

SYCAMORE CITY COUNCIL
AGENDA
January 16, 2006

City Council Committee Meetings

No Meetings Are Scheduled.

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Regular City Council Meeting
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 Regular City Council Meeting of January 3, 2006.
 - B. Payment of the Bills for January 16, 2003.
 - C. Plan Commission Minutes for the Meeting of December 12, 2005.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**

The Sycamore Economic Development Commission will renew its “spotlight” on local businesses at the February 6 Council meeting.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS**
 - A. **Public Hearing on the Proposed Annexation of the Artery Farm, a 82.148-Acre Property Located at the Northwest Corner of Peace Road and Illinois Route 23.**

Background information on this proposed annexation can be found under Ordinances 2005.79, 2005.80, and 2005.81.

11. ORDINANCES

A. Ordinance No. 2005.69—An Ordinance Concerning the Recommendation of the Plan Commission Regarding the Petition of Margaret and Jack Whitwell and Whitwell Farms, LLC for an Annexation Agreement, Annexation and Rezoning to “R-1” One Family Residence District for a Planned Unit Development on a 261-Acre Property Located on Both Sides of Lindgren Road, Approximately One Mile East of Plank Road, in the City of Sycamore, Illinois. Second Reading.

This ordinance was heard on first reading on December 19, 2005 and second reading on January 3, at which time the Council’s further discussion was continued until the January 16 meeting. As the Council is aware, this ordinance concerns a plan presented by Greg Derrico and John Cebzynski for the residential development of the 261-acre Whitwell farm which straddles Lindgren Road at the northeast edge of the area slated for residential development on the 2003 Comp Plan. A public hearing was held on an annexation proposal for the “Whitwell Farms” development on December 19.

The staff summary of the salient points in the Preliminary Plan and Annexation Agreement are re-stated below for the Council’s reference.

The Preliminary Plan

The proposed plan has the following features:

1. Land Uses. The following table depicts the various land uses:

	Acres	Percentage
Single Family Lots	126	48%
Private Parks & Conservation Areas	76	29%
Public Park Land	6	2%
Public Road Right-of-Way	53	21%
Total	261	100%

2. A gross area of 261 acres and a gross density of 1.46 units per acre;
3. A total of 381 single-family detached home lots. Based on the provisions of the City’s permit constraints (Ordinance 2005.60), the first permit could not be issued until 2010, and no more than 50 permits could be issued per year.
4. Two main entrances on Lindgren Road and one on Swanson Road;
5. A circulation of traffic through the subdivision via seven outlets, including the main entrances.
6. An arrangement of private park space and publicly dedicated park space as is typical of the adjacent B&B developments. Park District action on the proposed dedication has not yet occurred. If the District determines that a public park is not in the District’s interest, the park area would be built but maintained by the homeowner’s association.

The Annexation Agreement

The principal terms of the annexation agreement are as follows:

1. The Name. “Whitwell Farms” ties the development to its historic family farm roots.
2. The Term. The agreement runs for twenty years.
3. Performance Guarantees. The developer shall provide an irrevocable letter of credit for the public improvements on the site.
4. School Contribution. As with the B&B annexation agreements approved in October, the proposed agreement acknowledges the current public/private initiative in behalf of a new funding source for the School District’s operational priorities (Paragraph 15). The Council is aware of the recent work of Mayor Mundy’s ad hoc Committee on Growth Management and its support for a real estate transfer tax. Based on a review of all Sycamore real estate transactions in 2004, the ad hoc Committee believes it is reasonable to assume that the proposed transfer tax, with exemptions, will generate sufficient new revenue to annually offset the projected imbalance in school operating funds over the next ten years. Since the proposed tax can only be imposed by a referendum and the next general election is March 21, 2006, the annexation agreement must anticipate both a successful and an unsuccessful referendum to assure that a comparable level of school funding is provided. How can this be done? The Developer agrees to pay a \$3,000 per unit “voluntary fee” to the School District in addition to any applicable impact fee.

The \$3,000 threshold is based on the findings of a recent independent fiscal study and City and School data. Based on the 2000 Census data and more recent occupancy data collected by the City’s Building department over the past 20 months, the City’s new households have an average of .7 students (about two-thirds of all new households have no children). The average new household is thus about 2.7 persons. The independent fiscal study presented in the spring of 2005 reports a net School operating imbalance of \$8,469,503 over the period 2005 to 2015. At the 2004-2005 enrollment level, this would be a funding shortfall of \$2,777 per student (\$8,469,503/3050). The developer has agreed to “round up” the “voluntary” donation to \$3,000 per home, payable at the time of permitting in the same manner as impact fees. If the planned referendum on a transfer fee is successful, this contribution would be a “credit” against any transfer fee obligation. If the referendum is unsuccessful, every house permit would generate a \$3,000 voluntary donation to be applied to School operating needs.

5. Impact Fees. Impact fees shall be assessed at the rate in effect at the time a permit is issued, allowing the rates to float upward over time as the City Council determines their appropriate levels with the advice of local taxing bodies.
6. Park Contribution. The developer will comply with the UDO requirements relative to the Park District land-cash ordinance.
7. Water and Sewer Main Extensions. The developer shall provide proper storm sewer, sanitary sewer and water main systems in accordance with the City’s standards and at the developer’s sole expense.
8. Variations. There are no proposed variations from City policies or practices.

The Traffic Study

See the attached memorandum from City Engineer John Brady.

Pace of Development. A spreadsheet depicting the number of allowable permits per year is attached. The spreadsheet places the proposed development in the context of all current developments.

Recommendation

The proposed development conforms to the City's Land Use Plan and satisfies the City's codes and ordinances, including the recently-adopted Ordinance 2005.60. In terms of City policy, it has not generated any Council questions or debate at the past two meetings. The Plan Commission considered the Whitwell petition on December 12 and voted 10-1 to recommend the Council's approval, with the condition that the annexation agreement be revised to require the payment of the \$3,000 voluntary fee to the School District at the time of final platting, rather than individually as each lot is permitted (see Section 15). This provision conforms to the wording in the three agreements that B&B Development brought to the Council in October, and has been inserted in the attached copy. **City Council approval of the Plan Commission recommendation is requested.**

Fiscal Impact

The favorable staff recommendation is also based upon a fiscal analysis of the impact of the proposed annexation and development on local taxing bodies. The independent fiscal analysis provided by the Center for Governmental Studies in March 2005 assumes that the School District alone will be financially challenged to meet its annual operating revenue needs based upon the City's projected residential growth over the period 2005 to 2015. Based on city permit records, the study assumes that most new owner-occupied units will have four bedrooms and their average 2005 price (land included) would be \$331,429. The study further includes a \$1,000 per dwelling unit "voluntary" contribution from developers for each new residential unit. In contrast, the lowest selling price of a Derrico home on Merry Oaks Drive in the Heron Creek subdivision is presently \$631,000 (land included) and the required "voluntary" developer contribution is \$3,000.

