

SYCAMORE CITY COUNCIL

AGENDA

February 21, 2005

City Council Committee Meetings

6:45 P.M. Meetings of the Finance Committee, Sewer and Water Committee, Ordinance Committee, and Streets and Walks Committee to Review and Approve Minutes.

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 February 7, 2005;
 - B.** Payment of the Bills for February 21, 2005;
 - C.** Plan Commission Minutes for January 10, 2005.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A.** Presentation by the Sycamore Economic Development Commission. Commissioner Michelle Schulz will introduce Andy Morreale, owner of Energym at 1715 DeKalb Avenue, who will give a brief overview of the programs and services offered by his establishment.

B. Proclamation Declaring February 23, 2005 Rotary International Day in the City of Sycamore.

8. REPORTS OF OFFICERS

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS--None

11. ORDINANCES

A. Ordinance No. 2004.73—An Ordinance Amending Title 10, “Subdivision Regulations”, Chapter 3, “Design Standards,” By Revising Section 5, “Criteria for Cash Contribution In Lieu of Dedication of Park Sites,” of the City Code of the City of Sycamore, Illinois. First and Second Reading.

At the last regular meeting of February 7, the City Council reviewed a Park District request for 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 @\$262.50 (Rounded)
SINGLE FAMILY DETACHED		
One and Two Bedroom	2	\$526
3 Bedroom or More	3	\$788
SINGLE FAMILY ATTACHED		
1 Bedroom	2	\$526
2 Bedroom	2.25	\$592
3 Bedroom or More	3.5	\$921
MULTIFAMILY		
Efficiency or 1 Bedroom	1.5	\$395
2 Bedroom	2.3	\$605
3 Bedroom or More	3.2	\$842
MOBILE HOME		
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 ($1.5 \times \$110,000 = \$165,000 / 1,000 = \$165$) and \$150 per person for community parks ($10 \times \$15,000 \text{ per acre} = \$150,000 / 1,000 = \$150$) 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:

Type of Residence	Persons Per Unit	Impact Fee Per Unit (Rounded)
SINGLE FAMILY DETACHED		
One and Two Bedroom	2.017	\$635
3 Bedroom or More	2.899	\$913
SINGLE FAMILY ATTACHED		
1 Bedroom	1.193	\$376
2 Bedroom	1.990	\$627
3 Bedroom or More	2.392	\$753
MULTIFAMILY		
Efficiency	1.294	\$408
1 Bedroom	1.758	\$554
2 Bedroom	1.914	\$603
3 Bedroom or More	3.053	\$962
MOBILE HOME		
1 and 2 Bedroom	2	\$630
3 Bedroom or More	3.2	\$1,008

The population equivalents are drawn from the standard used in the calculation of the School impact fee, which is in turn based on a court-tested model created by Associated Municipal Consultants, Inc. of Naperville, Illinois.

City Council approval is recommended. Park Board Chairman Larry Steczo will be present to answer any questions the Council may have.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Administration Recommendation to Award a Contract for the Demolition of a Portion of the Harvester Square Complex.

In late January the City advertised for bids for the demolition of a portion of the former Harvester Square facility on South Avenue. Specifically, the bid packet called for the razing of Rooms J and K (see attached map), and any associated debris, to allow for the safe assessment of environmental hazards within those rooms. The environmental assessment that has been underway since June 11, 2004 by Marlin Environmental, Inc. had reached into all other rooms, but the serious deterioration of the roof and second floor assemblies in Rooms J and K had prevented further investigation of the contents of a variety of barrels and other containers.

As the Council is aware, the environmental assessment to date has been partially funded by a municipal brownfields redevelopment grant of \$119,479 that was awarded to the City by the Illinois Environmental Protection Agency in May of 2004. This grant was intended to cover up to 70% of the estimated cost of the assessment, with the state monies coming in the form of a reimbursement for actual out-of-pocket City costs.

Typically, once the assessment phase is complete, a second phase will begin involving a variety of corrective actions to remove hazardous materials. Such actions include the removal and transporting of the hazardous materials to approved waste sites, the disposal of any contaminated soils, and the submittal of findings to the IEPA summarizing all corrective actions. A third and last phase would then follow that includes demolition, final grading and earthwork, and a final report to the IEPA. In this instance, in order to fully assess the environmental hazards, a significant portion of the building has to be removed. This tends to mix all three phases in a more aggressive sequencing of actions, and thereby raises the cost to the City and all participating agencies at the front of the project. The original estimate of cost for all phases was \$1,711,150. It is likely that the final project cost will exceed this original estimate owing, in large part, to the difficulty in gaining access to many of the storage vessels in the deteriorating complex.

