

SYCAMORE CITY COUNCIL
AGENDA
March 4, 2002

City Council Workshop Meeting
No Meeting Is Scheduled

.....

Regular City Council Meeting
7:30 P.M.

1. **CALL TO ORDER**
2. **INVOCATION**
3. **PLEDGE OF ALLEGIANCE**
4. **APPROVAL OF AGENDA**
5. **AUDIENCE TO VISITORS**
6. **CONSENT AGENDA**
 - A. Approval of the Minutes of the Regular City Council Meeting of February 18, 2002;
 - B. Payment of the Bills for March 4, 2002.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Honoring Police Department Employees for Exceptional Performance.
 - B. Introduction of Part-Time Clerk Bobbie Lundberg.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS--None**
11. **ORDINANCES**
 - A. **Ordinance No. 2001.72—An Ordinance Amending Title 6, “Motor Vehicles and Traffic,” Chapter 4, “Traffic Schedules,” Section 6-4-13, “Permit Parking Only: West Exchange Street,” of the City Code of Sycamore, Illinois. First and Second Reading.**

The attached ordinance would remedy an enforcement anomaly. On the north side of the Court House there are eleven (11) diagonal parking spaces within the City parkway that have been reserved for Court personnel for many years. Because the spaces are actually on City property and within a City right-of-way, County Sheriff's Police cannot enforce the restricted parking provisions. Because these spaces have not been identified in the City Code, City Police and Parking officers cannot enforce the parking restrictions. The attached ordinance would simply identify these eleven spaces and limit their use for vehicles with permits (i.e. stickers). Once approved, the City's Parking officers could ticket vehicles without parking permits. The fine would be the standard \$10 per violation in unmetered spaces, payable within 30 days.

City Council approval is recommended.

B. Ordinance No. 2001.73—An Ordinance Approving the Execution of a Collective Bargaining Agreement Between the City of Sycamore and the American Federation of State, County, and Municipal Employees, Council 31, AFL-CIO, Effective May 1, 2002 to April 30, 2005. First and Second Reading.

When a five-year contract was approved between the City of Sycamore and AFSCME Labor Council 31 in behalf of AFSCME Local 3957 on April 17, 2000, both parties agreed to re-open the contract in two years to consider wages and the employee contribution for health care insurance. During the past two months, the AFSCME negotiating team and the City negotiators have cooperatively considered such factors as the effect of cost-of living increases on the ten-step wage schedule and the City's rising cost of health insurance. A tentative agreement has been reached on both critical issues.

The original contract approved a three percent (3%) across-the-board increase in year three (which begins on May 1, 2002), a three percent (3%) increase in year four (May 1, 2003 to April 30, 2004), and a three percent (3%) increase in year five (May 1, 2004 through April 30, 2005). The revised contract would make a one-time adjustment in the wage levels of a variety of classifications in year three to account for internal inequities and higher comparable pay levels elsewhere, amounting to a general increase of 4.42%. A general increase of 2.5% increase is instituted in year 4 and a general 2.5% increase is instituted in year 5. An average annual increase of 3.14% would result over the next three years, compared with the 3% increase contemplated in the contract approved in 2000.

With respect to the issue of health insurance, both parties have agreed to stand on the provision that requires a 15% contribution from employees for dependent coverage. This understanding implicitly considers the recent double-digit health insurance increases a business cost.

The revised contract would also introduce educational incentives that are presently offered to all other City employee groups. These incentives increase

monthly pay in relation to the successful completion of college-level classes (see the attached memorandum).

Finally, the proposed contract raises the life insurance provided to each full-time employee from \$15,000 to \$25,000, effective May 1, 2002.

The AFSCME Local 3957 membership met on Wednesday, February 27 to review the proposed contract and voted unanimously to approve its revised terms. City Council approval of the revised contract terms is strongly recommended. With the Council's approval, the entire contract will be re-typed to reflect the agreed changes.

12. RESOLUTIONS

A. Resolution No. 403—Approving the Appropriation of Motor Fuel Tax Funds in the Amount of \$200,000 to Finance Work to be Completed on the City's New Salt Storage Building Which is Designated as Section 01-00067-00-MG to be Performed Pursuant to Contract.

On August 20, 2001 the City Council approved a similar resolution that set the cost of the new salt storage building on North Cross Street at \$150,000 (Resolution No. 384). Based on revised engineering estimates, the true cost of the building will be closer to \$200,000. A revised resolution is needed to process the City's request to use motor fuel tax funds for the construction project.

