

# **SYCAMORE CITY COUNCIL**

## **AGENDA**

**January 20, 2003**

### **City Council Workshop Meeting**

**6:30 Official Opening of the new Public Works Building.** At 6:45 p.m. a brief ceremony hosted by Mayor Swedberg will be held to express the City's appreciation to State Senator Bradley Burzynski and others who were very instrumental in making this new facility possible.

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### **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 January 6, 2003;
  - B. Payment of the Bills for January 20, 2003.
  - C. Plan Commission Minutes for the Meeting of December 9, 2002.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
  - A. Introduction of our newest firefighter, Pat Dulzo.
- 8. REPORTS OF OFFICERS**
- 9. REPORTS OF STANDING COMMITTEES**
- 10. PUBLIC HEARINGS--None**
- 11. ORDINANCES--None**

## 12. RESOLUTIONS

### A. Resolution No. 423—Adopting a Downtown Improvement Program.

At City Council workshops on July 1, 2002 and August 5, 2002, the City Council reviewed drafts of an administration proposal to implement a revolving loan program for the downtown business district. The principal purpose of that program was to promote improvements to building facades anywhere within the “C-2” Central Business District. After reviewing a program description and various sample documents including an application form, a mortgage, and a promissory note, the Council concurred with the City Administrator’s recommendation to transfer \$50,000 from the General Fund reserve to establish a new “Downtown Revolving Loan Fund” (Fund 13). That transfer was made with the amended budget on November 4, 2002. Since the application period is to begin on May 1 each year, the implementation of the program was postponed until the spring of 2003.

At this juncture, it is fitting to provide the public with information about the program and to proceed with the appointment of the Architectural Review Committee that will determine the eligibility of projects and make funding recommendations. Although previous Council action to fund the program effectively gives life to it, the attached resolution more formally creates a “Downtown Improvement Program” and authorizes the City Administrator to take the necessary promotional steps to gain the widest possible audience for its benefits. Copies of the program documents are attached for further Council review.

City Council approval is recommended.

### B. Resolution No. 424—Adopting Medicare-Only Coverage (Section 218)

On September 16, 2002 the City Council took initial steps to remedy a dilemma facing 16 active police officers and firefighters who had not previously paid into Medicare. Since these employees had never paid into the system (prior to April 1, 1986, they were not required to do so), we learned that they would be required to purchase not only Medicare Part B, as all eligible workers do when they retire, but Medicare Part A as well.

First, some background. Workers who have paid into Medicare and who have 40 quarters of credit do not have to pay for Part A when they retire. In 2002, Medicare Part A cost \$319 per person per month if an eligible worker had not paid into the system. Employees who have spouses who work in Medicare-covered employment are eligible for Medicare coverage through their spouse.

In order to aid those police officers and firefighters who have not paid into Medicare through their jobs with the City of Sycamore and who also will not have Medicare coverage through an eligible spouse, the City Council was asked on September 16 to consider entering a Section 218 agreement with the Social Security Administration. Such an agreement is a voluntary understanding between the State and the Social Security Administration to provide Social Security and Medicare (or Medicare only) coverage for State and local government employees. Once such agreements are

approved, they are irrevocable. Pursuant to the law, on September 16, 2002 the Council authorized a referendum among the affected employees to determine the level of interest in Social Security and Medicare coverage. All 16 employees cast ballots and seven (7) elected to begin contributing to Medicare. We have started their deductions and have set up an escrow account to hold them, as well as the City's matching contributions, until the Section 218 agreement is approved.

The attached resolution certifies that (1) the referendum took place and (2) that 7 of the 16 eligible employees voted to participate. The resolution will also signify that the Council approves entering an agreement with the Social Security Division of the State Employees Retirement System of Illinois.

City Council approval is recommended.

### 13. **CONSIDERATIONS**

#### **A. Consideration of a Preliminary Administration Report on the Proposed FY2003-2004 General Fund Budget.**

In early January of each calendar year the City Administrator evaluates operating revenues for the next fiscal year and sets spending targets for the department heads to build their General Fund budgets around. For the balance of the month the department heads translate these overall numbers into individual program expenditures. At the Council workshop meeting in February, the City Administrator provides a more reliable general estimate of operational spending within revised revenue limits. The February workshop meeting also traditionally addresses capital spending plans for the next fiscal year along with an updated three-year capital spending plan.

