

SYCAMORE CITY COUNCIL

AGENDA

April 19, 2004

City Council Committee Meeting

6:30 P.M. Meeting of the Ordinance Committee

The Ordinance Committee will meet at the direction of Mayor Swedberg to consider the request of Julie and David Lundeen for a package liquor license in the City of Sycamore. The issue will be: "Shall the City Council add a new package liquor license for Lundeen Liquors?" The City's liquor code (Section 3-2-7) allows one Class D license for every 5,000 population, based on the most recent census data. However, the corporate authority, by a three-quarters (3/4) vote, may waive this proration by population to accommodate an additional license request.

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 City Council Meeting of April 5, 2004;
 - B.** Payment of the Bills for April 19, 2004;
 - C.** Plan Commission Minutes for the Meeting of March 8, 2004.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**

A. Consideration of a Presentation by the Sycamore Economic Development Commission.

Sycamore Economic Development Commission member Rod Schairer will introduce Don Paulsen of Paulsen Appliance & Electronics at 245 West State Street, who will give a brief overview of his firm's range of products and services.

B. Proclamation Declaring the Week of April 18-24, 2004 as "National Volunteer Week," with the Theme "Volunteers Inspire by Example."

8. REPORTS OF OFFICERS

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS--None

11. ORDINANCES

A. Ordinance No. 2003.103--An Ordinance Concerning the Adoption of the Combined Annual Budget and Appropriation Ordinance for the Fiscal Year 2004-2005 in the City of Sycamore, Illinois. First and Second Reading.

On April 5, the City Council held a public hearing on the fiscal year budget for FY2004-2005. Spending within the FY2005 Budget totals \$25,068,972 inclusive of all City operating, enterprise, special, capital, and bond funds. The General Fund expenditure budget totals \$8,846,342. These expenditures are offset by \$8,887,175 in anticipated General Fund revenues. The actual General Fund operating reserve or starting fund balance will total \$3,803,560 or 43 percent of the planned General Fund expenditures for FY2005.

No new taxes or fees are proposed in this Budget. With respect to personnel, the proposed General Fund expenditures include three (3) new paid, full-time firefighters to allow the Fire department to expand its minimum shift strength to four firefighters and an officer (lieutenant). This would represent the first increase in Fire shift strength since the early 1970s. The proposed General Fund expenditures also include the promotion of a Fire lieutenant to the new position of assistant fire chief. In FY05, a part-time custodian will also be hired to assist the City's one full-time custodian in the everyday maintenance at the Sycamore Center, the Public Works Building, the Public Safety Building, the Engineering and Building departments, the Water Department buildings, and the Treatment Plant. Finally, the Budget proposes the hiring of an additional building inspector (the second) after September 1, 2004.

Other significant General Fund expenditures include the following:

- Debt service of \$355,000 to pay the principal and interest on the 1999 and 2002 general obligation bonds.
- Another sharp increase in the City's health insurance premium. The Blue Cross premium for the new plan year (September 1 to August 30) is \$1,137,368 versus \$946,431 in the FY2004 plan year. In percentage terms, the increase for FY05 is

about 20.2 percent. The actual dollar difference between the 2004 and 2005 plan years is \$190,937.

- \$80,000 in incentive payments (\$25,000 to Sycamore Mitsubishi; \$20,000 to Sycamore Ford; and \$35,000 to the Brian Bemis Automotive Group); and
- A modest allocation of \$25,000 for accrued leave payouts in the event of the retirement of one or several senior employees.

The FY2005 capital and special funds are all balanced with appropriate reserves. The FY2005 Budget proposes a substantial capital spending program of about \$4,765,000.

The principal projects within the FY2005 capital program are listed below:

- \$1.7 million for the construction of Well No. 9 (low-interest EPA loan);
- \$903,000 for downtown street reconstruction;
- \$550,000 for utility work and storm sewer improvements on Bethany Road, in advance of the reconstruction of the road surface beginning in the spring of 2005;
- \$400,000 toward about one-half of the work associated with the extension of Oakland Drive from a point east of the former Kmart property to Peace Road;
- \$240,000 toward public sidewalk replacement;
- \$397,000 in replacement vehicles, including \$250,000 for a new fire engine to replace the 1979 Engine #1;
- \$172,000 toward equipment replacement and repairs;
- \$25,000 for a preliminary engineering study to assess wastewater treatment options through the next twenty-five years;
- \$20,000 to complete conceptual architectural drawings for a new neighborhood fire station on the City's north side.