City Council approval is recommended. Upon approval, the resolution will be forwarded to the Dixon office of IDOT. Bids will be received on March 22 and the award of the contract for the project will occur on April 1, 2002.

B. Resolution No. 404—Approving the Recommendation of the Mayor's Ad Hoc Committee on Impact Fees.

The ad hoc Committee on Impact Fees impaneled by Mayor Swedberg in November 2001 reviewed the current impact fee system and some alternatives over four meetings during the past two months. Members of the Committee include the following:

- City Council: Pam Blickem
- DeKalb County Building & Development Association: Mike Larson
- Sycamore School District: Dannie Stanbery
- Sycamore Park District: Marlyn Burkart
- Sycamore Library: Sarah Tobias
- Citizen-at-Large: Ken White
- DeKalb Area Association of Realtors: Sue Elsner
- City Administration: Bill Nicklas

The Committee has recommended a new system of fees. A comparison of the current and proposed impact on the prototypical three-bedroom home is shown below:

Taxing Body	Current Fee	Proposed Fee	\$ Increase	% Increase
Sycamore School District	\$787.77	\$1,556	\$768.23	+97.5%
Sycamore Park District	\$525	\$788	\$263	+50%
City Water	\$875	\$924	\$49	+19%
City Sewer	\$1,225	\$1,478	\$253	+21%
Sycamore Library	None	\$166	\$166	--
Total	\$3,412.77	\$4,912	\$1,499.23	43.9%

The rationale behind the current and proposed fees, by taxing body, is outlined below:

A. Sycamore School District.

1. The Present System. The school impact fee is an amount paid by the builder at the time of permitting. The builder or lot owner pays the School District and gets a receipt that is presented to the City's Building department before the building permit is issued. The fee is the product of a mathematical process that was pioneered by the City of Naperville in the 1980s. This mathematical process has survived a number of court challenges so it has become the standard selected by many communities. Here are the key variables:
 - a) the number of students per type of proposed dwelling unit;
 - b) the established price per acre of land in the impact fee ordinance;
 - c) the established number of acres required for each of the various school levels; and
 - d) the number of students per school site.

Here's are the numbers currently used in Sycamore's case:

- Per Acre Land Value. The present fee system assumes that the fair market value of improved land is \$50,000 per acre.
- Estimated Population Per Dwelling Unit (e.g. 3 bedroom): 2.801. This number and the estimated school population per dwelling are derived from data compiled by the Illinois State Board of Higher Education.
- Estimated School Population Per Dwelling Unit (3 br): .88 (includes .254 pre-school age children not considered in the calculation below).
- School Sites: maximum enrollment, minimum number of acres:

Elementary (K-5):	600 students	11 acres
Middle School (6-8)	750 students	28 acres
High School	1,500 students	45 acres

Here's an example of how the math presently works for a three bedroom detached house:

Grade K-5	$\frac{.346^*}{600^{**}}$	x	11****	x	50,000***** =	\$317.17
Grades 6-8	$\frac{.138^*}{750^{**}}$	x	28****	x	50,000*****=	\$257.60
Grades 9-12	$\frac{.142^*}{1500^{**}}$	x	45****	x	50,000*****=	\$213.00
Total:						\$787.77

*=Estimated ultimate school-aged population per dwelling unit (IBHE);

**=Maximum enrollment per school type (IBHE);

***=Acres required per type of school;

*****=Established per acre land value (\$50,000).

Here's a table showing the resulting fees by type of dwelling unit:

Per Unit Fee	2 Br	3 Br	4 Br	5 Br
Detached Single Family	218.36	787.77	1,450.93	1,037.03
Attached Single Family	286.31	435.72	857.58	
Apartments	214.70	614.43		

2. Recommendation.

The key fiscal impact variables for the School District remain the price of land and the cost of new construction per student.

