

SYCAMORE CITY COUNCIL

AGENDA

May 3, 2004

City Council Committee Meeting

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

The Ordinance Committee will meet to consider the following topics:

- (a) Whether an additional package liquor license should be issued by either waiving the proration by population or amending Section 3-2-7 of the Sycamore City Code. Presently, the City Code allows one Class D license for every 5,000 population, based on the most recent census data.
- (b) Whether the closing hour for a Class E (golf course) license shall be extended. Presently, the City Code (Section 3-2-1, "Definitions") sets the hours of operation from noon until dusk.

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 19, 2004;
 - B. Payment of the Bills for May 3, 2004.
- 7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**

- A. Swearing-In Ceremony for Cary Niewold, Assistant Fire Chief.**
- B. Proclamation Declaring May 3 through May 7, 2004 as Public Service Recognition Week.**

8. REPORTS OF OFFICERS

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS--None

11. ORDINANCES

- A. Ordinance No. 2004.01—Re-Allocating the City of Sycamore’s Private Activity Bond Volume Cap for the Year 2004 to the Illinois Housing Development Authority for the Purpose of Issuing Mortgage Credit Certificates in the City of Sycamore, Illinois. First and Second Reading.**

The City Council considered several options for the allocation of the City’s “private activity bond authority” at the regular Council meetings of April 5 and April 19. With the Mayor’s strong encouragement, the local media gave attention to this matter and in turn generated more public interest, including the interest of local lenders. As a result of the public interest in the mortgage credit certificate program in particular, the Council on April 19 directed the City Manager to return an ordinance

The private activity bond 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.

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%, approximately 7-8 Sycamore families might qualify.

City Council approval is recommended.

B. Ordinance No. 2004.02—An Ordinance Approving a Grant of \$17,000 to the Voluntary Action Center for Services to Citizens of the City of Sycamore, Illinois. First and Second Reading.

For over a decade, the City Council's budget has included three grant allocations. Ordinances 2004.02, 2004.03, and 2004.04 cover these grants and may be taken in omnibus fashion. Ordinance 2004.02 pertains to the annual allocation for services

rendered to the City of Sycamore by the Voluntary Action Center (VAC). Specifically, the grant helps defray organizational expenses associated with TransVAC, which provides about 17,000 trips per year for Sycamore residents; MedVac, which provides about 350 trips per year to regional hospitals and other care facilities; and the Meals on Wheels program which provides about 18,000 meals for senior citizens and disabled persons in Sycamore. Only about 12% of the TransVac services and 3% of the Meals on Wheels services are offset by the proposed grant. Other VAC funding sources include state and federal grants, foundation grants, private donations, and user fees.

City Council approval is recommended.

C. Ordinance No. 2004.03—An Ordinance Approving a Grant of \$10,000 to the DeKalb County Economic Development Corporation for Services to Citizens of the City of Sycamore, Illinois. First and Second Reading.

For the last sixteen 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 Continental Custom Ingredients (CCI), the referral of several companies that have since purchased industrial condominiums in the Sycamore Prairie Business Park.

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. The agreement also increases the allocation from the FY04 allocation of \$7,000 to \$10,000, which reflects an average annual inflationary increase of 2.67% since the first \$7,000 allocation was made in the late 1980s.

City Council approval is recommended.

D. Ordinance No. 2004.04—An Ordinance Approving a Grant of \$1,000 to the DeKalb County Community Foundation for Services to the Citizens of the City of Sycamore, Illinois. First and Second Reading.

The City Council budget (701-8399) has also funded a \$1,000 allocation to the DeKalb County Community Foundation to help defray organizational expenses over the past eleven years. This grant and others from local taxing bodies and private contributors helps offset the operational liabilities of the foundation and in turn optimizes the funds available for helping county agencies and new initiatives in the general welfare. Among

the Sycamore agencies or groups that have been served in recent years are Opportunity House, CASA, Sycamore Child Care, VAC, Discover Sycamore, the Sycamore Chamber, the Sycamore Historical Society, the Midwest Museum, and the Sycamore Firefighters Preservation Company.

City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Administration Request for Direction Regarding a Matching Grant Program to Improve Downtown Façades.

With blueprint-sized renderings finally in hand, the Architectural Review Committee met on April 13 to review the work performed by Miniscalco Architects and to plan for the next round of applications for façade loans, scheduled to begin in May. After some discussion, the Committee posed the question: would the program be more successful in the near term if one or several facades were targeted based on either their deteriorating condition or their historic prominence, rather than relying on modest improvements at random locations that might have less visual impact on downtown shoppers and visitors? This question led to another: would building owners and business owners be more inclined to participate as “targets” for improvement if there was a matching City grant?

The Committee ended its deliberations on the 13th with two suggestions:

- a) To hold two open houses for downtown business and building owners to view the renderings and consider participation in the program. The two “showings” are scheduled at noon and at 5:00 p.m. on May 4 in the Council chambers.
- b) To approach the City Council through the City Manager to ascertain whether there might be some interest in modifying the program’s financial scope. Presently, building owners can apply for a loan up to \$5,000 at no interest for up to 24 months. In FY04, only two applications were received and only one loan was approved. As an alternative, the Committee suggested that the City might prioritize façade projects and match the targeted owner’s contribution, dollar for dollar, up to \$5,000, with a grant. This would generate up to \$10,000 per façade, and might possibly generate more interest and impact.

The only downside to this revised approach is the fact that with loans one can build a revolving capital fund, but with grants one has to designate other capital sources to regenerate the fund each year. The Downtown Revolving Loan Fund (Fund 13) will begin FY05 with about \$35,000. Aside from modest interest gains in the next few years, the only source of new revenue will be the recouped loan monies from the FY04 loan, which will total about \$3,800.

The City Manager suggests a departure from the original program’s financial guidelines for the next year, to see if there is indeed more interest in façade improvements with a

grant rather than a loan program. This approach could be reviewed with the Architectural Committee in the spring of 2005. If, for example, the Committee and Council agree on 3 grants in FY05, there would still be about \$24,000-\$25,000 left in the fund in the spring of FY05 for another year of grants or loans, depending on the Council's direction. In the longer term, should the Council wish to continue a grant program, a possible modest capital source would be the Hotel/Motel Tax Fund, which will have an FY04 ending balance of about \$220,000, and which generates an annual surplus, after all expenditures by the Chamber and the transfer to the General Fund, of about \$50,000-\$55,000.

City Council direction is requested.

B. Consideration of a Police Department Recommendation to Award the Contract for Three New Squad Cars to Veto Enterprises in the Amount of \$66,771.65.

The FY2005 Capital Fund Budget (06-8521) has allocated \$397,000 for a variety of vehicles including a new fire engine (\$250,000), three new patrol cars (\$75,000), a one-ton dump with plow and spreader (\$55,000), and a used sports utility vehicle for the Building department. The Police department has solicited bids for the replacement patrol vehicles as noted in Lt. Singer's memorandum (see attached). Only one bid was received, although all local dealers were approached. Veto Enterprises submitted a proposal based on state purchasing guidelines for the vehicles specified. The total bid, inclusive of all equipment, lettering, light bars, and trade-ins was \$66,771.65, which is comfortably under the estimated cost of \$75,000. Lt. Singer and Chief Thomas recommend the award of the contract to Veto Enterprises.

City Council approval of the Police department recommendation is requested.

C. Consideration of a Closed Session to Discuss Collective Bargaining.

14. APPOINTMENTS

15. ADJOURNMENT