Will Mr. Derrico's proposed homes pay for themselves in terms of the School District's costs per student? The answer is tied to four key variables: (a) what we know about the number of students per household; (2) the current School operating budget; (3) the School tax rate and (4) the valuation (EAV) of the home. The occupancy data that the City's Building department and MPA intern have meticulously collected on *new* housing since February 2004 consistently shows an *average* of .7 school-aged children per new household. Data released on January 6 by the School District shows an average of .9 students for their entire district, which includes Cortland and is 25% larger than the City's corporate limits. Let us assume, therefore, that each new housing unit is responsible for one new school-aged child. Combined with the published information on the FY06 School budget, the current tax rate, and the selling price of Mr. Derrico's homes, it appears that the answer is "yes." The math below illustrates this point:

School Operating Costs by Fund (from the District's 2005-2006 Budget):

Education	\$23,535,437
O&M	\$ 3,664,287
Transportation	\$ 2,162,397
Retirement/SSI	\$ 758,906
Safety	\$ 650,000
Working Cash	\$ 30,000
Total	\$30,801,027* (*excludes Bond & Interest)

Number of Students Enrolled (Fall 2005): 3,463

Operating Cost per Student: **\$8,894** (\$30,801,027/3,463)

Capital Cost per Student: \$875 (Bond & Interest of \$3,030,175/3,463)

School Property Tax Generated by Derrico Home (based on 2005 School Tax Rate of \$5.16192/\$100 EAV):

$\$631,000/3 = \$210,333 \times .0516192 = \mathbf{\$10,857^*}$ (*excludes \$3,000 "voluntary" fee and \$5,560 impact fee).

This calculation is rather conservative--i.e. it errs on the high side in terms of the District's costs—in consideration of the fact that some new, large homes have more than one school-aged child, whatever the average may be across the range of new homes each year. Consequently, the math does not establish a "credit" for the District's state and federal revenues (totaling an estimated \$9.1 million in FY06) or discount "constant" administrative costs that do not vary with the enrollment size. If such adjustments had been made, the estimated operating cost per student that is borne by local taxpayers might be slightly lower. At a January 6 forum sponsored by the Sycamore Chamber of Commerce to highlight school funding, school officials confirmed the magnitude of numbers presented herein. According to their presentation, which was derived from FY2005 figures, the cost per pupil in CUSD 427 was identified as \$8,415. The numbers presented in this staff report should fairly represent the cost per pupil in January 2006.

In conclusion, the proposed development satisfies the City's most recent pacing regulations, tax targets, Comp Plan and development codes. The builders-turned-developers, Derrico and Cebzynski, have historically built their homes at a slow pace with attention to detail and they believe this sets them apart from larger building companies and development firms which aim for volume and speed with modest quality. In the past few years, the Council has intervened aggressively in the marketplace to control the outcome of the housing process to an extraordinary extent, and has put the City in the position to choose whom it wants to build the next generation of housing stock after 2010. It appears that approval of this plan and these builders would assure the high standards so much desired in our community.

B. Ordinance No. 2005-70—An Ordinance Annexing the 261-Acre Property Located on Both Sides of Lindgren Road, Approximately One Mile East of Plank Road, in the City of Sycamore, Illinois. Second Reading.

If the Council approves Ordinance 2005.69, the Council’s support for the attached ordinance is also requested. This ordinance separately considers the act of annexation for recording purposes.

City Council approval is recommended.

C. Ordinance No. 2005.71--An Ordinance Concerning the Recommendation of the Plan Commission Regarding the Petition of Charles and Betty Primm and John Pappas for an Annexation Agreement, Annexation and Rezoning to “R-1” One Family Residence District and “C-3” Highway Business District for a Planned Unit Development on a 99-Acre Property Located West of Illinois Route 23 and South of North Grove Road in the City of Sycamore, Illinois. Second Reading.

This ordinance was heard on first reading on December 19, 2005 and second reading on January 3, at which time the Council’s further discussion was continued until the January 16 meeting. As the Council is aware, the attached ordinance concerns a plan presented by John F. Pappas for a mixed commercial and residential development on the 99-acre Primm Farm, located west of Illinois Rt. 23 and south of North Grove Road. A public hearing was held on an annexation proposal for the “Primm Prairie Subdivision” on December 19.

The staff summary of the salient points in the Preliminary Plan and Annexation Agreement are re-stated below for the Council’s reference.

The Preliminary Plan

The proposed plan has the following features:

1. Land Uses. The following table depicts the various land uses by their relative area:

	Acres	Percentage
Commercial Lots	24.29	24.53%
Single Family Lots	48.09	48.57%
Private Parks & Conservation Areas	8.15	8.23%
Public Park Land	0	0
Public Road Right-of-Way	18.49	18.67%
Total	99	100%

2. The commercial zoning has a gross area of 24.29 acres and features 9 commercially-zoned lots including the Primm residence. The Primms intend to reside on Lot 302 for the present, but once they relocate the lot will be dedicated to commercial uses.
3. The residential zoning has a gross area of 48.09 acres and a gross density of 2.22 units per acre. There are a total of 107 single-family detached home lots. Based on the provisions of the City’s permit constraints (Ordinance 2005.60), the first permit could not be issued until 2010, and no more than 35 permits could be issued per year.

