

# SYCAMORE CITY COUNCIL

## AGENDA

February 7, 2005

### City Council Committee Meetings

#### **6:30 P.M. Meeting of the Sewer and Water Committee to Discuss Possible Water Fee Adjustments.**

At the last regular Council meeting of January 17, the Water and Sewer Committee reviewed a number of Administration options designed to provide some relief for residential users without imposing an unreasonable burden on commercial and industrial users. Local homeowners and businesses are currently faced with significant fee increases to fund the debt service for the completion of new Well #9 and the installation of radium treatment facilities at Wells 6, 8 & 9. The Council raised the water bill for the average residential user (i.e. those using 1,700 cubic feet of water over 60 days) from about \$30 every two months to about \$39 on May 1, 2003 and authorized a further increase to about \$49 every two months on May 1, 2004. At the end of these two years of phased increases, the average residential user is paying \$114 more per year, or \$19 more per billing period, an increase of about 63% over the average billing in April 2003. Now that the recent increases have been in effect for most of a fiscal year, it is possible to more reliably calculate their impact and the impact of any rate revisions on the City's ability to meet its service demands and its debt obligations to the IEPA.

As reported at the January 17 meeting, it is estimated that the annual loan payments for the new well and radium treatment facilities will add approximately \$175,000 to the current operating, maintenance, and debt service costs for the Water Department. It appears that the trend in Water Fund revenues can support present services and the new level of debt service so long as the overall annual revenue in FY06 reaches the plateau of \$1.25 million. This logically leads to the question: can the same level of funding be achieved by modifying the tiered system? A related question is: can the tiered system of water rates be modified to provide relief to the residential user without adversely affecting local business?

Presently, the City's water fee schedule charges a progressively lower per unit fee as the volume rises. However, those residents with the lowest rate of use—i.e. those using 400 cubic feet or less per billing period—pay \$2.59 per 100 cubic feet or a \$3.69 minimum bill (prior to May 1, 2003 the lowest users paid a \$7.97 minimum bill). Except for Edgebrook

mobile home park residents and users outside the City limits, the current schedule (less meter maintenance charges) is as follows:

First 400 cubic feet.	\$3.19 per 100 cubic feet (\$3.69 minimum bill)
Next 300 cubic feet	\$3.00 per 100 cubic feet
Next 700 cubic feet	\$2.56 per 100 cubic feet
Next 1,300 cubic feet	\$2.13 per 100 cubic feet
Next 6,900 cubic feet	\$1.44 per 100 cubic feet
Next 7,400 cubic feet	\$1.17 per 100 cubic feet
All over 17,000 cubic feet	\$0.85 per 100 cubic feet

From September 1, 2003 through September 1, 2004 the present rates produced the following water fee revenue:

**Current Rates (average rate of 2.05)**

	400	300	700	1300	6900	7400	17000	Total
Number of Bills:	4864	4335	10795	10198	2947	273	288	33700
Consumption:	9818	26113	117963	197983	123581	35171	223928	734557
Dollars:	31319.42	78339	301985.28	421703.8	177956.64	41150.07	190339	<b>1242793</b>
Avg. Rate:	3.190	3.000	2.560	2.130	1.440	1.170	0.850	

Keeping in mind the need to achieve an FY05 revenue base of about \$1.25 million, a number of options were presented for the Committee’s review on January 17. The Committee directed the City Manager to prepare additional options that further reduced the average homeowner’s cost.

The following options are new and intended toward this end. Each option deletes the bottom and top tiers, and reconfigures the inner tiers to create a new, five-tier system. It should be noted that residential users would generally be affected by the first, second and third tiers; commercial users by the first through the fourth tiers; and industrial users by all five tiers. For the industrial user, the fourth and fifth tiers would be most significant. Also, each option notes the impact on the following classes of user: the small residence (“Small Res.” is typically a two bedroom unit with no more than two occupants); large residence (“Lrg. Res.” is typically a four bedroom detached single family home with four occupants); restaurant (a full-service, sit-down restaurant); industrial firm, and car wash.