Apart from dedicated capital funds, the overall capital program will be partly funded by general revenues. The General Fund will provide about \$150,000 for street and alley maintenance such as crack-filling and micro-surfacing. This amount will be blended with \$50,000 from the City's Capital Assistance Fund (Fund 6) to modestly broaden the scope of the annual neighborhood street maintenance program. Since our general revenues provide a steady share of the funds necessary to pay for the maintenance of our infrastructure, economic development is critical to the City. Sales and use tax proceeds, rather than property taxes, fines, or fees, are the principal source of our general revenues. Without fiscal strength in the form of strong general revenues, our municipal organization will not adequately satisfy the sometimes competing public expectations for more service and more capital improvements.

With respect to the Water Fund, water user fees were increased in June 2003 to finance the installation of treatment facilities at two existing wells (Well #6 and Well #8), and at the new Well #9 on Airport Road, to comply with the EPA's permanent radium standard of 5 pCi/L. The City has been assured of assistance from the Illinois EPA in terms of a long-term, simple interest loan at a low rate to help finance these improvements. The treatment plan involves the filtering of well water through a zeolite (Z-88) medium and will not involve the softening of the City's water or the discharge of radium to the City's sanitary sewer system.

It is estimated that the total annual additional cost for Wells 6, 8 and 9 will be about \$462,000 once all improvements are completed. To fund the debt service for these improvements, the Council was obliged to impose rate increases over a two-year period. The City Council raised the water bill for the average residential user from about \$30 every two months to about \$39 on May 1, 2003, and authorized a further increase to about \$49 every two months for the average residential user beginning on May 1, 2004. This will result in an annual increase of about \$54 in the first year, and an additional \$60 in the second year, or \$114 over a two-year period. The second water increase will go into effect on May 1, 2004 but will not be payable until about July 1.

The proposed Water Fund budget anticipates the hiring of an additional laborer. This new hire can be paid from natural revenue growth from new development. The extra hands and staff hours will provide additional flexibility to keep pace with increasing demands for new connections, meter reading, repairs in established neighborhoods, mandated cross connection prevention, mapping of utility extensions, etc.

With regard to the Sewer Fund, no increase in sewer fees is proposed. However, the future needs of the treatment system will be a sharper focus of the Public Works Superintendent and the City Manager, and system improvements and related revenue will be reviewed. Specifically, the capacity of the present system and projected capacity needs will be studied in cooperation with a consultant in FY05 to study options for plant expansion. According to EPA guidelines, the capacity of the present plant is calculated according to a trendline of gallons treated. Because of a considerable amount of infill and infiltration, that trend registers higher in periods of unusual rainfall, and lower in periods of less than average rainfall. Within this EPA framework, the official notion of the percentage of plant in use is about 50-55%. However, in recent years we have witnessed lower than average rainfall, and thus relatively less infill and infiltration. Efforts undertaken by the City to repair cross connections and to remedy infiltration, as in the case of the substantial improvements on main lines beneath IL Rt. 64 and 23, contribute to this favorable trend. Nevertheless, the Superintendent's intuition is that in a period of average or higher than average rainfall and infiltration, the plant would be running at about 70-75% capacity, given the rise in new homes over recent years. This level of capacity utilization approaches the threshold where public facility managers would normally look to a professional study of the present and future needs of the plant and the system.

Finally, the FY05 budget identifies a number of "unfunded priorities." In the realm of operational expenses, the top unfunded priority is the hiring of shift personnel in the Police department. Based on previous Council direction, the next public safety hire for the purpose of expanding shift strength will be a patrol officer. Such increases are consistent with the strategic plan for the Police department.

City Council approval is recommended.

B. Ordinance No. 2003.104—An Ordinance Amending Title 1, "Administration," Chapter 10, "Personnel Rules," of the City Code of the City of Sycamore,

Illinois to Authorize Non-Elective Positions for the City of Sycamore, Illinois. First and Second Reading.

Coincident with the adoption of the fiscal year budget, the Council in effect “counts” the employees in its budget by adopting a new list of appointments. The attached ordinance accomplishes this purpose. It includes three new full-time firefighters, a new assistant fire chief, a new laborer for the Water department, a new building inspector, and a part-time custodian.

City Council approval is recommended.

C. Ordinance No. 2003.105—An Ordinance Establishing Offices and Fixing Compensation of Certain Appointed Officers of the City of Sycamore, County of DeKalb, State of Illinois, for the Fiscal Year Commencing on the First Day of May, 2004 and Ending on the Thirtieth Day of April, 2005. First and Second Reading.

The FY2005 City Budget assumes certain levels of compensation for exempt employees, which include management positions and a number of part-time positions. The attached ordinance displays these levels of compensation and related benefits.

City Council approval is recommended.

