

SYCAMORE CITY COUNCIL

AGENDA

April 1, 2002

City Council Workshop Meeting

6:30 P.M. Status Report From the Board of the Midwest Museum of Natural History.

At the City Council meeting of October 15, 2001, the Council considered two resolutions concerning the starting of a museum of natural history in Sycamore. The first, Resolution No. 397, authorized the City Administrator to negotiate an agreement with Russell and Berni Schelkopf that established the intent of the City Council to accept the Schelkopf collection of wildlife exhibits on mutually agreeable terms. The second, Resolution No. 398, authorized the City Administrator to serve as an ex officio member of the board of directors of the Midwest Museum of Natural History, and to act as the Council's liaison to that body. During the discussion of these two resolutions, the supporters of the Midwest Museum of Natural History agreed to provide the Council with a status report on their capital campaign to help renovate the Sycamore Community Center sometime in early April. The Board has asked for an opportunity to fulfill this commitment during the regular April workshop meeting. This report provides some background for that presentation.

In addition to the Museum board's report, the City Administrator will be prepared to answer questions about his negotiations with Russell and Bernie Schelkopf concerning the donation of their collection to the community. The attached agreement is the result of conversations that extended from November 2001 until early February 2002. The City Administrator and City Attorney Peter Smith joined the Schelkopfs and their attorney, Charles Cronauer, in these sessions. The attached draft anticipates a three-sided understanding between the City, the Schelkopfs, and the Midwest Museum. The essential terms are as follows:

- ◆ The Schelkopfs agree to donate their game mounts, background scenes, and various other artifacts and exhibits to the Midwest Museum.
- ◆ The Schelkopfs shall provide documentation establishing the history of the acquisition of each exhibit, and any relevant information as to the previous care and maintenance of each exhibit, as well as pertinent information concerning the value of each exhibit. The IRS requires appraisals to determine the value of donations, and requires exhibits to be delivered to a museum during the tax year in which a tax deduction is desired. In addition to the appraisals, the "provenance" of each animal is required by reputable museums to protect their assets after donations are made. Typical items in this documentation include the origin of each animal, the date it was taken, the name of the taxidermist and his or her methodology, and copies of any required papers from state or federal agencies such as the U.S. Department of Agriculture or Customs.

- ◆ The Midwest Museum agrees to accept the donated exhibits, and shall have full authority and control over them, with the exception that certain exhibits shall not be leased or loaned to other museums for temporary display, including the full mounts of the elephant, white rhino, hippo, and cape buffalo.
- ◆ The City agrees to lease the Community Center to the Midwest Museum.
- ◆ If the Midwest Museum is unable to, or ceases to, operate a natural history museum in the City of Sycamore, the Midwest Museum agrees to convey its control over the game mounts, background scenes, and other assets to the City of Sycamore for ten dollars (\$10.00). Under such circumstances, the City of Sycamore shall be responsible for operating a natural history museum but reserves the right to lease the museum displays to other not-for-profit museums for temporary display for up to twelve months, with the exception of the core displays listed above.

This agreement establishes the City of Sycamore as the owner of last resort, and the Midwest Museum as the recipient and owner of the donated collection so long as the not-for-profit corporation operates. Because the agreement anticipates the starting of the museum in the Community Center, no Council direction is expected until and unless the Council agrees to such an arrangement with the Midwest Museum board.

A. A Documentary History of the Midwest Museum, October 2001 to the Present.

The following bullet points and attachments highlight the activities of the Midwest Museum board and its committees since the City Council meeting of October 15, 2001:

- ◆ On October 16, 2001 the Sycamore Chamber of Commerce Board of Directors voted to support the Museum in the Community Center and formally authorized its executive director, Tami Armstrong, to serve as the museum's interim director and use the Chamber offices as a clearinghouse for information about the museum. The Chamber board met in November at the Schelkopf collection on Base Line Road.
- ◆ The Steering Committee for the Renovation of the Sycamore Community Center held an organizational meeting to create the Midwest Museum of Natural History Board on Friday, October 26, 2001.
- ◆ At the organizational meeting of October 26, board members were selected, officers were elected, a contract for the interim director (Tami Armstrong) was approved (see attached copy), and working committees were established (Legislative, Executive, and Development committees). The Board extended a salary of \$5,000 for the interim director's services from November 9, 2001 until April 1, 2002. The Board also approved a contract with Museum Explorer to proceed with a conceptual design of the museum within the Community Center for \$11,000.
- ◆ The Board created permanent seats for a representative from the Chamber, Discover Sycamore Group, NIU, and the Sycamore School District.