4. The commercial uses would primarily be served by the intersection of Northgate Drive and IL. Rt. 23. The residential uses would primarily be served by North Grove Road and Frantum Road.
5. A circulation of traffic through the subdivision via seven outlets, including the main entrances.
6. A regional bike path extension along the south side of North Grove Road that extends south on Primm Drive to the commercial uses and then to the Camden Crossings subdivision. There is also a walking path around the main detention pond.
7. The rural design for improvements to North Grove Road, except that portion that will fall within IDOT's intersection design standards, means that North Grove Road rather than Whipple Road will be the northern edge of the City's future development on the west side of IL Rt. 23. Given the diminishing capacity for further sewer hookups in the northeast quadrant, the staff believe the Comp Plan's expectations for low density residential growth north of North Grove Road and west of IL Rt. 23 are no longer realistic.
8. Consistent with the rural roadway design noted in Item #7, the entry feature planned for the intersection of IL Rt. 23 and Whipple Road has been relocated southward to Lot 301. Should Mr. Pappas come into control of the Johnson property at the southwest corner of IL Rt. 23 and North Grove Road, the entry feature can be moved northward to that property. A significant landscaped entry feature for Sycamore's northgate has been a part of the Comp Plan since 2000. If the Council approves this development, the City's north-central boundary and its entry feature would be moved to the vicinity of North Grove Road.
9. Frantum Road will be rebuilt to an urban standard to conform with the existing design of Frantum to the south.

The Annexation Agreement

The principal terms of the annexation agreement are as follows:

1. The Name. "Primm Prairie Subdivision."
2. The Term. The agreement runs for twenty years.
3. Performance Guarantees. The developer shall provide an irrevocable letter of credit for the public improvements on the site.
4. School Contribution. As with the Whitwell agreement, the proposed agreement acknowledges the current public/private initiative in behalf of a new funding source for the School District's operational priorities (Paragraph 15). Since the proposed transfer tax can only be imposed by a referendum and the next general election is March 21, 2006, the annexation agreement must anticipate both a successful and an unsuccessful referendum to assure that a comparable level of school funding is provided. The Developer agrees to pay a \$3,000 per unit "voluntary fee" to the School District in addition to any applicable impact fee.
5. Impact Fees. Impact fees shall be assessed at the rate in effect at the time a permit is issued, allowing the rates to float upward over time as the City Council determines their appropriate levels with the advice of local taxing bodies.
6. Park Contribution. The developer will comply with the UDO requirements relative to the Park District land-cash ordinance.

7. Water and Sewer Main Extensions. The developer shall provide proper storm sewer, sanitary sewer and water main systems in accordance with the City's standards and at the developer's sole expense.
9. Variations. There are no proposed variations from City policies or practices.

The Traffic Study

See the attached memorandum from City Engineer John Brady.

Pace of Development. A spreadsheet depicting the number of allowable permits per year is attached. The spreadsheet places the proposed development in the context of all current developments.

Recommendation

The proposed development conforms to the City's Land Use Plan and satisfies the City's codes and ordinances, including the recently-adopted Ordinance 2005.60. The Plan Commission considered the Pappas and Primm petition on December 12 and recommended the Council's approval by a vote of 8-3, with the following conditions:

- The annexation agreement should be revised to require the payment of the \$3,000 voluntary fee to the School District at the time of final platting, rather than individually as each lot is permitted (see Section 15). *This provision has been inserted in the draft before the Council.*
- The preliminary plan should be revised to assure that the west outlet to North Grove Road does not "aim" at any houses on the north side of North Grove Road. *The plan has been revised to address this concern, and changes have been made in the annexation agreement (see the **bold** text) since the January 3 Council meeting to further assure the neighboring property owners on this point.*
- The collection of stormwater from the north side of North Grove Road should be designed to ease the progress of overland or piped flows to the south side of North Grove Road, without causing any backup or ponding of water on the north side. This can be accomplished by lowering the reconstructed North Grove Road and by installing new precast box culverts under North Grove Road to replace existing, undersized culverts. *As the Council has heard at several sittings, the City Engineer has assured and apparently convinced the neighboring property owners that these measures will be a part of the final engineering plans.*

Through a series of meetings mediated by the City staff, it appears that all the issues identified in the December 19 and January 3 Council meetings have been resolved. The annexation agreement attached to this agenda and the new "Exhibit D" reflect the understandings reached between the developer and the adjacent property owners since January 3. The **bold** text in the annexation agreement identifies the changes in that document.

City Council approval of the Plan Commission recommendation is requested.

D. Ordinance No. 2005.72—An Ordinance Annexing the 99-Acre Property Located West of Illinois Route 23 and South of North Grove Road in the City of Sycamore, Illinois. Second Reading.

If the Council approves Ordinance 2005.71, the Council's support for the attached ordinance is also requested. This ordinance separately considers the act of annexation for recording purposes.

City Council approval is recommended.

E. Ordinance No. 2005.79—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition from First Rockford Group and the National Bank & Trust Company, Trust No. 40-465200 for an Annexation Agreement, Annexation and Rezoning to “C-3” Highway Business District Planned Unit Development and “R-2” Two Family Residence District Planned Unit Development for a 82.148-Acre Property Located at the Northwest Corner of Peace Road and Illinois Route 23. First and Second Reading.

First Rockford Group's plan for the development of the Artery Farm, located at the northwest corner of Illinois Route 23 and Peace Road, was presented in concept form to the Plan Commission on July 11, 2005. The firm proposed to develop the farm as suggested in the 2003 Comp Plan, namely with the entire Peace Road frontage to a depth of 1,200 feet dedicated to highway commercial uses and a corridor at the west fringe dedicated to attached housing as a transitional buffer to possible residential uses further west.

The First Rockford Group now formally petitions the City Council for a recommendation concerning their proposed annexation agreement, annexation, and rezoning for “Sycamore Crossings.” The key documents are the preliminary plan and annexation agreement. These are summarized below:

Preliminary Plan

- a) Land Uses. The plan depicts two general types of land uses: “C-3” Highway Business to a depth of approximately 1,200 feet west of the Peace Road right-of-way (comprising about 65.245 acres), and “R-2” Two Family Residence District at the west boundary of the property (comprising about 16.903 acres) to allow the construction of 46 duplex buildings (92 units). These land uses conform to the 2003 Comp Plan.
- b) Access and Internal Circulation. The main access points are located at Sarah Drive and Peace Road and at Puri Drive and Peace Road. A “right-in only” from Peace Road is located between these two Peace Road access points. In separate actions the DeKalb County Board and the City Council approved an amendment to their joint agreement concerning access to Peace Road to permit the access point at Puri Drive, on August 17 and September 6, respectively.
- c) Buffering of Adjacent Residential Uses. The Grandview townhouses parallel the south boundary of the proposed development area. According to Section 6.6.2 I, 3 of the City's UDO, a landscape buffer is required between the townhouses and the adjacent commercial uses. The pertinent regulation is excerpted and italicized, below:

