

SYCAMORE CITY COUNCIL
AGENDA
January 19, 2010

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 January 4, 2010.
 - B. Payment of the Bills for January 19, 2010.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS**
 - A. **Public Hearing Regarding a Proposed Increase in the City's Home Rule Sales Tax Rate.**

This public hearing provides an opportunity for interested persons to offer comment on the proposed increase in the City's home rule sales tax rate from 1.25% to 1.75%. The proposed increase is intended to close an estimated \$978,358 shortfall in operating revenues for the fiscal year beginning on May 1, 2010.

On December 21, the City Council considered a report from the City Manager regarding revenue trends and spending priorities for general operations in the coming fiscal year. A copy of that report is attached. The City Manager's assumptions were based on the most current financial information available, and were offered to elicit Council direction as the City staff begins the months-long process of preparing a new fiscal year budget. The City Manager's report projected an operating revenue shortfall of just under \$1 million and provided ten options for addressing that shortfall. Mayor Mundy took a straw poll of the Council members present on December 21 and a general consensus surrounded Option #5, which proposed a capital transfer of \$228,358 from Fund 6 and an increase in the City's home rule tax from 1.25% to 1.75%, which would be identical with DeKalb's home rule tax rate.

At the last regular Council meeting on January 4, the Council directed the City Manager to prepare an ordinance that would implement such a home rule sales tax increase, and to also prepare an appropriate legislative measure that would establish the Council's intent to review the impact of the sales tax rate increase in about 2-1/2 years. Ordinance No. 2009.51 (see below) would implement the higher rate; Resolution No. 532 would establish the Council's intention to review the increase in September 2012.

11. **ORDINANCES**

A. Ordinance No. 2009.51—An Ordinance Amending Title 3, “Business and License Regulations,” Chapter 13, “Occupation Taxes,” Sections 3-13-1 and 3-13-2 of the City Code of the City of Sycamore, Illinois to Impose a Sales Tax of 1.75% on Gross Receipts and Services in the City of Sycamore, Illinois. First and Second Reading.

As noted in the public hearing portion of this agenda, the City Council has determined that the looming operating budget shortfall for FY2010-2011 should be closed with a number of capital transfers, the continuation of cost-shifting from operating to capital funds that was begun in FY09, and an increase in the home rule sales tax from 1.25% to 1.75%. The new capital transfers into the City's general operating fund will total \$228,358. An additional \$478,358 in cost-shifts that were initially implemented in FY2009-2010 will be kept in the operating budget. The proposed sales tax increase will provide an estimated \$750,000 in new revenue if implemented on July 1, 2010.

City Council approval is recommended.

12. **RESOLUTIONS**

A. Resolution No. 532—Expressing the Intent of the City Council of the City of Sycamore, Illinois to Review of the Impact of the 1.75% Home Rule Sales Tax in September 2012.

This Resolution is a companion to Ordinance No. 2009.51. Pursuant to the Council's direction on January 4, 2010, this resolution was prepared to establish the Council's intention to review the home rule sales tax increase incorporated in Ordinance No. 2009.51 in September, 2012. The date is significant. If the Council were to conclude at that time that the increase should be rolled back or diminished, action would be needed before October 1, 2012 to meet the statutory guidelines for a change that would be in effect when the City's 2011-2012 fiscal year ended in April 2012. Additionally, action in September 2012 would allow the City administration to plan appropriately for the next budget year.

It is the considered opinion of the City's legal staff and the city administration that the combined ordinance and resolution will best achieve the purposes desired by the Council.

City Council approval is recommended.

13. CONSIDERATIONS--None

14. OTHER NEW BUSINESS

15. APPOINTMENTS

16. ADJOURNMENT