- ◆ The Board's Legislative Committee produced a set of by-laws for the Board's approval on November 9, 2001.
- ◆ The Legislative Committee forwarded the approved by-laws and a mission statement to the Secretary of State's Office with an application for incorporation on December 1, 2001. The Board's incorporation papers were received on January 10, 2002 and filed with the DeKalb County Recorder of Deeds on February 2, 2002.
- ◆ The Legislative Committee applied for a federal employer ID number on January 30, 2002 and received an ID on February 7, 2002. Other documents such as an application for registration as a withholding agent were filed with the Illinois Department of Revenue.
- ◆ Once the FEIN number was assigned and the Museum was registered as a corporation with the County and the Illinois Department of Revenue, the Board was able to apply for tax exempt status on March 4, 2002. The state's processing of such applications can take up to six months. In the interim, donations carry a tax-exempt status under the umbrella of the DeKalb County Community Foundation.
- ◆ After a meeting on December 5 with Rich Faron of Museum Explorer, Greg Baum and Mike Dixon of Durrant Architects, and Museum Board representatives to explore ways to merge architectural and exhibit designs, a contract was entered with Durrant Architects in the amount of \$11,000 to create a working team of architectural and museum design experts to further demonstrate the feasibility of the museum concept prior to the launch of the capital campaign.
- ◆ The Development Committee met weekly in December to develop a design and format for a question and answer ("Q&A") brochure to be used in the fundraising campaign. The brochure would incorporate the results of the architectural/museum design work as well as research by the Museum's technical team pulled together by Rich Faron. The Committee also refined the Museum's business plan (see attached) and approached prior donors in November 2001 to assure their commitment to the mission of the Board. Of the 41 original donors to the Community Center renovation campaign, three withdrew their commitments.
- ◆ The City Administrator forwarded a "shell" agreement to Russell and Berni Schelkopf for their review on December 19, 2001.
- ◆ The Midwest Museum's capital campaign was launched on January 11, 2002 with a starting balance of \$507,612 in pledges and donations from 38 major donors.
- ◆ The location for the kick-off of the campaign was the Fargo Hotel. Presentations were made by Gregg Baum of Durrant Architects and Rich Faron of Museum Explorer based on their prior collaboration in the formulation of a museum design for the Q&A brochure. About 125 donors and supporters attended the event.
- ◆ Following the campaign kickoff the Museum Board entered a new contract for \$23,000 with Museum Explorer for the next and detailed phase of museum planning: the measuring and analysis of each mount and

display to envision provisional habitats and exhibition layouts using the premier specimens in the collection. For this process, Museum Explorer solidified a scientific advisory council including Dr. Bruce Patterson (MacArthur Curator of Mammals at the Field Museum and adjunct professor at NIU), Dr. Fred Smith (Distinguished Research and Teaching Professor of Anthropology at NIU and research associate for the Field Museum), Dave Becker (Director of the Hamill Family Zoo at the Brookfield Zoo), and Dr. Jonathan Haas (Curator of North American Archaeology at the Field Museum).

- ◆ The Discover Sycamore Group formally pledged its support of the museum effort on February 12, 2002 (see the attached letter), although the Group had announced its support at the October 15 Council meeting and had volunteered a representative (Rich Para) for the Museum Board in October. Subsequently, the Discover Group has worked with the Museum board to coordinate the “Wild and Woolly Weekend” of March 16 (see below). Plans for a summer “Sycamoola” promotion in behalf of the Museum are now underway.
- ◆ On February 15 the Midwest Board voted to approve a \$7,500 contract with April Arnold of Museum Explorer to help coordinate the major gift campaign and work with the interim director in broadening the campaign to all local citizens and area-wide residents.
- ◆ On February 22, 2002 the Museum’s interim director mailed a \$811,552 grant request to the Bureau of Tourism of the Illinois Department of Commerce and Community Affairs. The “TAP” grant is part of the Tourism Attraction Development Program of DCCA. Letters in behalf of the grant were written by House Speaker Dennis Hastert, State Senator Brad Burzynski, State Representative Dave Wirsing, Sycamore School Superintendent Bob Hammon, Bonnie Heimbach, executive director of the Northern Illinois Tourism Development Office, and Fred Smith, Associate Dean for Curriculum at NIU.
- ◆ On March 12 representatives of the Museum Board toured the Schelkopf collection with Cynthia Fleischli, manager of the Bureau of Tourism’s TAP grant program. On March 13, Board members toured the collection with Kathy Ritter, DCCA deputy director. At the recommendation of Ms. Fleischli, a five-minute video was produced on March 16 with the assistance of FOX39 in Rockford and mailed on March 19 to DCCA to help the state tourism grant committee visualize the collection. The deadline for applications is March 29 and a decision is expected within 60 days of the deadline.
- ◆ On March 16 the Discover Group, the Museum Board, and the owners of the State Theatre sponsored an open house at the Community Center connecting the opening of the "Ice Age" movie with the Museum’s capital campaign. About 300 people who visited the Center “signed in” (a raffle was held) and an estimated 50-100 additional guests visited the Center. The adults in attendance heard Rich Faron of Museum Explorer describe the planned exhibit hall and visited with Museum Board members.

Children who visited the Center were encouraged to draw their own images of wild animals on poster boards or wall displays in the future exhibit hall or listened to “animal stories” told by local storytellers.