3. *NON-RESIDENTIAL PROPERTY ABUTTING RESIDENTIAL PROPERTY. Where non-residential property abuts property in a residential district, landscaping shall be provided as follows:*
 - a. *A solid screen six (6) feet in height, shall be provided along the entire length of the abutting property line. Such screen shall consist of a solid wood fence, berms, trees, evergreens, shrubbery, and/or other live planting materials, necessary to provide one-hundred percent (100%) coverage.*
 - b. *Shade trees shall be provided along the abutting property line. Such trees shall not be planted more than forty (40) feet apart and may be clustered or spaced in linear fashion as determined appropriate.*

Considerable discussion ensued at the Plan Commission meeting on January 9 concerning what would suffice in terms of a landscaped buffer. The proposed preliminary plan shows a 50-foot wide landscape buffer where the commercial zoning would abut the Grandview townhouses. A plan view (i.e. aerial view) of this buffer in relation to the townhouses is appended for the Council's review. Of importance to any consideration of a proper buffer is an appreciation of the grade change between the rear property line of the townhouse subdivision and the nearest wall of any proximate structure on the commercial property. Without any berm, the property falls about five feet from the common property line moving northward; which is to say that the townhouses occupy the higher ground.

Since the Plan Commission meeting, the Developer has heeded Commissioner suggestions to take advantage of this grade differential in favor of the townhouse residents. The attached "line-of-sight" cross section is a scaled drawing that depicts the nearby townhouses in relation to the nearest commercial building height. With an 8-foot fence (two feet higher than the City's code requires) and additional evergreen screening on the townhouse side of the fence, plus a mix of tall deciduous trees spaced so as to fill sight openings on the development side of the fence, it appears that the screening objective can be more effectively achieved. It is recommended that the section view of the landscape buffer and the plan view of the landscape buffer be added as exhibits "D" and "E", respectively, to the annexation agreement. In addition, it is recommended that the annexation agreement be revised to reflect that any final plat delineating the residentially-zoned portion of the First Rockford site shall show the landscape screening easement for the berm, fence and trees adjoining the common property line between the commercially-zoned portion of the First Rockford site and the adjacent townhouse development, and that such berm shall be constructed within 150 days of the Council's approval of the final plat for the residentially-zoned area. Further, it is recommended that the first final plat delineating the commercial area shall include a dimensional landscape plan, and that the fence and landscaping for the berm shall all be completed within 30 days of the date of issuance of the first building permit for a commercial building on any portion of the commercial property.

- d) **Storm Water Management.** The preliminary plan depicts the path of a storm water easement that would pipe the storm from the outfall of the structures near the intersection of IL Rt. 23 and Peace Road around the perimeter of the development area to the west edge of the property where the runoff would be slowly released over time. On-site detention would control and slowly release stormwater runoff from the paved and hard surfaces that will be built on both the commercial and residential-zoned areas.

Annexation Agreement

- a. **Term.** The term is for twenty years.
- b. **Economic Incentive Agreement.** An economic incentive agreement is referenced in the Agreement (Section 12,d and Section 14). The key features are excerpted and italicized below:

***Improvement of Property.** The Developer agrees to perform all of the work necessary to complete the development of the Property at its sole and exclusive expense, according to plans approved by the City Council, upon the recommendation of the City Engineer.*

***Construction of Public Infrastructure.** Offsite improvements that may qualify for public assistance include, among others, the following:*

- ✓ *Turn lanes including, but not limited to, curbing, gutters, storm sewers, and streetlights within the Peace Road right-of-way;*
- ✓ *The installation of traffic signals and all appurtenances including, but not limited to, looping, electronic controls, and programming at the intersection of Peace Road and Sarah Drive and the intersection of Peace Road and Puri Drive;*
- ✓ *The construction of the Sarah Drive extension, west of the Peace Road right-of-way, including, but not limited to, the value of the land beneath the road, curbing, gutters, sidewalks, storm sewers, and streetlights;*
- ✓ *The extension of a sanitary sewer trunkline to the Property;*
- ✓ *The piping of regional stormwater from the west side of the property to the culverts near the intersection of Peace Road and IL. Rt. 23;*
- ✓ *The installation of a buffer between the commercially-zoned property and abutting residential land, to the extent that the buffer required by the City exceeds the requirements for such buffer within the UDO; and*
- ✓ *The installation of a bike path on the east side of the Peace Road frontage.*

***Incentive Payments.** The maximum amount of any retail sales tax rebate shall be tied to the value of the offsite improvements identified above. This value shall be determined on the basis of the actual contract costs of construction, as verified by the City Engineer.*

***Reimbursement Mechanism.** In consideration of the Developer's investment in the commercial zoning as shown on the preliminary plan and the public improvements identified above, the City agrees to remit to the developer a portion of the Monthly Distributions from any commercial properties as follows:*

- *Annual Periods 1 and 2: No Monthly Distribution. The first annual period shall begin when a total of 50,000 square feet of retail space is open and operating. "Retail" in this context means a commercial use whose primary purpose is to sell taxable goods to ultimate consumers.*
- *Annual Periods 3 through 6: the Monthly Distribution is paid 50% to the City and 50% to the Developer.*

- *Annual Periods 7 through 10: the Monthly Distribution is paid 60% to the City and 40% to the Developer.*

On a monthly basis, the tenants shall furnish to the City Treasurer or designee copies of sales tax reports as described in Paragraph 6, below. No later than twenty-one (21) calendar days after the City's receipt of the monthly reports, the Treasurer shall pay to the Developer an amount equal to the applicable percentage of the expected Monthly Distribution from the Illinois Department of Revenue, based on the reporting of the tenants. It is understood that no disbursements shall be made by the City to the Developer prior to the City receiving the appropriate sales tax reports. Any disbursements not made within the twenty-one (21) day period (and not subject to a bona fide dispute between the parties) shall accrue interest at the rate of one percent (1%) for each month or fraction thereof until such time as payment has been made.

