



**CITY OF URBANA, ILLINOIS
HUMAN RESOURCES &
FINANCE DEPARTMENT**

MEMORANDUM

TO: Mayor Diane Wolfe Marlin and City Council Members
FROM: Elizabeth Hannan, Finance Director
DATE: December 10, 2020
SUBJECT: **2020 Property Tax Levy**

Introduction: Several Ordinances are transmitted with this report, as follows –

1. An Ordinance levying taxes for 2020. These taxes will be received in calendar year 2021.
2. An Ordinance that allows for a reduction (abatement) in the corporate purpose tax levy to produce a total tax rate of \$1.3499, which is the current tax rate.
3. An Ordinance abating debt service payments for the 2012 and 2014 general obligation bonds. Debt service will be paid from the TIF 2 and Local Motor Fuel Tax Funds.

Background:

Estimated Property Tax Levy: On November 23, 2020, the City Council approved Resolution No. 2020-11-059R, A Resolution Estimating the Tax Levy. The estimated levy was \$8,384,532, which is an increase of 4.05% over the current tax levy. Because the increase did not exceed 5%, the Truth in Taxation law did not require that the City publish a notice and hold a public hearing.

Estimate of Equalized Assessed Valuation (EAV): Staff has developed a preliminary estimate of the EAV, which does not assume any increase related to disputed hospital properties. The estimate is \$608,943,566. This EAV would be an increase of 4.36% from the EAV upon which the extended levy for 2019 was based.

Staff adds an additional 2%, resulting in a total of \$621,122,438, since the levy amount cannot be increased, but can easily be decreased prior to extension to achieve the desired tax rate.

Enterprise Zone (EZ): EZ abatements reduce the assessed value on which the tax levy will be extended, but result in higher property values on which taxes will be collected in the future. Staff estimates that exemptions for the EZ will be about \$10.76 million. This is due to the success of EZ incentives for commercial and residential construction, which will ultimately result in a larger tax base.

Tax Rate: The Mayor recommends a tax rate for this year’s levy of \$1.3499, which is the current City of Urbana tax rate. The rate was decreased from \$1.355 beginning with the 2017 tax levy.

At this rate, City taxes for an owner-occupied home are estimated as follows –

Property Value	City Property Tax at \$1.3499*
\$100,000	\$369
\$150,000	\$594
\$200,000	\$819
\$250,000	\$1,044

*City property tax = EAV (property value / 3), less owner occupied exemption (\$6,000), divided by \$100, multiplied by tax rate

Purposes for Which the City Levies Taxes: The City levies taxes for “corporate purposes” (the General Operating Fund), the Library, and Police and Fire pensions. The levies for specific purposes are approved by the City Council when the final tax levy Ordinance is approved.

Pension Levies: Levies for Police and Fire Pension Funds are based on the funding plan approved by the City Council in the City’s Financial Policies. The City Council approved the updated Financial Policies on June 18, 2018 (2018-06-023R). This is the third year of a five-year transition to a new, higher level of funding designed to achieve 100% funding within 20 years.

Recommended funding for the Police Pension Fund is \$2,148,000, and recommended funding for the Fire Pension Fund is \$1,403,000. Pursuant to State law, 8.12% of the total funding requirement will be met by using personal property replacement tax (PPRT) revenues.

Taxes for these funds would be levied as follows:

	Police Pension Fund	Fire Pension Fund
Funding requirement per policy	\$2,148,000	\$1,403,000
PPRT portion (8.12%)	(\$174,418)	(\$113,924)
Levy amount for 2019	\$1,973,582	\$1,289,076

Urbana Free Library: The Mayor recommends a levy of \$3,515,000, which is an increase of about 1% over the 2019 tax levy. In 2019, the levy increased by 6.44% over the 2018 levy. Property tax revenue is responsible for the vast majority of recurring revenues for the Library General Fund. This increase is needed to allow the Library to maintain current services, based upon the FY2021 budget.

