

**MINUTES FROM THE PUBLIC HEARING OF THE ST. CHARLES CITY COUNCIL
HELD ON MONDAY, NOVEMBER 19, 2012 – 6:55 P.M.
CITY COUNCIL CHAMBERS, IN THE CITY COUNCIL CHAMBERS
2 E. MAIN STREET ST. CHARLES, IL 60174**

1. Call To Order By Mayor Donald DeWitte At 6:55 P.M.

2. Roll Call.

Present: Stellato, Monken, Payleitner, Turner, Rogina, Martin, Krieger, Lewis, Bessner

Absent: Carrignan

3. Public Hearing concerning passage of the proposed 2012 Property Tax Levy.

a. Mayor DeWitte: This public hearing concerns the 2012 property tax levy. Notice of this hearing was published in the Kane County Chronicle On November 9, 2012. I hereby convene this public hearing to consider the proposed 2012 property tax levy and will take public comment from any interested persons concern about the approval of this proposed budget. This time we'll have a short presentation from city Staff.

Chris Minick: The 2012 tax levy represents taxes that will be paid by our residents and collected by the City during calendar year 2013. Notice of the particular public hearing was published in the November 9, 2012 edition of the Kane County Chronicle and after tonight's public hearing we will have done all things necessary to legally adopt the tax levy ordinances for the City for the 2012 property tax levy and we will have those ordinances in front of you at a meeting in December. For tonight's format I am going to run through some highlights of 2012 tax levy, then do a brief comparison of the 2012 and 2011levies and also summarize the results of the 2011 levy and wrap up with any questions or public comments that might be related to the tax levy this evening.

The 2012 levy request is in the amount of \$22,744,252.00. This is approximately \$1M higher than 2011 preliminary revenue request of \$21.7M and represents roughly a \$4.6% increase in the 2011 tax levy mainly due to an increase due to the debt service levy.

The operator levy for 2012 will be frozen for the fourth straight year at approximately \$12M. That began in 2009 and continuing through 2012 tax levy. The impact of the operator levy being frozen is that we expect no change in the city portion of our average resident's property tax bill for 2012 as compared to 2011.

We are also anticipating that consistent with prior Council direction in prior years we will abate or remove the debt service levy of the property tax bills from our residents. We do estimate the decrease we've seen in the property values for the City began with the 2009 levy will continue for the 2012 levy year. We do anticipate for the 2012 year that decrease will be 5.2%. Also as we go through 2012 tax levy we are including police and fire pension funding in the amount of

\$1.3M for police pension and \$1M for fire pension. We will also include in the 2013/14 budget an estimated \$1.7M related to the Illinois Municipal Retirement fund expenditures; however the IMRF expenditures are paid from the general revenue stream of the City, they are not included in the tax levy.

The EAV or taxable value of the property within the City decreased by approximately 5.2%. For the 2011 levy the rates were set on an EAV of roughly \$1.46B. We do anticipate for the 2012 levy they will decline about \$75M to an EAV of \$1.384. For historical perspective this \$1.46B is roughly equivalent to the same EAV we had during the 2006 property tax levy. The \$1.384 is slightly over the amount of the EAV for the 2005 levy. So you can see the impact that the great recession has had on the property values declining back to those mid 2000's number with the economic conditions that have prevailed over the last few years.

The operations levy is the part that the City Council has the most control and this is the part that passed through the general tax payer of the City and is being held consistent between the 2011 levy and 2012 levy at \$12,000,055.00. There is an increase in the debt service portion of the levy from \$9.2M up to \$10.2M; however we typically do not pass that through the property tax bills of our residents. In 2013 I anticipate moving through a series of ordinances to abate or remove that \$10.2 from the property tax levy which would then remove it from the bill of the residents. That is consistent on how we've done this the past several years. There is a small component of the levy that is attributed to special services that are geographical areas of the City that receive services over and above the general governmental services provided by us. The City does charge an additional tax to provide those services and those are holding steady between 2011 and 2012.

The \$12M operating levy remains consistent year over year. When we are in a period of declining EAVs as we have been for several years; what happens is when the amount of the operating levy is held consistent and the taxable value of the City declines slightly, there is an offsetting increase in the property tax rate to account for that decline in the EAV or taxable value of the City.

Up to this point I've been speaking about the City portion of the tax bill paid by our residents. There was discussion about the City St. Charles Property Tax Distribution – 2011 Levy pie chart in the presentation: D303 made up 64% of the total levy which is consistent from year to year, City of St. Charles was 10.4% of the typical resident property tax bill and the rest of the overlapping districts made up rest of the pie chart.

The next chart puts some numbers to the pie chart graphic that was just talked about. This lists the property taxes that were actually paid by a \$300K property within the City. A property with a \$300K market value paid roughly \$7,919 in taxes for the 2011 levy and 63% of that is about \$5K that went to D303, 10.4% or \$826 went to the City and the rest went to the overlapping districts of the City within the tax billing.

The next chart shows the interaction between the EAV for taxable value for a property, the rate, and the taxes paid. If a property had a \$200K market value in 2011 and experienced that 5.2%

decline in market value, the market value of that property for 2012 would decline to \$189,600. There would also be a 5.2% increase in the property tax rate so that the tax paid would remain the same at \$551 between the two years. This analysis is assumed regardless of the market value that we talked about.

In summary the 2012 levy request in the amount of \$22,744,252.00, the operating revenue will be frozen at approximately \$12M for the fourth straight year, we are anticipating that we will abate the debt service portion of the tax levy, we anticipate a 4.2% decline of EAV on taxable value in the City, and the City portion of the tax bill will remain the same for 2012 as compared to 2011 on average based on the frozen operating levy, and maintaining fiscally prudent pension funding in amounts that are recommended by our actuarial professionals that we hired to do studies on these three individual pension plans.

Mayor DeWitte: When you describe the average homeowner not seeing any change in their property tax bill for the coming year; the average homeowner is assumed that's a homeowner who receives the 5.2% reduction in their property tax assessment – correct?

Chris: Correct, the market value of their property would of declined at 5.2% and so would the City's EAV.

Mayor DeWitte: If their particular assessment didn't fall 5.2%; it only fell 4%, they might see a slight increase in their property tax bill – correct?

Chris: They would see a slight increase in their property tax bill compared to the average tax payer.

Mayor DeWitte: By the same token, anyone who may have seen more of a decrease in their value, they actually may see a continuing reduction in their property tax bill because of the greater than 5.2% decrease assess value of their home – correct?

Chris: Correct.

Ald. Rogina: There's a reduction of increase in their property tax, but not in the City's portion – correct?

Chris: The City's portion only. We are not responsible for any other districts. I don't know what they plan to do.

Mayor DeWitte: My hand goes off; to the staff. This is the fourth year in a row that we have frozen this levy and the money we ask our tax payers to provide in order to run this organization. Great work on the part of the staff and council and I am pleased in holding that number steady.

b. No Public Comment

c. No comments submitted to the Clerk's Office

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d. No Council Comment

4. Adjournment

Motion by Stellato, seconded By Monken, to adjourn meeting.

VOICE VOTE

UNANIMOUS

MOTION CARRIED

Meeting adjourned at 7:17 P.M.

Christine Nilles, Deputy City Clerk

CERTIFIED TO BE A TRUE COPY OF ORIGINAL

Christine Nilles, Deputy City Clerk