

SYCAMORE CITY COUNCIL
AGENDA
April 4, 2005

City Council Committee Meetings

6:30 P.M. Meeting of the Streets and Walks Committee to discuss whether to permit, and possibly to license, ice cream truck vending on City streets. A Committee quorum was not present on March 21.

At the regular City Council meeting of March 7, Nancy Crowe addressed the City Council under "Audience to Visitors." Ms. Crowe is interested in operating a business that would sell ice cream products at random to pedestrians on Sycamore's residential streets from a truck during warmer months. Presently, the City Code is silent on such activity in its licensing provisions and in various regulations that control the use of the City's rights-of-way. Ms. Crowe has asked the Council to consider the creation of a new license category that would define the parameters for the legal vending of ice cream products from a truck on City streets. She currently owns a "mini" school bus and would like to convert it for this particular use.

Assuming the Committee sees no insurmountable safety issues, the practical concerns attending a service of the type described above will include a definition of the neighborhood streets whereupon the trucks can sell their wares, the hours for such sales, the license cost, and the license and regulatory framework.

On this agenda, an ordinance draft has been presented (Ordinance No. 2004.79) that attempts to address the key issues. It assumes that the proposed use falls squarely within the parameters of the licensing provisions defined in the City Code under Title 3, "Business and License Regulations," Chapter 4, "Peddlers, Solicitors, and Itinerant Merchants." The one exception pertains to the streets on which the vending may occur. The proposed Ordinance No. 2004.79 would create a new subsection that refers to a list of streets whereupon such vending is prohibited. This list would not be cited in the City Code so that it can be updated more easily from year to year as circumstances dictate. However, it would be updated only with the Council's approval and a current list would be kept in the City Clerk's Office.

Committee direction is requested.

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 March 21, 2005;
 - B. Payment of the Bills for April 4, 2005.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. A Proclamation Setting April 2005 as Sycamore's Kite Month.
 - B. Presentation by the Sycamore Economic Development Commission. Commissioner Bill Nicklas will introduce Todd Hendrey, owner of The Confectionary of Sycamore, who will give a brief overview of his firm's history and treats.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS**
 - A. **Public Hearing on the Proposed FY2005-2006 City Budget.**

The proposed Fiscal Year 2005-2006 City Budget is offered for public review and comment. A copy is available for viewing in the Sycamore Public Library and copies can also be made through the City Clerk's Office. The City Council Finance committee, under the chairmanship of Alderman Chuck Stowe, reviewed this document on March 28 and recommended it to the Council with minor revisions. The draft on view incorporates these recommended revisions.

Spending within the FY2006 Budget totals \$34,147,254, inclusive of all City funds. The General Fund expenditure budget totals \$9,815,573. These expenditures are offset by \$9,846,808 in anticipated General Fund revenues. The estimated General Fund operating reserve or starting fund balance will total \$4,279,129 or 43.2% percent of the planned General Fund expenditures for FY2006.

No new taxes or fees are proposed in the General Fund budget. With respect to personnel, the proposed General Fund expenditures include an allocation for two new police officers and an assistant engineer, and the promotion of Brian Gregory to the new position of Comptroller/Treasurer to assume the treasurer responsibilities presently held by Ken Mundy. One of the police officers will be hired on May 1; the other will be hired in September of 2005.

Other hiring priorities are not supportable in terms of projected revenues in FY06 but will need to be addressed in future fiscal years. These unfunded priorities include:

- a) a laborer in the Public Works department;
- b) one more police officer to ensure that three patrol officers are on duty 24 hours a day, seven days a week; and
- c) four more firefighters to attain a minimum shift level of six in order to achieve the minimum staffing for the support of two fire stations.

Wage and salary expenditures will incorporate union contractual increases and management pay increases.

Other significant General Fund expenditures include the following:

- Debt service of \$355,000 to fund the principal and interest on the 1999 refunding bond and the 2002 general obligation bond.
- An allocation of \$243,000 (513-8493) to pay the FY06 incentive obligation to Menard's as well as the FY06 sales tax rebates to Sycamore Ford, Sycamore Mitsubishi, and Brian Bemis World Auto. Of this allocation, the \$100,000 payment to Menard's will satisfy the City's incentive obligation. The Menard payment will be funded by a one-time reserve transfer from the General Fund Reserve;
- An increase of \$287,598 (26%) in health insurance premiums;
- An increase of \$53,000 in worker comp premiums (17.67%);
- A reserve transfer of \$75,000 to the Employee Benefit Assistance Fund (Fund 23) for accrued leave payouts at the time of the retirement of one or several senior employees in FY06.

