SYCAMORE CITY COUNCIL
AGENDA
June 6, 2005

City Council Committee Meetings
No Meetings Are Scheduled

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA**

4. **AUDIENCE TO VISITORS**

5. **CONSENT AGENDA**
   A. Approval of the Minutes for the Regular City Council Meeting of May 16, 2005;
   B. Approval of the Minutes for the Special City Council Meeting of May 19, 2005;
   C. Minutes from the May 25, 2005 Meeting of the Mayor's Ad Hoc Committee on Growth Management.
   D. Payment of the Bills for June 6, 2005.

6. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
   A. Presentation by the Illinois Municipal Treasurer's Association in Recognition of Ken Mundy's Twenty-Four Years of Service as Sycamore City Treasurer.
   B. Presentation by the Sycamore Economic Development Commission. Commissioner Rose Treml will present Ken and Daryl Hopper, owners of the State Street Theatre at 420 West State Street, who will give a brief overview of their business's history and services.
   C. Presentation of the Sycamore Public Library's Annual Report by Executive Director Sarah Tobias.
   D. Presentation by the Sycamore High School Rugby Football Club to the Sycamore Fire Department.
   E. Appointment of Paid-on-Call College Interns for Class of 2008: Mike Gunderson; Nicholas Young; and Ashley Williams.

7. **REPORTS OF OFFICERS**

8. **REPORTS OF STANDING COMMITTEES**

9. **PUBLIC HEARINGS--None**

10. **ORDINANCES**

A. Ordinance No. 2005.15—An Ordinance Amending Title 3, Business and License Regulations," Chapter 2, "Liquor Control," Section 3-2-1 "Definitions" and Section 3-2-6 "Classification of Licenses, Fees, Hours and Days," to Permit the Sale of Alcoholic Beverages from Golf Course Beverage Carts When the Golf Course Is Open in the City of Sycamore, Illinois. First and Second Reading.

The Sycamore Park District has asked the Council to consider revisions to the liquor code to permit the sale of alcoholic beverages from a beverage cart during golf course operations, including special outings. A copy of the Park District resolution is attached. If the Council is supportive, the City Code would need to be revised as described in the attached ordinance. Park District officials will be present to answer any questions the Council may have.

B. Ordinance No. 2005.16—An Ordinance Amending Title 3, "Business and License Regulations," Chapter 2, "Liquor Control," Section 3-2-11, "Building and Location restrictions," Paragraph A of the City Code of the City of Sycamore, Illinois. First and Second Reading.

If the Council approves Ordinance No. 2005.15, the attached ordinance should be approved since it revises the "Liquor District" to include the geographic description of the Sycamore Golf Course where alcoholic beverages would be sold.

11. **RESOLUTIONS**

A. Resolution No. 459—Authorizing the Mayor to Sign a Professional Services Contract with the Daley Policy Group for Legislative Assistance in Securing Federal Funds for Capital Projects.

As the City of DeKalb, Northern Illinois University, and a growing number of Illinois communities have learned through experience, tracking federal legislation that may have a significant local impact, either in terms of mandated services or funding for capital projects, is a full-time proposition. Distance, of course, is a further complication that limits local initiative. Communities of all sizes are turning to lobbying firms located in the Washington, D.C. area who regularly meet face-to-face with the Illinois Congressional delegation, key committee chairs and staff, and key staff in various federal agencies and keep their clients informed and positioned for federal assistance, as may be appropriate.

The Daley Group has been extraordinarily successful in helping Illinois communities stay informed and also receive a fair portion of the considerable federal taxes they send to Washington every year. As a recent Daily Chronicle article reported, the City of DeKalb received over $12 million in federal funds from 2000 to 2005, mostly for improvements at the DeKalb-Taylor Municipal Airport. Notwithstanding the scope of these grants, Illinois as a whole is nearly last (46th) among the states in the return of federal dollars (receiving less than 75 cents for every dollar sent to Washington). The federal government now averages about $8,000 per capita (including every man, woman and child) in *tax* revenue per year, up from $2,200 in 1980. Sycamore has been granted about $1.5 million in the past 20 years, including the $1 million grant for the Bethany Road reconstruction project now underway, and about $500,000 in federal aid for the reconstruction of Elm Street from Main Street to California Street in the early 1990s. Among the capital projects that might qualify for federal aid are the following:

a) <u>Harvester Square Brownfield Cleanup</u>. The public is aware of the City's efforts, with the assistance of the Illinois EPA. Federal help will be needed in phase two (corrective action including removal of all contaminants and contaminated soils) and phase three (property restoration including further demolition and final grading), possibly in the range of another $1-$1.5 million.

