

M E M O R A N D U M

TO: Mayor Prussing and Members of the Urbana City Council

FROM: City Comptroller

RE: Property Tax Levy

DATE: November 12, 2007

Attached for your consideration is the City's 2007 property tax levy ordinances and resolution. These documents must be filed with the County Clerk no later than the 2nd Tuesday in December.

The attached levy ordinance and resolution have been prepared in order to maintain the same levy rate of 1.2942. Some important points concerning the property tax levy are:

- The public hearing on the property tax levy will be at 7:00 pm on Monday, November 26. The Truth in Taxation notice which announces this hearing will be published in the News Gazette on November 14. This notice announces that the City plans on increasing property tax 12%. Of course, this is not correct. This levy (1.29 rate) would mean a homeowner would pay 3.9% more than last year (an additional \$24 on a \$150,000 home).
- This levy will also capture property tax on new development, which is estimated at a 4.8% increase. It is highly appropriate to capture this increase since additional costs and service demands are placed on Urbana from this new development.
- Over the last 10 years, the City has reduced the rate 12.7% from \$1.48 to \$1.29. This 12.7% rate reduction saves the owner of the \$150,000 home \$93 in annual taxes paid to the City.
- The average rate of 5 other central Illinois cities (Bloomington, Normal, Decatur, Danville, & Rantoul) shows they have an average city tax rate of 1.35.
- The City's ability to affect the total amount of property taxes a homeowner pays is limited in that the City only

accounts for 15% of the total property tax bill (School District is 53%).

- Over the last 10 years, the overall tax rate paid by Urbana homeowners has decreased 10.5% from \$9.17 to \$8.21. This 10.5% rate reduction saves the owner of the \$150,000 home \$433 in annual total taxes paid. This reduction has been accomplished even as the County has been required to increase their rate 15% during this same time frame. (voters approved 6 referendums during this time: 1995 for new jail, 1997 for countywide public health district, 2002 for bonds and operating costs for nursing home, and 2004 for development disabilities board).
- My financial projections show a deficit of \$69,000 for FY08-09 growing to a deficit of \$500,000 for next year FY09-10.
- Because the City is required to borrow \$5 million to construct infrastructure connected to the Meijer's and Menard's projects, there will be about a 3 year delay before sales tax from these stores will be deposited to the general fund.
- The City has identified a number of areas in which there is a need to increase funding: Some of these are:
 1. the contributions to the Capital Improvements Fund to keep up with repair of current roads and sewers (not including significant downtown improvements).
 2. The amount in the City's reserve funds (savings for emergencies) has slipped to approximately \$1.5 million from \$4 million, 5 years ago.
 3. additional public safety officers, possible relocation of fire substation and the related costs, certain programs and incentives for historic and neighborhood preservation, new costs for a public arts program, new costs for the police review board, Philo Road improvements, and improvements for bicycling, of which none of these additional costs are included in this financial projection.

ORDINANCE NO. 2007-11-126

ANNUAL TAX LEVY ORDINANCE
OF THE CITY OF URBANA, ILLINOIS FOR THE YEAR
BEGINNING JULY 1, 2007 AND ENDING JUNE 30, 2008

WHEREAS, the Corporate Authorities of the City of Urbana, Illinois, pursuant to an ordinance previously adopted authorizing the same, did, on the 18th day of June, 2007, that date being before the beginning of the fiscal year of the city commencing on July 1, 2007, and ending on June 30, 2008, adopt the Annual Budget Ordinance for the city for such fiscal year; and

WHEREAS, pursuant to Sections 8-2-9.1 et seq. of the Illinois Municipal Code (65 ILCS 5/8-2-9.1 et seq.) and home rule ordinances previously adopted authorizing the same (Code of Ordinances, City of Urbana, Illinois, Sections 2-113 and 2-132), such passage of the Annual Budget Ordinance by the Corporate Authorities shall be in lieu of passage of the Annual Appropriation Ordinance otherwise required by the Illinois Municipal Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CORPORATE AUTHORITIES OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the total maximum amount of appropriations for all corporate purposes, which are legally made to be collected from the tax levy of the current fiscal year of the City of Urbana, is hereby ascertained to be the sum of Seven Million, Three Hundred Forty Two Thousand Six Hundred Fifty Five Dollars (\$7,342,655).

