

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 10, 2008

Attached for your consideration is the City's 2008 property tax levy ordinances and resolution. These documents must be filed with the County Clerk no later than the 2<sup>nd</sup> Tuesday in December.

The attached levy ordinance and resolution have been prepared in order to maintain the same levy rate of 1.2942 (same as Champaign). Some additional 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 10. This levy would mean a homeowner would pay 2.9% more than last year (an additional \$19 on a \$150,000 home). Last year's levy rate was the same \$1.29 and average homeowners paid additional 2.7% to City of Urbana.
- This levy will also capture property tax on new development. 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 from \$1.39 to \$1.29. This has saved the owner of the \$150,000 home \$1,450 in taxes paid to the City over this 10 year period.
- The average rate of 5 other central Illinois cities (Bloomington, Normal, Decatur, Danville, & Rantoul) shows that Urbana is below their average city tax rate of 1.45.
- 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 from \$9.10 to \$8.12. This has saved the owner of the \$150,000 home \$4,730 in total taxes paid during this time. This reduction has been accomplished even as the voters have 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).
- Because, the City was required to borrow \$1.6 million from Meijers to construct infrastructure connected to this project (paid back over the next 3 years) the City will realize only a small increase in sales tax from the Meijer's store for the next 3 years.
- The City has identified a number of areas in which there is a need to increase funding: Some of these are:
  1. Amounts contributed to the Capital Improvements Fund to keep up with repair of current roads and sewers (not including significant downtown improvements). This fund is especially hurt since the state Motor Fuel Tax is decreasing and construction costs are increasing over 10% annually.
  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, costs for a public arts program, and improvements for bicycling, are additional areas that the Council has indicated they would like to increase future funding.
  4. The City will be required to pay approximately \$3.5 million in near future for the East Urbana Interceptor Sewer Project. It is most probable that this money will have to be borrowed.
- Given cost increases in fuel, construction supplies, possible future employee pension costs (especially given the current stock market), health insurance and the general recession in the economy, I believe Urbana and other similar cities will have some very difficult financial decisions in the near future. Therefore, I believe asking homeowners to pay an additional 2.9% to continue the current service level is reasonable and necessary.

ORDINANCE NO. 2008-11-133

ANNUAL TAX LEVY ORDINANCE  
OF THE CITY OF URBANA, ILLINOIS FOR THE YEAR  
BEGINNING JULY 1, 2008 AND ENDING JUNE 30, 2009

WHEREAS, the Corporate Authorities of the City of Urbana, Illinois, pursuant to an ordinance previously adopted authorizing the same, did, on the 16th day of June, 2008, that date being before the beginning of the fiscal year of the city commencing on July 1, 2008, and ending on June 30, 2009, 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, Six Hundred Forty Three Thousand Ninety One Dollars (\$7,643,091).

Section 2. That the sum of \$7,643,091 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 \$7,643,091 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:

To Be Budget	Raised By
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	<u>Appropriations</u>	<u>Tax Levy</u>
<u>GENERAL CORPORATE FUND</u>		
For General Corporate Fund Expenditures for Personnel - Police Department	\$2,056,699	\$2,056,699
<u>POLICEMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	\$1,568,450	\$1,568,450
<u>FIREMEN'S PENSION FUND</u>		
For State Mandated Pension Requirements	\$1,202,470	\$1,202,470
<u>URBANA FREE LIBRARY TRUST FUND</u>		
For Urbana Free Library Expenditures as Determined by Library Board		
CENTRAL COSTS-CONTRACTUAL	\$ 495,721	\$ 495,721
ADMINISTRATION-WAGES	\$ 277,425	\$ 277,425
ADULT DEPARTMENT:		
Books and Materials	\$ 250,271	\$ 250,271
Wages	<u>405,016</u>	<u>405,016</u>
SUBTOTAL, ADULT	\$ 655,287	\$ 655,287
CHILDREN'S DEPARTMENT:		
Books and Materials	\$ 73,566	\$ 73,566
Wages	<u>305,356</u>	<u>305,356</u>
SUBTOTAL, CHILDREN'S	\$ 378,922	\$ 378,922
ARCHIVES DEPARTMENT:		
Books and Materials	\$ 23,905	\$ 23,905
Wages	<u>208,949</u>	<u>208,949</u>
SUBTOTAL, ARCHIVES	\$ 232,854	\$ 232,854
MAINTENANCE-WAGES	\$ 57,440	\$ 57,440
ACQUISITIONS DEPARTMENT-WAGES	\$ 202,793	\$ 202,793
CIRCULATION DEPARTMENT-WAGES	\$ 515,030	\$ 515,030
TOTAL, ALL LIBRARY	<u>\$2,815,472</u>	<u>\$2,815,472</u>
<b>TOTAL AMOUNT</b>	<b><u>\$7,643,091</u></b>	<b><u>\$7,643,091</u></b>

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, Six Hundred Forty Three Thousand Ninety One Dollars (\$7,643,091) 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 \$7,643,091 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 \_\_\_\_\_, 2008.

AYES:

NAYS:

ABSTAINED:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_ day of \_\_\_\_\_, 2008.

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Laurel Lunt Prussing, Mayor