- ◆ On March 18 the Museum registered a web site location under the name “midwestmuseumofnaturalhistory.org.” This web site is under construction and should be up and running in early April. It will assist the fundraising campaign in the short run and provide the internet pathway for future communication between the Museum and classrooms, other museums, and homes. It will also be the root of interactive communication within the Museum exhibit hall as visitors activate a variety of touch pads and information stations.
- ◆ On March 21, Dr. Peter Meserve, professor of biological science at NIU, toured the Schelkopf collection and announced his intention to work toward an NIU internship centered in the Museum that will provide opportunities for NIU students to sharpen curatorial skills and perform primary research (see the attached letter).
- ◆ On March 23 members of the Museum Board set up an information booth at Brown’s supermarket to test public opinion on the housing of a natural history museum in the Community Center. The four-hour session reportedly yielded 390 names in support of the museum effort.
- ◆ As of March 15, the Museum Board had a campaign total of \$584,550 derived from 108 pledges or donations (see the attached list).

B. The Workshop Format.

The purpose of the workshop is not to devote an hour of the Council’s time to successive appeals in behalf of the Museum or the restoration of the Community Center, but to focus in detail on what the community may gain from such a venture. The interim director, Tami Armstrong, will open with a brief overview of the progress to date in starting the museum. Rich Faron of Museum Explorer will briefly review the emerging physical design of the museum, but will mainly focus on the educational mission that will assure the museum continuing success over time. Part of his presentation will be devoted to the technological media that can link the Museum and its exhibits to any geographical location or audience. April Arnold will discuss the current fundraising strategy.

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 March 18, 2002;
 - B. Payment of the Bills for April 1, 2002.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS--None**
11. **ORDINANCES**
 - A. **Ordinance No. 2001.78—An Ordinance Amending Title 8, Water and Sewer, Chapter 2, Water Use and Service, Section 2, Connections, of the City Code of the City of Sycamore, Illinois. First and Second Reading.**

On March 4, 2002 the City Council approved a resolution (Resolution No. 404) that adopted the recommendations of the Mayor's ad hoc Committee on Impact Fees. The Committee had been at work since November of 2001, reviewing the current level of fees for the City, the School District, and the Park District and assessing whether the recent fiscal impact of new residential development justified any changes in the fee system. The Committee concluded that upward revisions in the fee system were in order, and that a new fee to account for the fiscal impact of new development on the Sycamore Library was also in order.

The present water impact fee was established in February of 1994 and is 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 (\$250 per person @ 3.5 persons or "units" per 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.

The attached ordinance would codify the water impact fee supported by Resolution No. 404. Two capital projects have remained 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

To implement the new standard the cost per unit needs to be changed from \$250 to \$264. The attached ordinance accomplishes this objective. City Council approval is recommended.

B. Ordinance No. 2001.79—An Ordinance Amending Title 8, Water and Sewer, Chapter 4, Sewer Use and Service, Section 2, Sewer Connection Charges, Subsection C, Connection Fees and Unit Charges for Sewage Treatment Plant, of the City Code of the City of Sycamore, Illinois. First and Second Reading.

As noted above, the ad hoc Committee on Impact Fees also recommended an increase in the City's sewer impact fee. The present fee is \$350 per "unit" or \$1,225 per building connection. 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. Accordingly, the Impact Fee Committee reasoned that an increase was in order.

The key capital facility remains the treatment plant. The impact of new development is gauged by the need for additional treatment capacity. The Committee proposed 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 proposed 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.

According to the Committee's recommendation and Resolution No. 404, the cost of treatment will be inflated by a factor of about 21% to account for an inflationary increase 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). With the addition of a ten percent cost factor for associated main extensions or

oversizing to better connect new growth areas with the treatment plant, the new fee was established at **\$1,477**.

The attached ordinance increases the connection charge per unit from \$350 per person to \$422. City Council approval is recommended.

C. Ordinance No. 2001.80—An Ordinance Amending Title 2, Boards and Commissions, Chapter 9, Library Board, to Insert a New Section 6, Library Impact Fee, in the City Code of the City of Sycamore, Illinois. First and Second Reading.

The ad hoc Committee on Impact Fees also recommended the imposition of a new impact fee to account for the fiscal impact of new construction on the Library's capital expenditure plan. 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. With the adoption of this system 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.

The Library Board has identified the purchase of an adjacent lot and the demolition of the former Annex building as its chief capital project in the next 1-2 year period, and is looking at a short-term capital cost of about \$100,000 with an undetermined future cost for the erection of an addition to serve, in part, new development areas within the district's expanding geographic area. In the opinion of the ad hoc Committee, the methodology developed in South Elgin fairly addresses the Library's future capital needs.

The attached ordinance applies an impact fee of **\$47 per "unit"** or person as defined by the City Code for differing residential uses (see Section 8-4-2). City Council approval is recommended.

D. Ordinance No. 2001.81—An Ordinance Amending Title 4, Public Health and Safety, Chapter 1, Fire Department, Section 7, Ambulance Service, Subsection B, Fees for Service, of the City Code of the City of Sycamore, Illinois. First and Second Reading.