D. Ordinance No. 2003.106—An Ordinance Amending the Fiscal Year 2003-2004 Budget. First and Second Reading.

On October 6, 2003, the Council amended the FY04 budget to reflect the FY2003 audit numbers and to adjust a number of capital funds in line with actual project spending. The attached ordinance does some additional cleanup in advance of the 2004 audit to more clearly identify actual spending since the fall of 2003. Further FY004 fiscal year-end changes may be indicated as the final checks are written for FY2004, and any such changes will be brought to the Council at one of the May meetings.

The changes highlighted in the ordinance are as follows:

- 1) Capital Assistance Fund (Fund 6).
 - ◆ Line Item 8490 “Intergovernmental Agreement.” The FY04 Budget shows \$210,000. This should be changed to “0” and \$210,000 should be budgeted for FY05. This is an estimate of the amount that is owed to the State of Illinois to close out the City’s share of the Rt. 23/64 reconstruction project that was completed in 2001. The City has not been able to close its accounts on this project because IDOT has not settled with the General Contractor (Sjostrom). Until IDOT settles, we will not know the exact amount of our obligation.
- 2) Public Buildings Fund (Fund 11).
 - ◆ Line Item 8331 “Architectural/Engineering Services.” The FY04 should be changed from \$0 to \$625 to reflect the cost of the environmental audit at 308 West State that was performed in the Spring of 2003.
 - ◆ Line Item 8348 “Buildings R&M NEC” should be changed from \$0 to \$50 to reflect a miscellaneous building repair.

3) 2002 Bond Proceeds Fund (Fund 24).

A number of line items should be revised to reflect unanticipated expenses.

They are as follows:

- ◆ Line Item 8285 “EDP Supplies” should be changed from \$0 to \$1,000 to reflect LOCIS costs associated with the installation of new water billing software at 308 West State Street.
- ◆ Line Item 8497 “Contingencies” should be reduced from \$10,000 to \$2,000.
- ◆ Line Item 8515 “EDP Equipment” should be increased from \$0 to \$15,000 for the update to the OSSI (central dispatch) software.
- ◆ Line Item 8540 “Machinery/Major Tools” should be increased from \$0 to \$19,000 to account for Fire Department emergency rescue equipment (Amkus rescue tool and air bags).

City Council approval is recommended.

E. Ordinance No. 2003.107—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Request of Wiseman-Hughes Enterprises for a Final Plat for Unit 2 of the Reston Ponds Planned Unit Development. First and Second Reading.

Larry Vaupel, director of planning for Wiseman-Hughes Enterprises, has submitted a final plat for Unit 2 of the Reston Ponds development for the Commission’s review.

The plat depicts the following:

- ◆ 101 single-family house lots (the preliminary plan approved in March 2002 shows 391 detached single family homes; the final plat for Phase One includes 100 lots and was approved in December, 2002).
- ◆ Lot 399 includes about 11 acres for park purposes.
- ◆ Lots 395, 400, 401, 402 and 413 are unbuildable open spaces to be maintained by the homeowners’ association, and constitute about 5 acres.

The “hub park” designated as Lot 399 does not yet have a name. At their regular meeting on Monday, April 12, the Plan Commission recommended naming the park after the late Gary Stapleton, who served on the Plan Commission at the time that the southeast area subplan and the hub park were under review. Mr. Stapleton was instrumental in reserving that space for the recreational use of future generations. The Commission voted 12-0 to recommend the approval of the plat and the naming of the park (Lot 399) “Gary Stapleton Memorial Park.”

City Council approval of the Plan Commission recommendation is requested.

F. Ordinance No. 2003.108--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Request of B&B Development, Inc. to Amend the Heron Creek Annexation Agreement to Convert the “R-3” Multiple Family Residence District in Unit 6 to “R-1” One Family Residence District. First and Second Reading.

Within the northeast quadrant of the Heron Creek planned development, which was annexed and zoned in February 1999 and recorded in June 1999, there is a 7.946-acre parcel presently zoned “R-3” Multiple Family Residence District. This area was set aside for townhouse development with an allowable density of 12 units per acre under the current City codes. The developer proposes to rezone the area to “R-1” One Family Residence District to allow for 15 detached single family lots, which would be more compatible with the adjacent single family lots now under construction.

The B&B Development firm has included townhouses in other portions of its Heron Creek plan, and the average density has been about 6 units per gross acre, substantially under the allowable parameters. However, these mini-developments have generally been somewhat removed from nearby detached housing units. In the original plan, there is an uncharacteristic lack of separation from the single family homes being established on Daniel Dustin Drive and Moses Dean Street. Accordingly, the developer is not inclined to create a competing and perhaps conflicting density and housing style in close proximity to such homes.

