

SYCAMORE CITY COUNCIL

AGENDA

June 16, 2003

City Council Committee Meetings

No Meetings are 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 June 2, 2003;
 - B. Approval of the Minutes of the Special City Council Meeting of May 30, 2003;
 - C. Payment of the Bills for June 16, 2003;
 - D. Plan Commission minutes for the meeting of May 12, 2003.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Sarah Tobias, Executive Director of the Sycamore Public Library, will give a brief annual report to the City Council.
- 8. REPORTS OF OFFICERS**
- 9. REPORTS OF STANDING COMMITTEES**
- 10. PUBLIC HEARINGS--None**
- 11. ORDINANCES**
 - A. **Ordinance No. 2003.08—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Dahlco, LLC for an Amendment to the Annexation Agreement Dated March 27, 1996 and for the Annexation and Rezoning of the Property Along the West Side of Hopkins Lane, South of Mt. Hunger Road. Second Reading.**

This ordinance was considered on first reading on May 19. Council action on second reading was deferred on June 2 until the developer could show more substantive progress toward the installation of signals and the widening of the intersection at Maplewood and IL Route 23. The Council felt that the developer should not be given additional land to develop until previous commitments toward public improvements had been satisfied in a more timely manner. A report from the developer regarding the status of plans at the District 2 (Dixon) IDOT office is expected on June 16.

With respect to the intention of Dahlco, LLC to annex a 3.71-acre strip of land running along the west side of Hopkins Lane, the Plan Commission initially considered an amendment to the Townsend Woods annexation agreement revising the preliminary plan to allow such an annexation at its March 10 meeting. The proposed preliminary plan revision depicted eleven single-family lots with driveway access to Hopkins Lane.

At the March 10 meeting, neighboring property owners who reside on the east side of the rural Township roadway objected to the plan because of the dramatic increase in housing density at their doorstep, the monolithic array of front-loaded garages, and the promise of many more vehicle trips in and out of Hopkins Lane each day. The Commission asked the City Attorney to render an opinion as to whether the newly annexed land would be automatically zoned "R-1" One Family Residence upon annexation. If not, the Commission would be in a position to negotiate over the most restrictive zoning.

Action on the petition was continued until the April 14 meeting. At that time it was reported that the City's most restrictive zoning was "A-1," Agricultural District, according to the revised Zoning Code of 2001. A rezoning was thus likely to be required before any residential uses could be introduced on the 3.71-acre strip to the west of Hopkins Lane. In anticipation of this ruling, the City staff, the petitioner and his attorney, and residents of the homes on the east side of Hopkins Lane opened a dialogue in the interest of arriving at a plan that satisfied all parties. The plat before the Council represents such a compromise. It depicts a re-designed residential development area to the west of Hopkins Lane that allows no access to Hopkins Lane. Further, it calls for an elevated berm with a screening hedge of fir trees that will have a minimum height of 4 feet at the time of planting, and the trees will be staggered in two rows at 10-foot centers. Another feature of the plan is the permanent rural character of the Hopkins Lane right-of-way. The roadway will be re-built by Sycamore Township but will retain the ditch system for the conveyance of storm water, rather than a curb and gutter system. The recently-approved Land Use Map of 2003 suggests that the Hopkins Lane right-of-way should be a permanent "edge" between the corporate limits and the unincorporated County jurisdiction. This plan would tangibly support such a vision.

The Plan Commission reviewed the proposed amendment to the annexation agreement on May 12 and unanimously recommended its approval. City Council direction is requested.

B. Ordinance No. 2003.20—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Dahlco, LLC for Approval of the Annexation of Property West of Hopkins Lane in the City of Sycamore, Illinois. Second Reading.

If the City Council approves revisions to the Townsend Woods preliminary plan and annexation agreement on second reading, then the approval of this ordinance is recommended. For recording purposes, an ordinance addressing annexation alone, separate from other concerns such as rezoning and annexation terms, is required.