b) <u>Bethany Road Reconstruction From Peace Road to Somonauk Road</u>. This project would complete the "west leg" of the corridor enhancement project primarily funded by City dollars. The cost is estimated to be $3.25 million.

c) <u>California Street Reconstruction From Exchange Street to Elm Street</u>. This project would complete the streetscape work begun by the City in 2001 and would cost about $950,000.

d) <u>Radium Treatment at Three of Sycamore's Four Deep Wells</u>. As the Council is aware, the City has qualified for an IEPA low-interest loan (2.57%) to install radium treatment facilities at three deep wells (existing Wells 6 and 8 and the new Well 9). The treatment method will be the zeolite filtering system that avoids the softening effects of the ion exchange process. The City presently plans to rent the treatment equipment for an annual cost of about $0.60 per 1,000 gallons of treated water (this includes the cost of the capital equipment). If we could purchase the equipment up front, the cost for treatment would decrease to about $0.36 per 1,000 gallons of treated water based on treating 544 million gallons per year. The upfront purchase cost would be $375,000 for the new Well 9 and an additional $920,000 for retrofitting the two existing wells (Wells 6&8). The City must meet the IEPA's deadline of July 1, 2006 for compliance with the radium allowance of 5 pCi/L. The average radium levels in Sycamore's system have been about 7 pCi/L for the past 4 years or so. Previously, the City's radium levels annually remained in compliance.

e) <u>Elevated Water Tower on Sycamore's North Side</u>. The estimated cost of this improvement is $3,000,000. The City currently has one elevated tank with a storage capacity of 750,000 gallons. The new tower would have a storage capacity of 2,000,000 gallons. Given the City's current Comp Plan vision for future growth, it is expected that the new tower would serve the City's needs through the ultimate build-out of the city limits.

A one-year contract with the Daley group would cost the City $78,000 in retainer fees plus reasonable expenses, including travel to and from Sycamore for periodic Council reports. The retainer equates to $6,500 a month and is very competitive in terms of pricing for such services. If the Council supports this contract for the period June 1, 2005 through May 31, 2006 it is recommended that the funding be drawn from the Hotel-Motel Tax Fund, which presently has an uncommitted reserve of about $300,000. Over time, a more appropriate capital source would be the Sales Tax Distributive Fund (Fund 22), which receives the sales tax revenue from United Aviation, American Aviation Supply, and Pulte Homes. However, this fund is presently committed until or unless significant federal funds can be found to complete the Harvestore cleanup toward which Sycamore alone spent about $350,000 in 2005.

City Council approval is recommended. Patricia Daley will be present to answer any questions the Council may have about this proposal.

12. CONSIDERATIONS

A. Consideration of a Request for Direction From the DeKalb County Regional Planning Commission.

The DeKalb County Regional Planning Commission has been approached by the County of DeKalb to consider taking a position on a possible revision to state law as it applies to annexation agreements. The point of law is found in 65 ILCS 5/11-15.1(a). This statute presently allows a municipality to grant zoning and building approval to a property that is subject to an annexation agreement, although that property has not been annexed and may not be contiguous to the corporate limits of the municipality.

The County administrative staff became aware of this passage while responding to an inquiry. Several undesirable scenarios could occur under this provision:

> a) a more distant community could agree to new development on a property that is immediately adjacent to another community, creating conflicts and confusion with regard to utility service and other public services;
>
> b) high-impact uses such as landfills or quarries could be permitted on property that is well-removed geographically from the approving authority.

The DeKalb County Planning department has proposed some alternative language, as shown below:

> ***65 ILCS 5/11-15.1(a)*** *Property that is the subject of an annexation agreement adopted under this Division is subject to the ordinances, control, and jurisdiction of the annexing municipality in all respects the same as property that lies within the annexing municipality's corporate limits,* ***provided, however, such ordinances, control, and jurisdiction shall not apply to property located within a county or township that exercises zoning authority unless and until the property is annexed by the municipality, or unless there is mutual agreement between such county or township and the municipality that such municipal ordinances, control and jurisdiction should be exercised prior to annexation.****"*

The Commission will poll its municipal members at its next regular meeting on July 28. If a majority of the boards and councils represented on the Commission support the County proposal, a letter will be sent to Rep. Pritchard and Senator Burzynski asking them to introduce bills in the Illinois House and Senate to amend the state statutes on this point.