- a) Land Value. In Sycamore the least expensive ¼ acre lots are selling for \$40,000 (Landahl); the average ¼ acre lot is selling for somewhere in the range of \$48,000 to \$66,000 (Heron Creek). Mr. Krpan's estate-sized one-acre lots in the first phase of his Parkside Estates subdivision are selling for \$125,000 an acre. It should be kept in mind that the number of lots that can be sold per gross acre is usually around 2, given the net deductions of land area for rights-of-way, detention, etc. If we take the lowest asking price for a ¼ acre lot (\$40,000), extrapolate the per acre price (\$160,000), then discount that price by 50% to account for utilities and infrastructure, the effective price per acre of land is \$80,000. However, this calculation is not consistent with what we know of real estate values in the district since the current school fees were established in December, 1995. The City's EAV since 1995 has increased an average of 7.26% per year. The system is entering its sixth year. A 43.56% increase over the current \$50,000 per acre land value would yield a more contemporary price of \$71,780. If we allow that there may be an understatement in all this rounding, **a price of \$75,000 per acre is reached.**
- b) Per student costs. The School administration's revised numbers are derived from regional data and are not disputed.

The following system of fees incorporates the School District's new parameters for the number of acres required for the various school levels and the number of students per type of housing, but assumes a lower price per acre of land than the school proposal of \$100,000 per acre:

Per Unit Fee	2 Br	3 Br	4 Br	5 Br
Detached Single Family	431	1,556	2,864	2,047
Attached Single Family	565	860	1,693	
Apartments	424	1,213		

Here's the math:

Example: 3 Bedroom Detached Single Family Dwelling

$$\text{Grade K-5} \quad \frac{.381^*}{550^{**}} \quad \times \quad 15^{***} \quad \times \quad 75,000^{****} = \$779.30$$

$$\text{Grades 6-8} \quad \frac{.152^*}{750^{**}} \quad \times \quad 28^{***} \quad \times \quad 75,000^{****} = \$425.60$$

$$\text{Grades 9-12} \quad \frac{.156^*}{1500^{**}} \quad \times \quad 45^{***} \quad \times \quad 75,000^{****} = \$351.00$$

Total: **\$1,556**
(+97.5%)

*=Estimated ultimate school-aged population per dwelling unit (local data);

**=Maximum enrollment per school type (local data);

***=Acres required per type of school (per School District);

****=Established per acre land value (\$75,000).

B. Sycamore Park District. The District does not presently operate under a land/cash system. The present system exacts fees based upon certain assumptions about the impact of each new home. Land has been donated in the past, but each occurrence has required a separate three-sided agreement with the District, the developer, and the City. It is the District's intention to explore a more conventional land/cash ordinance. The donation of land follows a formula that equates a certain-sized park with a certain acreage of subdivided land. This formula is also based on the assumption of a certain number of persons per household.

1. The Present System. The present system was established in June 1996. In the calculation of the Park fee, it is assumed that at a certain price a residential developer would be willing to dedicate some land for neighborhood park space in lieu of housing. Currently, the assumed price is \$50,000 per acre. It is also assumed that each new residential development contributes new users of the community park and that one important "impact" of this gradually increasing usage will be the need to purchase new community park land for new or expanded

facilities, a new golf course, etc. The value of that undeveloped land is presently assumed to be \$15,000 per acre.

2. Recommendation. The Committee's recommendation is based on the assumption that the fair price per acre of land for a neighborhood park should be increased to \$75,000, and that \$15,000 remains a fair price for raw acreage that may someday be purchased to expand the community park. Based on these assumptions, the cost per person would be \$112.50 for neighborhood parks ($1.5 \times \$75,000 = \$112,500 / 1,000 = \$112.50$) and \$150 per person for community parks ($10 \times \$15,000 \text{ per acre} = \$150,000 / 1,000 = \$150$) for a total of \$262.50 per person. The cost per three-bedroom house, assuming 3 persons per unit, would be rounded to **\$788 (+50%)**.

C. City of Sycamore.

1. The Present System. The fees were established in February of 1994 and are calculated on a per capita basis. Certain assumptions are made about the average occupancies of single-family, mobile home, and apartment construction. Assumptions were also made about the impact of each new individual user on either the storage capacity of the water system or the treatment capacity of the sewer plant.

Here's the current breakdown and its statistical basis:

- Water Impact Fee: \$875 per single-family house. Two capital projects were the focus: a well and a storage tank. The breakdown was as follows:

Cost of a well:	\$750,000 (excluding new mains, etc.)
Capacity of a well:	1,440,000 gallons per day
Cost per gallon:	.53
Cost per 350 gallons:	\$186 per house (assumes each person uses 100 gallons a day and there are 3.5 persons per household)
Cost of an Elevated Tank:	\$1,225,000
Capacity of Elevated Tank:	1,000,000 gallons
Cost per gallon:	\$1.23
Cost per 350 gallons	\$430.50 per house (again, assumes each person generates 100 gallons of treatable water per day and there are 3.5 persons per house)
Total Water Impact:	\$619.50

The total of \$619.50 was increased to \$775 when the system was put in place in 1994.