The following report reviews the likely operational revenues and expenditures for FY04, based upon the financial performance of the organization for the first eight months of the City's FY03 fiscal year. Forecasts for the regional economy for the next twelve months are also taken into account.

#### General Fund Revenues

On the revenue side, FY04 may be the most challenging of any fiscal year over the past five years. Here are the main reasons:

1. The State of Illinois has at least temporarily eliminated the local share of the photoprocessing tax, which amounts to about \$2.10 per person, or about \$25,000 in our case.
2. The local share of state income tax proceeds has fallen on a per capita basis over the past year from \$71.40 to \$68, amounting to a reduction of about \$41,000 in FY04, assuming the state legislature does not change the formula for this important revenue-sharing program.
3. The closing of Kmart and the lack of any redevelopment activity on that site will mean a loss of about \$150,000 in combined home rule and state sales tax proceeds.
4. The general operating portion of the property tax levy was reduced by \$24,211 (vs. FY03).

5. We will lose approximately \$100,000 in fees from Genoa (previously funding our dispatch services).
6. In terms of transfers from other city funds to reimburse the General Fund for services, the Ambulance Fund transfer will be reduced from \$5,000 to about \$1,683 (the remaining balance after April 30) as that fund is closed. As you'll recall, now that ambulance trust funds are directly deposited in the General Fund, the Ambulance Fund has no recurring source of revenue and has slowly emptied its remaining balance into the General Fund over recent years.
7. Based on year-to-date trends and a month-by-month comparison with the past three fiscal years, our overall sales tax revenues are not projected to rise much above FY03 levels. The total increase for FY04 may be only \$103,750. In FY02, the annual increase for the combination of home rule and sales tax revenues over FY01 was \$660,236. The slump in natural sales tax growth is thus around \$550,000.
8. There are two bright spots in our general revenue picture: (a) the restaurant/bar tax will return about \$88,000 more than our tentative projection a year ago; and (b) we can count on about \$38,643 in new state sales tax proceeds from Brian Bemis Automotive Group, presuming (conservatively) the new center on DeKalb Avenue opens in October and we receive the first installment of new tax monies in the period January-April, 2004. Based on our projections when the City entered a revenue-sharing agreement with Brian Bemis Automotive Group in August, 2002, the City and the firm will equally share all home rule and state sales tax proceeds above a total baseline of \$177,630 per year. We estimated that the first full year of expanded sales over and above that baseline would generate new revenues of \$234,202. The City's full-year share would be \$117,101. A four-month City return would then be \$38,643.

The swing in fortune on the revenue side is about three-quarters of a million dollars. In order to avoid a cutback in municipal services, the plan at this point is to grind our spending projections to the minimum consistent with the maintenance of existing services, while investigating a number of options for increasing our general revenues. Here are some recommended revenue measures:

- ◆ Increase the building plan review fee from \$80 to \$100 for single-family homes. This will generate another \$2,000.
- ◆ Increase the building permit fees for the three types of new residential construction (see Section 9-2-4 of the City Code). The present charge is 10 cents per square foot of living area. I think 15 cents is more reasonable and still competitive. This may net an additional \$15,000-\$20,000 per year.
- ◆ Increase the engineering plan review fees (see Section 10-5-4 of the City Code). The present fee is 2% of the total estimated costs of the required public and private land improvements (excluding buildings). We might consider an increase to 2.5% to 3%, which would bring in another \$16,000 to \$22,500.
- ◆ Double our liquor license, dog license, and electrical license fees to yield an additional \$38,000.
- ◆ Increase our land annexation fee from \$1,000 an acre to \$2,000. The DeKalb Sanitary District recently raised its annexation fees to \$3,000. In view of the unyielding interest of residential developers in our market, I do not think this would

deter development. The increase would generate an estimated \$30,000 in new revenue.