C. Ordinance No. 2003.21—An Ordinance Amending Title 1, “Administration,” Chapter 10, “Personnel Rules,” Section 1-10-16, “Group Insurance,” in the City of Sycamore, Illinois. First and Second Reading.

The attached ordinance is designed to clarify the health care benefits provided to the City’s employees and retirees. In particular, the ordinance brings more depth to the overly brief and sometimes misunderstood passage in the City Code touching on health insurance (Section 1-10-16).

This is really a final step in a process of clarification that began in the spring of 2002. In March of 2002, several retirees asked questions about how the City Code passage would affect them in practice. Human Resource Director Jean Tritle diligently tracked down some answers, but in the process she found that there was little in the written record regarding the language that pertains to employees who would be entitled to City-provided insurance for the rest of their lives once they retired. The general obligation was clear; the application was not.

The City has accepted the general obligation to maintain the same level of benefits that existed when the City Code provisions were written in the 1980s. Over the years since that time, while the established practice of the private insurer may have changed, the level of benefits provided to the employees and retirees has been met or exceeded. In order to balance the interests of our present employees and our retirees with the City’s general obligation as set forth in the City Code, the Health Insurance Committee, which is representative of all employee groups, met with our local insurance broker (Crum Halsted) and Blue Cross representative on April 9, 2002. The purpose of this meeting was to define “full City insurance benefits,” as well as who is eligible for such benefits, and what the cost of these benefits would be to both the City and the retiree.

On April 19, 2002 a letter detailing the results of this meeting was sent out to all current City employees who will be entitled to City-paid medical insurance when they retire, as well as to current retirees. The City Code addresses two separate groups of retirees: (1) those who were hired before May 1, 1982 and who retire with twenty years of service; and (2) those hired after May 1, 1982 but before May 1986 and who retire with twenty years of service. The guidelines established as a result of the Health Insurance Committee meeting of April 9, 2002 and subsequent meetings with union representatives were as follows:

1. Those hired before May 1, 1982 and who retire with twenty years of service.

As stated in the City Code, “retired city employees, after twenty (20) years of service, and if hired before May 1, 1982, shall receive full city insurance benefits at the City’s expense.” In the event of the death of any employee within the foregoing time periods, this subsection shall be construed to give the surviving spouse “continuing insurance with the premiums paid by the City until his/her death or remarriage as the case may be.” Section 1-10-16 of the City Code further states that, “if a retiree (after 20 years’ employment) should find a job with another company and become covered by insurance through that company, the city shall automatically drop that person from the city’s coverage of ‘retiree insurance’.”

Based upon the City’s current medical plan, as well as established practices, employees in this group will continue to receive the **same** group medical insurance benefits for themselves, their spouses, and their eligible dependents (with the limitations on dependent child coverage defined in the group insurance policy) at **the City’s expense** until they and their spouse reach the age of 65. Blue Cross/Blue Shield defines “full insurance benefits” for retired employees and their spouses who are age 65 or older as *“the benefits and provisions described throughout [the] Certificate [policy provisions] that apply to you; however, in determining the benefits to be paid for your Covered Services, consideration is given to the benefits available under Medicare”*. The Blue Cross certificate further emphasizes that, *“when you have a claim, you must send Blue Cross and Blue Shield a copy of your Medicare Explanation of Benefits in order for your Claim to be processed. In the event you are eligible for Medicare but have not enrolled in Medicare, the amount that would have been available from Medicare, had you enrolled, will be used”*. This carveout provision regarding Medicare is one that is mandated by Blue Cross and is not subject to change at the request of the City. Therefore, while the City will continue to pay for the full insurance benefits for retired employees and their spouses until their death (or until the re-marriage of a surviving spouse) **as defined by the group medical plan**, it is the responsibility of the retired employee and his or her spouse to enroll in Medicare, at their expense. It has never been the established practice of the City to pay the Medicare contributions for retired employees.