Sales Tax Reports. *The Developer shall require its tenants, as a provision in their leases with the Developer, to provide Sycamore with exact copies of any and all sales tax returns (e.g. Form ST-1 or Form ST-2), sales tax reports, sales reports, amendments, or any other information whether paper or electronic (the "Documentation") filed with the State of Illinois or other appropriate governmental entity, which documents are provided to Sycamore for purposes of identifying sales tax revenues collected pursuant to this Agreement. Further, all prime store tenants, outlot users, and other retail businesses on the commercially-zoned lots shall be required to sign documents required by the City and/or the Illinois Department of revenue to allow the City access to sales tax documents filed by these same store tenants and outlot users.*

Commencement of Term. *The Developer agrees to establish and maintain commercial uses on the commercially-zoned acres of the 75.84-acre Property. This Agreement shall become effective when a total of 50,000 square feet of retail space is open and operating. "Retail" in this context means a commercial use whose primary purpose is to sell taxable goods to ultimate consumers.*

The City staff believe it may be in the interest of both parties to add a sentence to Section 14 to the effect that if the Council and the Developer do not agree on the economic incentive, any action taken by the Council on the annexation agreement will be null and void.

- c. Impact and other Development Fees. All existing types of fees will apply, as they may vary over time. In addition, the Property will be subject to a City-imposed transfer fee if the March referendum is successful.
- d. Traffic Study. John Brady will summarize the very detailed volume prepared by McClure Engineering and subsequent intersection design studies (see attached) prepared in cooperation with the DeKalb County Highway Department. County Engineer Bill Lorence was particularly generous in his time and insight to define entrance designs that would serve the development while also ensuring efficient traffic movements on Peace Road for through traffic.
- e. Variiances. In May of 2005, the City's UDO introduced a number of new features, including higher landscaping standards in parking areas, and a new format to more easily direct the reader to such topics as allowable uses in zoning districts. However,

for the most part, the UDO did not revise established bodies of local law pertaining to signage and setbacks in commercial areas. This means that the signage and setback codes have not essentially changed in decades, and do not anticipate a regional commercial development of the size of “Sycamore Crossings,” which is roughly comparable in square footage to the Cherry Vale Mall. The following requested variances from the provisions of the UDO are practical in nature, and point toward deficiencies in the law rather than new policy directions.

aa. Signage.

- The permitted maximum sign area for any wall sign on the property shall be increased by fifty (50) percent.
- Each outlot containing a multi-tenant building shall be entitled to one (1) free-standing monument sign of one hundred square feet along Peace Road and one (1) twenty square foot free standing tenant identification sign with a maximum height of seven (7) feet along the inner ring road.
- The shopping center shall be entitled to three (3) three hundred square foot freestanding pylon signs on the Property as follows: one toward the intersection of IL Rt. 23 and Peace Road, one near the intersection of Puri Drive and Peace Road and one near the intersection of Sarah Drive and Peace Road. Each shall have a maximum height of thirty-five (35) feet.
- Monument signs shall not be located nearer than five (5) feet to any property line, provided their placement does not impede visibility for vehicular traffic.
- For so long as the owner and/or Developer is actively marketing the development of the Property, it shall have the right to install and maintain two illuminated double-faced 10’ x 30’ marketing signs on the property, and informational and directional signage on the Property of a reasonable size and configuration. The Owner and/or Developer shall remove such signs promptly after it has ceased marketing the development of the Property.

bb. Setbacks.

- Any outlot with frontage on both Peace Road and the inner ring road shall treat the inner ring road as their rear yard.
- The front yard building setback from Sarah Drive and Puri Drive, for commercial uses, shall be twenty-five (25) feet.

cc. Relief from Section 4.4.2 of the UDO.

Regarding the “R-2” zoning area, the annexation agreement assumes that the extraordinary offsetting property and retail tax revenue to be generated from the commercial retail area, along with the limitation to two bedrooms, obviates the need to pace the construction permitting of the proposed two-bedroom duplexes according to the timelines defined by Section 4.4.2 (Ordinance 2005.60). The reason for this variance request is purely economic. The Developer considers the permission to undertake duplex construction before 2010 as a prerequisite for proceeding, in view of the many millions of upfront costs associated with the development of this farm prior to any return on the Developer’s investment.

Recommendation

The First Rockford Group has proposed the largest regional shopping center in Sycamore's history, in terms of the potential for retail development. The Plan Commission considered this development at its last regular meeting on January 9. By a vote of 9-2 (Henderson absent; Evans and Brotcke against), the Commission recommended the Council's approval of this annexation agreement.

The City Manager strongly supports the Plan Commission recommendation. The project envisioned by the agreement and the preliminary plan has been anticipated in a very general way by the Council's long-range planning since the mid-1990s. Of course, the details of how the Artery farm would be developed were not elaborated in such long-range planning. Taken altogether, the annexation agreement, preliminary plan and proposed incentive agreement (see Ordinance 2005.80, below) outline details that the City staff has been negotiating for over a year. For many, seeing is believing. Local residents ask: "where is the commercial to follow the houses we are seeing?" Here it is, in large scale. It was not automatic; it has taken years of steady attraction efforts. The Sycamore market remains "thin" in purchasing power, relative to other geographic areas in northern Illinois, and therefore more risky in terms of commercial investment. The Sycamore-DeKalb market area consists of about 200,000 people in an area bounded by Rt. 47 to the East, Cherry Valley to the North, the Quad Cities to the West, and U.S. Interstate 80 to the South. The competing Fox Valley market area which includes Geneva, St. Charles, Batavia, and Elgin includes about 1.5 million residents and already features a wide variety of vendors along its main commercial corridors.

The proposed "Sycamore Crossings" development exceeds any scale imagined in the 2005 fiscal study. First Rockford is an experienced and successful developer of commercial property in Rockford, DeKalb, and other locations in northern Illinois. The firm has confidence in the growth of our market area over the next decade and its evolving appeal to retailers and their customers. City Council approval is strongly recommended.

F. Ordinance No. 2005.80—An Ordinance Approving an Economic Incentive Agreement Between the City of Sycamore, Illinois and First Rockford Group.