City Council direction is requested.

B. Consideration of a Police Department Recommendation to Award a Contract to Veto Enterprises in the Amount of $18,374.34 to Replace a Sport Utility Vehicle for Patrol Purposes.

As Police Chief Don Thomas's background memorandum explains, the FY05-06 City Budget allocated funds for two replacement cars (Fund 6: #8521). Recently, the Police department advertised for bids for an SUV and a sedan. The SUV would be used for patrol services. One bid was received through the competitive state pricing system in the amount of $18,374.34 for a 2004 Durango SUV. This vehicle would be sold through Veto Enterprises of Sycamore.

City Council approval of a contract with Veto Enterprises in the amount of $18,374.34 is recommended. Additional detailing and light bars will be an extra cost, but the total cost will not exceed the $26,000 allocation for this vehicle.

C. Consideration of a Police Department recommendation to Award a Contract to Mooney Chevrolet in the Amount of $17,749 to Replace a Sedan Used for Administrative and Investigative Work.

As noted above, the Police department also requested bids for a sedan to replace the one currently used by the Chief and his administrative staff. One bid was received from Day Chevrolet of Monroeville, Pennsylvania, which would be delivered by Mooney Chevrolet of DeKalb. The amount of the bid was $17,749. Some additional cost is also required to outfit this vehicle, but the overall cost will likewise be under the capital allocation in the City's Capital Assistance Fund (06-8521). City Council approval is recommended.

D. Consideration of an Oral Report by the Executive Director of the Sycamore Chamber of Commerce.

As required in the three-year agreement between the City Council and the Sycamore Chamber of Commerce that was approved on January 17, 2005, an oral presentation by the Chamber director is to be made before the Council every six months. Executive Director Rose Treml will address the Council in behalf of the Chamber Board of Directors.

E. Consideration of an Administration Request to Conduct a Special Census in the City of Sycamore in 2005.

During the preliminary FY06 budget discussions in the early winter of 2005, the Council directed the City Manager to investigate the possible cost associated with a special census. A letter was sent to the U.S. Census Bureau on December 28, 2004 requesting such a cost estimate and offering some household counts based on City records to help the Bureau assess the cost. The Bureau responded in writing on March 10, 2005.

In the Bureau response, it was noted that based on a population estimate of 14,500 persons, a special census involving all census tracts would cost Sycamore $226,015. Of this amount, $127,166 is paid directly to the Census Bureau in advance, and the balance of $98,849 is set aside by the City to pay local persons to work on the special census. It was also noted that the local census work might be more expensive depending upon the actual count and the City's skill in conducting the census. The City would be responsible for training and coordinating the local enumerators after some staff training provided by the Census Bureau.

The funding for the special census would have to come from the General Fund reserve, since the revenues in the Sales Tax Distributive Fund (Fund 22) are committed to the Harvestore brownfield project. Although the year-end audit has not yet begun, it appears that the General Fund reserve as of April 30, 2005 or Fiscal FY05 year-end was $5,012,106 or 51% of the budgeted general operating expenditures for FY06. A reduction of the reserve by $226,015 would require a revision to the FY06 Budget and would leave a reserve of $4,786,091 or 48.7% of the FY06 budgeted expenditures of $9,815,573. The year-end FY04 reserve was $4,169,106 or 46.7% of the budgeted FY05 expenditures.

Of course, the result of the special census should be an increase in state-shared revenue that is per capita-based. Here are the revenue streams that are affected by an increase in census count:

- Local share of state income tax: the FY06 projection is $71/capita
- Local share of state use tax (mixed with monthly 1% sales tax remittance): $11.00
- Motor Fuel Tax: the FY06 projection is $28.35/capita

We do not count MFT as a general revenue. Also, it is not based on gas prices but on gallons pumped, and the rising cost of gasoline has flattened the annual revenue from this source. Our actual MFT revenues in FY04 were slightly lower than in FY03, probably due to more conservation by consumers (including purchases of more fuel efficient cars).

