

SYCAMORE CITY COUNCIL

AGENDA

November 3, 2003

City Council Committee Meetings
No Meetings Are Scheduled

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 Regular City Council Meeting of October 20, 2003;
 - B. Payment of the Bills for November 3, 2003.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Swearing-in of Sergeant Mike Anderson of the Sycamore Police Department.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS--None**
11. **ORDINANCES**
 - A. **Ordinance No. 2003.61—An Ordinance Approving the Execution of an Agreement Between the City of Sycamore, Illinois and the IMLRMA for Worker’s Compensation and Liability Coverage for City Employees. First and Second Reading.**

The City's worker's compensation and liability insurance coverage will expire on December 31, 2003. For the past six years, the City of Sycamore has had an agreement with the Illinois Municipal League Risk Management Association (IMLRMA) for such coverage. The IMLRMA is the largest public risk pool operating in Illinois, and can use its larger assets to offer lower or discounted insurance premiums.

The IMLRMA has offered a two-percent discount if the City commits to a renewal prior to November 14. With a commitment, the City would also be eligible for IMLRMA's "minimum/maximum" program that rewards cities with lower premiums if they do not register claims above a certain threshold.

Human Resource Director Jean Tritle periodically tests the private insurance market for our business and has also investigated the option of self-insurance. In the past we have also solicited a proposal from another public risk pool, the Illinois Program Managers Group, LLC, which is the managing agency for the Illinois County Risk Management Trust (ICRMT). ICRMT is the second largest public risk pool operating in Illinois and last submitted a proposal in 1999. Because ICRMT recently raised its deductible for liability claims to \$25,000 per occurrence, as opposed to the \$500 deductible with IMLRMA, we did not solicit their business this year. Compared to the IMLRMA proposal, the option of pursuing self-insurance is even less attractive. A year ago, the Employee Benefit Corporation, which is the third party administrator for a number of self-insured taxing bodies in northern Illinois, estimated that Sycamore would need to budget in the vicinity of \$500,000, including a fee of \$54,182 for third-party administration, because of the level of our history of risk.

In FY2003, the IMLRMA "minimum" premium including a two percent discount was \$189,052 (vs. \$260,462 if the City approached its maximum exposure in claims). The proposed FY2004 "minimum" premium from IMLRMA, inclusive of the 2% discount, is **\$205,680** (vs. \$280,490 if the City reaches its maximum exposure in claims). This is an 8.8% increase over FY03, largely because of the higher cost of reinsurance since September 11, 2001.

If the attached agreement is approved and mailed by November 14, the two-percent discount would remain in effect. With the present premium the City would continue a slightly higher level of coverage than that offered by private risk pools. Because of the growing size of IML's public risk pool, the insurer is able to maintain the general and automobile liability limit at \$8 million rather than the industry average of \$6.75 million. In addition, the policy would further indemnify the City against damage or injury caused by underinsured motorists.

City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Administration Recommendation to Proceed With an Application for a Grant from the Illinois Brownfields Grant Redevelopment Program for the Former Harvester Square Complex.

Marlin Environmental of South Elgin has been working with the city organization for over a year to position the City of Sycamore for state and federal grant assistance to perform remedial work on the former Harvester Square site on South Avenue. Such work will include further environmental assessment and, ultimately, site demolition and cleanup. To understand the City's involvement in this derelict property, a brief synopsis of earlier public actions may be useful.

History

The City's role in this property began in the spring of 1999, when the Council addressed the urgent public safety threat posed by the deterioration and collapse of a portion of the complex of buildings (500 and 590 South Avenue) once owned by James DiNicola. Eschewing the option of using its police powers to summarily demolish certain structures because of the likelihood of an extended court challenge, the City Council agreed to extend a loan to Mr. DiNicola to cover the expense of such demolition. The loan amount--\$94,500--was based on the lowest bid solicited for the demolition work, and Mr. DiNicola was given 18 months, or until December 21, 2000, to repay the loan.

According to the loan agreement, if Mr. DiNicola was in default, the City had two options for the collection of its lawful debt: (1) the City could proceed to foreclose the mortgage by judicial proceedings according to state statute or (2) the City and the mortgagor (Mr. DiNicola) could agree to sell the property by auction to the highest bidder with a "reasonable reserve bid." A "reasonable reserve bid" in this case meant a minimum bid that covered the cost of the loan (\$94,500), a 9% penalty (\$8,505), and related City legal fees (\$5,500) including legal costs up to that point and estimated legal costs to secure and record the deed. The minimum reserve bid was set at \$108,505.

When the City failed to reach agreement with Mr. DiNicola about the amount of the reserve bid, the City acted to foreclose on the property. After a series of court proceedings, the foreclosure action remained undecided into the fall of 2001. The City then revisited the option of an auction, which was held on October 25, 2001. At the auction, no party met the minimum reserve bid price of \$108,505 so the City filed for foreclosure. The court ruled in the City's favor in April 2002, but clear title was not achieved until June of 2003!