- Sewer Impact Fee: \$1,225 minimum per residential occupancy. The key capital facility is the treatment plant and the impact of new development is gauged by the need for additional treatment capacity. With some reference

to industry estimates and the IEPA standard of 3.5 persons per household, it was assumed in 1994 that new treatment capacity would be purchased at about \$4 per gallon. The City already had a \$1,000 per acre annexation fee for the sanitary sewer system that was based on the assumption of ten (10) persons per acre or \$100 per person across a mix of single-family attached, detached, and apartment units. The impact fee took into account this existing stream of revenue. At the rate of 350 gallons per day times \$4 per gallon, the fee might have been \$1,400, but it was reduced to \$1,225 (350 gals @ \$3.5 = \$1,225). It should be noted that in 1994 there were about 3,900 households across all residential occupancies and the treatment capacity was 3,000,000 gallons. The capacity in use was then about 45.5 percent (3900 x 350 = 1,365,000 gallons).

Where do we stand now? The treatment plant capacity is the same but there are about 4,700 households (an increase of about 21%). The capacity in use is about 55 percent. So, since 1994, the available unused capacity has shrunk by about 21%, primarily due to residential development.

2. Recommendation:

Water Impact Fee: Two capital projects have been the principal focus since the City's impact fees were imposed in February of 1994: a well and a storage tank. The pattern of residential growth at the City's edges now requires main extensions as part of any new well or tower project, which will in turn increase the overall cost of each project. The actual cost of a new water tower will also increase in proportion to the larger storage requirement, which is roughly equivalent to an average day's pumping. The current average daily pumping is about 1.5 million gallons. By way of reference, the City's present elevated tank has only a 750,000 gallon capacity. The proposal is to increase the cost of capital improvements on a cost basis as illustrated below:

Cost of a well:	\$1,500,000 (including new mains, etc.)
Capacity of a well:	1,440,000 gallons per day
Cost per gallon:	1.04
Cost per 350 gallons:	\$364 per house (assumes each person uses 100 gallons a day and there are 3.5 persons per household)
Cost of an Elevated Tank:	\$2,000,000
Capacity of Elevated Tank:	1,250,000 gallons
Cost per gallon:	\$1.60
Cost per 350 gallons	\$560 per house (again, assumes each person generates 100 gallons of treatable water per day and there are 3.5 persons per house)
Total Water Impact:	\$924

Sewer Impact Fee: The key capital facility remains the treatment plant. The impact of new development is gauged by the need for additional treatment capacity. The Committee proposes to retain the \$1,000 per acre annexation fee for the sanitary sewer system that is based on the assumption of ten (10) persons per

acre or \$100 per person across a mix of single-family attached, detached, and apartment units, and to continue to discount the impact fee in light of this stream of revenue. The Committee also proposes to retain the IEPA standard of 3.5 persons per household for the purpose of calculating water and sewer use. Whatever household standard we may prefer, the IEPA will use the standard of 3.5 persons when we present the agency with any expansion plans.

The cost of treatment will be inflated by a factor of about 3% per year since 1994. This percentage increase is based on the data provided by the Engineering News Record, a national index of construction costs for specialized construction. Assuming each person generates about 100 gallons per day, the typical household would generate 350 gallons @\$4.84 per gallon (3% per yr. times 7 yrs. times \$4 per gal. = \$4.84) for an estimated impact of \$1,694. Deduct the \$100 per person annexation fee and you get \$1,344 (\$100 x 3.5 persons per household = \$350 from \$1,694 = \$1,344). If we add a ten percent cost factor for associated main extensions or oversizing to better connect new growth areas with the treatment plant, the new fee would be about **\$1,478**.

D. Sycamore Public Library.

1. The Present System. There is no Library impact fee at present.
2. New Proposal. The Library Board has requested the committee's consideration of an impact fee to offset part of the cost of the Library's capital improvements program. The Library has not developed an extensive multi-year capital plan but it is known that the Library Board is interested in purchasing the former Court House Annex next door to provide room for future expansion.

There are different Library impact fee systems in place in the north and west suburbs. In South Elgin, for example, a contribution schedule for new annexations is based on assumptions about the number of persons per type of residential structure. In calculating the fee, the assumed number of persons per household is multiplied against the per capita spending of the Library to arrive at a fee. If this system was adopted in Sycamore, given an average of 3.13 persons per household and a budget of \$638,194.00, the Library fee per new home would be $\$638,194/12,020 \times 3.13$ equals **\$166** per three-bedroom unit.