Retirees who choose not to enroll in Medicare when they become eligible will receive reduced benefits through Blue Cross. They are also subject to a ten percent (10%) penalty for each year that they delay in enrolling in Medicare.

2. Those hired after May 1, 1982 and before May 1986 and who retire with twenty years of service.

As stated in the City Code, “employees hired after May 1, 1982 and before May 1986, and after having reached the age of sixty-five (65), shall receive full city insurance benefits at the city’s expense.”

Based upon the City’s current medical plan, as well as established practices, those employees who retire before age 65 will continue to receive the **same** group medical insurance benefits for themselves, their spouses, and their eligible dependents (with the

limitations on dependent child coverage defined in the group insurance policy) **at their own expense** until they and their spouse reach the age of 65. Upon attaining the age of 65, full city insurance benefits, as defined by Blue Cross (or the insurance carrier at that point in time) will continue for the **retired employee only** at the city's expense. Spouses will not be eligible to remain on the plan. Retirees in this group who are eligible for Medicare will also be responsible for enrolling in Medicare at their own expense. If a retiree should drop the City's medical coverage before he or she turns age 65 to become covered under a different medical insurance plan (such as a group plan offered by a new employer), he or she will be unable to come back onto the City's insurance plan when he or she turns 65.

Having clarified the definition of "full City insurance benefits" as well as the eligibility and cost issues in the spring of 2002, we discovered a new problem. Until April 1, 1986 Police Officers and Firefighters did not pay into the Social Security or Medicare systems. The Social Security Act was amended to require that Police Officers and Firefighters hired after April 1, 1986 begin to pay into Medicare. The amendment did not require those personnel hired prior to April 1, 1986 to begin to pay into Medicare as well. We currently have 16 active Police Officers and Firefighters who fall into this category. Since they had never paid into the system, 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 (workers who have paid into Medicare and have 40 quarters of credit do not have to pay for Part A when they retire). Employees who have spouses who work in Medicare-covered employment will be eligible for Medicare coverage through their spouse. Looking for other insurance providers who would carry our retirees who did not have Medicare coverage was not an option for several reasons. Our broker verified that almost all fully insured plans have the same Medicare rules as Blue Cross. Self-insurance is also not an option, as its cost would be prohibitive to the City. Our broker also sends out 8 to 10 requests for quotes to various insurance carriers at each renewal time. Due to our large retiree population, most of these carriers either decline to quote or quote rates that are substantially higher than those charged by Blue Cross. We did look into a plan offered through the State of Illinois (the Local Government Health Plan) that would have accommodated retirees without Medicare coverage. This plan had several major drawbacks: although it included dental and vision coverage, the premium would be at least 63% higher than the premium we are currently paying to Blue Cross. Also, our participants would receive a reduced benefit as the only local health care provider who participates in the plan's PPO network is Kishwaukee Hospital. Neither Kishwaukee Medical Associates nor the DeKalb Clinic participate.

Therefore, we needed to find a way 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. We asked these employees to consider entering into a Section 218 Agreement with the Social Security Administration. A Section 218 Agreement is a voluntary agreement between the State and the Social Security Administration to provide Social Security and Medicare (or Medicare only) coverage for State and Local government employees. These agreements, once passed, are irrevocable. A survey was distributed to the 16 affected

employees on July 30, 2002 to determine whether or not they wanted to participate in the agreement, if they wanted a divided referendum (those who vote no do not participate, those who vote yes do) or a majority referendum (the majority vote applies to all 16 employees), and when they wanted their contributions to begin. The results of this survey were reported to the City Council on September 16, 2002 and Resolution 420 was unanimously passed, allowing a divided referendum to be held. The referendum began on November 1, 2002 and the 16 employees had 90 days in which to cast their votes. Of the 16 employees, 7 elected to begin contributing to Medicare on January 1, 2003. The agreement with the Social Security Administration was finalized on March 25, 2003.

