proposed FY2009-2010 operating budget of \$1,031,530. The Library's 2008 levy of \$814,487 represented 83.9% of the FY09 budget of \$970,474. The proposed Library levy and Library levies of recent years are shown in the following table:

Recent Library Levy History	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Operating & Insurance	\$458,603	\$526,501	\$537,185	\$557,713	\$610,632	\$651,804	\$698,447	\$741,287	\$762,946
FICA	\$22,621	\$23,438	\$25,930	\$26,995	\$27,694	\$29,270	\$32,000	\$35,700	\$38,492
IMRF	\$19,396	\$15,627	\$19,308	\$26,253	\$21,611	\$31,200	\$31,612	\$35,000	\$50,309
Audit	\$250	\$655	\$1,184	\$1,243	\$1,243	\$1,800	\$2,000	\$2,500	\$2,650
Total Library Levy	\$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%)	\$854,397 (+4.9%)
Library Rate	.2483 (-2.4%)	.25683 (+3.44%)	.24202 (-5.8%)	.23413 (-3.3%)	.21377 (-8.7%)	.19880 (-7%)	.18598 (-6.5%)	.18451 (-1%)	.18778 (+1.8%)

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

	2002	2003	2004	2005	2006	2007	2008	2009
Library Levy	\$555,758	\$583,607	\$612,204	\$661,180	\$714,074	\$764,059	\$814,487	\$854,397
City-Wide EAV	216,389,113	241,138,805	261,496,432	309,324,156	359,225,508	410,867,373	442,308,820	455,000,000
Library Tax Rate	.25683	.24202	.23413	.21377	.1988	.18598	.18451	.18778
EAV of Avge Home Sold in Sycamore	47,800	52,437	54,909	62,147	78,420	70,399	74,854	77,743*
Library Tax Bill	122.77	126.91	128.56	133.34	155.90	130.93	138.11	145.99

*Includes 3.86% Sycamore Township multiplier.

To avoid the first Library rate increase since 2002, the City Manager has suggested to the Library executive director, Sarah Tobias, that the City might consider a one-time \$15,000 capital grant to bridge the gap between what an increased Library rate would generate and what a level Library rate would generate (\$14,876). The impact of any rate increase would be felt more dearly in the present economic recession by local property owners and businesses, and such a grant could be absorbed by the City's fuel fund without compromising any ongoing capital projects. Ms. Tobias will raise this suggestion with the Library Board at a special meeting before the next Council meeting in December.

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 levy does not exceed .6% of the community's EAV (\$2,730,000 in 2009). 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 \$854,397 combined with the proposed City levy of \$2,624,621 (totaling \$3,479,018) would represent an increase of 3.46% (\$116,355) over the 2008 corporate levy of \$3,362,663 or well under the 4.9% threshold. Nevertheless, the enduring and legitimate public concern about property tax rates invites a public hearing. Such a hearing will be scheduled for the December 7 meeting of the City Council. If the proposed City and Library levies went into effect, the corporate tax

rate would increase about one-half of one percent (from 0.0076025 in 2008 to 0.0076462 in 2009)—the first corporate rate increase since the mid-1990s.

City Council direction is requested. The City Manager hopes to hold a public hearing on the corporate levy proposal on December 7 along with a first reading on the levy ordinances.

14. OTHER NEW BUSINESS

15. APPOINTMENTS

16. ADJOURNMENT