So, if we combine the potential state use tax and income tax revenue increases, we might see $82 per capita times the difference between the 2002 Census (12,020) and the 2005 Census (estimated to be 14,354 by Roger Dahlstrom's study), or $191,388 ($82 x 2,334) in the first year after the special census is done (it is not retroactive). It takes a minimum of 6 months for the census plus some time for certification so we are probably not looking at any change in revenue until spring 2006. Another thing to remember is that we have historically counted the state use tax in with the 1% sales tax in our budget so any drop below sales tax projections would offset modest use tax increases from a special census. In short, it would be prudent not to count on the use tax increase to show much overall budget impact. However, over the balance of the decade or until the next decennial census is undertaken, the City could see an additional $765,552 or a net increase of $539,537 (i.e. the gross increase minus the cost of the special census).

If the Council concurs, a budget amendment can be prepared for the next meeting on June 20, along with a resolution authorizing the City Manager to sign a memorandum of understanding with the U.S. Census Bureau. City Council direction is requested.

F. Consideration of an Administration Request for Direction Regarding the Recommendations of the Ad Hoc Committee on Growth Management.

The joint meeting of the Sycamore City Council and Sycamore Board of Education and other local stakeholders on May 19 led to the first meeting of Mayor Mundy's Ad Hoc

Committee on Growth Management on May 25 and another meeting on June 1. The two Ad Hoc Committee meetings took up the challenge posed by the joint meeting of May 19: to assess ways and means to close what NIU consultant Roger Dahlstrom termed a "fiscal gap" between the School District's projected revenues and expenditures over the next ten years. At the first Ad Hoc Committee meeting on May 25, moderated by John Lewis, a wide variety of proposals were laid on the table for consideration During the Committee's discussion, Mayor Mundy expressed the City's reluctance to raise the Home Rule Sales Tax rate at this time, because three recurring sources of critical capital revenue tied to the current rate would be at risk. Speaking for the Board of Education, Jim Dombek reported that the Board was not eager to raise student fees at this time. None of the Committee members were interested in raising the overall School District property tax rate. The Committee did agree on the following:

- The 2003 Comp Plan supports a balanced vision of community growth and should be supported;
- The "circuit breaker" regulation that has paced the annual number of permits since November of 2003 (Ordinance 2003.65) and has also deferred the timing of initial permits on a sliding scale from one to six years, based on the size of the residential development, is working and should be maintained;
- Impact fee schedules that are tied to the value of developed land should be adjusted at least every two years or more often if increases in land values spike higher than the average annual trend of 7-8%.

At the June 1 meeting, the Committee agreed on the following recommendations:

1. <u>To support a real estate transfer fee within the Sycamore corporate limits</u>. According to the County Clerk's records, there were 888 transactions affecting property within the Sycamore corporate limits with a total value of $206,392,702. If a ½ percent fee had been in place, the resulting revenue would have been $1,031,964. Looking forward, but taking a more conservative view of the annual value of the real estate transactions in Sycamore, it is not unreasonable to conclude that the projected *annual* School shortfall of an average of $850,000 could be offset by a ½ percent tax. A real estate transfer fee requires a referendum. The next general election is in March 2006. The referendum would have to set the rate and the purpose of the fee. Unlike impact fees and transition fees, this fee would fall on both new and existing home sales. City occupancy surveys over the past fifteen months confirm the 2000 Census conclusion that about one out of three Sycamore households have school-aged children. More specifically, about two-thirds of Sycamore's school-aged children reside in homes built before the current housing boom began in 2002.
2. <u>To increase the School impact fees by 10.6%.</u> The land value that is a critical variable in the School impact fee schedule that was last revised in February 2004 is significantly below present land values. If the School impact fees are adjusted upward by about 10.6 percent the fee revenue should keep pace with the likely bond and interest costs associated with the elementary school slated to be opened in 2008-2009. Detached single-family lots of 12,000 square feet are now selling for $67,000 which computes to a quarter-acre price of $60,803. In the present school impact fee schedule, a quarter-acre lot is presumed to be

$55,000. The difference is about 10.6%. In 2004 the School District received about $575,000 in impact fees associated with 2004 City permits. That number reflects about 9 months of fees at the current rate (in the first quarter of 2004, the fee levels were about 75% lower for 4-bedroom homes). With the proposed 10.6% increase, and on the assumption that City permits will meet or exceed the 2004 total, the school impact fee revenue for 2005 should reach $667,000, which is the threshold in annual debt service that the School District administration has set for a new 55,000 square foot elementary school on one of the two school sites donated by B&B Development.

