

AGENDA
CITY OF ST. CHARLES
GOVERNMENT OPERATIONS COMMITTEE
ALD. RON SILKAITIS, CHAIR
MONDAY, NOVEMBER 1, 2021
IMMEDIATELY FOLLOWING THE CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS – 2 EAST MAIN STREET
https://us06web.zoom.us/webinar/register/WN_ij5XFxvhTM-UpoWIFlh68Q

1. Call to Order

2. Roll Call

3. Omnibus Vote

Items with an asterisk (*) are considered to be routine matters and will be enacted by one motion. There will be no separate discussion on these items unless a council member/citizen so requests, in which event the item will be removed from the consent agenda and considered in normal sequence on the agenda.

4. Fire Department

*a. Recommendation to approve the purchase of 11 sets of firefighting bunker coats and pants PPE in the amount of \$29,425.00 from Air One Equipment, Inc.

5. Human Resources Department

a. Recommendation to approve a Letter of Engagement with Clark Hill to provide representation and legal advice for the City of St. Charles in a police pension application matter.

6. Finance Department

a. Recommendation to authorize the Assistant Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2021 in the amount of \$845,794.

b. Recommendation to approve the recommended 2021 Property Tax Levy for SSA 1A; SSA 1B; SSA 5; SSA 6; SSA 7; SSA 10; SSA 13; SSA 21; and SSA 57.

c. Recommendation to approve the Preliminary Estimate of 2021 Property Tax Levy in the amount of \$24,576,475.

7. Additional Items from Mayor, Council, Staff, or Citizens.

8. Executive Session

- Personnel – 5 ILCS 120/2(c)(1)
- Pending Litigation – 5 ILCS 120/2(c)(11)
- Probable or Imminent Litigation – 5 ILCS 120/2(c)(11)
- Property Acquisition – 5 ILCS 120/2(c)(5)
- Collective Bargaining – 5 ILCS 120/2(c)(2)
- Review of Executive Session Minutes – 5 ILCS 120/2(c)(21)

9. Adjournment

ADA Compliance

Any individual with a disability requesting a reasonable accommodation in order to participate in a public meeting should contact the ADA Coordinator, Jennifer McMahon, at least 48 hours in advance of the scheduled meeting. The ADA Coordinator can be reached in person at 2 East Main Street, St. Charles, IL, via telephone at (630) 377 4446 or 800 526 0844 (TDD), or via e-mail at jmcmahon@stcharlesil.gov.

Every effort will be made to allow for meeting participation. Notices of this meeting were posted consistent with the requirements of 5 ILCS 120/1 et seq. (Open Meetings Act).

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: *4a

Title:

Recommendation to approve the purchase of 11 sets of firefighting bunker coats and pants PPE in the amount of \$29,425.00 from Air One Equipment, Inc.

Presenter:

Fire Chief Scott Swanson

Meeting: Government Operations Committee Date: November 1, 2021

Proposed Cost: \$29,425

Budgeted Amount: \$30,250

Not Budgeted: **Executive Summary** (*if not budgeted please explain*):

Following a lengthy RFP process and then determining the exact sizing of the necessary personnel, our purchase of Firefighting Personal Protective Equipment (PPE) has been substantially delayed this year. The Fire Department normally orders Firefighting PPE several times during the fiscal year. This ordinarily results in smaller, although more frequent orders throughout a normal year to maintain safety, equipment quality, and assure the effective life-span of the Firefighting PPE is not exceeded.

Air One Equipment, Inc. is the vendor for these items as result of the RFP process. The Fire Department has worked with the vendor to properly size and equip each of the eleven personnel who will be issued the new Firefighting PPE once received.

Since this is a larger order than normal, necessary to catch up to where the Fire Department replacement schedule should be, this request is being brought to the Government Operations Committee for approval since it is in excess of \$25,000. This procurement is a regular on-going process and the funds are included in the Fire Department budget for this purchase.

Attachments (*please list*):

Air One Equipment pricing quote

Recommendation/Suggested Action (*briefly explain*): Recommend the Approval of the purchase of 11 sets of Firefighting PPE from Air One Equipment in the amount of \$29,425.



360 Production Drive
 South Elgin, IL 60177
 Phone: 847-289-9000
 Fax: 847-289-9001
 Email: airone@aoc.net

QUOTATION
 VALID FOR 30 DAYS.

Date	Quote #
10/14/2021	14203

Sold To
ST. CHARLES, CITY OF Attn: A/C Tony Cavallo 2 E. MAIN STREET ST CHARLES, IL 60174

Ship To
ST. CHARLES FIRE DEPT PO# 183054 INVENTORY CONTROL 200 DEVEREAUX WAY ST. CHARLES, IL 60174

Quoted By	P.O. No.	Terms	Salesman
John D		Net 45	JD

Item	Description	Qty	Cost	Amount
ST. CHARLES GX3 COAT	GLOBE: ST. CHARLES SPEC G-XTREME 3.0 BUNKER COAT	11	1,560.00	17,160.00
ST. CHARLES GPS PANTS	GLOBE: ST. CHARLES SPEC GPS BUNKER PANTS ***** PRICING PER CONTRACT # 4419 *****	11	1,115.00	12,265.00

Freight charges are added when invoiced unless otherwise noted.	Subtotal	\$29,425.00
3% PROCESSING FEE FOR CREDIT CARD PAYMENTS OVER \$500	Sales Tax (0.0%)	\$0.00
Effective Jan 1, 2021, all returns after 30 days of delivery will incur a 20% restocking fee. Items ordered in connection with natural disasters, pandemic or like situations cannot be returned and orders for such items cannot be cancelled after 10 days of Seller's receipt.	Total	\$29,425.00



CITY OF
ST. CHARLES
ILLINOIS • 1834

AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 5a

Title:

Recommendation to Approve a New Letter of Engagement with Clark Hill

Presenter:

Jennifer McMahon, Director of Human Resources

Meeting: Government Operations Committee

Date: November 1, 2021

Proposed Cost: \$50,000

Budgeted Amount: \$20,000

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

City Code Section 2.10.030 requires that the Mayor and City Council, with the advice of the City attorney, may, for specific legal actions, appoint additional legal counsel with the duties and compensation specified in the appointment. The firm who has traditionally provided legal counsel, Clark Baird Smith (CBS), for the City was working on a duty-related police pension application. In early June, the attorney working on this case, Yvette Heintzelman, left CBS and launched their own firm. Given the extensive time put into the case, her expertise in this area, and her historical knowledge of the case, staff and the City Attorney recommended remaining with and engaging Heintzelman for this matter until its conclusion. Therefore, City Council approved an engagement letter with Heintzelman Law, LLC in August of 2021. She has now joined the law firm of Clark Hill and has submitted a new engagement letter, on behalf of that firm. The City would be engaging only with Heintzelman for the duration of this matter. There is no increase in the hourly rate.