Corporate Purposes: Remaining revenues generated by property taxes would be allocated to the General Operating Fund, where they would be used to pay for basic City services, such as police protection. The recommended levy for corporate purposes is \$1,606,874. This

is a decrease of about 7% from the 2019 tax levy. When the final levy is extended, it is likely that the decrease will be larger; perhaps more than 15% after it is abated.

Abatements: Staff has prepared an Ordinance authorizing the County Clerk to abate (reduce) the tax levy in the event the final EAV (which is not known when the City Council approves the levy) is lower than estimated, resulting in a higher tax rate. This Ordinance directs the County Clerk to abate the corporate purpose levy to produce a final tax rate of \$1.3499.

Levies for debt service were approved when bonds were issued in 2012 for Boneyard Creek improvements and 2014 for Windsor Road improvements. A separate Ordinance fully abates the debt service, which will be paid from the TIF 2 and Local Motor Fuel Tax Funds.

Fiscal Impact: The tax levy is likely to result in a decrease of \$280,000 in revenue available for basic City services. While a decrease was expected, this is somewhat better than projected in the FY2021 financial forecast. The City will be continuing on the path towards fully funding Police and Fire pensions, consistent with the City's current policy on pension funding.

Alternatives:

1. Approve Ordinances setting and abating the property tax levy for 2020.
2. Direct staff to make changes to one or more of the Ordinances prior to approval.

Recommendation: Approve Ordinances setting and abating the property tax levy for 2020.

ORDINANCE NO. 2020-12-073

**AN ORDINANCE LEVYING TAXES FOR THE FISCAL YEAR BEGINNING
JULY 1, 2020, AND ENDING JUNE 30, 2021**

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, including the power to tax; and

WHEREAS, Section 8-3-1 of the Illinois Municipal Code (65 ILCS 5/8-3-1) provides that the corporate authorities may levy and collect taxes for corporate purposes; and

WHEREAS, on June 23, 2020, the corporate authorities passed Ordinance No. 2020-06-035, adopting the annual budget for the City for the fiscal year beginning July 1, 2020, and ending June 30, 2021; and

WHEREAS, pursuant to Section 8-2-9.4 of the Illinois Municipal Code (65 ILCS 5/8-2-9.4) and Sections 2-113 and 2-132 of the Urbana City Code, such passage of the annual budget by the corporate authorities was in lieu of passage of the annual appropriation ordinance otherwise required by the Illinois Municipal Code; and

WHEREAS, the corporate authorities find that the corporate purposes of the City are served by levying upon all property subject to taxation within the City, as that property is assessed and equalized for state and county purposes for the 2020 tax levy year, the respective amounts set forth in this Ordinance, which such amounts are deemed necessary to defray the related expenses and liabilities for all such corporate purposes of the City as have been appropriated for such purposes in the annual budget; and

WHEREAS, the requirement of Section 18-70 of the Truth in Taxation Law (35 ILCS 200/18-70) for a public hearing and for the required notice for such public hearing do not, pursuant to the

terms thereof, apply to the 2020 tax levy because said levy is not more than 105% of the prior year's final aggregate levy extensions, plus any amount abated.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Illinois, as follows:

Section 1.

The total 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 \$8,384,532.

Section 2.

The sum of \$8,384,532, 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 for all corporate purposes of said City, is hereby levied upon all taxable property subject to taxation for the current year.