As noted in the staff summary of the proposed annexation agreement, above, the First Rockford Group has requested City assistance in the form of a sales tax rebate over an eight-year period, beginning two years after the first 50,000 square feet of retail space is open and operating. The salient terms of this agreement were outlined in the staff report under Ordinance 2005.79, above, but are also summarized below:

***Improvement of Property.** The Developer agrees to perform all of the work necessary to complete the development of the Property at its sole and exclusive expense, according to plans approved by the City Council, upon the recommendation of the City Engineer.*

***Construction of Public Infrastructure.** Offsite improvements that may qualify for public assistance include, among others, the following:*

- ✓ Turn lanes including, but not limited to, curbing, gutters, storm sewers, and streetlights within the Peace Road right-of-way;
- ✓ The installation of traffic signals and all appurtenances including, but not limited to, looping, electronic controls, and programming at the intersection of Peace Road and Sarah Drive and the intersection of Peace Road and Puri Drive;
- ✓ The construction of the Sarah Drive extension, west of the Peace Road right-of-way, including, but not limited to, the value of the land beneath the road, curbing, gutters, sidewalks, storm sewers, and streetlights;
- ✓ The extension of a sanitary sewer trunkline to the Property;
- ✓ The piping of regional stormwater from the west side of the property to the culverts near the intersection of Peace Road and IL. Rt. 23;
- ✓ The installation of a buffer between the commercially-zoned property and abutting residential land, to the extent that the buffer required by the City exceeds the requirements for such buffer within the UDO; and
- ✓ The installation of a bikepath on the east side of the Peace Road frontage.

Incentive Payments. The maximum amount of any retail sales tax rebate shall be tied to the value of the offsite improvements identified above. This value shall be determined on the basis of the actual contract costs of construction, as verified by the City Engineer.

Reimbursement Mechanism. In consideration of the Developer's investment in the commercial zoning as shown on the Preliminary Plan and the public improvements identified above, the City agrees to remit to the developer a portion of the Monthly Distributions from any commercial properties as follows:

- Annual Periods 1 and 2: No Monthly Distribution. The first annual period shall begin when a total of 50,000 square feet of retail space is open and operating. "Retail" in this context means a commercial use whose primary purpose is to sell taxable goods to ultimate consumers.
- Annual Periods 3 through 6: the Monthly Distribution is paid 50% to the City and 50% to the Developer.
- Annual Periods 7 through 10: the Monthly Distribution is paid 60% to the City and 40% to the Developer.

On a monthly basis, the tenants shall furnish to the City Treasurer or designee copies of sales tax reports. No later than twenty-one (21) calendar days after the City's receipt of the monthly reports, the Treasurer shall pay to the Developer an amount equal to the applicable percentage of the expected Monthly Distribution from the Illinois Department of Revenue, based on the reporting of the tenants. It is understood that no disbursements shall be made by the City to the Developer prior to the City receiving the appropriate sales tax reports. Any disbursements not made within the twenty-one (21) day period (and not subject to a bona fide dispute between the parties) shall accrue interest at the rate of one percent (1%) for each month or fraction thereof until such time as payment has been made.

Commencement of Term. The Developer agrees to establish and maintain commercial uses on the commercially-zoned acres of the 75.84-acre Property. This Agreement shall become effective when a total of 50,000 square feet of retail space is open and operating. "Retail" in this context means a commercial use whose primary purpose is to sell taxable goods to ultimate consumers.

City Council approval is recommended.

G. Ordinance No. 2005.81—An Ordinance Annexing the 82.148-Acre Property Located at the Northwest Corner of Peace Road and Illinois Route 23 in the City of Sycamore, Illinois. First and Second Reading.

If the Council approves Ordinances 2005.79 and 2005.80, the Council’s support for the attached ordinance is also requested. This ordinance separately considers the act of annexation for recording purposes.

City Council approval is recommended.

H. Ordinance No. 2005.82—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Location Finders International and Albertson’s Inc. for an Amendment to the Original Annexation Agreement dated June 30, 1999 Between the City of Sycamore and B&B Development, LP, Sycamore Family Farm, LLC, Harold V. Engh, Jr., Florence D. Engh and the National Bank & Trust Company of Sycamore as Trustee under the Provisions of Trust No. 60-312400-9 to Revise the Preliminary Plat for the Commercially-Zoned Property Located at the Southwest Corner of Peace Road, Plank Road, and Illinois Route 23 in the City of Sycamore, Illinois. First and Second Reading.

On July 11 the Plan Commission also considered a concept plan submitted by Location Finders International for the commercial development of the 20.55-acre site at the southwest corner of Peace Road, Plank Road and Illinois Route 23. As the Council will recall, the developer, Location Finders, has a contract with Jewel, Inc. which is a subsidiary of Albertson’s of Boise, Idaho, a large national grocer. The City Council annexed the parcel in question and zoned it “C-3” Highway Business District in February, 1999. The original developer, B&B Development, sold the parcel to Location Finders in 2004.

The developer has prepared a revised preliminary plan which would amend the “blank” look of the commercially-zoned parcel on the original preliminary plan. The approval of this revision would constitute an amendment to the original annexation agreement for the Heron Creek subdivision, since the preliminary plan was an exhibit to that agreement.

The following exhibits are appended for the Council’s review and comment:

- Elevation views of the Jewel Osco building
- A revised preliminary plan
- A final plat of subdivision showing 7 lots (Lot 1 would contain the Jewel Osco building and Lot 2 would contain the Jewel Express fuel station)
- A landscape plan

The revised preliminary plan which is the centerpiece of this proposal has the following features:

1. Land Uses. All of the land uses conform to the “C-3” Highway Business District designations in the UDO.
2. Access. The preliminary plan depicts two “right-in, right-out” access points, one on Peace Road and one on Il Rt. 23. Neither has been approved by the respective authorities (the County of DeKalb and IDOT, respectively).

3. Buffering of Adjacent Residential Area. The landscape plan exceeds the requirements of the UDO (Section 6.6.2,I,3) with respect to landscape screening between non-residential and residential areas. In addition to the voluntary buffer area included in the residential portion of the Heron Creek plat, the commercial portion shows an additional buffer with more than the required number of trees and foliage.
4. Storm Water Management. The detention requirements are primarily met by the off-site detention ponds and structures in the Heron Creek subdivision, as anticipated in the original preliminary plan.
5. Variances—none.

