

SYCAMORE CITY COUNCIL

AGENDA

October 6, 2003

Workshop Meeting

6:00 P.M.

A. Review of the City of Sycamore's Water Fee System With an Update on the Impact of Recent User Fee Increases.

On January 6, 2003 the City Council approved a new fee schedule for the Edgebrook mobile home park to bring the unit pricing in line with average unit pricing for single family homes elsewhere in Sycamore over a three-year period. On the same date, the Council approved a new schedule of fees for the replacement of water meters that assumed a fifteen-year cycle for the replacement of smaller residential meters (1" or less) and a ten-year cycle for commercial meters. These increases were phased in over a three-year period as well. During the fall of 2002, the Council also considered more general revisions to the water user fee schedule. It was concluded that until decisions from the Illinois EPA concerning the City's request for loan assistance to finance substantial system improvements had been rendered, no reliable estimate of the revenues needed to meet system costs could be achieved.

By late May, it was clear that IEPA loan support was likely, and it was also clear what general user fee increases would be mandated by the IEPA to service their loan. On June 2, 2003, the City Council unanimously approved such water rate increases to pay for water system improvements that included the following:

- The drilling of Well #9 on Airport Road;
- The installation of new water, sanitary sewer and storm sewer mains serving Well#9;
- The installation of a radium treatment facility at Well #9 featuring a zeolite process;
- The installation of similar radium treatment facilities at Wells 6 and 8; and
- Annual maintenance and replacement costs for Wells 6, 8 and 9.

Altogether, these improvements will cost about \$2.9 million.

On September 1, 2003 the significant fee increases approved by the Council on June 2 went into effect. Generally speaking, the average residential customer using 1,700 cubic feet of water for each two-month billing period will see an increase from \$29.98 per billing period to \$37 per billing period for the balance of FY04, and then an additional increase to about \$47 per billing period in FY05. At the end of the next two years of phased increases, the average residential user will be paying \$108 more per year or \$18 more per billing period, an increase of about 57%.

In the fee schedule that was approved in June, the seven steps in the previous schedule were retained. These steps charge a progressively lower fee per unit as the volume rises. However, residents with the lowest rate of use—i.e. those using 400 cubic feet or less per billing period—will pay \$2.59 per 100 cubic feet or a \$3.00 minimum bill in the new schedule. In the

previous fee schedule, the lowest users paid a \$7.97 minimum bill. This discount was extended in acknowledgement of concerns raised by many seniors who claim minimal usage, especially if they live out of town during the colder months. Except for Edgebrook residents and users outside the City limits, the rates presently in effect are shown below:

First	400 cu. ft.	for	\$2.59 per 100 cubic feet (\$3 minimum bill)
Next	300 cu. ft.	at	\$2.44 per 100 cubic feet
Next	700 cu. ft.	at	\$2.08 per 100 cubic feet
Next	1,300 cu. ft.	at	\$1.73 per 100 cubic feet
Next	6,900 cu. ft.	at	\$1.17 per 100 cubic feet
Next	7,400 cu. ft.	at	\$0.95 per 100 cubic feet
All over	17,000 cu. ft.	at	\$0.69 per 100 cubic feet

The impact of this schedule can be seen in the table below:

Category of User	Usage per Billing Period in Cu. Ft.	Previous Billing Every Two Months	Billing As of 9/1/2003
Average Resident	1700	\$29.98	\$37 (+23%)
Food Processor	183,600	\$1,041	\$1,355 (+30%)
Car Wash	47,900	\$327	\$419 (+28%)
Industrial	180,400	\$1,024	\$1,332 (+30%)
Restaurant	40,600	\$286	\$369 (+29%)
Hotel	51,300	\$349	\$442 (+27%)
School District	39,600	\$294	\$362 (+23%)

These charges are drawn from the City's billing system and represent actual costs to certain City businesses and institutions.