Another challenge has unexpectedly arisen during the recent months of assessment: the need to more aggressively remove any contaminants. A number of floor openings have been identified in the complex raising concerns that further deterioration in the barrels and vessels may allow the migration of contaminants beyond the complex. In addition, reports of unauthorized entry and vandalism by mischievous or curious individuals have heightened the sense that the removal of any hazardous contents has become "time-critical." In this light, the City and the IEPA are working together to manage a more aggressive assessment and cleanup. The solicitation of demolition bids reflects this more aggressive approach.

Three excavating companies picked up bidding documents but only one submitted a bid at the opening on February 11. This bidder, Rockford Blacktop Construction Company of Loves Park, Illinois, submitted a bid of \$168,250. In view of the reasonable opportunity for bidders to demonstrate interest, it is not assumed that the City would do better by throwing

out this bid and starting over. In addition, a further delay will conflict with the late winter and early spring preparations that Blumen Gardens must undertake in the vicinity of the demolition. In order to get the assessment moving again, the City Manager recommends that the City award the contract to Rockford Blacktop. Funds for this demolition are available in the Sales Tax Distributive Fund (\$168,347; line items 8331 and 8622). It is expected that about 70% of this amount will be reimbursed by the IEPA.

City Council approval is recommended.

B. Consideration of an Administration Recommendation To Abate Property Taxes for Fullco Industries.

At the last meeting of the Mayor's ad hoc Committee of Other Taxing Bodies on February 3, the forum considered a property tax abatement request from Fullco Industries. Since the late fall of 2004, the firm—which is headquartered in an industrial park in St. Charles, Illinois--has been reviewing a number of sites in northern Illinois that could accommodate its expanding space needs. Fullco has had a particular interest in a 34,600 square foot spec building in the Sycamore Prairie Business Park. The City Manager, along with Roger Hopkins, the executive director of the DeKalb County Economic Development Corporation, have remained in close contact with Fullco's top management as they have conducted their search.

On January 26, the City received an application for a property tax abatement. Fullco has signed a letter of intent to purchase the spec building in the Sycamore Prairie Business Park, and is also interested in purchasing an adjacent lot to accommodate future expansion. The firm's letter of intent to Ideal Industries makes it clear that a contract to purchase is contingent upon a decision by local taxing bodies regarding a possible property tax abatement to offset some of the firm's leasehold improvements in the building shell. Fullco specifically requested a three-year abatement including 90% of the property tax liability in the first year, 75% in the second year, and 50% in the third year. As required, the firm presented its financial statements from 2001, 2002, and 2003 (the 2004 numbers will not be available for several months) to the City. Although these statements are private and confidential, the City Manager offered to meet with any responsible representative from other local taxing bodies to discuss notable financial trends derived from such statements. Toward that end, a "credit analysis" similar to those performed by banks and other financial institutions was performed by the City, but must remain confidential.

Some of Fullco's financial trends can be revealed without compromising the firm's competitive position. Selected financial trends, relevant assessment information, and some historical information about the company are provided in bullet fashion, below:

- Fullco Industries, Inc. is solely owned by its president, Tom Fuller.
- The firm was established in 1986.
- The firm distributes production parts (mainly high quality fasteners of many types) to industrial firms involved in final production. Customers in search of special parts rely on Fullco to search the world for such components and ship them in a timely fashion. Such a relationship allows Fullco's customers to limit costly inventory and to turn their inventory at a high velocity.

- Fullco's niche has grown steadily with its success in delivering on its contracts. Net sales exceeded \$10.4 million in 2003 and grew approximately 25% in the period December 31, 2001 through December 31, 2003.
- For a growth company, margins are critical. The firm's operating ratios (especially its ratio of costs to sales) are stable; the ratio of current assets to current liabilities or current ratio is rising and in excess of 2:1; the firm's equity position (creditor equity to assets) is strong.
- Estimated sales are \$11,300,000 for 2004 and are projected to increase by 9%-10% each year for the next three years.
- The firm currently employs 22 persons (5 management; 5 department managers; and 12 warehouse personnel). Fullco plans to add 17 new positions over the next five years, including another dozen warehouse personnel, an IT manager, packaging supervisor, inventory manager, customer service representatives, etc.
- The spec building would yield an estimated market value of \$1.65 million once the office space is added within the structure.
- In addition to property tax abatement, the firm has requested a discount or waiver of the City's permit fees, a waiver of the City's sewer and water connection fees, and a fast track for permit approvals.

At the ad hoc Committee meeting of February 3, Board of Education president Jim Dombek presented a letter expressing his board's intent to award a two-year property tax abatement beginning in the second full year of the completed building's assessment. The Board's intent is to accommodate a 90% abatement in year one, and a 75% abatement in year two. Since the ad hoc Committee meeting, other taxing bodies have also responded. The County of DeKalb is considering a three-year abatement of 90%/75%/50%. The Cortland Township Board, the Sycamore Library Board, and the Sycamore Park Board have all expressed verbal support for the same three-year abatement package, and will take action at public board meetings within the next thirty days.