3. Recommendation. Assuming the Library will identify the purchase of the adjacent lot and the demolition of the former Annex building as its chief capital project in the next 1-2 year period, it will be looking at a short-term capital cost of about \$100,000 and an undetermined future cost for the erection of an addition to serve, in part, new development areas within the district's expanding geographic area. The methodology developed in South Elgin fairly addresses the future capital needs.

The ad hoc Committee recommends the Council's approval of their general recommendation in resolution form. With the Council's approval, the separate taxing bodies will take independent action to confirm their support, and then

ordinances will be presented for the Council's approval at a subsequent regular meeting.

13. **CONSIDERATIONS**

A. Consideration of Contractor Bids for the Sycamore Community Center Roof Replacement Project.

On Friday, March 1 the City Engineer will open contractor bids for the replacement of the built-up roofing, shingles, gutters and downspouts at the Sycamore Community Center. The project specifications also call for the repair of damaged soffit, fascia, and sheathing materials. Along with the attached specifications, invitations to bid were sent to area roofing contractors who have done commercial work in the area and an advertisement was placed in a local newspaper.

The City Engineer will report on the results of the bid opening at the March 4 meeting and will make a recommendation for the Council's consideration.

B. Consideration of a Public Works Recommendation to Purchase New Truck Lifts.

As Public Works Superintendent Fred Busse writes in the attached memorandum, contractor bids were recently solicited for the purchase of new truck lifts that will be used in the Public Works building on North Cross Street. Monies for such a purchase were budgeted in the Capital Assistance Fund (Fund 6) as part of the budget revisions of October 15, 2001.

In the investigation of vendors for this purchase, the Superintendent and his staff explored other options than the traditional "mechanic's pit" and fixed hoist, which are together quite expensive and take away a fixed amount of space. Eventually they came across a new concept in vehicle maintenance: "mobile" lifts. The mobile lift system uses two, four, or six mobile lifting columns that slide under the vehicle tires. They can be operated in unison or in pairs. Because they can be rolled to the vehicle, they offer great flexibility in where and when they can be used and are, as a system, substantially less expensive than the conventional pit and fixed hoist. The department enticed vendors to allow them to test four different types of mobile lifts before bids were solicited, in order to satisfy the department about their safety, flexibility, and price.

The contractor bids will be opened at 2:00 p.m. on Monday, March 4. Mr. Busse will prepare a bid sheet for the Council's consideration at the regular meeting of March 4.

C. Consideration of a Neighborhood Request to Impose Restrictions on the Parking of Operable, Licensed Vehicles on Public Ways If the Vehicles Are Not Moved With Any Regularity.

The City Administrator has been approached by some local residents to raise a neighborhood concern about licensed, operable vehicles that are parked on City

streets but never moved for weeks and even months at a time. Presently, there is no local code that prohibits the parking of personal vehicles in one spot on a City street for an indefinite period of time. The only caveat is that the City's snow ordinance does require the moving of vehicles after a two-inch snowfall, and sometimes this is the only provision that encourages the vehicles to be moved slightly down the block or off the street.

This is a matter that might be taken under consideration by the Ordinance Committee. If the Council so directs, the Committee could consider this matter at the March 18 meeting.

D. Consideration of an Administration Request to Review Several Uses for the City's Private Activity Bond Authority.

The Federal Tax Reform Act of 1989 establishes a ceiling on the private activity bond authority of the states. States may allocate their "ceiling" among the governmental units including home rule communities and certain state agencies such as the Illinois Housing Development Authority (IHDA) and the Illinois Development Finance Authority (IDFA). Communities are allocated private bond authority or "volume cap" on a per capita basis. Federal law limits the use of this volume cap for Industrial Revenue bonds or mortgage revenue bonds. Municipalities have the option of issuing their own bonds, transferring their authority to other communities, ceding their volume cap to one of the authorized state agencies for use on behalf of the City, or returning the authority to the State of Illinois which pools unused bond authority for state-assisted private development projects.

A. Option A: Industrial Revenue Bonds.

In December 1998 the City ceded most of its bond authority to Kishwaukee Hospital which used the tax-exempt status to help finance a major facility expansion. Since then, the Council has annually ceded its authority to IHDA to create a mortgage credit certificate option. At this writing, one local industrial firm has expressed interest in part or all of our bond authority to help finance its relocation to another Sycamore site, but no specific plan has yet been developed.