As mentioned previously, the entire legal budget for Human Resources is \$20,000. During staff budget discussions \$25,000 was proposed for General Legal and \$5,500 for arbitration/negotiations, but this amount was cut to balance the budget. The proposed cost is based on the attorney's rate of \$340 and approximately 150 hours of work, which may include research, document review, subpoena issuance/response, strategy development, meetings, and depositions/cross examinations and related preparation.

Included in the agenda packet is a letter of engagement from Clark Hill.

Attachments *(please list):*

Letter of engagement

Recommendation/Suggested Action *(briefly explain):*

Recommendation to Approve a Letter of Engagement with Clark Hill to provide representation and legal advice for the City of St. Charles in a police pension application matter



Yvette Heintzelman
T (312) 985-5917
F (312) 985-5585
Email: yheintzelman@clarkhill.com

Clark Hill
130 E. Randolph Street, Suite 3900
Chicago, Illinois 60601
T (312) 985-5900
F (312) 985-5999

October 18, 2021

Jennifer McMahon
City of St. Charles
2 East Main Street
St. Charles, Illinois 60174

Re: City of St. Charles Representation

Dear Jenn,

This letter serves to record the terms of our engagement to represent City of St. Charles, with regard to the pension litigation application for duty disability benefits filed by Dawn Churney. We are prepared to provide services beyond this scope after consultation and mutual agreement.

Our fees in this matter are based on hours spent by lawyers and other professionals necessary to produce the work product. Our minimum billing increment is .1 hour. Yvette Heintzelman will be the principal attorney contact in this matter. Yvette Heintzelman's hourly rate is \$340 per hour. Our current associate's rates will be between \$235 and \$300 per hour and paralegals will be billed at \$150 to \$200 per hour. These rates may be adjusted periodically to reflect the experience and expertise of our professionals.

This letter is supplemented by our Standard Terms of Engagement for Legal Services, attached, which are incorporated in this letter and apply to this matter and other matter(s) for which you engage us. If you agree that this letter provides acceptable terms for our engagement in this matter, please sign and return a copy to me.

We look forward to working with you.

Sincerely,

CLARK HILL

/s/ *Yvette Heintzelman*

Yvette Heintzelman

YH:cdw
Attachment

City of St. Charles accepts, and agrees to be bound by, the foregoing.

CITY OF ST. CHARLES

Dates: _____ 2021

STANDARD TERMS OF ENGAGEMENT FOR LEGAL SERVICES

This statement provides the standard terms of our engagement as your lawyers. Unless modified in writing by mutual agreement, these terms will be an integral part of our agreement with you. Therefore, we ask that you review this statement carefully and contact us promptly if you have any questions.

GENERAL RIGHTS AND RESPONSIBILITIES OF CLIENTS OF THE FIRM

A client of the firm has the right to: (A) expect competent representation by the firm; (B) determine the purposes to be served by the legal representation, so long as those purposes are legal and do not violate the firm's obligation to the profession or to the judiciary; (C) be kept reasonably informed about the status of the matter and have the firm respond promptly to reasonable requests for information; and (D) terminate the representation at any time, with or without cause, subject to the obligation for payment of legal services provided and costs incurred by the firm.

A client of the firm has the responsibility to: (A) obey all orders issued by a court or other tribunal concerning your matter; (B) be candid and truthful with the firm and the court or other tribunal; and (C) pay the firm as provided by this agreement and any other agreements regarding payment for legal services and expenses. A client may not: (A) demand that the firm use offensive tactics or treat anyone involved in the legal process with anything but courtesy and consideration; (B) demand any assistance which violates the Rules of Professional Conduct; or (C) pursue or insist upon a course of action which the firm reasonably believes to be illegal, fraudulent, offensive or unwise. The firm may terminate this agreement for reasons permitted under the Rules of Professional Conduct.

OBLIGATIONS OF A LAWYER

All lawyers are required to observe and uphold the law, including applicable court rules; and are governed by Rules of Professional Conduct that pertain to our relationship with a client, with third persons, other professionals and the courts. All of these laws and rules apply to our representation of you, and we welcome your inquiry about them.

WHOM WE REPRESENT

The person or entity whom we represent is the person or entity identified in our engagement letter and does not include any affiliates or related parties of such person or entity, such as parent companies, subsidiaries, sibling entities, and/or other affiliates; or employees, officers, directors, shareholders of a corporation, partners of a partnership, members of an association or limited liability company, and/or other constituents of a named client unless our engagement letter expressly provides otherwise.

THE SCOPE OF OUR WORK

You should have a clear understanding of the legal services we will provide. Any questions that you have should be dealt with promptly.

We will at all times act on your behalf to the best of our ability. Any expressions on our part concerning the outcome of your legal matters are expressions of our best professional judgment, but are not guarantees. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed. Your obligation to pay our fees as provided in this letter is not in any way contingent upon a result or results in the matter.

Our attorney-client relationship will be considered ended upon the earliest of (a) our completion of services in the matter(s) for which you have engaged us, (b) notification by you to us that you desire to terminate such services, or (c) notification by the firm of termination of our attorney-client relationship.

WHO WILL PROVIDE THE LEGAL SERVICES

Customarily, each client of the firm is served by a principal attorney contact. The principal attorney should be someone in whom you have confidence and with whom you enjoy working. You are free to request a change of principal attorney at any time. Subject to the supervisory role of the principal attorney, your work or parts of it may be performed by other lawyers and paralegals in the firm. Such delegation may be for the purpose of involving lawyers or paralegals with special expertise in a given area or for the purpose of providing services on an efficient and timely basis.

PRESERVATION OF EVIDENCE AND COMMUNICATION PROTOCOL IN LITIGATED MATTERS

All evidence of any nature that is arguably relevant to this matter, including but not limited to documents (whether hard copy or electronic) and other physical evidence, must be preserved. Moreover, scheduled routine destruction of any stored records (whether hard copy or electronic) must be suspended immediately until after this matter is concluded. Failure to do so may result in sanctions by a court or tribunal.

