

**SYCAMORE CITY COUNCIL**  
**AGENDA**  
April 17, 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 April 3, 2006.
  - B.** Payment of the Bills for April 17, 2006.
  - C.** Plan Commission Minutes for the Meeting of March 13, 2006.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
  - A.** Sycamore Economic Development Commission member Ken Mundy will introduce Rod and Marty Oehlert, owners of Oehlert Rentals and Commercial Spaces, who will describe their properties and services.
  - B.** A Life-Saving Award will be presented in behalf of the Ontario Province Police Department by Police Chief Don Thomas to the Maher Family of Sycamore.
  - C.** Proclamation Declaring April 28, 2006 Arbor Day in the City of Sycamore, Illinois.
  - D.** Proclamation Declaring May 1- May 7, 2006 as Public Service Recognition Week in the City of Sycamore, Illinois.
- 8. REPORTS OF OFFICERS**

9. **REPORTS OF STANDING COMMITTEES**

10. **PUBLIC HEARINGS--None**

11. **ORDINANCES**

**A. Ordinance No. 2005.93—An Ordinance Amending the City Code of the City of Sycamore by Adding a New Chapter 20, “Real Estate Transfer Tax,” to Title 3, “Business and License Regulations,” in the City of Sycamore, Illinois. Second Reading.**

This ordinance was heard on first reading on April 3. It is designed to carry out the will of the Sycamore voters who, on March 21, approved a referendum to implement a real estate transfer tax in the City of Sycamore to supplement the revenues of the Sycamore School District. The final tally was 1,477 votes for the question, and 940 votes against the question (about a 61%/39% split).

As the Council is aware, the tax will be paid by the buyer of the real estate transferred at a rate of one-half of one percent (.005) or \$5.00 for each \$1,000 of value, or fraction thereof. The buyer or buyer’s authorized representative (e.g. realtor, attorney, or other) will pay the tax prior to recording at the City’s Finance Office. The tax will be calculated using the Transfer Tax Application Form, which can be obtained at [www.cityofsycamore.com](http://www.cityofsycamore.com) or completed at the time of payment. The tax will be paid to the City Treasurer or designee who will prepare stamps to be applied to the deed, trust document, or other instrument of conveyance to confirm the payment of the tax. This assures the closing agent that the tax has been paid before the property is transferred.

Samples of the transfer tax application and certificate of exemption are attached for the Council’s review. Monies collected by the Treasurer will be transferred to the business manager of the Sycamore Community Unit School District No. 427 on a quarterly basis. The annual City and School District audits will reflect these transfers. The District will also submit an annual report to the Council reflecting the uses of the transfer tax proceeds.

The exemptions to this tax are as follows:

(a) Deeds representing real estate transfers made before June 1, 2006, [effective date of this ordinance] but recorded after that date and trust documents executed before June 1, 2006, but recorded after that date.

(b) Deeds to or trust documents relating to (1) property acquired by any governmental body or from any governmental body, (2) property or interests transferred between governmental bodies, or (3) property acquired by or from any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes. However, deeds or trust documents, other than those in which the Administrator of Veterans' Affairs of the United States is the grantee pursuant to a foreclosure proceeding, shall not be exempt from filing the declaration referenced in the ordinance.

(c) Deeds or trust documents that secure debt or other obligation.

- (d) Deeds or trust documents that, without additional consideration, confirm, correct, modify, or supplement a deed or trust document previously recorded.
- (e) Deeds or trust documents where the actual consideration is less than \$100.
- (f) Tax deeds.
- (g) Deeds or trust documents that release property that is security for a debt or other obligation.
- (h) Deeds of partition.
- (i) Deeds or trust documents made pursuant to mergers, consolidations or transfers or sales of substantially all of the assets of corporations under plans of reorganization under the Federal Internal Revenue Code or Title 11 of the Federal Bankruptcy Act.
- (j) Deeds or trust documents made by a subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock.
- (k) Deeds when there is an actual exchange of real estate and trust documents when there is an actual exchange of beneficial interests, except that that money difference or money's worth paid from one to the other is not exempt from the tax. These deeds or trust documents, however, shall not be exempt from filing the declaration.
- (l) Deeds issued to a holder of a mortgage, as defined in Section 15-103 of the Code of Civil Procedure, 735 ILCS 5/15-103, pursuant to a mortgage foreclosure proceeding or pursuant to a transfer in lieu of foreclosure.
- (m) A deed or trust document related to the purchase of a principal residence by a participant in the program authorized by the Home Ownership Made Easy Act, 310 ILCS 55/1 et seq., except that those deeds and trust documents shall not be exempt from filing the declaration.
- (n) A deed or trust document where the grantee or buyer is purchasing homestead real estate within the city and has maintained resident status within the corporate limits of the City of Sycamore for a period of at least one year prior to the date of application for exemption from the transfer tax to be imposed. This would exempt renters who met this condition.**

Every deed which is tax exempt pursuant to this Section shall be presented to the City Treasurer so as to be appropriately marked by said Treasurer as an exempt deed eligible for recording without the payment of tax. At such time as a deed is presented to the City Treasurer pursuant to this Section, there shall be filed with the Treasurer a certificate setting forth the facts which justify the exemption of the deed presented. The certificate shall be executed on behalf of the grantee or buyer, and shall be on a form provided by the City Treasurer.