When the water fee schedule was generally revised in June to provide the necessary revenues for the aforementioned system improvements, the Council asked the staff to hold a workshop in the fall of 2003 to review the impact of the changes and possibly return to a consideration of changes to the many-tiered schedule of fees. Several options concerning the tiered schedule of fees are outlined below for the Council's review, along with a staff recommendation.

Option #1: No Change.

This option allows the Water department to track revenues generated by the fees that just went into effect to ensure that revenues are sufficient to maintain existing operations as well as the higher level of debt service associated with the new IEPA loan obligations.

Option #2: Remove the Last Tier in the Fee Schedule (for those using over 17,000 cu. ft. per billing period).

Category of User	Usage Per Billing Period in Cu. Ft.	Previous Billing Every Two Months (through 8/30/03)	Billing As of 9/1/2003	Proposed (vs. fees as of 8/30/2003)
Average Resident	1700	\$29.98	\$37 (+23%)	n.a.
Food Processor	183,600	\$1,041	\$1,355 (+30%)	\$1,788 (+72%)
Car Wash	47,900	\$327	\$419 (+28%)	\$718 (+120%)

Industrial	180,400	\$1,024	\$1,332 (+30%)	\$1,758 (+72%)
Restaurant	40,600	\$286	\$369 (+29%)	\$430 (+50%)
Hotel	51,300	\$349	\$442 (+27%)	\$531 (+52%)
School District	39,600	\$294	\$362 (+23%)	\$420 (+43%)

Option #3: Increase the Rate for the Last Tier to \$0.82 from \$0.69 per 100 Cubic Feet (for those using 17,000 cu. ft. per billing period).

Category of User	Usage Per Billing Period in Cu. Ft.	Previous Billing Every Two Months (through 8/30/03)	Billing As of 9/1/2003	Proposed (vs. fees as of 8/30/2003)
Average Resident	1700	\$29.98	\$37 (+23%)	n.a.
Food Processor	183,600	\$1,041	\$1,355 (+30%)	\$1,572 (51%)
Car Wash	47,900	\$327	\$419 (+28%)	\$459 (+40%)
Industrial	180,400	\$1,024	\$1,332 (+30%)	\$1,545 (+51%)
Restaurant	40,600	\$286	\$369 (+29%)	\$399 (+40%)
Hotel	51,300	\$349	\$442 (+27%)	\$487 (+40%)
School District	39,600	\$294	\$362 (+23%)	\$391 (+33%)

Option #4: Charge a Flat Rate for all users.

Category of User	Usage Per Billing Period in Cu. Ft.	Previous Billing Every Two Months (through 8/30/03)	Billing As of 9/1/2003	Proposed: \$1.50 per 100 Cu. Ft. (vs. fees as of 8/30/2003)
Average Resident	1700	\$29.98	\$37 (+23%)	\$32* (+7%)
Food Processor	183,600	\$1,041	\$1,355 (+30%)	\$2,754 (+165%)
Car Wash	47,900	\$327	\$419 (+28%)	\$718 (+120%)
Industrial	180,400	\$1,024	\$1,332 (+30%)	\$2,706 (+164%)
Restaurant	40,600	\$286	\$369 (+29%)	\$609 (+113%)
Hotel	51,300	\$349	\$442 (+27%)	\$770 (+121%)
School District	39,600	\$294	\$362 (+23%)	\$594 (+102%)

*The proposed flat rate for residents would be \$1.90 to maintain revenue results recently affirmed in IEPA findings.

Recommendation:

Options 2 through 4 were discussed in less specific terms in the fall of 2002 before the new and higher rates were approved. One purpose was to reduce the discount given to higher industrial and commercial users in order to level the cost per unit across all users. Another purpose was to shift more of the burden from residential to nonresidential users. However, any of these options would involve a substantial increase every billing cycle for existing businesses, beyond the average 29-30% increase which will be felt by local businesses this month. The alternative

of feathering the possible increases over time is not practical until we know more about whether the new increases cover our new annual debt load undertaken in behalf of Wells 6, 8 and 9. In this tender economic period, as local companies remain tentative about their prospects, and in view of our economic competition with other northern Illinois municipalities, any disincentive to the retention of existing businesses or the attraction of new business prospects is not advised.