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 Appropriations</u>	<u>To Be Raised By Tax Levy</u>
<u>GENERAL CORPORATE FUND</u>		
For General Corporate Fund Expenditures		
For Personnel Costs-Police Patrol & Investigations (exclusive of Police Pension costs levied separately)	<u>5,623,732</u>	<u>1,606,874</u>
<u>POLICEMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	<u>2,003,675</u>	<u>1,973,582</u>

FIREMEN'S PENSION FUND

For State Mandated Pension Requirements	<u>1,336,460</u>	<u>1,289,076</u>
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URBANA FREE LIBRARY

CENTRAL COSTS

Non-staff Costs	192,510	166,870
Employee Insurance	190,275	164,932
Other Employee Costs	<u>440,246</u>	<u>381,609</u>
SUBTOTAL, CENTRAL COSTS	823,031	713,411

ADMINISTRATION

Wages	293,742	254,618
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ADULT & YOUTH SERVICES DEPARTMENT

Patron Resources	411,349	356,561
Wages	<u>787,600</u>	<u>682,699</u>
SUBTOTAL, ADULT & YOUTH SERVICES	1,198,949	1,039,260

ARCHIVES DEPARTMENT

Patron Resources	14,170	12,283
Wages	<u>264,627</u>	<u>229,381</u>
SUBTOTAL, ARCHIVES	278,797	241,664

ACQUISITIONS DEPARTMENT

Wages	210,110	182,125
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CIRCULATION DEPARTMENT

Wages	419,650	363,756
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INFORMATION TECHNOLOGY

Wages	140,824	122,068
Other Costs	<u>75,287</u>	<u>65,259</u>
SUBTOTAL, INFORMATION TECHNOLOGY	216,111	187,327

DEVELOPMENT & PROMOTIONS DEPT.

Wages	141,054	122,267
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FACILITIES

Contractual Services	473,659	410,572
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Total Library	<u>4,055,103</u>	<u>3,515,000</u>
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<u>TOTAL LEVY</u>		<u>8,384,532</u>
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Section 3.

This Ordinance is adopted pursuant to the procedures set forth in the Illinois Municipal Code, except that any tax rate limitation or 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 Article VII, Section 6, of the Illinois Constitution, 1970.

Section 4.

There is hereby certified to the County Clerk of Champaign County, Illinois, the several sums aforesaid, \$8,384,532, constituting said total amount the City of Urbana requires to be raised by taxation for the current fiscal year of the City.

Section 5.

The invalidity of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

Section 6.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 7.

This Ordinance shall be in full force and effect from and after its passage. The City Clerk is directed to file a certified copy of this Ordinance with the Champaign County Clerk on or before the last Tuesday in December.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the corporate authorities (5 of 8 votes) of the City of Urbana, Illinois, at a meeting of said corporate authorities.

PASSED BY THE CORPORATE AUTHORITIES this __ Day of _____, 20__.

AYES:

NAYS:

ABSTENTIONS:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this __ Day of _____, 20__.

Diane Wolfe Marlin, Mayor

ORDINANCE NO. 2020-12-074

AN ORDINANCE DIRECTING THE CHAMPAIGN COUNTY CLERK TO ABATE THE TAX LEVY FOR THE GENERAL CORPORATE FUND FOR THE TAX YEAR BEGINNING JULY 1, 2020, AND ENDING JUNE 30, 2021

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, including the power to tax; and

WHEREAS, the corporate authorities of the City approved Ordinance No. _____ on December 14, 2020, determining that the total tax levy for the City for the tax year beginning July 1, 2020, and ending June 30, 2021, is in the amount of \$8,384,532; and

WHEREAS, the corporate authorities, after due consideration, find that abating the General Corporate Fund tax levy for the City for the tax year beginning July 1, 2020, and ending June 30, 2021, as provided herein, is in the best interests of the residents of the City and is desirable for the welfare of the City’s government and affairs.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Illinois, as follows:

Section 1.

The Champaign County Clerk is hereby requested and directed to abate the General Corporate Fund levy established pursuant to Ordinance No. _____ in an amount necessary to produce a total tax levy rate of \$1.3499 for the City of Urbana for the tax year beginning July 1, 2020, and ending June 30, 2021.

Section 2.

The Human Resources & Finance Director, or designee, be and hereby is authorized to perform all acts necessary on behalf of the City of Urbana to implement this Ordinance.

Section 3.