- ◆ Impose a telecommunication tax. Such a tax would apply to conventional landline phone calls as well as wireless calls by any vendor in our market (e.g. Verizon, Ameritech, U.S. Cellular, etc.). If we approve an ordinance and forward it to the Department of Revenue by April 1, we could start receiving the tax proceeds after July 1, 2003. Based on our consultation with Larry Frang of the Illinois Municipal League and City of DeKalb officials (DeKalb imposes a 6% tax), it is estimated that the return on a 1% tax will be around \$50,000 for a ten-month period. A 5% tax would yield an estimated \$250,000 over the period July 1, 2003 to April 30, 2004. What would be the impact on local residents? With respect to landlines or home phones, assuming the homeowner does not have an array of special features, the expected impact would be about \$18 per year, or about \$1.50 per month. There is no way to accurately estimate the revenue from cell phone use, since we have no baseline. However, as indicated above, using the DeKalb numbers and deducting for our smaller market, a lower proposed use tax should yield the return suggested above.

The result of the aforementioned changes will be an estimated \$360,000 in new revenues.

#### General Fund Expenditures

We have to assume a large jump in the General Fund Support budget in anticipation of another 30% increase in health insurance costs and a sizeable increase in worker comp costs (about \$315,700 in all). The Police department's target number shows the greatest single departmental increase (\$229,876), principally owing to the new contractual allocation (\$494,000) for the City's share of the consolidated dispatching costs (a net increase, after subtracting operating costs for the former dispatching arrangement, of \$134,850). This number fits the projection we made in August, and is slightly less than what we would be paying in FY04 if we retained our PSAP but proceeded with the necessary upgrades in number of personnel, equipment, and training.

With the inclusion of all of the revenue increases outlined above (about \$360,000), the General Fund budget can be balanced.

With respect to FY04 expenditures, here are the assumptions dictated by our revenue picture:

- a) no new hires;
- b) wage and salary increases to incorporate union contractual increases and the management pay plan. The Administrator's salary would be frozen for FY04;
- c) commodities and contractual services are generally frozen at FY03 levels, with the exception of upward revisions to meet our insurance requirements (General Fund Support budget) and the contractual agreement for dispatching services with DeKalb County (Police department budget);
- d) no increase in the General Fund contingency account.

- e) no increases in the Administration budget for moving expenses or new furniture and equipment for the Henderson building, or the new offices (Engineering and Building) in the former Street garages, although such expenses will surely arise.

The table below depicts our General Fund revenue and spending patterns in recent years:

	FY98-99 (Actual)	FY99-00 (Actual)	FY00-01 (Actual)	FY01-02 (Actual)	FY02-03 (Est.)	FY03-04 (Proposed)
Revenues	\$6,612,370	\$7,170,939 +8.5%	\$7,237,239 +1%	\$7,820,749 +8.1%	\$7,873,000 +0.67%	\$8,299,076 +5.4%
Expenditures	\$6,310,362	\$6,293,779 -0.26%	\$6,393,527 +1.59%	\$6,588,461 +3.05%	\$7,583,468 +15%	\$8,297,067 +9.4%

Over the past five years, our spending has purposely trailed our annual revenue increases by a substantial margin. Except for slides in revenue that we cannot control but can only react to, our spending increases have been measured and controlled by our revenue projections, rather than service demands. Specifically, since the spring of 1999 we have

- ◆ added one police officer, a community service officer, three firefighters, a laborer, and a building inspector to sustain existing services in an expanding geographic area. The case had been made by department heads for these and other new hires over time, but such hires awaited sufficient revenues.
- ◆ hired a human resource director to address serious deficiencies in the way we treat routine personnel concerns (including benefit administration and risk management). Recent litigation has underscored the wisdom of the move toward professional management of our benefit and insurance programs.
- ◆ adjusted our contractual wage schedules to remain competitive.
- ◆ made an investment in the future by collaborating with DeKalb County on a new dispatch center.
- ◆ upgraded our emergency service response by sponsoring a paramedic training program.