After the effective date of this Ordinance, no deed conveying real property within the corporate limits of the City of Sycamore may be recorded by the Recorder of Deeds for DeKalb County unless such deed shall bear either a Sycamore Real Estate Transfer Tax stamp

in the amount required by this Article, or an exemption mark from the Sycamore City Treasurer.

In the event of failure by any person to pay to the City Treasurer the tax required hereunder when the same shall be due, interest shall accumulate and be due upon said tax at the rate of one percent per month commencing as of the first day following the day when the deed was recorded or the assignment of beneficial interest as accepted by the trustee. In addition, a penalty of fifty percent of the tax and interest due shall be assessed and collected against any person who shall fail to pay the tax imposed by this Chapter. The City may bring an action to collect such tax, interest, and penalties in any court of competent civil jurisdiction.

Meetings to refine the procedures for paying the transfer tax or applying for an exemption have been held in the past few weeks with local realtors and title company representatives, with the ready assistance of our City attorneys. At such meetings and in numerous phone conversations with interested parties a number of useful suggestions have been made to make the process of application and payment as convenient as possible for the buyer or buyer's agent.

City Council approval is recommended.

**B. Ordinance No. 2005.95—An Ordinance Concerning the Adoption of the Combined Annual Budget and Appropriation Ordinance for the Fiscal Year 2006-2007 in the City of Sycamore, Illinois. First and Second Reading.**

The City Council held a public hearing on the proposed Fiscal Year 2006-2007 Budget at the last regular meeting of April 3. Aside from Ellen Rogers who presented a brief oral report on the Voluntary Action Center's services to city residents, no persons spoke during the public hearing.

Spending within the FY2007 Budget totals \$38,366,844, inclusive of all City funds. The General Fund budget, which supports most of the City's operating services (except the Treatment Plant and Water department), shows expenditures totaling \$10,334,204. These expenditures are offset by \$10,586,213 in anticipated General Fund revenues. The estimated General Fund operating reserve or starting fund balance will total \$5,440,363 or 52.6% percent of the planned General Fund expenditures for FY2007.

No new taxes or fees are proposed in the General Fund budget. With respect to personnel, the proposed General Fund expenditures include the following new hires:

- a) A new police officer (after May 1).
- b) Two new firefighters (one in mid-summer and another after December 1).
- c) An executive secretary to serve the Administration department and Mayor. The department presently does not have a secretary.

Other hiring priorities are not supportable in terms of projected revenues in FY07 but will need to be addressed in future fiscal years. These unfunded priorities include:

- ✓ a laborer in the Public Works department;

- ✓ three more police officers to ensure that seven officers are assigned to each shift, which means that a minimum of three patrol officers are on duty 24 hours a day, seven days a week;
- ✓ two more firefighters to attain a minimum shift level of six in order to achieve the threshold staffing for the support of two fire stations;
- ✓ a city planner.

Wage and salary expenditures will incorporate union contractual increases and management pay increases of about 4 percent.

Other significant General Fund expenditures include the following:

- Debt service of \$355,000 to fund the principal and interest on the 2005 refunding bond and the 2002 general obligation bond.
- An allocation of \$150,000 (513-8493) to pay the FY07 sales tax rebates to Sycamore Ford, Sycamore Mitsubishi, and Brian Bemis World Auto.
- An increase of 10% in health insurance premiums;
- A reserve transfer of \$100,000 to the Employee Benefit Assistance Fund (Fund 23) for accrued leave payouts at the time of the retirement of one senior employee in July, 2006.

