



MANAGER'S MEMO ITEM

ITEM: 2005 Property Tax Levy
WORKSHOP DATE: November 8, 2005
PREPARED BY: Rita A. Trainor, Director of Financial Services
 Michael Baker, Assistant Village Manager
PURPOSE: To Find and Determine the 2005 Aggregate Tax Levy for the Village of Downers Grove

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BACKGROUND:

The Village Of Downers Grove is required to adopt a tax levy by the end of December and follows a similar process in establishing the tax levy each year. The first step involves the determination of a levy estimate upon the taxable property in the Village, which must occur not less than 20 days prior to the adoption of the aggregate levy. The remainder of the tax levy process is as follows:

- Publication of Truth in Taxation Notice and Announcement of Public Hearing... Nov. 25, 2005
- Public Hearing on Tax Levy Dec. 06, 2005
- Adoption of Tax Levy Dec. 20, 2005
- Abatement of Certain Property Taxes Prior to the end of February, 2006

Staff has prepared a presentation that will be delivered on Tuesday evening that provides more detailed information regarding the tax levy process and supporting information. This presentation will be repeated during the Public Hearing on December 6. Staff will also make this information available on the Village website for residents interested in understand more about the Village's tax levy estimates.

DISCUSSION OF ALTERNATIVES:

For the purposes of the discussion on Tuesday, staff has prepared three scenarios for the Village Council's consideration. It should be stressed that all three of these scenarios either maintain or reduce the Village's tax rate. In other words, under each of the scenarios, the only way in which a property tax bill can increase would be due to an increase in the assessed value of the property greater than the decrease in the tax rate. These alternatives reflect the Village's efforts over recent years to stabilize the tax rate and identify other means by which to fund critical Village services.

The following table summarizes the Village tax rates (not including Library, Library Debt Service, or Special Service Area tax rates) for each of the three scenarios. These rates are based on assumption for the growth in equalized assessed valuation (EAV) throughout the Village of 7.5% between 2004 and 2005. The also factor in the projected abatement of certain debt service). This will be explained in greater detail at the November 8 meeting and during the Public Hearing.

Levy	Current Rate (2004)	Scenario 2 "In between"		
		Scenario 1 Flat Levy (2005)	(2005)	Scenario 3 Flat Rate (2005)
Corporate/Police	.1350	.1256	.1316	.1350
Fire Protection	.1283	.1185	.1243	.1283
Police Pension	.0465	.0539	.0539	.0539
Fire Pension	.0769	.0776	.0776	.0776
Debt Service	.0526	.0381	.0381	.0381
Total Village Tax Rate	.4393	.4137	.4255	.4329

The following table summarizes the amount to be levied. It should be noted that the row labeled as debt service reflects the full amount of general obligation debt service for the coming fiscal year prior to the abatement of any of the debt service levies. These amounts reflect the figures that will be used to calculate the Truth in Taxation Notice that will appear in the November 25 Downers Grove Reporter.

Levy	Current Tax Levy (2004)	Scenario 2		
		Scenario 1 Flat Levy (2005)	"In between" (2005)	Scenario 3 Flat Rate (2005)
Corporate/Police	\$2,519,429	\$2,519,429	\$2,640,526	\$2,735,967
Fire Protection	2,378,252	2,378,252	2,493,506	2,583,633
Subtotal (directed to support general operations)	\$4,897,681	\$4,897,681	\$5,134,032	\$5,319,600
Police Pension	866,178	1,082,440	1,082,440	1,082,440
Fire Pension	1,435,168	1,556,315	1,556,315	1,556,315
Debt Service	2,853,141	2,934,358	2,934,358	2,934,358
Total Village Tax Levy	\$10,052,168	\$10,470,794	\$10,707,145	\$10,892,712

STAFF RECOMMENDATION:

Staff recommends that the Village Council consider the three scenarios presented above, along with the information presented on Tuesday night in order to find and determine the aggregate property tax levy for the Village of Downers Grove.

REQUESTED COURSE OF ACTION:

Place a motion to find and determine the aggregate levy for the Village Of Downers Grove on the November 15 Active Agenda