In order to preserve the attorney-client privilege that attaches to our communications, it is important that all future oral communications about this matter occur only in the presence of a Clark Hill attorney. Further, all written communications about the matter should be directed to a Clark Hill attorney. You recognize that, while convenient and sometimes necessary, communications transmitted by internet, mobile and other electronic means may not be entirely secure. Therefore, in communicating by such means you accept the risks that such communications may not be protected by the attorney-client privilege, and we agree that no party will be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any such communications due to any reason beyond that party's reasonable control.

HOW FEES WILL BE SET

Unless our engagement letter provides otherwise, our fees will be charged on an hourly basis, *i.e.*, time expended multiplied by the hourly rates of our lawyers and other professionals. Among the factors we consider in determining the staffing of the matter and the fees charged are:

- The novelty and complexity of the issues presented, and the skill required to perform the legal services;
- The fees customarily charged in the community for similar services and the value of the services to you;
- The amount of money or value of property involved;

- The time constraints imposed by you as our client and other circumstances, such as an emergency closing, the need for injunctive relief from court, or substantial disruption of other office business;
- The experience, reputation and expertise of the lawyers performing the services.

We will keep accurate records of the time we devote to your work, including conferences (both in person and over the telephone), negotiations, factual and legal research and analysis, document preparation and revision, travel on your behalf, and other related matters. We record our time in tenths of an hour.

The hourly rates of our lawyers and other professionals are adjusted periodically to reflect current levels of legal experience, changes in overhead costs and other factors.

We are often requested to estimate the amount of fees and costs likely to be incurred in connection with a particular matter. Whenever possible we will respond to your request by furnishing an estimate based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed fee quotation. The ultimate cost frequently is more or less than the amount estimated.

RETAINER AND TRUST DEPOSITS

Clients of the firm are commonly asked to deposit a retainer with the firm. Unless otherwise agreed, the retainer deposit will be credited toward your unpaid invoices, if any, at the conclusion of services. While the retainer is on deposit, you grant us a security interest in such funds. At the conclusion of our legal representation or at such time as the deposit is unnecessary or is appropriately reduced, the remaining balance or an appropriate part of it will be returned to you.

Deposits which are received to cover specific items will be disbursed as provided in our agreement with you, and you will be notified from time to time of the amounts applied or withdrawn. Any amount remaining after disbursement will be returned to you.

All trust deposits we receive from you will be placed in a trust account for your benefit. Your deposit will be placed in a pooled account unless you request a segregated account. By law, interest earned on the pooled account is payable to a charitable foundation. Interest earned on a segregated trust account will be added to the deposit for your benefit and will be includable in your taxable income.

EXPENSES

We frequently incur and/or pay on behalf of our clients a variety of expenses arising in connection with legal services. These expenses include charges made by courts, other government agencies, and service vendors. You authorize us to incur such charges on your behalf, and agree to reimburse the firm to the extent we pay these charges on your behalf. You also authorize us to incur on your behalf expenses incidental to the representation, including but not limited to deposition and transcript costs; witness fees; travel expenses; charges of outside experts and consultants; and other legal counsel fees. You agree that you will be solely responsible for such expenses and that the firm will not be responsible for such expenses. We will

usually advance expenses up to \$100, and require that our clients directly pay, or deposit with us funds to pay, expenses exceeding \$100.

The firm does not charge for internal costs of routine copying, telephone, third party charges for research, faxes, secretarial overtime, mailing, and the like. However, the firm does charge for extraordinary expenses of this type, and we will bill you for them at our cost.

FILES AND OTHER MATERIALS

Files generated in the matter will be retained by the firm as required by law, and thereafter may be retained or destroyed, at our discretion. To the extent we retain them, we will provide you reasonable access to matter files in accordance with applicable law, excluding firm files (firm administrative records, time and expense reports, personnel and staffing materials, accounting records, and internal lawyers' work product, e.g., drafts, notes, internal memoranda, legal research, and factual research). Matter files to which you are given access may be reproduced at your request and at your expense. We reserve the right to make and retain copies of all documents generated or received by us in connection with the matter. After our engagement in this matter ends, upon your request and at your expense we will return any property you have entrusted to us, unless there is a balance on your account. If there is a balance on your account, the firm will assert a retaining lien on such property to the extent allowed by law. If you have not requested return of such property within a reasonable time after our engagement in the matter ends, we may retain or destroy such property at our discretion.

TERMINATION

You may terminate our representation at any time, with or without cause, by notifying us. Your termination of our services will not affect your responsibility for payment of legal services rendered and out-of-pocket costs and internal charges incurred before termination and in connection with an orderly transition of the matter.

The Rules of Professional Conduct list several types of conduct or circumstances that require or allow us to withdraw from representing a client, including, for example: persistence in a course of conduct which we reasonably believe to be criminal or fraudulent, insistence upon pursuing an objective which we consider to be repugnant or imprudent, failure of a substantial nature to fulfill an obligation after reasonable warning that it will result in our withdrawal, or other good cause.

BILLING ARRANGEMENTS AND TERMS OF PAYMENT

Our invoices will report the hours and rates for attorneys and other professionals on the matter, and describe the work performed. Unless otherwise provided in our engagement letter, we will provide you with a bill on a monthly basis. Payment is due on receipt. Any balance unpaid after 30 days of the date of the invoice shall accrue interest at the rate of seven percent (7%) per annum. Payments shall be applied first to costs and expenses, then to accrued interest, if any, and then to the unpaid fees.

We will give you notice if your account becomes delinquent, and you agree to bring the account or the retainer deposit current. If the delinquency continues and you do not arrange satisfactory payment terms, we may withdraw from the representation and pursue collection of your account. We may also request permission of any court in which we have filed an

October 18, 2021

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appearance on your behalf to allow us to withdraw as your counsel, and you agree that non-payment of our fees is a valid basis for our request to so withdraw. To the extent collection of your account becomes necessary, you agree that, in addition to any unpaid balance and interest thereon, we will be entitled to recover all costs and expenses of collection, including reasonable attorney fees.



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 6a

Title: Seeking a motion to authorize the Assistant Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2021 in the amount of \$845,794.

Presenter: Colleen Lavery, Assistant Finance Director

Meeting: Government Operations Committee

Date: November 1, 2021

Proposed Cost: \$845,794

Budgeted Amount: \$766,275

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

The City has retained Assurance Agency as its consultant for the risk insurance program. Typically, insurance programs are taken to market on an expansive basis every 3-4 years. Assurance comprehensively marketed and quoted the risk insurance program for the renewal years beginning December 1, 2015, December 1, 2017 and December 1, 2020.