**Five New Options**

		Rate Averages						
	Avg Current Rate	Average Use	Option #1	Option #2	Option #3	Option #4	Option #5	
Lrg Res.	2.458	28	2.266	2.259	2.254	2.253	2.279	
Small Res	2.710	17	2.454	2.442	2.434	2.421	2.475	
Industry	0.863	8702	1.027	1.027	1.037	1.017	1.017	
Rest	1.139	377	1.186	1.188	1.193	1.180	1.182	
Car Wash	1.101	433	1.165	1.166	1.172	1.158	1.160	
Average: All Tiers	2.05		1.914	1.91	1.906	1.9	1.924	

Option #1	1.914								
Rates:			2.7	2.39	2.03	1.43	1.02		1222294
Dollars:			<b>97013.7</b>	<b>281931.57</b>	<b>401905.5</b>	<b>176720.3</b>	<b>264281</b>		<b>1221853</b>
	Small Res.	<b>-9.44%</b>		Lrg. Res.	<b>-7.79%</b>	Car Wash	<b>5.78%</b>		<b>-441.37</b>
	Industrial	<b>19.10%</b>		Restaurant	<b>4.20%</b>				
Option #2	1.91								
Rates:			2.67	2.39	2.03	1.44	1.02		1222294
Dollars:			<b>95935.77</b>	<b>281931.57</b>	<b>401905.5</b>	<b>177956.6</b>	<b>264281</b>		<b>1222010</b>
	Small Res.	<b>-9.90%</b>		Lrg. Res.	<b>-8.08%</b>	Car Wash	<b>5.88%</b>		<b>-283.49</b>
	Industrial	<b>19.10%</b>		Restaurant	<b>4.32%</b>				
Option #3	1.906								
Rates:			2.65	2.39	2.03	1.43	1.03		1222294
Dollars:			<b>95217.15</b>	<b>281931.57</b>	<b>401905.5</b>	<b>176720.8</b>	<b>266872</b>		<b>1222647</b>
	Small Res.	<b>-10.20%</b>		Lrg. Res.	<b>-8.30%</b>	Car Wash	<b>6.41%</b>		<b>353.07</b>
	Industrial	<b>20.24%</b>		Restaurant	<b>4.78%</b>				
Option #4	1.9								
Rates:			2.59	2.41	2.05	1.44	1.01		1222294
Dollars:			<b>93061.29</b>	<b>284290.83</b>	<b>405865.2</b>	<b>177956.6</b>	<b>261690</b>		<b>1222864</b>
	Small Res.	<b>-10.68%</b>		Lrg. Res.	<b>-8.31%</b>	Car Wash	<b>5.14%</b>		<b>569.96</b>
	Industrial	<b>17.95%</b>		Restaurant	<b>3.62%</b>				
Option #5	1.924								
Rates:			2.75	2.39	2.03	1.44	1.01		1222294
Dollars:			<b>98810.25</b>	<b>281931.57</b>	<b>401905.5</b>	<b>177956.6</b>	<b>261690</b>		<b>1222294</b>
	Small Res.	<b>-8.68%</b>		Lrg. Res.	<b>-7.27%</b>	Car Wash	<b>5.29%</b>		
	Industrial	<b>17.96%</b>		Restaurant	<b>3.79%</b>				

**The staff recommend Option #4** (Option #5 was presented as the staff recommendation at the January 17 meeting).

If the Committee wishes to pursue a revised schedule of water fees, it is recommended that the City staff approach the commercial and industrial users that would be most affected by such a change to allow them to join this discussion prior to Council action. Our estimate of an “acceptable” dollar increase for industrial and commercial users should be balanced by the views of such firms, in view of the Council’s policy to promote industrial and commercial retention. It should also be noted that the City is required to seek the IEPA’s approval of any rate changes according to the loan agreement we entered for Well #9. In terms of the threshold of \$1.25 million in overall Water department revenues, Option #5 will work because the user fee projection of \$1,222,864 does not include any new growth in FY06 (about \$150,000 in estimated new revenue) or meter fees (about \$75,000).

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**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 January 17, 2005;
  - B. Payment of the Bills for February 7, 2005.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
  - A. Presentation by the Sycamore Economic Development Commission. Commissioner Michelle Schulz will introduce Rondo Ziegler, co-owner of Rondo Enterprises at 1115 East State Street, who will give a brief overview of his products and services.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS--None**
11. **ORDINANCES**
  - A. **Ordinance No. 2004.72—An Ordinance Approving a Lease Between the City of Sycamore and American Aviation Supply, LLC. Regarding the Mezzanine of the Sycamore Center. First and Second Reading.**

On October 18, 2004 the City of Sycamore entered an economic incentive agreement with American Aviation Supply, LLC. The firm is involved in the purchase of jet fuel for the O’Hare operations of American Airlines. According to the terms of that agreement, American Aviation Supply will establish an “order acceptance center” in Sycamore. The center would be a modest operation with one or two employees who would review, process, and approve purchase orders and also process extensions of credit in connection with such sales. An office suite of less than 1,000 square feet was deemed to be sufficient for the operation, and no demand on public services was anticipated for the business.

Because of the nature of the firm’s business, a high volume of sales is anticipated. Under Illinois law, sales are counted for taxation purposes at the site where the order is accepted.