The Water Superintendent and City Manager recommend no change at this time (Option #1). The less-publicized benefit offered to “snowbirds” in the present system of fees addresses one of the main concerns raised by residential users in recent years. Most residents have abided increases in their water bill since 1998 so long as they can see progress in improving the quality of their water. The most common complaint registered at the Water department concerns the cost of the sewer portion of the bill. No increases are proposed in sewer fees, and none were imposed in the recent billing cycle.

Regular City Council Meeting
At the Sycamore Center
7:00 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 for the Joint Plan Commission/City Council Meeting of September 8, 2003;
 - B. Approval of the Minutes for the Regular City Council Meeting of September 15, 2003;
 - C. Payment of the Bills for October 6, 2003;
 - D. FY04 Budget Update.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Swearing-In Ceremony for New Police Officer Justin Kness.
 - B. Proclamation Declaring the Week of October 5-11 Fire Prevention Week in the City of Sycamore, Illinois.
- 8. REPORTS OF OFFICERS**

9. **REPORTS OF STANDING COMMITTEES**

10. **PUBLIC HEARINGS--None**

11. **ORDINANCES**

A. Ordinance No. 2003.49—An Ordinance Amending the Combined Annual Budget and Appropriation Ordinance for Fiscal Year 2003 to 2004 in the City of Sycamore, Illinois. First and Second Reading.

Each fall, as the annual independent audit of the City's financial statements is completed, the City Manager presents a revised budget document that shows the actual fiscal year-end numbers for the previous fiscal year for each budget program, division, department, and fund. This adjustment serves several purposes. It provides a more accurate reference point for the budgeting that will begin around the winter holidays; it "cleans up" any adjustments authorized by the Council in the current fiscal year budget; and it provides a more reliable historical document for future reference.

The revised FY04 Budget, which will be distributed under separate cover, shows the FY03 audited numbers and makes some changes to the FY04 Budget including the following:

- A one-time equity transfer of \$250,000 from the General Fund reserve to the Capital Assistance Fund (Fund 6) will finance the purchase of a new fire engine to replace the 1979 Engine (No. 1);
- The 2003 Bond Fund has been increased from \$500,000 to \$2,005,000. The new bond raises \$250,000 for sidewalk improvements, \$750,000 for the completion of Oakland Drive, \$500,000 for Bethany Road improvements, \$455,000 to call Series 1996 bonds for redemption at par to achieve an interest savings, and the balance is allocated toward the costs of issuance and bond insurance. Based on its analysis of the City's finances, managed growth, and healthy fund balances, Moody's Investors Service has upgraded the City's bond rating from A-2 to A-1, and this higher rating has been extended to all prior debt of the City. The bonds were insured at an even higher rating—Aaa (the highest rating obtainable)—to enable the City to achieve the lowest rate of interest. Including the costs of issuance, the effective financing rate was 3.901%.

Spending within the revised FY2004 Budget totals \$27,533,689 inclusive of all City operating, enterprise, special, capital, and bond funds. The General Fund expenditure budget remains \$8,284,096. These expenditures are offset by \$8,299,001 in anticipated General Fund revenues. The actual General Fund operating reserve or starting fund balance will total \$2,759,250 or 33.3 percent of the planned General Fund expenditures for FY2004.

City Council approval is recommended.

B. Ordinance No. 2003.50—An Ordinance Establishing an Interim, Revised Schedule for the Allowable Number of Annual Permits Per Each New Planned Unit Development. First and Second Reading.