For the December 1, 2021 renewal year, Assurance contacted multiple carriers for price quotes on various pieces of the City’s risk insurance program. Assurance received several quotes for each element of the program despite some carriers declining to provide quotes because they were not able to price the City’s package competitively.

The total cost quoted for the annual renewal beginning on December 1, 2021 is \$845,794, exclusive of cyber insurance which is bound separately. In comparison, the cost of insurance for the 2020 renewal was \$724,945. The price differential from year to year is \$120,849 which equates to a 16.7% increase. This renewal premium represents the most competitive quotes received to maintain current coverage limits. Although the City received a lower priced quote from one insurance provider, this option would have resulted in less overall property coverage. Specifically, the maximum aggregate limits of flood and earthquake insurance from the lower cost provider were set at \$13,000,000 and \$10,000,000, respectively. This is a downgrade from the City’s current and recommended coverage which caps the maximum aggregate limits of flood and earthquake insurance at \$25,000,000 each.

Assurance has stated that the property insurance market has undergone a severe tightening in response to the increased frequency and magnitude of various natural disasters that have occurred over the past several years. The increase in the annual premiums reflect the results of this tightening. Assurance has noted that their other clients are experiencing similar premium increases.

For 2021, the renewal policy coverage limits remain fairly consistent with the 2020 package except for flood coverage. Flood coverage is becoming more difficult to obtain and the maximum aggregate limits being offered are diminishing in amount. This year, the maximum coverage of certain City properties has been reduced based on various risk factors. Assurance successfully negotiated an upgrade to the coverage limits on these properties from those initially proposed. Other than these coverages, there are no substantive changes to the City’s coverage limits, deductibles or self-insured retention (SIR) amounts.

There are no changes being proposed to the companies providing coverage; Travelers provides the City’s liability package, Chubb provides the City’s property package, and IPRF provides the Workers Compensation policy coverage. These carriers have extensive experience in the public entity insurance market. Staff is satisfied with the results of Assurance’s marketing efforts and recommends the renewal of the risk insurance program as presented.

Attachments *(please list):*

Premium Summary

Recommendation/Suggested Action *(briefly explain):*

Seeking a motion to authorize the Assistant Finance Director to execute the risk insurance program renewal for the year beginning December 1, 2021 in the amount of \$845,794.



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 6b

Title:

Recommendation to approve the suggested 2021 Property Tax Levy for SSA 1A; SSA 1B; SSA 5; SSA 6; SSA 7; SSA 10; SSA 13; SSA 21; and SSA 57

Presenter:

Colleen Lavery, Assistant Finance Director

Meeting: Government Operations Committee

Date: November 1, 2021

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

Not Budgeted:

In addition to the Corporate levy, the City levies property taxes in nine of its Special Service Areas (SSA's). These SSA tax levies are not applicable to all residents, but rather to small geographic areas within the City that receive services provided by the City. These amenities consist of the maintenance of common storm water detention areas, parking garage upkeep and economic revitalization assistance within the City's downtown. The benefitting property owners and businesses pay an additional property tax to fund these supplementary services.

The recommended levies for the nine active SSA's are:

Special Service Area	Levy Amount
SSA 1A (Downtown Parking)	\$81,000
SSA 1B (Downtown Revitalization)	\$272,000
SSA5 (CMD Common Area Mtce)	\$5,750
SSA6 (Cambridge East Common Area Mtce)	\$1,300
SSA7 (CMD Tyler Area Common Area Mtce)	\$8,900
SSA10 (Royal Fox I Common Area Mtce)	\$11,000
SSA 13 (Red Gate Common Area Mtce)	\$10,000
SSA 21 (Foxfield Commercial Construction and Common Area Mtce)	\$266,106
SSA57 (Legacy Bus Park, Electric Substation)	\$35,000

With the exception of SSA21, the 2021 recommended levies for each of the special service areas are the same as the amounts levied in 2020. The SSA21 2020 levy was \$268,694. The SSA21 levy is comprised of a debt payment component and maintenance component. The year over year change in the amount of this levy reflects a reduction in the debt service component.

A public hearing to discuss these property tax levies will be held on December 6, 2021. Immediately following this hearing, a formal Tax Levy Ordinance for each of the SSA levies will be presented for City Council approval.

Attachments (*please list*):

Recommendation/Suggested Action (*briefly explain*):

Recommendation to approve the suggested 2021 Property Tax Levy for SSA 1A; SSA 1B; SSA 5; SSA 6; SSA 7; SSA 10; SSA 13; SSA 21; and SSA 57

**AGENDA ITEM EXECUTIVE SUMMARY**

Agenda Item number: 6c

Title:

Recommendation to approve the Preliminary Estimate of 2021 Property Tax Levy in the amount of \$24,576,475

Presenter:

Heather McGuire, City Administrator

Meeting: Government Operations Committee

Date: November 1, 2021

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

Not Budgeted: **Executive Summary** (*if not budgeted please explain*):

The City conducted a Strategic Planning Session in order to determine management direction for the coming year. One of the issues raised was the Property Tax Rate Policy of keeping the dollar levied consistency year to year. Staff requested that the Mayor and City Council consider increasing the levy request to 4.99% in order to generate revenue consistent with inflationary increases. Kane County is in the third year of the 2019 - 2022 quadrennial assessment cycle. Properties will be assessed in calendar 2022 and levied in calendar 2023. Although preliminary estimates from Kane County indicate a 2.84% increase over the previous year, individual increases may be minor.

The City established a policy not to increase tax receipts while EAV's were decreasing. The City continued that policy even while EAV's began to rise in 2015. Beginning in 2018, the City took advantage EAV increases but at a lesser rate than the growth in assessed value. The dollar experienced an average inflation rate of 2.07% per year between 2009 and today, producing a cumulative price increase of 27.86%. This means that today's prices are 1.28 times higher than average prices since 2009, according to the Bureau of Labor Statistics consumer price index. Since 2015 the City has forgone \$11,520,761 in property tax receipts had it increased the levy amount by the tax rate cap of 4.99%.

Property taxes are 29 % of the General Fund Revenue Annual Operating Budget and the property tax has been held to a flat dollar amount for seven (7) of the past ten (10) years. Since that time inflation has increased by nearly 28%. The current City property tax rate of .8287 equates to 10.1% of the total property tax bill and is below the average rate for comparable home rule communities in Kane County.