The invalidity of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

Section 4.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 5.

This Ordinance shall be in full force and effect from and after its passage. The City Clerk is directed to file a certified copy of this Ordinance with the Champaign County Clerk on or before the last Tuesday in December.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the corporate authorities (5 of 8 votes) of the City of Urbana, Illinois, at a meeting of said corporate authorities.

PASSED BY THE CORPORATE AUTHORITIES this __ Day of _____, 20__.

AYES:

NAYS:

ABSTENTIONS:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this __ Day of _____, 20__.

Diane Wolfe Marlin, Mayor

ORDINANCE NO. 2020-12-075

AN ORDINANCE DIRECTING THE CHAMPAIGN COUNTY CLERK TO ABATE A PORTION OF THE 2020 TAX LEVY RELATED TO GENERAL OBLIGATION BONDS, SERIES 2012, AND GENERAL OBLIGATION BONDS, SERIES 2014

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, including the power to tax; and

WHEREAS, the corporate authorities of the City, pursuant to the provisions of Article 8 of the Illinois Municipal Code, heretofore adopted an ordinance levying taxes for the corporate purposes of the City for the fiscal year beginning July 1, 2020, and ending June 30, 2021, which Ordinance shall, pursuant to law, be filed with the Champaign County Clerk; and

WHEREAS, on December 17, 2012, the corporate authorities heretofore passed Ordinance No. 2012-12-115, authorizing the issuance of General Obligation Bonds, Series 2012, and directing the Champaign County Clerk to levy a real estate tax in the amount of \$926,578 for the 2020 tax levy year to pay principal and interest on said Bonds; and

WHEREAS, on June 16, 2014, the corporate authorities heretofore passed Ordinance No. 2014-06-057, authorizing the issuance of General Obligation Bonds, Series 2014, and directing the Champaign County Clerk to levy a real estate tax in the amount of \$303,432.50 for the 2020 tax levy year to pay principal and interest on said Bonds; and

WHEREAS, the corporate authorities have determined that the City has sufficient funds available in the Tax Increment Financing District #2 Fund to abate the tax to be levied for the General Obligation Bonds, Series 2012, and to reduce the amount of tax to be levied pursuant to Ordinance No. 2012-12-115 accordingly; and

WHEREAS, the corporate authorities have determined that the City has sufficient funds available in the Local Motor Fuel Tax Fund to abate the tax to be levied for the General Obligation Bonds, Series 2014, and to reduce the amount of tax to be levied pursuant to Ordinance No. 2014-06-057 accordingly.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Illinois, as follows:

Section 1.

The Human Resources & Finance Director shall apply funds available in the Tax Increment Financing District #2 Fund of the City of Urbana to the General Obligation Bonds, Series 2012, in the amount of \$926,578.

Section 2.

The Champaign County Clerk is hereby requested and directed to abate the amount of \$926,578 levied for purposes of the General Obligation Bonds, Series 2012, from the 2020 tax levy.

Section 3.

The Human Resources & Finance Director shall apply funds available in the Local Motor Fuel Tax Fund of the City of Urbana to the General Obligation Bonds, Series 2014, in the amount of \$303,432.50.

Section 4.

The Champaign County Clerk is hereby requested and directed to abate the amount of \$303,432.50 levied for purposes of the General Obligation Bonds, Series 2014, from the 2020 tax levy.

Section 5.

This Ordinance shall be in full force and effect from and after its passage. The City Clerk is directed to file a certified copy of this Ordinance with the Champaign County Clerk on or before the last Tuesday in December.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of two-thirds of the corporate authorities then holding office (5 of 8 votes) of the City of Urbana, Illinois, at a duly noticed and convened meeting of the said corporate authorities.

PASSED BY THE CORPORATE AUTHORITIES this __ Day of _____, 20__.

AYES:

NAYS:

ABSTENTIONS:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this __ Day of _____, 20__.

Diane Wolfe Marlin, Mayor