In April 2001 the City Council enacted a general increase in ambulance fees to help pay for the new paramedic (ALS) ambulance service that became fully operational in February of this year. This increase did not take into account new federal mandates from the Office of the Inspector General that will go into effect on May 1, 2002 and further increase the City's costs for providing ambulance service to persons with the corporate limits and within the Sycamore Fire Protection District. As explained to the City Council on February 18 and again during the Finance Committee budget session on March 19, the federal

regulations which will go into effect on May 1, 2002 prohibit hospitals from exchanging or giving medical supplies to ambulance crews, a service that Sycamore has relied upon for years. Such supplies include medications, intravenous solutions, needles, oxygen masks, tubing, etc. The Fire Chief estimates that the cost will average about \$22 per patient. An increase of \$25 per call, whether within or outside the City corporate limits, would cover such an unexpected cost. If approved, the revised fees would generate an additional \$20,000. The present and proposed rates are displayed below:

Type of Service	Current	Proposed
City Limits: ALS	\$325.00	\$350
Fire District: ALS	\$400.00	\$425
City Limits: BLS	\$200.00	\$225
Fire District: BLS	\$300.00	\$325

The City Administrator recommends the approval of this ordinance and a general across-the-board increase of \$25 per ambulance call, effective May 1, 2002. City Council approval is recommended.

12. RESOLUTIONS

A. Resolution No. 405—Re-Allocating the City of Sycamore’s Private Activity Bond Volume Cap for the Year 2002 to the Illinois Housing Development Authority for the Purpose of Issuing Mortgage Credit Certificates in the City of Sycamore, Illinois.

At the regular City Council meeting of March 4, 2002 the City Administrator reviewed a number of options for Council action with respect to the City’s private activity bond authority. Such authority derives from the provisions of the Federal Tax Reform Act of 1989, that 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.

In the state of Illinois, there are three principal options for the municipal use of this bond authority: industrial revenue bonds, mortgage credit certificates, and a home equity loan program. 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. It was noted on March 4 that 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 and it is practically impossible for such a plan to evolve between now and May 1, the last date by which it can elect IHDA as the recipient of the City's private activity bond cap. If the City does not have a redevelopment project to fund, and fails to commit its private bond authority for mortgage credit certificates by May 1, it will have foregone any control over the use of its authority for the benefit of local residents.

Given the uncertainty surrounding whether there will be a private development project to help finance with industrial revenue bonds in this calendar year, the City Administrator recommends the Council's support for the mortgage credit certificate program. 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.

City Council action is recommended.

B. Resolution No. 406—Awarding a Construction Contract for the Salt Storage Building at 475 North Cross Street in Sycamore, Illinois, a Project Known as Section 01-00067-00-MG.

At the regular City Council meeting of March 4, the Council approved a resolution (Resolution No. 403) that increased the engineering and construction allocation for the new salt storage building to \$200,000, in order to process the City's request to use motor fuel tax funds for the project.

The City of Sycamore has advertised for bids for a design/build project consisting of a salt storage building and incidental site work next to the new Public Works facility on North Cross Street. Excerpts from the bid packet are attached with this agenda.

The bids will be opened at 10:00 a.m. on Thursday, March 28, after the Council's agenda packet has been prepared and copied for distribution. City Engineer John Brady will compile the bid results and will be prepared with a recommendation at the meeting of April 1.

13. CONSIDERATIONS

A. Consideration of the Mayor's Veto of the Council's Motion to Approve Contractor Bids for the Sycamore Community Center Roof Replacement Project.

On March 8, 2002 Mayor Swedberg vetoed the action taken by the City Council on March 4, 2002 to approve a contract with Bruns Construction of Rochelle to remove and replace the roofing, fascia, soffits, gutters, and downspouts at the city-owned Sycamore Community Center for \$126,260 plus an additional per

square foot cost for the replacement of roof decking and sheathing as considered necessary by the City Engineer. According to Illinois law (65 ILCS 5/3.1-40-50 and related passages), the Council was to receive the Mayor's veto at the next regular meeting, which was the meeting of March 18. The state statutes further prescribe that at the next regular meeting following the meeting at which the Council receives the Mayor's written objection (April 1), the City Council may reconsider the motion approving the roofing contract in the interest of passing it over the Mayor's veto. If, after reconsideration, two-thirds of all the aldermen then holding office agree to pass the motion, notwithstanding the Mayor's refusal to approve it, then it shall be effective. Conversely, if two-thirds of all the aldermen do not vote to pass the motion over the veto, the contract with Bruns Construction will not be executed. A voice vote is required.

At the regular City Council meeting of March 18, the Mayor formally presented his veto message as required by state statute. At the regular meeting of April 1, the Council will have an opportunity to reconsider the action taken on the roof bids on March 4.

As noted in the background report for the March 18 meeting, the use and maintenance of City-owned buildings is a matter of public policy. In this instance, the logical sequence of policy questions is as follows:

- A. Should the Community Center be torn down?
- B. If not, what is the most constructive use for the building?
- C. If the proposed Midwest Museum is the most constructive use, should the City repair the roof?