In light of the Council's action last fall and the previous understanding reached with all employee and retiree groups, it is recommended that the original City Code Section 1-10-16 be amended. The proposed amendment clarifies the employer and employee costs for the continuation of medical benefits at retirement. It also adds new language pursuant to ILSC 5/36, which allows certain pensioners to remain on the plan at their own expense.

The City's insurance broker and our Blue Cross Service representative have reviewed this amendment to make sure that it not only conforms to our present carrier's policy, but will meet our future needs as well. The Crum-Halsted agent, Christina Bowers, and Jean Tritle, the City's Human Resources Director, will be on hand to answer any Council questions.

City Council approval is recommended.

D. Ordinance No. 2003.22—An Ordinance Approving a Grant of \$7,000 to the DeKalb County Economic Development Corporation for Services to Citizens of the City of Sycamore, Illinois. First and Second Reading.

For the last ten years, the City Council budget (701-8399) has funded an allocation to the DeKalb County Economic Development Corporation (DCEDC) to help defray organizational expenses. The grant has been accompanied by an organizational agreement (attached) setting out the reciprocal obligations of the City and DCEDC.

The proposed award underwrites the DCEDC staff's responses to cold calls and other inquiries concerning industrial space in Sycamore. Recent examples of the benefit of our association include the referral of Deloitte & Touche, the referral of several companies that have since purchased speculative building sites in the Sycamore Prairie Business Park, and the promotion of the 50-acre Monsanto site on Bethany Road.

An additional value of Sycamore's support for the organization is access to the County's best network of economic development officials, and a respected clearinghouse for development information. The City's seats on the organization's executive committee and Board assures us of a more timely and thorough access to such information. The attached agreement requires prompt follow-up on industrial

leads, the maintenance of a database on Sycamore's industrial sites and buildings, and regular reporting to the staff and Council.

City Council approval is recommended.

E. Ordinance No. 2003.23—An Ordinance Ascertaining the Prevailing Wage for Public Works in the City of Sycamore, Illinois. First and Second Reading.

Each year by July 1 the City must adopt the prevailing wage rate schedule for public works projects within the City's corporate limits. The attached ordinance and schedule satisfy this requirement.

City Council approval is recommended.

F. Ordinance No. 2003.24—An Ordinance Amending Title 2, "Boards and Commission," Chapter 4, "Board of Fire and Police Commissioners," Section 2-4-2, "Powers and Duties," by Expanding the Powers of the Appointment of Police Officers in the City of Sycamore, Illinois. First and Second Reading.

The attached ordinance simply codifies a mutual understanding reached by the Council and the Board of Fire and Police Commissioners permitting the acceptance of certain qualified candidates without written testing. Specifically, the ordinance permits the Board to exempt the following from written testing:

- a) candidates for Police department positions who are certified as an Illinois police officer or deputy sheriff, and
- b) candidates for Fire department positions who are certified as Firefighter II and as EMT-paramedic.

Such candidates will otherwise be required to undergo examination by the Board before they may be placed on a final eligibility roster for hiring purposes, as openings arise.

City Council approval is recommended.

G. Ordinance No. 2003.25—An Ordinance Amending Title 3, "Business and License Regulations," Chapter 6, "Taxicabs," Section 3-6-4, "License Fee; Tags," Subsection A, Fee," by Reducing the Annual Fee on the Renewal of Taxicab Licenses in the City of Sycamore, Illinois. First and Second Reading.

To affirm the judgment reached by the Council at its regular meeting of May 19, annual fees for taxicab licenses are adjusted in the attached ordinance. Specifically, the renewal fee for each license is reduced from \$150 to \$50.

City Council approval is recommended.

H. Ordinance No. 2003.26—An Ordinance Amending Ordinance No. 2003.18 Authorizing the City of Sycamore to Borrow Funds From the Public Water Supply Loan Program. First and Second Reading.