The Plan Commission considered the developer’s proposed departure from the original preliminary plan (see the appended excerpts) on April 12 and noted that the reduction in the likely number of units from about 42 to 15 was desirable. The attached final plat would amend the preliminary plan for Heron Creek by amending Exhibit “B” in the recorded annexation agreement. The Commission supported the developer’s petition by a vote of 12-0.

City Council approval of the Plan Commission recommendation is requested.

G. Ordinance No. 2003.109—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Request of Lyle Hyatt and Company for a House Moving Permit. First and Second Reading.

At their meeting of April 12, the Plan Commission also considered a request from Lyle Hyatt to move a house from a location just east of Somonauk on Barber Greene Road, to a point east of Airport Road on Bethany Road. According to Section 9.6.1 of the City Code, the Plan Commission must first review house moving permit applications before they are forwarded to the City Council, in order to determine whether the move would alter the character of a neighborhood, or otherwise have a deleterious effect on the public welfare. Before action is taken, the City's Building Department is accountable for confirming that all affected utilities (e.g. Com Ed) and law enforcement agencies have been notified and have not contested the proposed move.

The proposed path of the move will briefly disrupt traffic on Somonauk Road, in particular, and both Barber Greene and Bethany Roads for a lesser period of time. Cooperation will be needed with local and county law enforcement agencies as well as Com Ed. Nevertheless, these challenges will be overcome with proper planning and public notice.

By a vote of 12-0, the Commission voted to recommend the Council's approval of the house-moving permit. City Council approval of the Plan Commission recommendation is requested.

H. Ordinance No. 2003.110--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Request of David Faganal for Approval of a Plat of Dedication for Luther Lowell Lane. First and Second Reading.

The attached plat of dedication is for roadway purposes only. It defines the future extension of Luther Lowell Drive from Plank Road to Phase Six of the Heron Creek planned residential development, and has been submitted by David Faganal, developer of the North Grove Crossing P.U.D.

The plat faithfully represents the plan area preferred by the City Engineer for roadway purposes. The Plan Commission reviewed the plat on April 12 and recommended its approval by a vote of 12-0. City Council approval of the Plan Commission recommendation is requested.

I. Ordinance No. 2003.111--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Request of the City Engineering Department for Approval of a Plat of Dedication for Oakland Drive, Dosen Drive, and Wirsing Parkway. First and Second Reading.

The attached plat of dedication is for roadway and utility purposes. It defines the roadway that will link Oakland Drive at its present eastern terminus with a previously-dedicated and constructed roadway that ends about 700 feet west of Peace Road (see the attached plat). To achieve this link, Oakland Drive is to be extended eastward to "Dosen Drive," which will eventually be completed to Gateway Drive. Dosen Drive extends southward for about 552 feet to "Wirsing Parkway," which will run eastward toward Peace Road. The east leg of the new roadway has been named after the late David Wirsing, who served our community from 1993 to November 2003.

The Plan Commission voted 12-0 in favor of this dedication plat at its regular meeting of April 12. City Council approval of the Plan Commission recommendation is requested.

J. Ordinance No. 2003.112—An Ordinance Implementing the Provisions of the State Officials and Employees Ethics Act of 2003, as Applicable to Local Governmental Bodies. First and Second Reading.

The attached ordinance would adopt the provisions of Public Act 93-615, which became effective on November 19, 2003 and was amended on December 9, 2003. This act is to be adopted within six months of its effective date. This act has been "under the radar" of most municipalities, since its enactment in the closing days of the fall veto session, and because the state's municipal lawyers and the state Attorney General's office have struggled to understand both the legislative intent and requirements. According to City Attorneys Keith Foster and Kevin Buick, much more debate will

occur before such issues are clarified, and it is not recommended that the Council proceed to adopt an “ethics officer” or “ethics commission” until such details are better known. Nevertheless, to comply with state law, the City Manager recommends the Council’s adoption of the attached ordinance. The City Attorney will keep the City Manager informed about the further legal debate surrounding the state enactment, and will advise the Council if and when further action is necessary.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Administration Report on Options for the Use of the City’s Private Activity Bond Volume Cap for the Year 2004.