Because projects financed from the proceeds of industrial revenue bond sales underwrite investments that have a public benefit in terms of increased employment, tax revenues, and commerce, the bonds carry a tax-exempt status and, thereby, a lower interest rate. The bonds do not represent a debt of the City or a pledge of the taxing power of the City to appropriate funds for the payment of the principal and interest. In addition, the City has no obligation to pay any expenses associated with the issuance of the bonds.

B. Option B: Mortgage Credit Certificates.

The Illinois Housing Development Authority (IHDA) annually sponsors a mortgage credit certificate program that allows qualified first-time homebuyers to take 25% of the annual interest paid on their new mortgage as a credit against

their federal income tax liability. The qualifying income levels are set each year and vary depending on the household size. This year, the upper qualifying limit for a family of three or more in DeKalb County is \$78,085. For a household of one or two persons, the upper qualifying limit is \$67,900. The program also sets upper limits on home prices. This year, the upper limit on a new home is \$205,160 and the upper limit on an existing home is \$184,710.

The lending bank typically acts as the intermediary with IDHA. At the time a home is purchased, a certificate is issued to the homeowner. This certificate is filed with the homeowner's income tax to establish the credit. For example, assume a family earns \$35,000 annually with no other standard tax deductions. They buy their first home and borrow \$78,000 at an interest rate of 7.75% from a local participating lender and qualify for a mortgage credit certificate (MCC). The savings realized during the following tax season are illustrated in the table below:

	Taxes Without MCC	Taxes With MCC
Annual Income	\$35,000	\$35,000
Mortgage Interest Deduction	\$6,803	\$5,102
Taxable Income	\$28,197	\$28,898
Taxes Due @15%	\$4,230	\$4,485
MCC Credit	\$0.00	\$1,701
Taxes Due	\$4,230	\$2,784

The MCC tax credit is good for the life of the loan, so the tax saving is repeated so long as the family remains in the home. In addition to the direct benefit to the homebuyer, the program provides an incentive for local families to buy a home in Sycamore.

The mortgage credit certificate program brings no direct expense to local taxpayers and involves no staff work. IHDA and participating banks do all the paperwork, although the City may wish to assist in advertising the option. The volume cap is used exclusively by Sycamore residents for 18 months, and IHDA provides quarterly reports on the number of participating families, the average purchase price of the homes, and the amount of credits remaining.

The advantage of this program for prospective homebuyers with low to moderate household incomes is obvious. It should also be noted that a commitment of private bond authority to the IHDA program would not preclude the City from dedicating next year's volume cap to industrial revenue bonds if a worthwhile project develops.

The only downside to the mortgage credit certificate program is the limited number of families that can benefit under the City's modest cap. The City's "authority" will be \$75 per capita or \$901,500 based on a population of 12,020. In calendar year 2001, the City's cap was \$751,250 based on a \$62.50 per capita

allocation and a 12,020 population. Based on the average purchase price of \$143,370 for all homes--new and used--in Sycamore in 2001 (Board of Realtors estimate), and an average down payment of 20%, only 7-8 Sycamore families might qualify.

C. Option C: Home Equity Loan Program (“HELP”).

This is a new option that IHDA is marketing. It is designed to help low-to-moderate income families with down payments and closing costs. First-time home buyers can receive assistance equal to 4.5% of the home’s purchase price to use toward their down payment and mortgage origination fees. Specifically, 3% of the home’s purchase price can be applied to reduce the down payment and 1.25% can be used to reduce the closing costs. To qualify, the first-time home buyer must secure an IHDA mortgage through one of the agency’s participating lenders. The process works as follows: a first-time home buyer purchasing a \$125,000 home can receive a \$3,750 cash down payment (3%) and \$1,562 (1.25%) toward origination fees that are a part of the closing costs. As with the mortgage credit certificate program, the City allocates a part or all of its private activity bond cap to allow IHDA to issue mortgages. IHDA in turn funds 4.25% of the purchase price.

City Council direction is recommended. The election of IHDA as the recipient of the City’s private activity bond cap must be filed with the Governor’s office by May 1, 2002.

E. Consideration of a Closed Session to Discuss Collective Bargaining and Closed Session Minutes.

14. APPOINTMENTS

15. ADJOURNMENT