Recommendation

At the last regular meeting of the Plan Commission on January 9, the Commission voted 10-0-1 (Lorence abstained) to recommend this exciting plan for a substantial commercial development on Sycamore’s northeast side, subject to the approval of the County of DeKalb and IDOT with respect to the access arrangements. No recording of the revised preliminary plat or final plat would occur without these approvals.

City Council approval of the Plan Commission’s recommendation is requested.

I. Ordinance No. 2005.83—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Location Finders International and Albertson’s Inc. for a Final Plat for the Commercially-Zoned Property Located at the Southwest Corner of Peace Road, Plank Road, and Illinois Route 23 in the City of Sycamore, Illinois. First and Second Reading.

At the January 9 Plan Commission meeting, the Commission also considered a final plat which carves the Loaction Finders site into seven (7) lots. Lot 1 would feature the Jewel/Osco store. Lot 2 would feature a Jewel Express fuel station. The remainder of the lots would be retained by the developer for the present, in anticipation of their sale to other commercial retail or commercial office uses. By a vote of 10-0-1 (Lorence abstained), the Commission forwarded the final plat to the Council for its approval, subject to the approval of the access points depicted on the Preliminary Plan by the County of DeKalb and the Illinois Department of Transportation. If these bodies do not approve the preliminary plan’s access points, the preliminary plan will not be recorded by the City or the County, and the final plat will not be recorded.

City Council approval of the Plan Commission recommendation is requested.

J. Ordinance No. 2005.84—An Ordinance Amending Title 9, “Building Regulations,” Chapter 4, “Electricity and Fire Protection,” Section 9-4-2, “Codes Adopted,” Paragraphs A and D, to Adopt Amendments to the 2002 Edition of the National Electrical Code in the City of Sycamore, Illinois. First and Second Reading.

On September 6, 2005 the Council adopted the 2002 National Electrical Code to replace the 1999 NEC text. After consultation with locally-licensed electricians and the DeKalb County Building & Development Association, the Building and Zoning department proposes some addition textual revisions to bring the national code provisions more in line with the higher expectations of the department and local tradesmen. Mr. Doty has itemized these provisions in the attachment and will answer any Council questions at the January 16 meeting. None of the proposed revisions will substantially alter the cost of new housing in Sycamore.

City Council approval is recommended.

12. RESOLUTIONS

A. Resolution No. 466—Nominating City Manager Bill Nicklas to Represent the City of Sycamore on the DeKalb County Regional Planning Commission.

The DeKalb County Regional Planning Commission was officially constituted in April 2002 and the City of Sycamore was one of its founding members. Since that time, the Sycamore City Manager has served Sycamore as its representative. According to the by-laws of the commission, the DeKalb County Board chairman appoints the municipal representatives, upon the recommendation of the respective governing bodies. As the term of Bill Nicklas is about to expire, the Board chair has asked for a letter of recommendation. Mayor Mundy's letter (see attached) requests the re-appointment of Mr. Nicklas. He is currently serving as the commission chair.

City Council action is requested.

13. CONSIDERATIONS

A. Consideration of a Request from Police Chief Thomas to Authorize the Advance Replacement of a Police Officer Who Will Retire Effective May 1.

As Chief Thomas explains in the attached memorandum, Police Officer Rob Rosenberg has announced his intention to retire, effective May 1, 2006. Chief Thomas respectfully requests City Council authorization to replace Officer Rosenberg due to his retirement, and to seek this replacement prior to Officer Rosenberg's actual leaving the department for the following reasons:

- Since being placed on medical leave, Officer Rosenberg's continued absence has caused and will continue to cause an expensive hardship for our patrol services. Although the department is handling some of his duties by rescheduling supervisory personnel, most of his lost hours are being filled with overtime call-backs. This is causing the Police department's overtime budget to balloon.
- The department has had another patrol officer on medical leave (workers comp) for over a year, and he is expected to be gone for at least another six months. This is also causing a burden on patrol assignments.
- The recent resignation of Patrick Lozeau necessitated the hire of a new police officer to begin January 16. Although this hire is an experienced police officer, she will need time to become trained in the department's procedures.
- Officer Rosenberg's replacement needs at least six to eight weeks of field training in order to be ready to take his place on solo patrol.

Chief Thomas requests the Council's authorization to hire Officer Rosenberg's replacement on March 6, 2006. This will allow the department to train the replacement by May 1, 2006. According to Police department budget projections for the months of March and April 2006, there appears to be sufficient money to fund this hire, especially when considering future overtime savings by putting Officer Rosenberg's replacement on patrol as soon as possible. Additionally, the next person on the department's hiring list is an experienced sworn police officer with a good reputation. His Illinois police certification will save the City basic training costs and it would be unfortunate if this excellent candidate was hired by another department.

The City manager supports Chief Thomas's recommendation, for the reasons stated above. City Council approval is recommended.

B. Consideration of a Preliminary Administration Report on the Proposed FY2006-2007 General Fund Budget.

On January 3, preliminary projections of General Fund, Water Fund, and Sewer Fund revenues and expenditures for Fiscal Year 2006-2007 were circulated to the City's department heads. Since that time, some adjustments have been made after consultations between the City Manager and the City's management team. The following proposals are presented to the City Council for review and direction. Upon the Council's direction, the City Manager will work with the department heads and other administrative personnel to prepare a preliminary draft of a complete fiscal year budget for all operating departments. At the second Council meeting in February (February 20), the Council will be presented with a proposed capital budget for FY07.

General Fund Revenues

On the revenue side, the principal assumptions for FY07 are as follows:

1. No new taxes.
2. A slight adjustment in the garbage fee to cover the 2006 Waste Management fee of \$15.08 per unit. The City currently passes along a cost of \$14.54 per unit per month.
3. As in each of the last nine years, the increase in the annual City property tax levy has been constrained to result in a decrease in the City's property tax rate. The general portion of the levy (including debt service) will be \$1,492,738 or \$21,270 less than FY05, and \$12,655 less than the general levy in 1999, owing to substantial increases in pension obligations over recent years. The pension obligations in FY07 will comprise 35% of the City's 2005 tax levy.
4. The local share of state income tax proceeds is expected to rise to about \$80.00 per capita, an increase of 4% over the FY05 budget level of \$76.96 per capita, but the major factor in the projected 22% increase in this revenue category will be the projected City census of about 14,500. This assumes that the state legislature does not change the formula for this important revenue-sharing program in the Spring legislative session.
5. The former Kmart building and shopping center is not expected to generate measurable sales tax revenue in FY07. The First Rockford Group's development of the Sycamore

Commons subdivision (the Artery Farm) will not generate new retail sales tax for several years.