The City Council considered several options for the allocation of the City’s “private activity bond authority” at the last regular meeting of April 5. This pass-through authority derives from the provisions of the Federal Tax Reform Act of 1989, which gives all states the authority to allocate “private bond authority” with a ceiling tied to population. States may allocate their “ceiling” among the governmental units including home rule communities and certain state agencies such as the Illinois Housing Development Authority (IHDA) and the Illinois Development Finance Authority (IDFA). Communities are allocated private bond authority or “volume cap” on a per capita basis. Federal law limits the use of this volume cap for industrial revenue bonds or mortgage revenue bonds. Municipalities have the option of issuing their own bonds, transferring their authority to other communities, ceding their volume cap to one of the authorized state agencies for use on behalf of the City, or returning the authority to the State of Illinois which pools unused bond authority for state-assisted private development projects.

In the state of Illinois, there are three principal options for the municipal use of this bond authority: industrial revenue bonds, mortgage credit certificates, and a home equity loan program. In December 1998 the City ceded most of its bond authority to Kishwaukee Hospital which used the tax-exempt status to help finance a major facility expansion. Since then, the Council has annually ceded its authority to IHDA to create a mortgage credit certificate option.

The Illinois Housing Development Authority (IHDA) annually sponsors a mortgage credit certificate program that allows qualified first-time homebuyers to take 25% of the annual interest paid on their new mortgage as a credit against their federal income tax liability. The qualifying income levels are set each year and vary depending on the household size. This year, the upper income limit for a family of three or more in DeKalb County is \$73,600. For a household of one or two persons, the upper qualifying limit is \$64,000. The program also sets upper limits on home prices. This year, the upper limit on a new home is \$203,050 and the upper limit on an existing home is \$199,230.

The lending bank typically acts as the intermediary with IDHA. At the time a home is purchased, a certificate is issued to the homeowner. This certificate is filed with the

homeowner's income tax to establish the credit. For example, say a buyer takes out a \$92,000 conventional market rate mortgage at 6.25%. On a 30-year fixed rate loan, the buyer would pay \$5,719 in mortgage interest in year one. With a mortgage credit certificate, the buyer can take 25% (\$1,430) off his or her federal income tax obligation which is the same as retaining \$119 in additional income per month. Over the life of the loan, the buyer would save \$27,981 in federal taxes.

The MCC tax credit is good for the life of the loan, so the tax saving is repeated so long as the family remains in the home. In addition to the direct benefit to the homebuyer, the program provides an incentive for local families to buy a home in Sycamore.

The mortgage credit certificate program brings no direct expense to local taxpayers and involves no staff work. IHDA and participating banks do all the paperwork, although the City may wish to assist in advertising the option. The volume cap is used exclusively by Sycamore residents for 18 months, and IHDA provides quarterly reports on the number of participating families, the average purchase price of the homes, and the amount of credits remaining.

The advantage of this program for prospective homebuyers with low to moderate household incomes is obvious. It should also be noted that a commitment of private bond authority to the IHDA program would not preclude the City from dedicating next year's volume cap to industrial revenue bonds if a worthwhile project develops.

The only downside to the mortgage credit certificate program is the limited number of families that can benefit under the City's modest cap. **In 2004, the City's "authority" will be \$80 per capita or \$1,019,760 based on an IHDA-estimated population of 12,747 for Sycamore.** Based on the average purchase price of \$164,550 for three-bedroom homes--new and used--in Sycamore in 2003 (Board of Realtors estimate), and an average down payment of 20%, only 7-8 Sycamore families might qualify.

Additionally, the program has not been well marketed by local financial institutions during the past two years, as historically low mortgage interest rates have been no impediment to home loans. In 2003, only one Sycamore family took advantage of the MCC program in the amount of \$100,800.

As the City Manager noted on April 5, one other community—Galesburg—is looking for private activity bond volume cap to assist the renovation of an older apartment building for use by senior citizens and handicapped individuals receiving Section 8 housing assistance from the federal government. The attached letter from Mesirow Financial further describes this project. If the Council is interested, it could allocate all or a portion of its "cap" to Galesburg to assist with this project. If it is determined that the receiver of such an allocation is actually the private developer and not the community of Galesburg, the City might be able to "sell" its cap for a nominal fee or a percentage of the City's cap of \$1,019,760.00.

City Council direction is recommended.

B. Consideration of a Recommendation from the City Engineer Regarding a Consultant Contract for the Design of Well #9.

City Engineer John Brady has solicited proposals for a professional services contract to perform the design work for the construction of Well #9. The consultant proposals are due on Monday, April 19. Mr. Brady will assess the proposals and report his findings and, possibly, a recommendation, at the regular meeting on April 19. Funding for this engineering work is found in the FY05 budget under Fund 25 (2003 EPA Loan Fund; Line Item 8331).

C. Consideration of a Closed Session to Discuss Collective Bargaining and Personnel Matters.

14. APPOINTMENTS

15. ADJOURNMENT