In order to bring the Property Tax Levy which is 30% of the General Fund Revenue more in line with today's dollar value which supports general operations and pays annual debt service payments; it is necessary to increase the property tax levy taking advantage of any increase in EAV, along with levying at the 4.99% rate which will not require a public hearing.

The levy amount presented represents an approximate 2.81% increase from the prior year, operating and debt service levies. The debt service levy must be included in the estimate, although the City has traditionally abated debt service from non-property tax revenue streams. As a result, the \$10,855,111 reflected as debt service will be removed from the final 2021. This will result in a proposed 4.99% actual increase to the City's tax levy after debt abatement.

The dollar amount of the estimated 2021 operations levy (\$13,721,364) has been increased by \$652,154 (4.99%), operations plus debt levy is \$24,576,475.

The 2021 levy estimate as presented (after debt abatement) would result in a 4.99% increase to the City portion of the tax bill for the average resident assuming a corresponding 2.84% increase to EAV. This would equate to an increase of approximately \$40.00 annually for the owner of a property with a market value of \$300,000 or \$3.34 per month.

Attachments (*please list*):

Property Tax Levy Information

Recommendation/ Suggested Action (*briefly explain*):

Motion to Approve the Preliminary Estimate of 2021 Property Tax Levy in the amount of \$24,576,475.

Summary

Taxing Authority

Illinois Statutes 65 ILCS 5/ Illinois Municipal Code Division 3, Levy and Collection of Taxes spells out each municipality's responsibility in filing a property tax levy. The Tax Levy Ordinance must be passed by the second Tuesday in December accompanied by a Certification of Tax Levy Ordinance. Illinois House Bill 4517 (*Property Tax Rate Limit*) - Amends the Property Tax Code. Provides that the aggregate tax rate extended against taxable real property by any taxing district may not exceed 105% of the aggregate tax rate extended by the taxing district in the previous levy year unless the increase is approved by referendum. Preempts home rule powers.

Home rule is the State constitutional authority of local governments to self-govern, provided the General Assembly did not explicitly limit that power or maintain the exclusive.

Truth-in-Taxation

The Truth-in-Taxation Law establishes procedures taxing districts must follow when adopting levies more than 5% higher than the total amount of taxes in the previous year. The requirements are:

- 1) Publish the required notice in a local newspaper;
- 2) Hold a public hearing;
- 3) At the public hearing, the taxing district must explain the reasons for its levy;
- 4) Anyone who wants to present testimony must be given the opportunity to do so; and
- 5) After the hearing, the taxing district may adopt the tax levy.

Each taxing district must certify to the County Clerk that it has complied with all Truth-in-Taxation publication, notice, and hearing requirements when it certifies its levy to the County Clerk. If a taxing district does not comply with the requirements of the Truth-in-Taxation Law, the County Clerk must limit the levy increase to 5%.

Quadrennial Assessment

Kane County is in the third year of the 2019 - 2022 quadrennial assessment cycle. Properties will be assessed in calendar 2022 and assessed in calendar 2023. As a result, large assessment increases should not be experienced in the coming fiscal year.

History

The City established a policy not to increase tax receipts while EAV's were decreasing. The City continued that policy even while EAV's began to rise in 2015. Beginning in 2018, the City took advantage EAV increases but at a lesser rate than the growth in assessed value. The dollar experienced average inflation rate of **2.07% per year** between 2009 and today, producing a cumulative price increase of 27.86%. This means that today's prices are 1.28 times higher than average prices since 2009, according to the Bureau of Labor Statistics consumer price index

Revenue Forgone

Since 2015 the City has forgone \$11,520,761 in property tax receipts had it increased the levy amount by the tax rate cap of 4.99%.

Current Tax Rate

The current City property tax rate of .8287 equates to 10.1% of the total property tax bill and is below the average rate for comparable home rule communities in Kane County.

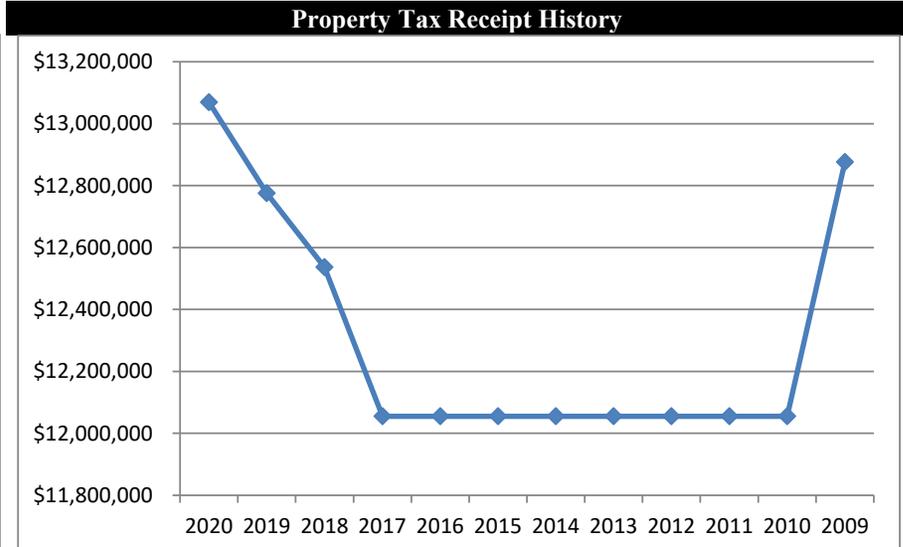
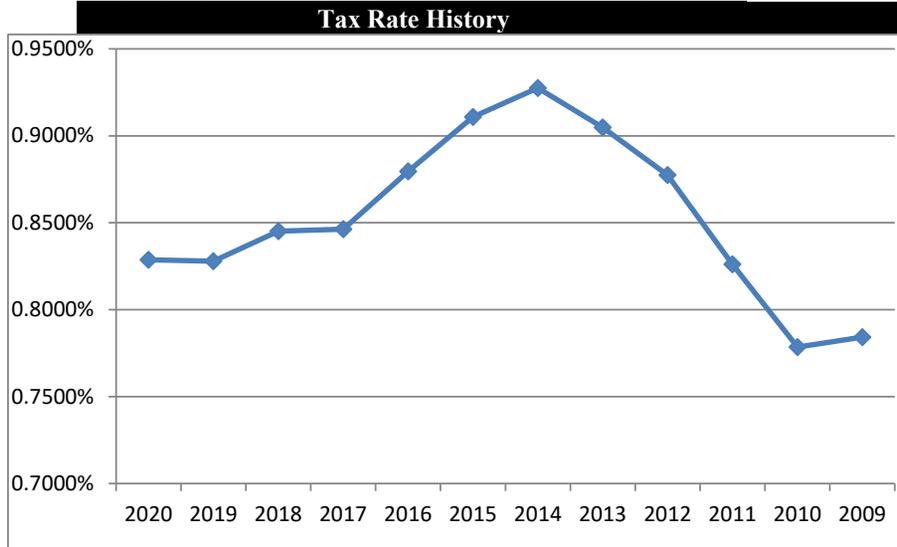
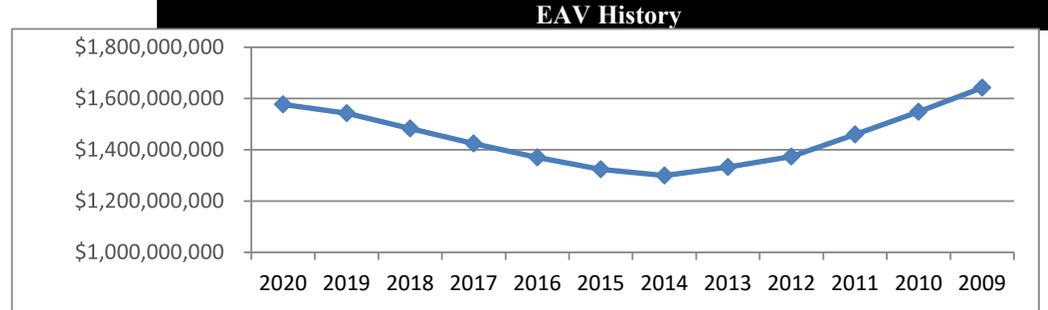
Property Tax Impact