On June 2, 2003 the City Council approved a new Comp Plan and a new regulation that aimed to control the pace of new residential construction. The regulation was defined by a table, illustrated below:

Number of Dwelling Units on the Preliminary Plan	Dwelling Units Permitted Per Year As A Percentage of the Total Lots on the Preliminary Plan*
0 to 50 dwelling units	No Limit
51 to 100 dwelling units	No More Than 35 Per Year
101-200 dwelling units	25% or 40, whichever is greater
201-300 dwelling units	20% or 50, whichever is greater
301 to 400 dwelling units	18% or 60, whichever is greater
401-500 dwelling units	15% or 70, whichever is greater
Over 500 dwelling units	10% or 75, whichever is greater

*excludes unoccupied model homes

At the joint City Council/Plan Commission meetings on September 2 and September 8, the Council considered a revision to the regulation approved on June 2, 2003 regarding the pace of housing starts in new residential subdivisions. At the close of the September 8 meeting, the Council entertained action to accept the revision, but the City Manager noted that the proposed change to the Zoning Code required a public hearing at the Plan Commission level prior to Council action. However, the Council may independently act in an interim fashion to give policy direction to the Plan Commission by passing an ordinance that does not amend the Zoning Code, yet does establish a general policy regarding the pace of permitting in new residential subdivisions. The attached ordinance proposes such an interim measure.

On June 2 the Council, in effect, established a unique “circuit breaker” that provided insurance against the prospect of one or several developments overwhelming the ability of the City or other taxing bodies to provide essential services at a price—i.e. the composite property tax rate—that local residents are willing to pay. Although innovative in terms of Sycamore’s approach to managed growth, the June 2 ordinance (Ordinance 2003.04) did not link the impact of new development with the incremental impact of permits issued for lots that had been platted in earlier years. It is estimated that at year’s end a total of 1,525 single family parcels in previously annexed subdivisions could be permitted in future years if the approved development plans for those subdivisions are followed, and no new subdivisions are approved. Using the 2002 pace of 113 single-family permits as a guide, this inventory of lots (excluding townhouses) could take about 13.5 years to be built. To address the lack of a connection between the regulated permitting of new subdivisions and the unregulated permit pace that applied to older subdivisions, the City Manager proposed a new regulatory framework on September 2 and again on September 8. According to this framework, a certain number of parcels in the City’s inventory would have to be permitted, built, and occupied before any final plats in newly annexed developments could be approved and recorded.

This revised framework is incorporated in the attached ordinance. The regulation would apply to all units, whether attached or detached. In terms of our recent experience with developers of larger tracts of land, a new annexation would encounter at least a three-to-four year wait before any final plats could be approved and recorded. By way of reference, the Parkside Estates, Reston Ponds, Sycamore Creek, and North Grove Crossing developments offered 265, 391, 352 and 269 units, respectively. However, none of these developments would be retroactively tied to the proposed regulation.

The Council will note that additional language has been added to the new regulatory framework to prevent a certain gamesmanship from undermining the desired effect. It is theoretically possible, for example, that the owner of a 500-acre farm could enter a contractual relationship that would yield a 250-acre development in one year, and another 250-acre development in another year to the same developer, thereby lessening the wait before permits could be issued in either subdivision. To address this possibility, the following language was added to the text of the ordinance:

“In order to plan for orderly growth and to discourage the submittal of a series of annexation plats and preliminary plats from tracts of 200 or more acres held by the owner of record as of the effective date of this ordinance, the City Council shall only consider, unless otherwise approved by a 2/3 vote of the corporate authorities, a single petition for annexation and preliminary plat approval for said tract and will only consider another petition for annexation and preliminary plat approval for said tract after a period of at least five years has elapsed.”