During the past two fiscal years we have been faced with extraordinary health insurance premiums that have built another 2-3% into our annual spending increases. We are now counting on health insurance increases of 30% per year, or about \$243,000 in FY04. Our operating revenues have expanded at an average annual pace of 5.1% per year since 1998, but the trend line has been mercurial. Until our revenue base expands at a more reliable annual pace of at least 5.5% to 6% per year--which means a leveling of health insurance costs and personnel costs!-- we will not see the new hires that our various department heads have requested.

Why don't we dip into the General Fund reserve to remedy the revenue shortfall? The reserve is not so much a savings account as a fiduciary account similar to a pension fund. An amount equal to the accrued leave balances must be reserved for retirement payouts. Any additional monies—such as the amount we used to purchase the Henderson properties—can be considered an undedicated capital pool for either emergencies or future capital expenditures that will not conflict with more publicly

sensitive capital needs such as infrastructure repairs (roads, sidewalks, etc.). Generally speaking, the last capital expenditures that taxpayers want to make are public building expenditures, especially in a City that has had difficulty keeping up with infrastructure repairs in the neighborhoods, in commercial districts, and in industrial areas.

Maybe we should not have purchased the Henderson Building? This is illogical for the reasons stated above. Additionally, as our auditors would agree, operations should never be bailed out from another fund or a reserve account. The following year one would have to find twice the amount of money—enough, dollar for dollar, to maintain the expanded level of operational spending as well as enough to replace the monies “borrowed” from the other fund or the reserve account.

**City Council direction regarding the proposed General Fund revenue increases is recommended.** With the Council’s direction, any necessary ordinance changes can be prepared for action in February.

**B. Consideration of an Administration Report on Recent Planning Initiatives.**

So far this January the City has sponsored two public workshops to elicit public opinion on how we should grow in the next five years. The first event surrounded an “image preference survey” that was held at the Sycamore Library on Tuesday, January 7. At that gathering, attended by 62 residents (not counting staff, Plan Commissioners, and Council members), the City’s planning consultant, Land Vision, conducted the following:

- a) a written “Attitude and Preference Questionnaire” that asked participants to answer 25 questions concerning their favorite qualities about Sycamore, priorities for land use, urban design preferences, etc.
- b) a rapid-fire projection of 326 images depicting a wide range of land uses to elicit instinctive responses in the form of ratings from -5 (very negative) to +5 (very positive).

On Saturday, January 11, the Land Vision staff conducted the second planning event—a “charrette,” that invited participants—about 30 in all—to spend several hours marking up aerial surveys of Sycamore to depict their preferences for land use and possible limits for future growth. The results of the land use surveys were presented on a composite land use plan at the Plan Commission on January 13. The consultant has also summarized the ratings for the images presented on January 7 and printed the images, with their respective ratings, on foam board mounts for future reference.

The Plan Commission will hold a special workshop meeting on Monday evening, January 27, to take the planning process forward. Members of the Commission will have the recent charrette results to draw from as well as the cumulative experience of many workshops and agendas that have occurred since the current plan was adopted three years ago. Many of the Commissioners have served throughout this period, and will bring further insights to the process. A preview of emerging themes will be presented to the Council at the second meeting in February.

### **C. Consideration of the Police Department's Five-Year Strategic Plan.**

Police Chief Don Thomas will present a five-year strategic staffing and facilities plan to the Council. Copies of the executive summary and the text of the plan are appended to this agenda. The appendices and supporting data will be circulated to the Council under separate cover.

#### Staffing

With regard to staffing, the Council will note that the report concludes that the current management staff is adequate for the life of the plan. However, the report also concludes that the patrol and investigative staff levels are below an adequate level to provide the expected level of service. Presently, the department has an authorized force of 15 patrol officers (3 sergeants and 12 patrol officers), but one patrol officer—Ed Richter—has left for active duty that may extend for a year or more. Three-person shift levels are ostensibly authorized, but nearly 61% of the time only two officers (a patrol officer and a sergeant) are on shift because of vacations, sick leave, or other benefit time off. At night, and particularly between the hours of 9:00 p.m. and 2:00 a.m., the average staffing level increases to three persons because of the overlapping 10-hour shifts.