Property taxes are 29 % of the General Fund Revenue and the property tax has been held to a flat dollar

City of Saint Charles
Property Tax Levy
2022

Histories

Year	EAV	Change Market	Rate	Receipts
2020	\$1,577,117,514	2.208%	0.8287%	\$13,069,216
2019	\$1,543,045,890	4.026%	0.8279%	\$12,775,382
2018	\$1,483,332,684	4.135%	0.8452%	\$12,537,176
2017	\$1,424,433,052	3.935%	0.8463%	\$12,055,117
2016	\$1,370,503,442	3.553%	0.8795%	\$12,055,117
2015	\$1,323,481,673	1.827%	0.9109%	\$12,055,117
2014	\$1,299,730,384	-2.444%	0.9275%	\$12,055,117
2013	\$1,332,295,536	-3.029%	0.9048%	\$12,055,117
2012	\$1,373,914,815	-5.857%	0.8774%	\$12,055,117
2011	\$1,459,398,426	-5.755%	0.8260%	\$12,055,117
2010	\$1,548,516,185	-5.700%	0.7785%	\$12,055,117
2009	\$1,642,118,164	7.222%	0.7841%	\$12,876,103



Both the charts and graphs show the history of the property tax management over the past several years. "Property Tax Receipt History" shows the City's policy to keep receipt at a flat dollar amount from 2010 to 2017. Principally because the City established a policy not to increase tax receipts while EAV's were decreasing. The City continued that policy while EAV's began to increase and took advantage of some EAV increases at a reduced rate. The dollar had an average inflation rate of **2.07% per year** between 2009 and today, producing a cumulative price increase of 27.86%. This means that today's prices are 1.28 times higher than average prices since 2009, according to the Bureau of Labor Statistics consumer price index. Through that same period the average increase in tax receipts is less than 1 percent. Without taking advantage of EAV increases or 4.99% cap

City of Saint Charles
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Property Tax Forgone

Levy	Fiscal	Market		Actual		Forgone		Forgone	
				Property Tax		Property Tax		Property Tax	
						<u>Receipts</u>		<u>Receipts</u>	
						<u>w/EAV</u>		<u>w/4.99%</u>	
<u>Year</u>	<u>Year</u>	<u>Value</u>	<u>% Change</u>	<u>Receipts</u>	<u>% Change</u>	<u>Increase</u>	<u>% Change</u>	<u>Increase</u>	<u>% Change</u>
2009	2011	1,642,118,164		\$ 12,876,103		\$ 12,876,103		\$ 12,876,103	
2010	2012	1,548,516,185	-5.7%	\$ 12,055,117	-6.4%	\$ 12,055,117	-6.4%	\$ 12,055,117	-6.4%
2011	2013	1,459,398,426	-5.8%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%
2012	2014	1,373,914,815	-5.9%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%
2013	2015	1,332,295,536	-3.0%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%
2014	2016	1,299,730,384	-2.4%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%	\$ 12,055,117	0.0%
2015	2017	1,323,481,673	1.8%	\$ 12,055,117	0.0%	\$ 12,275,412	1.8%	\$ 12,656,667	4.99%
2016	2018	1,370,503,442	3.6%	\$ 12,055,117	0.0%	\$ 12,711,544	3.6%	\$ 13,288,235	4.99%
2017	2019	1,424,433,052	3.9%	\$ 12,055,117	0.0%	\$ 13,211,746	3.9%	\$ 13,951,318	4.99%
2018	2020	1,483,332,684	4.1%	\$ 12,537,176	4.0%	\$ 13,758,045	4.1%	\$ 14,647,488	4.99%
2019	2021	1,543,045,890	4.0%	\$ 12,775,382	1.9%	\$ 14,311,890	4.0%	\$ 15,378,398	4.99%
2020	2022	1,577,117,514	2.2%	\$ 13,069,216	2.3%	\$ 14,627,908	2.2%	\$ 16,145,780	4.99%
Total Property Tax Levy Years 2015 t			19.2%	\$ <u>74,547,125</u>	8.4%	\$ <u>80,896,544</u>		\$ <u>86,067,886</u>	
Additional Property Tax Collection with increase in EAV						\$ <u>6,349,419</u>		\$ <u>11,520,761</u>	