The FY2006 capital and special funds are all balanced with appropriate reserves. The FY2006 Budget proposes a substantial capital spending program of about \$6,848,269. The highlights of the 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.

Apart from dedicated capital funds, the overall capital program will be partly funded by general revenues. The General Fund will provide \$100,000 for street and alley maintenance such as crack-filling and micro-surfacing. This amount will be blended with \$100,000 from the City's Capital Assistance Fund. 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.

In FY06 the City's Water and Sewer Funds will continue to finance efforts to maintain up-to-date digital maps of the City's water and sewer infrastructure. The Sewer Fund will dedicate \$8,000 and the Water Fund will dedicate \$13,000 toward this end.

The Water user fee schedule will be adjusted to reduce the present seven-tier schedule to five tiers. The impact will be "revenue neutral." However, residential users whom have historically paid a disproportionate share of the annual water revenues will pay less and the discount in their favor will be offset by slight increases spread over all commercial and industrial accounts. The Water Impact Fee Fund will allocate \$20,000 toward the preliminary engineering for a new elevated water tower on the City's northeast side.

The Sewer Fund budget shows no increase in fees. In FY05, a consulting engineer will be selected to begin the process of developing a new facility plan for the City's wastewater treatment. The Sewer Impact Fee Fund allocates \$100,000 in FY06 for the preparation of a revised facility plan.

While deferring some operational needs and capital projects on our staff "wish list," the FY2006 Budget envisions a wide range of services. As in previous years, the City's very dedicated and highly competent work force is the key to our ability to stretch our services while measuring our resources.

City Council action on the FY2006 Budget will occur on April 18.

11. ORDINANCES

A. Ordinance No. 2004.79—An Ordinance Revising Title 3, "Business and License Regulations," Chapter 4, "Peddlers, Solicitors and Itinerant Merchants," Section 3-4-1, "Definitions," and Section 3-4-6, "Restrictions on Permit," of the City Code of the City of Sycamore. First and Second Reading.

As noted in the background information for the meeting of the Streets and Walks Committee (see above), this proposed ordinance assumes that the seasonal sale of ice cream products from a truck slowly moving through the City's minor residential streets should be allowed for up to 120 days each year, but should be licensed according to the provisions of Title 3, Chapter 4 of the City Code. However, one exception is offered in a

new paragraph referencing a list of unapproved streets that is available in the City Clerk's office.

City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of an Engineering Department Recommendation Regarding the Bids for the Construction of Well #9 and its Radium Treatment Area.

The bid date for the Well No. 9 project is Friday, April 1, at 2:00 p.m. The scope of work includes the remaining site work, the cost of the pump equipment, generator, and building construction with all mechanical and electrical equipment, and the creation of a separate space for the Z-88 radium treatment system. However, this bid does not include the cost for the purchase and installation of the two specialized treatment vessels and associated piping and appurtenances. The contract for the radium treatment equipment will be separately awarded.

City Engineer John Brady will open the bids on Friday, April 1, and prepare a bid tabulation and recommendation for the Council's consideration on April 4.

B. Consideration of an Administration Report on Options for the Use of the City's Private Activity Bond Volume Cap for the Year 2005.

According to the provisions of the Federal Tax Reform Act of 1989, all states have 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 \$75,958. For a household of one or two persons, the upper qualifying limit is \$66,050. The program also sets upper limits on home prices. This year, the upper limit on a new home is \$325,890 and the upper limit on an existing home is \$325,890.

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 2005, 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 over \$200,000 for all three-bedroom homes--new and used—sold in Sycamore in 2004 (Board of Realtors estimate), and an average down payment of 20%, only 6-7 Sycamore families might qualify.

Additionally, the program has not been well marketed by local financial institutions during the past three years, as historically low mortgage interest rates have been no impediment to home loans.

Unlike previous years, no community has inquired about the possibility of using Sycamore's private activity bond volume cap to assist them in a public housing project. After talking with Les Ballerine of IHDA, the City Manager recommends that the City of Sycamore remain with the MCC program and possibly co-sponsor a local bank forum to promote more local bank interest in the program.

City Council direction is requested.

**C. Consideration of an Administration Request for a Closed Session to Discuss
Personnel Matters and Closed Session Minutes.**

14. APPOINTMENTS

15. ADJOURNMENT