This means that Sycamore will be the recipient of a substantial increase in new state and home rule sales tax revenue. The Council will recall that under the financial terms of the agreement, the City and the retailer agreed for a period of about 26 years to share sales tax revenue from the firm's operations. The City would retain \$360,000 in the first year, and could realize up to a 5 percent increase per year for each of the following years, depending on the fortunes of the retailer. The City would never make less than \$30,000 per month or \$360,000 per year in new sales tax revenue from the firm's operation in any year that the agreement is in force. The governing index for determining the annual increase would be the Consumer Price Index (CPI) for Urban Consumers, as seasonally adjusted. The amount of the City share would increase (or, theoretically decrease) to take account of the change in the preceding 12-month period of the CPI. If the agreement should remain in force for the full term, or until December 31, 2030, the City would gain a minimum of \$9,360,000 and upwards to \$18,400,843 over the next 26 years.

In its search for a convenient and available site for its order acceptance center, American Aviation Supply has selected the mezzanine of the Sycamore Center. The 750 square foot space has two offices and a private restroom, and is handicap accessible. A lease has been negotiated and is attached. The key features of the lease are as follows:

- The term extends to January 31, 2010 with an automatic option on the part of the tenant to renew the lease for one additional term of five years;
- The base rent is \$750 per month commencing March 1, 2005 and extending through January 31, 2010. The base rent shall be re-negotiated if the tenant wishes to renew the lease for an additional five years;
- The tenant shall pay an additional \$20 per month for refuse removal;
- The tenant shall pay a pro-rata share of the utility costs associated with the commercial space in the building (about 7,200 square feet excluding the lower level);
- The tenant shall pay a pro rata share of the annual real estate taxes for the commercial space within the building.

City Council approval is recommended.

**12. RESOLUTIONS--None**

**13. CONSIDERATIONS**

**A. Consideration of the Fire Chief's Recommendation to Fill a Vacant Fire Lieutenant Position.**

At the last regular Council meeting of January 17, the Council tabled this consideration at the request of Alderman Kessler until the Council could discuss personnel matters related to the hiring in closed session. Having resolved the attendant concerns, the Council will take up the proposed filling of a vacant lieutenant position in the Fire department.

Some background may be useful. In the spring of 2004, the Council approved a fiscal year budget and labor contract that anticipated the raising of the Fire department minimum shift level to five persons (four firefighters and one lieutenant). When the raising of the shift level was discussed during contract negotiations with IAFF Local 3046, the Fire

administration judged that a department force of 22 (18 firefighters and 4 lieutenants) was necessary to maintain that new minimum staffing level without a substantial increase in overtime allocations. However, due to General Fund revenue constraints, the Fire department budget did not have sufficient resources to fill the one of the four lieutenant positions that was left vacant following the appointment of Cary Niewold to assistant fire chief in April 2004. In an effort to sustain higher minimum manning while constraining overtime costs, Fire Chief Riddle and IAFF Local 3046 experimented with some scheduling innovations and revised procedures. However, a series of on-the-job injuries in 2004 resulted in reduced manpower for much of the year. These operating strains had to be offset by fill-ins and acting officers, all leading to higher overtime allocations.

By the end of 2004, with nearly all full-time paid firefighters back in service, it was still apparent that the maintenance of a five-person minimum shift including an officer or acting officer would continue to involve substantial overtime without hiring more firefighters—an option for which there are presently insufficient resources. An alternative has been discussed within the department that would likely mitigate some of the budget constraints on the department's operations. If the Council authorizes the filling of the vacant lieutenant position this winter and also fills the firefighter slot left open by the in-house promotion to lieutenant, Fire Chief Riddle reasons that the budgetary impact will be slightly positive, and that the replacement firefighter will provide more flexibility in scheduling because he or she will allow for a modified swing shift again. The ability to float or swing several firefighters to shifts will help assure shift minimums without a reflexive resort to overtime.

Fire Chief Riddle will answer any questions that Council may have about this request. . The City Manager supports the proposal and, if the Council concurs, will notify the Fire and Police Commission to proceed with the necessary hiring steps.

**B. Consideration of an Administration Recommendation to Hold Open Houses for Candidates in the Upcoming Aldermanic and Mayoral Elections.**

The City Manager would like to invite all sitting and new candidates to a series of open houses on Tuesday evening, February 22. These open houses will showcase the City's facilities and give our department heads and directors an opportunity to introduce, or re-acquaint, candidates with our essential operating services. Candidates are invited to arrive by 6:00 p.m. at the Sycamore Center. After a brief orientation to our Administrative and City Clerk offices, candidates will be directed to a series of stops at other City departments. Sandwiches and beverages will be served to participants at the Sycamore Center at the top of the evening. The media is welcome to attend. The evening is not otherwise open to the public, in consideration of the limitations of time and resources.