Otherwise, the framework illustrated below appears as it did on September 2 and 8:

Revised Residential Growth Control Regulation

Number of Dwelling Units on the Preliminary Plan	Dwelling Units Permitted Per Year as a Percentage of the Total Lots on the Preliminary Plan	Time Limit Before New Building Permits Are Issued Following Annexation
0 to 50 dwelling units	No Limit	No Time Limit
51 to 100 dwelling units	No More Than 35 per Year	One Year
101-200 dwelling units	25% or 40, whichever is lower	Two Years
201-300 dwelling units	20% or 50, whichever is lower	Three Years
301 to 400 dwelling units	18% or 60, whichever is lower	Four Years
401-500 dwelling units	15% or 70, whichever is lower	Five Years
Over 500 dwelling units	10% or 75, whichever is lower	Six Years

The “Development Bank” established in the June 2 ordinance continues in place as well. That language is as follows:

“The annual allowance for issuance of dwelling unit permits shall commence on January 1 of each year. The owner or developer of the planned unit development may carry over dwelling units not permitted from year to year and add those lots to following years, so long as the “bank” does not exceed one year’s allowance. For example, if a developer is allotted 40 dwelling units per year, but receives permits for only 20 dwelling units in the first year, then 40 permits plus 20 unused permits would be allowed in the second year. In the year of annexation, the owner or developer of the planned unit development shall receive only a pro-rata allowance of permitted dwelling units, e.g. if a planned

unit development is annexed on November 30, then the allowance for the first year would be 1/12th of the allowance for the year. This ordinance shall apply only to planned unit developments annexed after its adoption and approval by the City Authorities.”

The Council will note again that the title of the ordinance refers to an “interim” permit schedule. By approving this ordinance, the Council does not automatically amend the Zoning Code. Revisions of the Zoning Code require Plan Commission review first. The Plan Commission will consider such a revision at its October 13 meeting. So there can be no uncertainty about the Council’s intent, this ordinance is offered to give guidance to the Plan Commission on a matter that is arguably a matter of public policy more than a planning consideration.

City Council approval is recommended.

C. Ordinance No. 2003.51—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.

The City Council can revise the City’s water and sewer impact fees without Plan Commission review, and the City Manager recommends that the Council consider the revisions proposed at the September 2 and September 8 joint meetings. In terms of the water impact fees, the present water impact fee (Ordinance 2001.78) is based on assumptions about the cost of a new elevated tank and a new well for the northeast quadrant. That fee is presently \$264 per unit. The proposed fee takes into account the recent pricing that the City undertook as part of the bidding for the new Well #9 and would be based on the following assumptions:

New Well = \$2,000,000

Well capacity = 1,440,000 gals/day

Cost per gallon = \$1.39

Cost per 350 gals = \$487/home (EPA standard of 3.5 p.e./house x 100 gals/p.e./day)

Elevated Tank = \$3,200,000

Capacity = \$2,000,000 gallons

Cost per gallon = \$1.60

Cost per 350 gals = \$560 per home

Total Water Fee = **\$1,047 or \$299 per “unit”** (presently \$924 or \$264 per unit; an increase of 13.3%)

If approved, the revised text would read as follows (*the revisions are in italics*):

“8-2-2: Connections:

- A. No person shall be permitted to make a connection to the City’s water supply unless a connection is also made to the City’s sanitary sewer system. In cases where it is the applicant’s desire to utilize a City-built water main or water main extension, there shall be a charge of nine dollars (\$9.00) per frontage foot of property served

by said water main. In addition to the above frontage foot fee for City-built water mains there will be a fee of *two hundred ninety-nine dollars (\$299.00)* per “unit” for any connection to the municipal water system. A “unit” is based on the occupancy and values that are determined in subsection 8-4-2C of this title. When a property which has already been served with City water requires additional units, a credit shall be given for previous units with the fee applied to new units. The funds thus collected shall be used for general corporate purposes and primarily applied to the construction, expansion and extension of the City’s water system. No permit shall be issued or water supplied until said fees are paid in full.”

City Council approval is recommended.

D. Ordinance No. 2003.52—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.

In terms of sewer impact fees, the key capital facility is the treatment plant and the impact of new development is gauged by the need for additional treatment capacity. The present sewer impact fee assumes the cost of treatment to be \$4.84 per gallon. That assumption does not meet the test of new data concerning the cost of treatment. Today’s threshold is closer to \$5 per gallon. Using this new assumption, the sewer impact fee would be calculated as follows:

- ◆ Each person generates 100 gallons per day;
- ◆ The IEPA assumes 3.5 persons per household regardless of local data in its calculation of low-interest loans;
- ◆ The typical household would then presumably generate 350 gallons @\$5 per gallon for an estimated impact of \$1,750 (an increase of 18.4% over the present fee of \$1,478).