The City Manager recommends a City Council commitment to the three-year package being considered by the County of DeKalb, the Sycamore Library Board, the Cortland Township Board, and the Sycamore Park District. If the Council concurs, an agreement can be prepared for an upcoming Council meeting.

C. Consideration of a Preliminary Report on the Administration's Capital Spending Priorities for FY06.

The attached three-year projection of capital priorities and possible funding sources continues the Council's ambitious and often overlooked effort to remedy deficiencies in older, existing City neighborhoods and business areas. The largest projects in terms of engineering scope and cost include a variety of street reconstruction objectives, water system improvements, and public sidewalk construction. The list also includes a variety of vehicle and equipment purchases. Nearly all of these proposed spending targets involve the replacement or upgrading of existing equipment.

The highlights of the proposed FY06 capital program are as follows:

- \$1,363,719 to bring Well No. 9 on line by the end of the calendar year (low-interest EPA loan);
- \$3,146,000 to complete the reconstruction of Bethany Road from DeKalb Avenue to Peace Road;
- \$850,000 to complete the extension of Oakland Drive;
- \$206,000 for new vehicles and equipment including two replacement patrol cars (\$52,500), a replacement dump truck with plow and spreader (\$80,000), a used SUV for the Assistant Fire Chief (\$20,000), a used SUV for the Assistant Engineer (\$20,000), a third of the cost of a replacement backhoe (\$18,500), and \$15,000 in computer upgrades;
- \$240,000 for public sidewalk repairs; and
- \$200,000 for annual street maintenance.

The main sources of general capital dollars are either borrowed monies or capital dollars that are deposited in the Capital Assistance Fund (Fund 6). Of the latter, the key revenues are one-third of the City’s annual home rule tax proceeds, and any General Fund surplus monies that can be transferred to the Capital Fund without undermining the City’s reserve requirements. In FY06, no equity transfers or “windfall” sources such as the upfront payment of annexation fees (as in FY04) will underwrite the proposed capital program. The proposed FY06 capital spending and the sources of capital revenue are described in the table below:

PROJECT	FY06	Fund	Fund 6 Available
Bethany Road Reconstruction--Phase III	\$3,146,000	7	
Install Well #9	\$1,363,719	25	
Public Sidewalk Replacement	\$240,000	26	
Street Maintenance	\$200,000	1,6	\$100,000
Prelim. Eng.--Treatment Plant Expansion	\$50,000	5	
Oakland Drive Extension	\$850,000	26	
State Street from Main to Locust Street	\$165,000	?	
Locust Street from Sycamore to Exchange	\$240,000	?	
Paint Elevated Water Tank #1	\$155,000	2	
Variable Frequency Drive for Well #6	\$28,000	2	
Replace Patrol Cars (2)	\$52,500	6	\$52,500
Used Blazer for Assistant Fire Chief	\$20,000	6	\$20,000
Used Blazer for Assistant Engineer	\$20,000	6	\$20,000
Replace International Dump w/plow & spreader	\$80,000	6	\$80,000
Replace Case Backhoe (2/3 Water/Sewer Funds)	\$55,500	2,4,6	\$18,500
Computer Upgrades	\$15,000	6	\$15,000
Total	\$6,680,719		\$306,000

Since the late 1990’s, the City has committed the paramount share of its annual capital program to the repair of our existing infrastructure. Since 1999, the City has committed \$21,718,264 to the following projects, most of which have been completed or will be completed in FY06:

- Rt. 23/64 (\$2,305,000)
- Bethany Road Retention Pond (\$2,000,000)

- Downtown Streetscape (\$3,133,000, including \$1,533,000 in FY05)
- Neighborhood streets (\$2,500,000)
- Public building repairs (\$4,490,264). These include the Public Works Building, Sycamore Center, new Engineering and Building department offices, and the Public Safety Building remodeling.
- Well #9 and radium treatment at Wells 6, 8 &9 (\$2,900,000)
- Bethany Road reconstruction (\$3,300,000)
- Public sidewalk repairs (\$240,000)
- Oakland Drive extension (\$850,000)

This list does not include the Harvester Square project, annual sewer and water line repairs that are not associated with major street projects, the addition of new sludge drying pits at the Treatment Plant, an array of architectural and engineering costs, vehicle purchases, equipment purchases, and annual street maintenance. Although most of these projects have been financed, or will be financed, by borrowed monies, only \$155,000 is allocated each year from our property tax proceeds to support capital debt service payments, or about \$26.96 per City household. The balance of our debt service funding is from dedicated fees or general revenues. The Council's fiscally impressive commitment to the improvement of existing public property since the late 1990's has curiously been overlooked, despite attempts to inform the public, except by Moody's Investors Service.

The proposed capital program for FY06 is depicted "at a glance" in the attached spreadsheet. City Council direction is recommended. The staff recommendations for street maintenance in FY06 will be discussed at the March 7 meeting of the City Council.

14. APPOINTMENTS

15. ADJOURNMENT