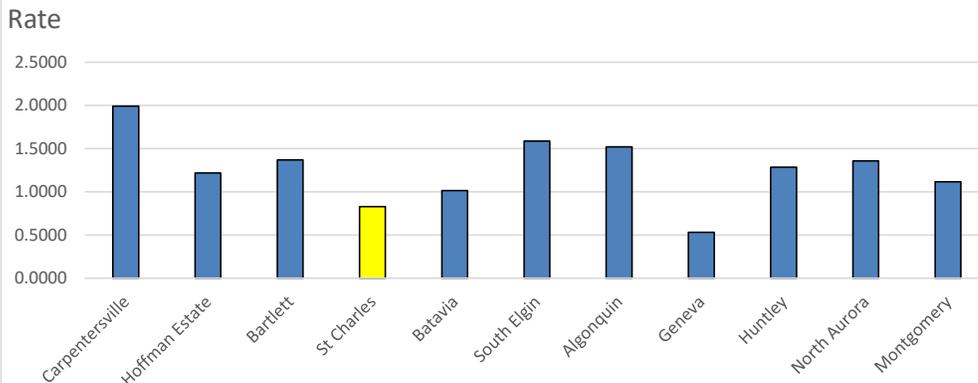
The above chart shows the cumulative property tax receipts forgone by not taxing at the 4.99%. Since 2015 the City has forgone \$11,520,761 in property tax receipts. Equalized Assessed Value (EAV) began decreasing in Fiscal Year 2012 and continued to decline through Fiscal Year 2016. The levy was kept level at \$12,055,117 for the eight year period following the initial decline. The EAV has increased from year to beginning in Fiscal Year 2017. Within the 2017 - 2020 time period EAV increased 19.2% while property tax

City of Saint Charles
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County-Wide Municipal Property Tax Rates

		<u>Average</u>	<u>Median</u>			<u>Average</u>	<u>Median</u>
		0.8157	0.6187			1.0703	1.2858
	<u>Municipality</u>	<u>2021</u>	<u>Population</u>	<u>Municipality</u>	<u>2021</u>	<u>Population</u>	
1	Carpentersville	1.9925	37,872	Carpentersville	1.9925	37,872	
2	West Dundee	1.9433	7,644				
3	Aurora	1.9064	180,542				
4	Elgin	1.7706	114,797				
5	Hoffman Estate	1.2180	50,841	Hoffman Estate	1.2180	50,841	
6	Barrington Hills	1.0311	4,070				
7	Bartlett	0.8697	41,120	Bartlett	0.5000	41,120	1.3697
8	St Charles	0.8287	32,686	St Charles	0.8287	32,686	
9	Batavia	0.7370	26,250	Batavia	0.27771	26,250	1.0147
10	Sleepy Hollow	0.7311	3,296				
11	Maple Park	0.7004	1,650				
12	Burlington	0.6724	681				
13	South Elgin	0.6187	23,039	South Elgin	* 0.91006	23,039	1.5287
14	East Dundee	0.6065	3,181				
15	Algonquin	0.5707	30,799	Algonquin	* 0.94956	30,799	1.5202
16	Wayne	0.5521	2,439				
17	Sugar Grove	0.5402	9,689				
18	Geneva	0.5315	21,888	Geneva	0.5315	21,888	
19	Gilberts	0.5276	7,823				
20	Huntley	0.5129	26,966	Huntley	0.7729	26,966	1.2858
21	Hampshire	0.4831	6,008				
22	Elburn	0.4554	5,629				
23	North Aurora	0.4395	19,638	North Aurora	0.91936	19,638	1.3588
24	Montgomery	0.4389	34,933	Montgomery	0.67861	34,933	1.1175
25	Virgil	0.3151	406				
26	Pingree Grove	0.2143	8,107				

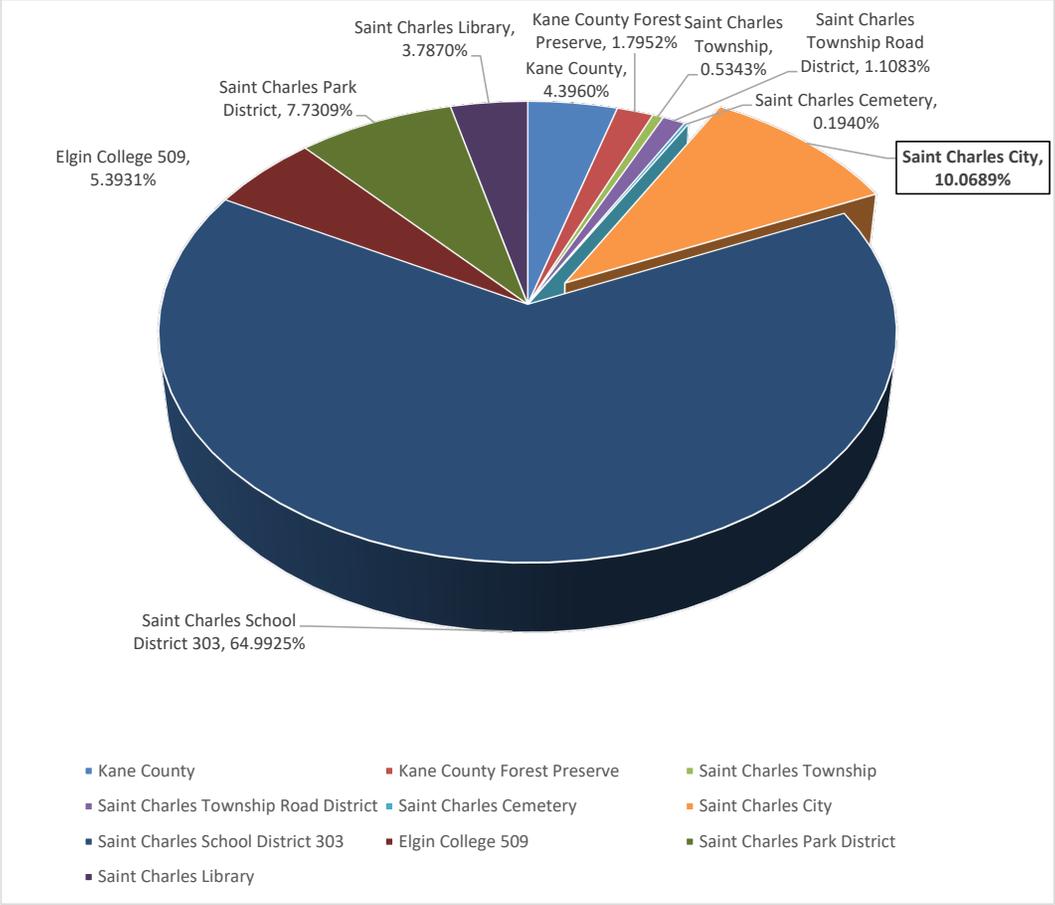
When comparing communities it's important to note similar operations rather than relying exclusively on population. In addition, the general area and operation will typically reflect a more accurate comparable. Some communities in Kane County, like Aurora and Elgin, are not comparable because of their large populations and varying operations. In the same vane, smaller communities may not provide all of the services St. Charles does so are also not comparable. A concerted effort was made to find comparable communities operating within the County boundaries. When comparing communities we attempted to compare operations which required adding the Fire Department levies in some communities. The levies for Algonquin and South Elgin also include a Park and Recreation levy. When comparing these levies Saint Charles is below both the "Average" and "Median" of the comparable communities.