6. Based on year-to-date trends and a month-by-month comparison with the past three fiscal years, our overall sales and use tax revenues are projected to rise by about \$264,475 (6.2%) over FY06 budgeted levels. This amount represents about 57% of the projected increase (\$463,380) in General Fund revenues in FY07 over budgeted FY06 revenues.
7. Annexation fees will increase by an estimated \$35,000.00, not because of new annexations so much as final plat approvals expected for later phases of already-approved subdivisions. The projected FY07 annexation fee revenue of \$100,000 will be \$395,509 lower than the actual revenues in FY04.
8. Engineering plan review and building inspection fees will roughly match the budgeted total for FY06.
9. The total of all new General Fund dollars is projected to be \$463,380 (+4.7%) over the FY06 General Fund budget of \$9,846,808.

A word of caution: the revenue estimates that can be derived from trends established in the first eight months of this fiscal year are suggestive but far from absolutely reliable. For example, sales tax revenues (excluding restaurant/bar and telecommunication taxes) make up 34 percent of the overall General Fund revenues but are collected by the state and remitted to local governments at least two months after they are incurred. This means that the recent December tax warrants reflect purchases in October. In other words, the impact of consumer spending in the key months of November and December is not yet known.

For reference, here are some historic General Fund revenue numbers:

FY98-99 (actual)	FY99-00 (actual)	FY00-01 (actual)	FY01-02 (actual)	FY02-03 (actual)	FY03-04 (actual)	FY04-05 (actual)
\$6,612,370	\$7,170,939 (+558,569) +8.5%	\$7,237,239 (+66,300) +1%	\$7,820,749 (+585,510) +8.1%	\$8,084,211 (+263,462) +3.37%	\$9,425,257* (+1,341,046) +16.6%	\$9,689,513 (+264,256) +2.8%

*The large increase in FY04 can be misleading: the City took its development “dividend” in terms of annexation fees upfront rather than over a period of 4-5 years at the time of final platting. This one-time allowance applied to the North Grove Crossing, Sycamore Creek, Parkside Estates, and Willows developments. The total of all annexation fees was \$810,509 (\$250,000 was placed in the Capital Fund to cover a variety of vehicle and equipment purchases in FY05). Overall inspection and plan review fees brought in another \$265,000 more than the level of previous years.

General Fund Expenditures

In FY07 the General Fund will spend \$481,781 (4.9%) more than we budgeted in FY06. The principal spending assumptions for the General Fund in FY07 are as follows:

- a) Health insurance costs in the general Fund alone will increase by 10% and worker comp costs will increase a little more than 10%. The City will also pay a one-time cost of \$50,000 to buy down a SLEP obligation from the mid-1990s.
- b) The street maintenance allocation in the Public Works budget (731-8316) will be \$100,000 with an additional \$100,000 allocation from the Capital Fund (06-8316) to

maintain the annual budget of \$200,000 for crack-filling, alley repair, and minor re-surfacing projects.

- c) An additional \$100,000 will be transferred from the General Fund reserve to the Employee Benefit Assistance Fund (Fund 23) in order to fund two large payouts of accrued leave to retirees after May 1. The General Fund Reserve is the appropriate source because the reserve serves only two essential functions: to provide for accrued leave obligations of the City and to provide for emergency operations or other special, one-time capital outlays that would otherwise bear unfavorably on local taxpayers.
- d) A new police officer will be hired after May 1. This hire will constitute a net increase in shift strength;
- e) A new firefighter will be hired after May 1 and a second firefighter will be hired after December 1. With these two hires, an additional two hires would be necessary to meet the minimum staffing to support two fire stations. The remaining hires would be slated for FY08, if General Fund revenues permit.
- f) An executive secretary to serve the Administration department and the Mayor will be hired after September 1.
- g) Wage and salary increases will incorporate union contractual increases and management pay increases of about 4 percent;
- h) An additional \$10,000 would be added to the Mayor/Council budget for possible grant support to local museums, increases for VAC and DCEDC, or other purposes which have been suggested by local not-for-profits in recent years. As in the past, such grant monies should be tied to measurable benefits for the organization and the community.
- i) Commodities and contractual services are generally frozen at FY05 levels, with the exception of upward revisions to meet our insurance requirements (noted in the General Fund Support budget), utility costs, etc.
- j) The City's public safety dispatch costs (710-8344) will be \$543,000.00, an increase of 7% (\$38,000).

Here's a look at General Fund spending in recent years:

FY98-99 (actual)	FY99-00 (actual)	FY00-01 (actual)	FY01-02 (actual)	FY02-03 (actual)	FY03-04 (actual)	FY04-05 (actual)
\$6,310,616	\$6,298,779 (-\$11,837) -.2%	\$6,393,527 (+ \$94,748) +1.5%	\$6,588,461 (+ \$194,934) +3%	\$7,395,346 (+ \$806,885) +12.25%	\$8,015,401 (+ \$620,055) +8.38%	\$8,652,696 (+ \$637,295) +7.95%

Water and Sewer Funds

The loan requirements for the Water Fund in FY07 with respect to the completed improvements on Well #9 and the forthcoming improvements at Wells 6 & 8 are not nailed down as yet, but here are some general assumptions concerning both enterprise funds:

1. "Revenue-neutral" water fee schedule revisions will be investigated again in FY07 if the IEPA approves; that is, reductions in residential fees will be pursued if they can be offset by modest increases in commercial and industrial fees.
2. A new laborer will be hired for the Water department on or about July 1.
3. To address seasonal mowing and other maintenance functions, two part-time temporary positions for high school juniors or seniors will be created with the cooperation of the Sycamore school system. Many municipalities take this approach; while there are some advantages to the organization the greatest benefit

may be realized by the young persons who have this opportunity to learn good work habits and some specific skills. One position will be funded by the Water Fund and the other by the Sewer Fund. The City Manager will work with the Public Works and Water Superintendents and AFSCME Local 3957 to work out the details.

City Council direction is requested.

14. APPOINTMENTS

15. ADJOURNMENT