**C. Consideration of a Park District Proposal To Revise the Park Impact Fee.**

David Peek, Executive Director of the Sycamore Park District, has requested the Council's consideration of some revisions to the Park Impact Fee ordinance that was last amended on April 15, 2002. Presently, the Sycamore Park District's impact fee schedule is as follows:

Type of Residence	Persons Per Unit	Impact Fee Per Unit (Rounded)
<b>SINGLE FAMILY DETACHED</b>		
One and Two Bedroom	2	\$526
3 Bedroom or More	3	\$788
<b>SINGLE FAMILY ATTACHED</b>		
1 Bedroom	2	\$526
2 Bedroom	2.25	\$592
3 Bedroom or More	3.5	\$921
<b>MULTIFAMILY</b>		
Efficiency or 1 Bedroom	1.5	\$395
2 Bedroom	2.3	\$605
3 Bedroom or More	3.2	\$842
<b>MOBILE HOME</b>		
1 and 2 Bedroom	2	\$526
3 Bedroom or More	3.2	\$842

The first Park impact fee was established in June 1996. In the calculation of the Park fee, it is assumed that at a certain price a residential developer would be willing to dedicate some land for neighborhood park space in lieu of housing. Currently, the assumed price is \$75,000 per acre (it was \$50,000 in 1996). It is also assumed that each new residential development contributes new users of the community park and that one important “impact” of this gradually increasing usage will be the need to purchase new community park land for new or expanded facilities, a new golf course, etc. The value of that undeveloped land is presently assumed to be \$15,000 per acre.

The Park Board has requested consideration of an increase in the assumed price of an improved acre of land for neighborhood park purposes. Such parks are the focus of recent residential development and figure prominently in the City’s comprehensive plan, so it is reasonable to assume they will continue to be of interest to the City and land developers. The Board has specifically asked the City to increase the price assumption from \$75,000 per acre to \$110,000 per acre, the current price per acre in the School impact fee ordinance that was approved on February 16, 2004. The price per acre of \$110,000 was computed as follows: the average cost of a ¼ acre lot (\$55,000) was multiplied by 4 to get the per acre price of \$220,000, then that amount was discounted by 50% to account for the land area set aside for utilities, detention, roads and other infrastructure in a residential development, yielding the total of \$110,000.

The Board assumes that \$15,000 remains a fair price for raw acreage that may someday be purchased to expand the community park because such large-scale parks seldom have the same basic improved costs. Based on these assumptions, the cost per person would be \$112.50 for neighborhood parks (1.5 x \$110,000 = \$165,000 / 1,000 = \$165) and \$150 per

person for community parks (10 x \$15,000 per acre = \$150,000 / 1,000 = \$150) for a total of **\$315 per person**, an increase of 20% (\$52.50).

The following table depicts the fee schedule proposed by the Park District:

<b>Type of Residence</b>	<b>Persons Per Unit</b>	<b>Impact Fee Per Unit (Rounded)</b>
<b>SINGLE FAMILY DETACHED</b>		
<b>One and Two Bedroom</b>	2	\$630.00
<b>3 Bedroom or More</b>	3	\$945.00
<b>SINGLE FAMILY ATTACHED</b>		
<b>1 Bedroom</b>	2	\$630.00
<b>2 Bedroom</b>	2.25	\$708.75
<b>3 Bedroom or More</b>	3.5	\$1,102.50
<b>MULTIFAMILY</b>		
<b>Efficiency or 1 Bedroom</b>	1.5	\$472.50
<b>2 Bedroom</b>	2.3	\$724.50
<b>3 Bedroom or More</b>	3.2	\$1,008.00
<b>MOBILE HOME</b>		
<b>1 and 2 Bedroom</b>	2	\$630.00
<b>3 Bedroom or More</b>	3.2	\$1,008.00

City Council direction is recommended. If the Council concurs, an ordinance can be brought to the next Council meeting on February 21.

**D. Consideration of a Request from Char Johnson and Julie Burggraf, Representing the Carlisle Collection of New York City, for the Consumption of Alcoholic Beverages On City Property.**

Char Johnson and Julie Burggraf, sales consultants with the Carlisle Collection, an upscale women’s clothing marketer, plan to rent the retail space in the Sycamore Center for several weeks in mid-February to show their styles to interested residents and other guests. Ms. Johnson and Ms. Burggraf have requested City permission to serve wine at their opening. They do not intend to sell the wine, but rather to give it to their patrons, so no license is required. However, Council approval is required to allow the consumption of alcoholic beverages on public property.

City Council approval is recommended.

**14. APPOINTMENTS**

**15. ADJOURNMENT**