Clear direction on each of these public policy questions could be given on April 1 or at a subsequent Council meeting. The recent debate over the Community Center roof was prompted by the City Administrator's recommendation on February 4 to dedicate a portion of the 2002 bond proceeds to the repair of public buildings including the Community Center. It was not prompted by an appeal from the Museum Board. Clearly, points of view concerning the value of the proposed museum and the wisdom of starting the museum in the Community Center have become mixed with what was intended to be a practical approach to a longstanding problem that is threatening the continued use of the building. It is not fair or appropriate for the public or any vested interest to blame any sitting Council member or appointed official for the current state of the Community Center roof. It is proper, given the dire state of the roof, for the Administrator and the Council to consider the policy questions listed above, in much the same manner as any property owner might consider how, when, or if to address serious deficiencies in their property.

The first question--shall the Community Center be razed?—has been asked and answered. No public official has advocated this step.

The second question—what is the most constructive use for the building?—has also been asked and has generated differing responses. During the past three years

the City Administrator has served as a liaison to community groups interested in the preservation of the building and its restoration for one of several uses. The first suggested use was a performing arts center. This idea had “legs” so long as there was a chance that the StageCoach Players would lease the building. When this prospect faded in the winter of 2000-2001, the guiding purpose of the ad hoc steering committee seeking to raise capital for the repair of the building was a more limited restoration to sustain recreational programming while the Park District used the building for its sponsored activities. In mid-summer, 2001, the idea of restoring the building to provide space for a natural history museum based on the Schelkopf collection was floated to the donors who had pledged funds for the building’s rehabilitation. Nearly all the original donors signed on to this prospect, and the idea was brought to the Council in September, 2001. On October 15, 2001, the Council authorized the City Administrator to serve as an ex officio member of the Midwest Museum Board.

One alternative use of the City property was offered by the owners of Fargo Motors during the fall of 2001, but this proposal involved the demolition of the Community Center at the City’s expense, and not a productive re-use. From the late summer of 1999 to the present, the fate of the Community Center has been extensively scrutinized by the local media and widely discussed. It is assumed that if there were any other serious private proposals for the restoration of the building, they would have surfaced by now.

The third question—if the Midwest Museum is the most constructive use, should the City repair the roof?—has been asked. This question relates to another: isn’t the Midwest Museum Board raising money for roof repairs and other building improvements? With respect to the first question, the building has been owned in fee simple by the City of Sycamore since June of 1951. In the past fifty years, the most substantial repair performed by the City involved the reinforcing of structural roof members in the gymnasium area and the shoring of supporting posts to remedy a structural failure that had its roots in the design of the original conversion of the 1920’s. In addition, the boiler has been replaced. Although the property is municipally owned, it has been allowed to slide into a derelict condition through years of neglect in terms of roof deficiencies, fire safety deficiencies, restroom deficiencies, etc. In terms of material warranties, the life of the present roof expired about twenty-five years ago. The question might well be turned around, to wit, *why hasn’t the City fulfilled its obligations in terms of its own property maintenance codes, its legal responsibilities as a landlord, and its role as a steward of the public’s tax dollars?* It is perhaps debatable, but the Administrator assumes that the taxpaying public expects better treatment of its property.

Aside from its legal and ethical responsibilities, the City has a practical reason for repairing the roof: it is simply leaking like a sieve. There are open holes in the roof deck that presently allow rain water or melting ice to pass through the roof system to the floors beneath at numerous points around the building. Since there

is no movement to tear down the building and no preferred alternative uses that have been articulated, there is no logical reason to resist repairing the roof. This is all the more important because the Park District is still running a wide variety of recreational programs in the building seven days a week.

But isn't the Museum Board raising money for building repairs? Yes. In October of 2001, the City Council challenged the community to raise the monies needed to renovate the building and create a natural history museum layout. The ad hoc steering committee supporting the museum concept took up the challenge, reconstituted itself as a not-for-profit corporation, developed a business plan, approached prior donors to solidify its base of support for the museum, and launched its capital campaign on January 11, 2002. Its target has been \$1.2 million, the total renovation budget developed by Durrant Architects. This budget includes all of the improvements necessary to bring the building up to code, including the installation of an elevator and other improvements to make the structure accessible, the sprinkling of the building, the creation of proper fire stairs and exits, the creation of appropriate and accessible restroom spaces, the repair of the roof, the repair of the damaged interior wall surfaces, re-wiring the building, putting in a new boiler, etc. The museum design, the moving of exhibits, the installation of museum displays and simulated habitat, and interior finishes have always been an extra cost to be borne solely by the Museum.

Nearly all of the renovation costs, apart from the museum design and layout, would normally be the responsibility of the City as the landlord. If the Museum Board receives the state grant and substantially reaches its capital goal, it will want to enter a lease with the City. Under a conventional lease, it would not assume responsibility for the roof or any other exterior feature that typically falls to the landlord to own and maintain.

In effect, the City is presently asking the community's wealthier residents—those individual and institutional donors who are the major sources of private philanthropy—to do what the City is legally accountable to do, and what they as taxpayers have expected it to do over time. Lacking an alternative in terms of a City commitment toward building repairs, the Museum Board has dutifully asked these donors to come up with the repair money. A number of the campaign's early supporters who have been considering larger donations or gifts have been troubled by the reluctance of City officials to assume some of the repair burden, and have wondered what this bodes for a landlord-tenant relationship.