The Proposal

As the legal actions were very slowly unfolding in 2002, the City administration took steps to secure the property. Working with Joel and Joan Barczak, the neighboring property owners to the south, the Public Works department boarded up window and door openings. In addition, Marlin Environmental, Inc. of South Elgin was hired to investigate our options for grant assistance, working with the Illinois EPA. Through their auspices, and in particular as a result of the work performed by Marlin's senior project manager, Tom Mangan, the IEPA enrolled the site in January, 2003 in the "Site

Remediation Program.” This was a necessary first step in qualifying for brownfield assistance, which can only be used for environmental assessment, and not for cleanup activities. The maximum initial grant is \$120,000, with the possibility of an additional \$120,000 based on evidence revealed from a comprehensive site investigation.

Once the City came into clear title of the property on June 5, 2003, further steps could be taken. The attached proposal lays out the steps that would take the City to a clearing of the decrepit buildings and an “all clear” from the IEPA. Here is a brief summary of those steps.

Phase I: Complete Site Investigation. This will involve a survey of all drums and containers in the various structures, borings of the subsurface soils, and a comprehensive report to the IEPA. The total cost is estimated to be \$161,150. **The attached application is in pursuit of a grant to offset the cost for this phase. The Illinois brownfield grant program reimburses up to 70% of the costs incurred by a municipality, leaving a 30% match for the local share. In this instance, the IEPA grant would pay a maximum of \$112,805; the City share would be \$48,345. However, some of the City’s share could be offset by “in-kind” services provided by City personnel so long as they would not be exposed to any hazardous material.** An example of such in-kind work would be the keeping of a daily log on site to chronicle the work according to IEPA guidelines. As much as \$19,000 in eligible labor costs could be saved in this manner.

The likely City sources of funds are the TIF Fund (Fund 21) and the Sales Tax Distributive Fund (Fund 22) which contains sales tax revenues generated by United Aviation Fuel Corporation. The TIF Fund generated only \$17,448 in FY03, so the major portion of the local share would have to come from Fund 22. The present balance in this fund is about \$100,000 after payouts for the remodeling at the former Community Center. The projected fiscal year-end budget in Fund 22, excluding any payout for the Harvester Square investigations, is \$458,570.

Phase II: Corrective Action to Remove Hazardous Materials. This phase would be covered by a future grant request to the USEPA. It would include the removal and transporting of the hazardous materials, disposal of any contaminated soils, and the submittal of a report to the IEPA summarizing the corrective actions. The total cost would be \$1,091,500. The USEPA grant program would pay up to 80% of eligible costs, but is subject to allocation decisions made in Washington and at the Region 5 offices in Chicago. If a full 80% share is assumed by the USEPA, the City’s out-of-pocket cost would be \$218,300. Again, the logical funding sources are Funds 21 and 22.

Phase III: Property Restoration. This phase includes any final corrective actions ordered by the USEPA or IEPA, building demolition, final grading and earthwork, and a final report to the IEPA. The total estimated cost is \$458,500. Again, assuming federal grant support, the City’s share would be 20% or \$91,700. The logical funding sources would be the same.

The combined cost of all three phases is \$1,879,735. The fastest track for the completion of all phases, assuming state and federal grant support is available, may extend to 28 months from the time the Phase I grant is awarded.

Recommendation

From the moment that the City Council made the commitment to finance the demolition of a dangerous structure on the former DiNicola site in 1999, the City was aware that if one was in for a penny, one was in for a pound. We are now the owner of a number of failing structures with substantial quantities of contaminants on South Avenue, and we are bound by our own codes and ordinances to transform the site to a safe and marketable state. Such a goal is also consistent with a major objective of the City's TIF redevelopment plan.

The attached contract takes us along an expensive path that at least has the potential benefit of public grant assistance. The City Manager recommends the Council's support for the Phase I portion of the mitigation program, which would be substantially funded by a brownfield grant from the IEPA.

B. Consideration of the Annual City Property Tax Levy.

At this writing, the DeKalb County Supervisor of Assessments, Margaret Whitwell, has not finalized her office's estimate of the City's EAV for 2003, or the Sycamore and Cortland Township multipliers. Consequently, the City Manager will defer a presentation of various levy options for the regular City Council meeting of November 17.

C. Consideration of a Joint Meeting of the Sycamore City Council and the Sycamore School Board on November 17 at 6:00 P.M.

On Tuesday, October 28, the Sycamore Board of Education accepted the Mayor's invitation for a joint meeting with the City Council on Monday, November 17, at 6:00 p.m. in the City Council Chambers to discuss growth management options.

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

14. APPOINTMENTS

15. ADJOURNMENT