This ordinance has been requested by the Illinois EPA. Apparently, there is a turn of a phrase in Ordinance 2000.18—an ordinance reviewed by the IEPA—that the Springfield office would prefer to change. City Council approval is recommended.

I. Ordinance No. 2003.27—An Ordinance Amending Title 1, “Administration,” Chapter 6, “City Council,” Section 2, “Meetings,” To Change the Time at Which Council Meetings Will be Held in the City of Sycamore, Illinois. First and Second Reading.

The attached ordinance would change the beginning of the regular City Council meetings from 7:30 to 7:00 p.m., per the direction of the City Council on June 2, 2003. City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Re-Consideration of the Council Votes on Ordinance No. 2003.12 and 2003.13.

Alderman Andrew Larson has indicated his interest in reconsidering the Council votes on Ordinance No. 2003.12 and Ordinance No. 2003.13 on June 2. Ordinance 2003.12 concerned a proposed annexation agreement for the North Grove Crossing development which required a two-thirds vote for approval. The Council vote was 5-4 in favor of the motion to approve, or one vote shy of approval. The vote on 2003.13, which would have approved an annexation without an annexation agreement, was unanimously against. A vote to reconsider would permit the Council to review the reasons for or against each ordinance.

If the Council reconsiders its actions of June 2, the attached background information may be helpful. Included in this background material is a letter from School Superintendent Bob Hammon, dated June 4, which we received last week.

The City Manager recommends the Council’s reconsideration of this matter. Some obvious questions are addressed below:

- ◆ Does the John Clare plan fit into our new planning vision? Yes. It falls south of the North Grove line, so it conforms with the most conservative reckoning of where we ought to grow, and it is an in-fill area that is very compatible with the adjacent subdivisions. The petitioner, David Johnson, was careful to adjust his plan at each turn that the Plan Commission made since mid- January. In light of the Comp Plan that the Council approved on June 2 which shows a larger area for managed growth over the next five years, this area is an exact fit in terms of land use.
- ◆ What fiscal impact will the project have on us and other taxing bodies? The fiscal impact analysis prepared for the Council’s consideration on June 2 generally addresses this question. In that analysis the average per capita sales taxes generated by each household is computed as well as the property and income taxes. From the City government’s standpoint, this development more than breaks even while proceeding to build-out. After that, as the building and impact fees are no longer coming in, there is an apparent deficit but that is because the full replacement cost of the interior roads is entirely attributable to the residents of the subdivision, and over a very aggressive 20-year amortization period. In actuality, we do not reconstruct our subdivision streets every 20 years, or every forty years for that

matter. The fiscal model should probably be adjusted to reflect that pace, with the cost of intermittent street maintenance added over the first twenty years. Such maintenance is fractionally shared by motorists who travel through, but do not live in, the subdivision. Their vehicle use is translated into gallons sold that are in turn translated into motor fuel tax that is not added to my calculations. In short, if the full replacement cost of the streets is amortized over a longer time frame, the picture would be more revenue-neutral. A revised fiscal analysis depicting the difference is attached. The development would be closer to a break-even point if the conservative assumptions about no increase in per capita sales tax growth or income tax over eight years were more realistically drawn.

More important, the developer in this case offers some additional fiscal stimuli for the City and the School District. Without making the case for the School District, it is clear that the District is very concerned about the disappearance of the proffered \$200,000 above and beyond the school impact fees (please see the attached copy of the June 4 letter from Bob Hammon to Dave Johnson). In more normal economic times, these cash infusions should be reduced to a minor status in the Council's considerations. But, in today's economic climate, the tail does wag the dog in some respects. A development should not be recommended simply on this basis—land use and the projected pace of development are always more important. However, a significant and negative fiscal impact will result if the City does not reconsider the approval of this plan. The City's FY04 budget took into account a projected 10% shortfall in state income tax monies because of a continuing economic malaise. An additional decrease in the City's' share as a result of state legislative decisions last week was not anticipated in the budget. Based on projections from the Illinois Municipal League, assuming a revised allocation of \$59.60 per person, or \$716,392, there will be a shortfall of \$98,608! It is not clear where such a sizeable sum could be found in the City's operating budget if we do not gather the \$96,000 in annexation fees that Mr. Johnson would owe by the end of this calendar year. At the \$1,000 per acre rate, all of the annexation fees would go in the General Fund (at the \$3,000 per acre rate, \$500 goes to the Capital Fund for streets and \$500 goes to the Sewer Fund). The higher annexation fee of \$3,000 per acre would not be realized until final plats were approved which would be over a year from now.