At a recent Museum Board meeting, there was some discussion about the prospect of taking up the suggestion to purchase the building, as is, for one dollar. Most of the Board members have been successful in business and have had experience in buying and selling commercial property. They asked how this proposition could be a win-win situation when the Board would be assuming an extraordinary list of building repairs and foregoing the advantage of free electrical service (excluding heat) that the building enjoys under the municipal franchise with Com Ed. There

may be reason for further discussion on the sale of the building to the Museum Board if the City was willing to finance certain repairs, to offset the electrical cost savings that the Museum board would forego if it became an owner. Once the electrical load is known, the amortized cost of electrical service over a fixed term such as twenty years can be reliably estimated. This is the kind of businesslike discussion that occupied the attention of the StageCoach Players and the Administrator over a year ago and could be pursued again.

City Council direction is requested.

B. Consideration of the Proposed FY2002-2003 City Budget.

The City Council's Finance Committee reviewed the City Administrator's proposed budget in public meetings on March 19 and March 20. One item remains unresolved: whether the City Council would like to hire a planner or a development officer. In the proposed budget document, the City Administrator identified the hiring of a planner as one of a number of unfunded priorities for the General Fund, but not the top priority in terms of operational needs. The Administrator's proposed budget did not propose a development officer as an unfunded priority, although several Council members suggested the need in the meeting of March 19. The purpose of this consideration is to help the Council sort through the pros and cons of the hiring priorities listed in the budget document and resolve this issue so that a final, revised budget document can be prepared prior to the public hearing on April 15.

The hiring priorities recommended by the City Administrator and some explanation of each are reviewed below:

- a) First Priority (*funded in the proposed budget*): the hiring of two firefighters. A commitment to hire three firefighters to raise the minimum shift staffing level to five persons was made by the City Council a year ago in the FY02 budget, following several months of discussion about the findings in the Fire Chief's strategic plan for fire services. The most relevant finding with respect to this objective was the fact that Sycamore had a "one-call" department. The current staffing level has been maintained since 1976. Average annual calls for service have increased 237% since that time. Whether responding to an emergency medical call or fire call, one response clears the station. In 2001, the station was empty on an average of 2.8 hours per day. The time it takes to "fill" the station with paid-on-call or mutual aid personnel exceeds the allowances established by the National Fire Protection Association (NFPA). In addition, the number of multiple calls—two or more calls occurring at once—is increasing. In 2001, it is estimated that multiple calls for service occurred 190 times. There is also inadequate staffing to meet the minimum "2-in-2-out" requirements established by the Illinois Department of Labor and OSHA for fire scenes. Presently, the department responds to structure fires with four firefighters and the Chief; the national minimum is 7 with an optimal backup of 6 additional firefighters. Related to the "one-call" status, the department's response times are exceeding the upper limit of national

benchmarks (6 minutes for EMS; 10 minutes for fires before flashover) one-third of the time. Despite mutual aid agreements, traffic signal preemption devices at 7 intersections, and a paid-on-call roster, the inability to fill the station promptly after a first call slows the department's responses to simultaneous or follow-up calls. In the spring of 2001, the Council reasoned that the hiring of three new firefighters would mitigate these shortcomings by increasing the minimum shift level from three firefighters and a lieutenant to four firefighters and a lieutenant.

In FY02, only one of the three firefighter positions was filled (September 17, 2001) due to general revenue constraints. The proposed FY03 budget proposes the creation of the other two firefighter positions. The annualized cost of two new firefighters including benefits, retirement, withholding, overtime, wearing apparel, and training is estimated to be about \$90,000. The City Administrator recommended a delayed hiring until September 1, 2002, obligating the General Fund to an eight-month cost of about \$67,500. The delayed hiring would allow the Council to assess the pace of General Fund revenues against estimates before authorizing the new hires. This is particularly prudent in light of the announced Kmart closing.

The allocation of the \$67,500 need to hire the two firefighters is included in the proposed Fire department budget.

- b) Second Priority (unfunded): the hiring of one new Police officer. This priority was part of the FY02 budget where it also rated just behind the hiring of new firefighters, and the City Administrator supports it as the next highest organizational priority. The principal reason for the hiring is the Police department's mercurial shift strength at present personnel levels. While striving to maintain a minimum shift level of three officers and one sergeant on each shift, the average shift is more often a total of three sworn officers (two patrol officers and one sergeant). Meeting this minimum is routinely a scheduling challenge because of occasional illnesses and on-the-job injuries, the substantial annual paid leave allowances in the FOP contract, continuing educational and training requirements that pull officers off shift, etc. One more position will not resolve all of these difficulties, but will offer some flexibility for the department's management. Although the strategic plan for the department's staffing and facility needs over the next five years is not yet completed, Chief Thomas estimates that the hiring of one officer per year for the next three fiscal years is in order to meet growing service demands in a spreading geographical jurisdiction. Until the current negotiations with FOP are resolved, the base wage for an entry-level officer will be uncertain. However, it is estimated that the entry-level wage will be about \$34,500 in FY03 and the overall cost including benefits will be about \$43,000.
- c) Third Priority (unfunded): the hiring of a laborer for the Public Works department. As explained in the budget meeting of March 19, during the

coming fiscal year it will be prudent to review staffing levels and service needs in all “public works” programs, including the Water department. For some time, the diverse mechanical talents in the Public Works department (Street and Treatment Plant divisions) and Water department have sustained a high level of productivity and responsiveness, and have masked the thin staffing. With the City’s recent growth and invigorated commitment to the repair and more aggressive maintenance of our streets and underground infrastructure, the present levels of staffing—established in the mid-1980s—are strained. The base wage for an entry level laborer is \$31,500 and with benefits the overall cost would be about \$39,500.