Two officers patrolling the City represents a service level dating back to the 1970's when the City comprised four square miles rather than the 6.7 square miles that the City now comprises. On average, such a shift level offers the public only about 30 minutes of "unobligated time" per hour. This means that the equivalent of one patrol officer is constantly busy with paper work, or interviews, or otherwise away from patrol every shift hour. And the trend has been toward more obligated time per hour. In this context, it is easy to see why the department is unable to offer a range of services that most residents and the Council expect, including routine hourly patrols of all our high-speed corridors, neighborhoods, business districts, etc. When the Council or the Administrator asks for a targeted patrol of a certain neighborhood to slow traffic or when there is a request for an investigation of yard nuisances, it means that most parts of town have to be ignored during such patrols, or officers have to be recalled on overtime. The average shift does not have the personnel to cruise school zones or business areas, check doors after hours, provide additional "eyes" to assist our investigative officers on active cases, or discourage teenagers from skateboarding downtown. Additionally, in order to provide the barest shift strength during business hours, the department has re-assigned its school resource officer to shift duty and has not been able to fill a vacant position on the North Central Narcotics Task Force for two years.

The departmental study recommends, at a minimum, the hiring of one patrol officer per year for the next three years. To provide optimal shift strength to meet current levels of demand, the study also recommends the hiring of an additional part-time community service officer and part-time records clerk during the same three-year period.

#### Facilities

With regard to the department's net usable space for its varied functions, the report acknowledges the importance of the changes that have been made possible with

funding from the 2002 bond proceeds. An evidence room and space for the indoor parking of squad vehicles have been introduced into the former Street garage area. Additional improvements to the former Street garages that will ease cramped conditions are planned for later this winter and in the spring.

The department identifies further improvements that will become possible as the City's administrative offices are relocated to the former Henderson Building. These improvements include the moving of the department's administrative functions to the first floor, the relocation of the detective offices to the upper level of the present Police facility, a larger interview room where the communications room currently exists, and more adequate storage space. However, as the study suggests, other improvements will be necessary and are not currently funded, such as the creation of a sally port for the safe and unobtrusive transfer of prisoners, the creation of adequate male and female restroom and shower facilities, etc.

#### Training and Equipment

Currently, the department meets the minimum requirements established in law for the training of new recruits (a 12-week course), and provides a field training experience for probationary employees. The department has also provided supervisory training experiences for its sergeants and lieutenants, periodic firearms training, and some limited one-to-five day seminars on special topics such as tactical response, emergency medical assistance, etc. However, the department's training budget has never had the funding to offer a comprehensive career development plan for its sworn and civilian personnel. It has been able to identify the professional goals of its personnel, but has not had the funding to facilitate them.

Each level of training carries a certain level of equipment. Further, there is additional equipment that has not been pursued for the patrol and investigative ranks because of a lack of funding.

#### Standards and Procedures

The strategic plan also aspires to meet the "best practices" of the law enforcement profession. Nationally recognized standards for progressive police departments are easy to access and the plan proposes to work toward the highest level of performance over the next five years. Part and parcel of such an aggressive goal is thorough annual goal-setting for personnel performance, technological advance, budgeting, etc.

#### **What is the next step?**

In an earlier consideration the City Administrator has outlined a bare-bones budget for FY04 that includes no new hires. How can we reach for excellence when we are tied to modest budgets? The first obligation is to keep talented people and afford them opportunities to maintain their skills. The FY04 budget projection includes a competitive wage and benefit package but is not up to the challenge in terms of training.

The highest unfunded priority in the current FY03 budget is the hiring of a patrol officer. This will remain the highest unfunded priority. Beyond this objective, the availability of general operational revenues will dictate the pace and scope of the investment in people, equipment, and facility improvements. Moreover, there will always be the competing needs of other departments. The Council is reminded of an earlier and unrealized commitment to sufficient personnel in the Fire department to establish a five-person shift.

**D. Consideration of a Closed Session to Discuss Personnel Matters.**

**14. APPOINTMENTS**

**15. ADJOURNMENT**