If approved, the revised City Code passage would read as follows (*the revisions are in italics*):

“8-4-2: Sewer Connection Charges:

C. Connection Fees and Unit Charges for Sewage Treatment Plant:

3. For residential occupancy, the connection charge shall be *five hundred dollars (\$500.00) per person (\$500.00 per unit) with the minimum charge being one thousand five hundred dollars (\$1,500.00) per residence.*
4. For all purposes other than residential (except industrial), the connection charge shall be *five hundred dollars (\$500.00) per person (\$500.00 per unit) with the minimum charge being one thousand five hundred dollars (\$1,500.00) per building connection.*”

City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of a Police Department Recommendation to Generally Decrease the Speed Limit Within the Corporate Limits to 25 MPH.

Police Chief Don Thomas has requested the Council's consideration of a community-wide speed limit of 25 mph unless otherwise posted. In behalf of such an approach, Chief Thomas has cited the experience of a growing number of communities in decreasing urban district speed limits, and the increasing attention among traffic experts regarding certain features such as frequent curb cuts and on-street parking that weigh more heavily than they once did in the findings related to traffic. In the case of the recent study of traffic patterns in the Foxpointe subdivision, he reasons that a greater attention to curb cut density and on-street parking would likely have led to a recommendation in favor of a 25 mph limit.

If the City Council so directs, Chief Thomas, the City Engineer and the City Clerk can prepare the necessary City Code revisions for a future Council agenda.

B. Consideration of a Police Department Recommendation to Create a Fourth Sergeant Position.

The City Code and City Budget currently authorize three Police sergeants. Three sergeants are, in fact, in service. Chief Thomas has asked the Council's consideration of the appointment of a fourth sergeant, and the reduction of the current patrol force from 13 to 12 officers. Chief Thomas's argument in behalf of this recommendation is based primarily on the need for increased supervision. Presently, the Police department operates around the clock or 168 hours per week. The current three sergeants cover from 96 to 120 hours of this total, depending on vacations, sick leave, or holiday leave. The balance (48-72 hours) is covered by "officers in charge". According to the City's contract with FOP Labor Council and Lodge No. 133, officers in charge receive an hourly rate identical to that of sergeant. A sergeant's annual base pay is \$2,600 more than a patrol officer.

With the appointment of a fourth sergeant, Chief Thomas believes the OIC payouts will be substantially reduced, but opportunities will still exist for valuable supervisory experience on shift. He estimates the budget impact to be negligible, and requiring no change in current allocations. The advantages he cites are as follows:

- ◆ Enhanced credibility for the authority of the promoted officer;
- ◆ More consistent supervision;
- ◆ More efficiency and better command due to the regular interaction of the new sergeant with other supervisory personnel;
- ◆ Greater accountability to the Operations Lieutenant;
- ◆ A career step for a deserving officer.

City Council direction is recommended. If the Council so directs, a revision to the personnel rules of the City Code could be prepared for an upcoming Council meeting. The next sergeant would be selected from the top of the sergeant's list that has been created by the Board of Fire and Police Commissioners.

C. Consideration of an Engineering Department Recommendation To Award a Contract for the Final Landscaping at the Bethany Road Storm Water Retention Facility.

City Engineer John Brady will report on the bid opening scheduled for 10:00 a.m. on Monday, October 6. The landscaping will include a variety of plantings along the rim of the regional stormwater facility. Funding for this work is included in the FY04 Capital Assistance Fund in the amount of \$47,000 (06-8628).

D. Consideration of an Administration Request for a Closed Session to Discuss Personnel Matters.

14. APPOINTMENTS

15. ADJOURNMENT