- d) Fourth Priority (unfunded): the hiring of an Assistant Fire Chief. The 2001 strategic plan for fire services recommended the hiring of an assistant chief to help the department establish a true incident command structure. Presently, the chief typically responds to all fire calls and serves as the incident commander, while the shift lieutenant becomes a working firefighter. On many occasions, the chief becomes a working firefighter as well. The hiring of two new firefighters to create a minimum five-person shift addresses the NFPA requirements for “two-in, two-out” but does not address the command deficiencies on the fire scene, particularly in the chief’s absence. In the budget document, it is assumed that the position of assistant chief would be filled with an internal hire, resulting in the need for a promotion to lieutenant from the firefighter ranks, and the hiring of a new firefighter. Hence, the cost of \$41,500 is a little more than that of a new firefighter, but with an incremental amount for the differential between the current lieutenant’s base pay and the starting pay of the assistant chief.
- e) Fifth Priority (unfunded): the hiring of a full-time planner. Presently, the City’s planning functions are distributed across three positions. Building Commissioner and Zoning Officer Lyle Doty performs zoning reviews, provides staff support to the Board of Zoning Appeals, and prepares the annual City zoning map. City Engineer John Brady was principally responsible for subdivision and annexation reviews and acted as the staff liaison to the Plan Commission for decades, until the City Administrator’s position was revised in the summer of 1998. The current Administrator assumed a lead role as the Plan Commission’s staff liaison in October, 1998 and has also been intimately involved in subdivision and annexation reviews, special use requests, and rezonings as well as minor zoning issues. A planner would typically assume these disparate functions. A provisional job description is attached and illustrates this point. A provisional budget for a planner is also attached. Based on the monthly advertisements in the American Planning Association’s monthly magazine and information gleaned from publications of the International City/County Management Association (ICMA), an entry level planner with a master’s degree is now earning about \$47,000. The overall cost for a planner with benefits and necessary office expenses is estimated to be \$65,122 (please see the attached spreadsheet).

This cost does not include the creation of office space, which currently does not exist in City Hall. If Council meetings, Plan Commission meetings, and other large public meetings can be relocated to a remote site, office space could be created on the second floor of City Hall. A general estimate of the cost of creating office spaces in the Council Chambers was included in the proposed list of 2002 bond fund uses (the total was \$50,000).

The assumption of numerous planning functions by the Administrator does stretch his week into the evenings and weekends, but the time commitment has to be balanced against a reasonable notion of desired outcomes for the organization. With the continuing assistance of Lyle Doty and John Brady we can meet our planning obligations under the current division of labor. It is a personal but not an organizational strain. In the past three years the staff have developed a Comprehensive Plan, Urban Design Guidelines, a revised Zoning Code, and a sub-area plan (Bethany Road Regional Plan), and we have processed a prodigious number of rezonings, subdivisions, and planned unit developments in a timely and thoughtful manner. In contrast, we cannot meet some of our staffing obligations in the Fire and Police departments with the current division of labor and current levels of staffing. The City Administrator does not dispute the eventual need for a planner, only the timing in light of other, more pressing organizational needs.

In addition, the City Administrator cannot justify the possible expense in relation to other needs. Another review of the General Fund revenues and expenditure categories was completed in the past five days. Until the fallout from the Kmart closing is known this summer, it is not prudent to predict higher revenue numbers in the sales categories. The income tax projections are in line with state estimates and the lesser categories of fines and fees are already at the edge of realistic assumptions. If the planner position cannot be funded from new revenues, what about new transfers from other funds? This option was discussed in the March 19 meeting. Increasing our transfers into the General Fund would reverse a financial trend that has merited complimentary attention from Moody's and is consistent with the City's long-term financial goal of having each fund live within the means afforded by its logical revenue sources. In the case of the General Fund, the current level of transfers is largely consistent with staff support provided to other funds (e.g. we transfer motor fuel tax funds to offset the City Engineer's design and inspection work on our streets). However, larger transfers from the funds presently supporting general operations would be seen as a bailout for insufficient general revenues, or the proverbial "robbing Peter to pay Paul." We departed from this approach with the FY1999-2000 budget and a return to this strategy would send a negative message to agencies we will approach next year for an upgrade in our bond rating. The only way the Administrator can foresee funding a planner position at this time is to pit it against the proposed hiring of two firefighters. The planner position is estimated to cost \$65,122 and the two firefighters would cost an estimated \$67,500 over eight months.

The City Administrator does not recommend this option on the basis of the needs analysis outlined above.