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Saint Charles Taxing District Rates

	<u>Present Rate</u>	<u>Actual Percent</u>
1 Kane County	0.289732	3.52%
2 Kane County - Pension	0.072066	0.88%
3 Kane County Forest Preserve	0.147616	1.79%
4 Kane County Forest Preserve - Pension	0.000128	0.00%
5 Saint Charles Township	0.043970	0.53%
6 Saint Charles Township Road District	0.091210	1.11%
7 Saint Charles Cemetery	0.015970	0.19%
8 Saint Charles City	0.430071	5.23%
9 Saint Charles City - Pension	0.398606	4.84%
10 Saint Charles School District 303	5.166484	62.78%
11 Saint Charles School District 303 - Pension	0.182453	2.22%
12 Elgin College 509	0.443819	5.39%
13 Elgin College 509 - Pension	0.000036	0.00%
14 Saint Charles Park District	0.590931	7.18%
15 Saint Charles Park District - Pension	0.045325	0.55%
16 Saint Charles Library	0.280912	3.41%
17 Saint Charles Library - Pension	0.030758	0.37%
18 Saint Charles SSA 48	0.000000	0.00%
	<u>8.230087</u>	



The City of Saint Charles is 10.07% of the entire property tax bill per average resident. The Saint Charles Unit School District is the majority of the tax bill at 65%. The tax increase being proposed should not significantly change the City of Saint Charles percentage of the property owner's tax bill.

Property taxes are 28.7% of general fund revenue.

City of Saint Charles
 Property Tax Levy
 2022

Municipal Property Tax Rate Effect on Home Owners

		\$300,000	\$350,000	\$400,000	\$450,000
Market Value					
EAV	33.00%	\$99,000	\$115,500	\$132,000	\$148,500
Per	\$100	\$990	\$1,155	\$1,320	\$1,485
City Rate/ Bill	0.8287	\$820	\$957	\$1,094	\$1,231
Additional Tax	4.99%	4.99% \$40.94	4.99% \$47.76	4.99% \$54.58	4.99% \$61.41
	2.84%	2.84% \$23.30	2.84% \$27.18	2.84% \$31.07	2.84% \$34.95
Total Tax Bill	8.230087	\$8,148	\$9,506	\$10,864	\$12,222

The estimated increases in municipal property taxes per various market values are based on a "basic" tax calculation. A significant part of any property tax increase on an individual property owner is the increase in Equalized Assessed Value. Given that the majority of the homes within the corporate boundaries are in a single unit school district, county and township, the main variable would be the EAV. Reassessments are conducted on a triennial basis and one should be coming up shortly.

**City of Saint Charles
Property Tax Levy
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District History

Municipality	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
St Charles	12,876,103	12,055,117	12,055,117	12,055,117	12,055,116	12,055,117	12,055,117	12,055,117	12,055,117	12,537,176	12,775,382	13,069,216
Kane County	53,013,500	54,715,937	53,963,838	53,895,713	53,891,513	53,891,513	53,891,513	54,350,979	54,956,072	55,539,681	56,078,191	56,603,195
Kane County Forest Preserve	30,841,292	31,838,962	34,974,072	33,432,141	35,135,014	35,715,593	35,129,896	29,153,961	22,643,516	23,023,683	23,225,156	23,114,507
St Charles Township	1,047,868	842,000	854,600	880,280	895,250	908,696	925,000	930,344	956,696	987,912	1,019,262	1,049,564
St Charles Twp Road District	2,176,450	2,152,960	2,044,600	2,044,600	1,860,960	1,885,765	1,908,000	1,930,611	1,987,274	2,049,382	2,114,431	2,177,183
St Charles Cemetery	297,314	305,364	309,960	319,300	328,246	330,996	333,661	337,788	347,795	358,828	370,195	381,204
St Charles Sch District 303	142,977,167	147,828,282	150,768,589	154,642,976	159,152,795	162,917,835	165,984,065	158,342,488	147,596,768	151,057,995	155,395,704	159,782,892
Elgin College 509	61,395,234	63,065,699	65,866,702	67,536,145	70,559,472	71,535,650	68,751,692	37,751,190	37,761,144	40,153,389	40,443,978	38,526,394
St Charles Park District	12,343,447	13,605,690	12,820,074	13,125,965	13,566,235	13,431,764	13,491,291	13,510,534	13,822,626	14,161,423	14,593,354	15,122,259
St Charles Library	8,982,500	8,982,500	7,500,000	7,500,000	7,650,000	7,650,000	7,840,000	7,130,425	7,329,535	7,432,968	7,439,327	7,440,229

Municipality	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
St Charles		-6.38%	0.00%	4.00%	1.90%	2.30%						
Kane County		3.21%	-1.37%	-0.13%	-0.01%	0.00%	0.00%	0.85%	1.11%	1.06%	0.97%	0.94%
Kane County Forest Preserve		3.23%	9.85%	-4.41%	5.09%	1.65%	-1.64%	-17.01%	-22.33%	1.68%	0.88%	-0.48%
St Charles Township		-19.65%	1.50%	3.00%	1.70%	1.50%	1.79%	0.58%	2.83%	3.26%	3.17%	2.97%
St Charles Twp Road District		-1.08%	-5.03%	0.00%	-8.98%	1.33%	1.18%	1.19%	2.93%	3.13%	3.17%	2.97%
St Charles Cemetery		2.71%	1.51%	3.01%	2.80%	0.84%	0.81%	1.24%	2.96%	3.17%	3.17%	2.97%
St Charles Sch District 303		3.39%	1.99%	2.57%	2.92%	2.37%	1.88%	-4.60%	-6.79%	2.35%	2.87%	2.82%
Elgin College 509		2.72%	4.44%	2.53%	4.48%	1.38%	-3.89%	-45.09%	0.03%	6.34%	0.72%	-4.74%
St Charles Park District		10.23%	-5.77%	2.39%	3.35%	-0.99%	0.44%	0.14%	2.31%	2.45%	3.05%	3.62%
St Charles Library		0.00%	-16.50%	0.00%	2.00%	0.00%	2.48%	-9.05%	2.79%	1.41%	0.09%	0.01%