Ironically, if the subdivision is not approved, it is the lack of development, rather than the fact of development, that would impose a fiscal dilemma for our residents because of circumstances that local development did not create. Aside from seasonal programs that are very popular in our existing residential neighborhoods, such as the tree planting program (732-8314; \$7,500) and the street maintenance program (731-8316; \$150,000), the largest "discretionary" pool of general operating monies falls into the overtime category. In the case of the larger departments that generate 80% of overtime expenses in FY04 (Police: \$75,000; and Fire: \$125,000), overtime increasingly subsidizes the maintenance of minimum shift strength and is no longer an optional or discretionary expense in many cases. As a result, a substantial cut in such overtime to meet a \$98,000 shortfall would result in a reduction in public safety responses. For the Police department, we would see some shifts with one officer on the street and one in

the office. For the Fire department, we would see a backslide from the five-person shift goal we have been pursuing for some years.

A favorable re-consideration of Ordinances 2003.12 and 2003.13 is recommended.

B. Consideration of a Building Department Recommendation Regarding the Sale of a Used Vehicle.

The Building department has requested proposals for the purchase of its used 1994 Chevrolet Blazer. On May 19 the Council authorized Lyle Doty to replace the 1994 vehicle with a used 2002 Blazer from Countryside Wheels.

Three bids were received for the 1994 Blazer and are outlined in the attached table. The highest price was \$510. According to Fred Busse, Public Works Superintendent, the suggested retail price of a Blazer of this age and condition is \$1,200 to \$1,500. In light of this, the City Manager's recommendation is to retain the vehicle as a pool vehicle for the custodian, who must presently use her personal vehicle or an old Public Works pickup truck (if one is available) to make her daily cleaning rounds of various public buildings.

City Council approval of the City Manager's recommendation is requested.

C. Consideration of Proposals to Perform the City's Legal Services.

As in recent years, a request for proposals to perform the City's contractual legal services was circulated in early May. Two proposals were received by the deadline of June 6. One was submitted by Smith, Tucker, & Brown, the firm that presently performs the City's legal services. Another was submitted by the firm of Cliffe, Foster, Corneille & Buick of DeKalb. Copies of the RFP and each proposal are attached for the Council's review.

Both firms have the credentials to meet the City's requirements. From the standpoint of professional compensation, the proposals break down as follows:

Firm	Retainer	Per Hour Fee
Smith, Tucker, Brown	\$4,583.33/month	\$114.00
Cliffe, Foster, Corneille, Buick	\$4,500.00/month	\$125.00

In recent years, a minimum of 350 hours of legal work have been performed that would not be included in the retainer, and would be billed at the hourly rate. The hourly rate applies to litigation (other than the prosecution of ordinance violations which falls under the retainer), labor matters, the review of bond issues, annexation reviews, and special projects.

On Thursday, June 12, Peter Smith withdrew his firm's proposal in consideration of other business opportunities. The City Manager recommends the Council's approval of the proposal from Cliffe, Foster, Corneille & Buick.

The ten years of service provided by Peter Smith and his firm have helped to advance the City toward planned growth and fiscal stability, and have substantially reduced the City's exposure to nuisance claims. Particularly with respect to Mr. Smith, relations with the City staff have been genial and mutually rewarding throughout this period. The withdrawal of Mr. Smith's proposal is noted with regret.

14. APPOINTMENTS

15. ADJOURNMENT