Several Council members noted in the March 19 meeting that some new staff help might also be needed in the area of development assistance. The Administrator disputes this assumption for several reasons. First, most new economic value comes from the investments made by existing businesses. In this respect, economic development cannot be divorced from community development. In our small community where existing businesses are literally only a brief drive or short walk from City Hall, and where business owners and managers expect to communicate with governmental leaders directly, it is axiomatic that the City Administrator ought to be routinely involved in retention calls and less formal contacts with business owners and managers. The Administrator's role has been augmented by the volunteer efforts of the City's Economic Development Commission in recent years. A log of their retention calls has been periodically shared with the Council and an updated copy is attached for the Council's review. The terms of all current EDC members expire on May 1, so there is an opportunity to reinvigorate the ongoing retention program with new City "ambassadors." Since Sycamore's unique identity and charm are vitally connected to the historic downtown business district, the issues facing downtown businesses will remain a key focus of any retention program.

Second, economic development is a fickle process. Sometimes the best projects come without planning or promotion. In other instances the attraction of new businesses or the retention of existing businesses is the result of much staff attention and municipal interest. There are a number of reasons for this, but the most important is that development is primarily a result of private investment and a series of often unrelated private decisions that do not involve municipal officials. Sometimes this is because of a reluctance to share confidential private information with public officials; sometimes it is because government is viewed as, at best, a nuisance; and sometimes it is because any help the government can give is not as important as other factors such as location, the price of land, etc. The general wisdom in the profession of economic development is that municipalities need to carefully focus on what they can control, and be prepared to react productively and promptly to initiatives that unpredictably flow from private interests. Against these realities, one of the chief targets of municipal effort should be the maintenance of a positive business climate. Among the chief elements in such a strategy are the following:

- ◆ A competitive property tax structure;
- ◆ A diverse tax base;
- ◆ Responsive, efficient, and professional government, which features the timely processing of development requests, a clear and flexible incentive program, and a Council with a businesslike approach;
- ◆ Adequate infrastructure to sustain a range of business uses;
- ◆ Coordination with job training agencies to sustain a pool of accessible labor with diverse skills and business development programs;

- ◆ The promotion of new development space along prime transportation corridors;
- ◆ The promotion of an appealing quality of life. This is a worn phrase but can mean anything from good schools, good parks, good shopping opportunities, diverse cultural attractions, etc. It is on this point that “community development” most closely meshes with economic development.

The City of Sycamore has been aggressively tending what we can control for a number of years. We have reduced the City’s tax rate to the lowest level since the early 1970s and we have not been reluctant to jaw-bone other local taxing bodies into moving in the same direction. We have a very responsive staff in terms of development requests—an advantage that is quickly noticed by development firms—and we have refined a clear package of incentives including sales tax rebates, property tax abatement, and discounts on connection fees that is competitive. We have also resisted the imposition of a utility tax to support our general operations because of the adverse impact it would have on existing and future businesses. Recent City Councils have also been willing to dedicate new revenues and to borrow funds in order to attack longstanding infrastructure deficiencies.

With respect to available sites for industrial development, our careful planning in the past five years has led to a disciplined approach to annexation and subdivision that does not trade future opportunities for short-term successes. We are very involved with the promotion of the City’s first-class business park, the Sycamore Prairie Business Park, and regularly consult with the site selection specialists (Grubb & Ellis and Method K Partners) under contract with Ideal Industries to promote the park. These professionals make prospect calls in business parks throughout northern Illinois, southern Wisconsin, and northwest Indiana on a weekly basis to make sure Sycamore is on their horizons, and the Administrator consults with them regularly to share information. The Administrator also keeps in close, regular contact with the developer of the Sycamore Industrial Park and the executive director of the DeKalb County Economic Development Association to screen prospects and offer up-to-date information about Sycamore’s advantages.

From the standpoint of commercial retail development, the premier Sycamore locations for big box retailers are the Kmart site and the surrounding lots being developed by Milan Krpan, the Menard subdivision, the Peace Road corridor from DeKalb Avenue northward to the Kishwaukee River, the intersection of Rt. 23/Plank Road/Peace Road, and the Townsend Wood commercial site. The Administrator is in contact with the appropriate property owners and developers on a regular basis. Of course the attraction of new commercial retail uses must be delicately balanced with the retention of existing retail businesses. The continuing development and redevelopment of the City’s downtown business district has

been an abiding concern of the Administrator and the Council in recent years, and has a prominent place in our Comprehensive Plan's objectives.

The case could be further made, but the point is that developers of prime commercial property are going to want to speak directly to the Administrator in a small city organization such as ours. Moreover, administrators or city managers are going to want to be in the middle of any evolving development story. The hiring of a development officer would not change this. More important, in light of the network of professionals at work in our community's behalf, the hiring of a development officer would move scarce resources to a point of strength and away from the points of need identified in the City Administrator's list of unfunded priorities.

City Council direction is requested. In advance of the public budget hearing on April 15, copies of the proposed budget document should be on file at the Sycamore Public Library and in other public places during the week of April 8. Accordingly, a final judgment on the City's hiring priorities should be made at the April 1 meeting to allow time for the Administrator to produce a revised budget document.

14. APPOINTMENTS

15. ADJOURNMENT