If enacted, a revised School impact fee schedule reflecting a 10.6% increase would be portrayed as follows (the 2004 fees are shown in parentheses):

Per Unit Fee	2 BR	3 BR	4 BR	5 BR
Detached Single Family	**814** (736)	**3,259** (2,947)	**5,544** (5,013)	**4,298** (3,886)
Attached Single Family	**772** (698)	**1,441** (1,303)	**2,941** (2,659)	
Apartments	**789** (713)	**2,140** (1,935)		

3. <u>To revise Ordinance 2003.65 (approved in November 2003) to eliminate the use of "banked" permits in the first full year of permitting</u>. According to the text of this ordinance, in determining the allowable annual permits for a new residential planned development, "*the annual allowance for the issuance of dwelling unit permits shall commence on January 1 of each year. The owner or developer of the planned unit development may carry over dwelling units not permitted from year to year and add those lots to following years, so long as the "bank" does not exceed one year's allowance. For example, if a developer is allotted 40 dwelling units per year, but receives permits for only 20 dwelling units in the first year, then 40 permits plus 20 unused permits would be allowed in the second year. In the year of annexation, the owner or developer of the planned unit development shall receive only a pro-rata allowance of permitted dwelling units, e.g. if a planned unit development is annexed on November 30, then the allowance for the first year would be 1/12th of the allowance for the year.*" In the present context, when all entities represented by the Ad Hoc Committee are eager to more rigorously plan for future growth, the "banking" of permits can confound the precise prediction of maximum units per development per year. Eliminating this provision would tend to allow better fiscal planning.
4. <u>To encourage the Board of Education to rely upon its general operating reserve to offset any actual shortfall in 2005-2006 or until the result of the referendum on a transfer fee is known</u>. On May 10, 2005, Moody's Investors Service upgraded the District's bond rating to Aa3 in advance of its refunding of the outstanding Series 1997 bonds. This new bond rating will affect all of the District's $37 million of outstanding parity debt—an achievement for which the District should

be warmly applauded. Moody's Investors Service issued a press release noting that the District's "$19.7 million General Fund balance or a healthy 72.4% of General Fund revenues (fiscal 2004) provides significant budgetary flexibility." District representatives and the Committee agreed that this reserve should not be seen as a long-term answer to the larger projected shortfall over the next ten years, but as a management fiscal tool that is useful in offsetting any deficit that may actually arise in the next school year.

5. To resist the adoption of transition fees, provided the transfer fee is approved. Transition fees are a category of exaction that has been adopted by expanding Illinois communities in recent years (including Waterman and Yorkville). The purpose is to provide additional revenue for a School district from the time of occupancy of a new home until tax money based on the full assessed valuation of the new home has been received by the District. To date, many of the transition fee schedules in effect in Illinois communities have been implemented to raise revenue for operating purposes. Several issues would need to be addressed with respect to transition fees: (a) to avoid a legal challenge some analysis needs to be undertaken to determine service costs per student; (b) such fees fall on new homes and not on existing homes; and (c) the Illinois courts have not considered challenges as to whether these fees are truly taxes since their justification is usually tied to the delay in full assessment. If considered taxes on court review, they may be judged selective in their impact as they would not apply to commercial and industrial property. The safer way to apply these fees, legally speaking, is through mutual agreement in the context of an annexation agreement.

   If local residents were to approve a real estate transfer fee by referendum, transition fees would not be necessary, based on the projections of the Dahlstrom study.

6. To continue to meet to outline a marketing plan that will attract quality commercial and industrial businesses to Sycamore. The next meeting is set for June 21 at 4:00 p.m. in the lower level of the Sycamore Center.

At the close of the June 1 meeting, the appointed representatives agreed to review the list of recommended policies to their respective policy making bodies. The City Manager requests the Council's support for all of the recommendations listed above.

14. APPOINTMENTS

15. ADJOURNMENT