Section 2. That the sum of \$7,342,655 being the total of budgeted appropriations heretofore legally made which are to be collected from the tax levy of the current fiscal year of the City of Urbana, Illinois, for all corporate purposes of said City of Urbana, Illinois, is hereby levied upon all of the taxable property in the City of Urbana, Illinois, subject to taxation for the current year; provided that the levy of such amounts does not cause the property tax rate to exceed 1.2942. If the levy amount of \$7,342,655 produces a tax rate higher than 1.2942, then the amount to be levied and collected for general corporate purposes shall be reduced to an amount which produces the 1.2942 total rate for all corporate purposes.

The specific amounts as levied for the various funds heretofore named are separately included herein by being placed in separate columns under the heading "To Be Raised by Tax Levy" which appears over the same, the tax so levied being for the current fiscal year of the City of Urbana and for the said budgeted appropriation to be collected from said tax levy, the total of which has been ascertained as aforesaid and being as follows:

	<u>Budget</u> <u>Appropriations</u>	<u>Raised By</u> <u>Tax Levy</u>
<u>GENERAL CORPORATE FUND</u>		
For General Corporate Fund Expenditures for Personnel - Police Department	\$2,206,765	\$2,206,765
<u>POLICEMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	\$1,645,460	\$1,645,460
<u>FIREMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	\$ 913,300	\$ 913,300
<u>URBANA FREE LIBRARY TRUST FUND</u>		
For Urbana Free Library Expenditures as Determined by Library Board		
CENTRAL COSTS-CONTRACTUAL	\$ 395,029	\$ 395,029
ADMINISTRATION-WAGES	\$ 285,498	\$ 285,498
ADULT DEPARTMENT:		
Books and Materials	\$ 231,734	\$ 231,734
Wages	<u>383,885</u>	<u>383,885</u>
SUBTOTAL, ADULT	\$ 615,619	\$ 615,619
CHILDREN'S DEPARTMENT:		
Books and Materials	\$ 65,753	\$ 65,753
Wages	<u>289,696</u>	<u>289,696</u>
SUBTOTAL, CHILDREN'S	\$ 355,449	\$ 355,449
ARCHIVES DEPARTMENT:		
Books and Materials	\$ 22,390	\$ 22,390
Wages	<u>195,019</u>	<u>195,019</u>
SUBTOTAL, ARCHIVES	\$ 217,409	\$ 217,409
MAINTENANCE-WAGES	\$ 56,712	\$ 56,712
ACQUISITIONS DEPARTMENT-WAGES	\$ 177,019	\$ 177,019
CIRCULATION DEPARTMENT-WAGES	\$ 474,395	\$ 474,395
TOTAL, ALL LIBRARY	<u>\$2,577,130</u>	<u>\$2,577,130</u>
TOTAL AMOUNT	<u>\$7,342,655</u>	<u>\$7,342,655</u>

Section 3. This Annual Tax Levy Ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code; provided, however, that any tax rate limitation or any other

substantive limitations as to tax levies in the Illinois Municipal Code in conflict with this ordinance shall not be applicable to this ordinance pursuant to Section 6 of Article VII of the Constitution of the State of Illinois.

Section 4. That there is hereby certified to the County Clerk of Champaign County, Illinois, the several sums aforesaid, constituting said total amount of Seven Million, Three Hundred Forty Two Thousand Six Hundred Fifty Five Dollars (\$7,342,655), which said total amount the City of Urbana requires to be raised by taxation for the current fiscal year of the City, provided that the levy of such amounts does not cause the property tax rate to exceed 1.2942. If the levy amount of \$7,342,655 produces a tax rate higher than 1.2942, then the amount to be levied and collected for general corporate purposes shall be reduced to an amount which produces the 1.2942 total rate for all corporate purposes. The City Clerk of the City of Urbana is hereby ordered and directed to file with the County Clerk of Champaign County on or before the time required by law, a certified copy of this ordinance.

Section 5. If any provisions of this ordinance or the application of such provisions to any circumstances is held invalid for any reason whatsoever, the remainder of this ordinance or the application of the provisions to other circumstances shall not be affected hereby.

Section 6. This ordinance shall take effect and be in full force and effect immediately on and after its passage and approval.

This ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the corporate authorities of the City of Urbana, Illinois, at a regular meeting of said authorities.

PASSED by the corporate authorities this ____ day of _____, 2007.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2006.

Laurel L. Prussing, Mayor