In FY2007 the capital and special funds are all balanced with appropriate reserves. The FY2007 Budget proposes a very ambitious three-year capital spending program totaling \$24,159,802 but involving no increase in the City's portion of the aggregate property tax. Excluding monies set aside for the replacement of operational equipment and vehicles, approximately \$23,305,068 or 96.5% is dedicated toward the repair or enhancement of City infrastructure. The FY07 portion of this capital program totals \$2,537,502. Highlights of the FY07 capital program are listed below:

- Engineering study for Water Tower #2: \$25,000.
- Engineering for Phase I of the treatment plant expansion: \$330,000.
- Sidewalk replacement (in addition to the Building department's annual sidewalk replacement program): \$100,000.
- Installation of radium treatment equipment at Wells 6, 8, and 9: \$1,325,000.
- Further demolition at the Harvester Square complex: \$200,000.
- Funding of the engineering and grading for the Peace Road bike path from Bethany Road to IL. Rt. 64: \$105,000.
- Vehicle and equipment replacement including a used SUV in the Building department, a new backhoe, three police squad replacements, and a large dump truck: \$291,434.

Apart from dedicated capital dollars, the overall capital program will be partly funded by general revenues. The General Fund (731-8316) 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 (06-8316). 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 the period from May 1, 2006 through April 30, 2009 the City's Water Fund, Water Impact Fee Fund, Sewer Fund and Sewer Impact Fee Fund will shoulder a very substantial portion of the financing of several big-ticket capital improvements. The Water Fund reserve and Water Impact Fee Fund will underwrite the greater share of the engineering and construction of the City's second water tower which will hold 2 million gallons and cost approximately \$3 million, inclusive of all related main extensions. In FY07, a feasibility study and preliminary engineering for the new elevated water tank will be funded by the Water Fund. It should also be noted that the Water Fund reserve and Water impact Fee Fund will finance the greater share of the installation of radium treatment facilities at Wells 6, 8 & 9 in FY07.

Coincident with this initiative, the Sewer Fund reserve and Sewer Impact Fee Fund will be tapped in the period FY07-FY09 for the planned treatment plant upgrade and expansion, which will cost approximately \$12,533,000. In FY07, the preliminary engineering for Phase I of this ambitious undertaking will be largely completed and will focus on sludge dewatering.

The Water user fee schedule may be adjusted in FY07 to reduce the present seven-tier schedule to five tiers. Such a revision would be "revenue neutral." Residential users whom have historically paid a disproportionate share of the annual water revenues would pay less and the discount in their favor would be offset by slight increases spread over all commercial and industrial accounts. However, no such revision can occur without the consent of the Illinois Environmental Protection Agency because of the agency's generous loan assistance for radium mitigation, which is of course tied to defined fee levels.

City Council approval of the proposed FY2006-2007 City Budget is recommended.

**C. Ordinance No. 2005.96—An Ordinance Amending Title 1, "Administration," Chapter 10, "Personnel Rules," of the City of Sycamore, Illinois to Authorize Non-Elective Positions in the City of Sycamore, Illinois. First and Second Reading.**

Coincident with the adoption of the fiscal year budget, the Council in effect "counts" the employees in its budget by adopting a new list of appointments. The attached ordinance accomplishes this purpose. It includes one new police officer, two new firefighters, and an executive secretary funded by the General Fund, plus a new laborer in the Water department, which is funded by the Water Fund.

City Council approval is recommended.

**D. Ordinance No. 2005.97—An Ordinance Establishing Offices and Fixing the Compensation of Certain Appointed Officers of the City of Sycamore, County of DeKalb, State of Illinois for the Fiscal Year Commencing on the First Day of May, 2006 and Ending on the Thirtieth Day of April, 2007. First and Second Reading.**

The FY2006-2007 City Budget assumes certain levels of compensation for exempt employees, which include management positions and a number of part-time positions. The attached ordinance displays these levels of compensation and related benefits.

City Council approval is recommended.

**E. Ordinance No. 2005.98—An Ordinance Amending the Fiscal Year 2005-2006 Budget. First and Second Reading.**

At the end of each fiscal year, the Council is asked to amend a relatively few line items in the current fiscal year budget to bring its appropriations in line with actual spending in the capital and special funds. These revisions do not typically touch upon actual operating budgets.

Minor changes were made in the FY06 capital and special fund columns as the FY07 Budget document was prepared to reflect the most accurate expenditures as of the Council Finance Committee's review in mid-March. The adoption of the FY07 budget will authorize these changes. For example, in the FY06 column of the Sales Tax Distributive Fund there is an increase in line item 22-3711, "Refunds and Reimbursements," for FY06 to reflect loan payments from Driv-Lok in the amount of \$7,500. Such payments were not anticipated when the FY06 Budget was approved in the spring of 2005.

The attached ordinance would make a few additional changes in the FY06 Budget to "clean up" the General Ledger prior to the FY06 audit. The proposed changes are:

1. General Fund

- Increase the reserve transfer from the General Fund to the Employee Benefit Assistance Fund (Fund 23) from \$77,000 to \$83,000 to cover retiree accrued leave payouts due before May 1.

2. Employee Benefit Assistance Fund (Fund 23).

- Show the increased transfer from the General Fund reserve (from \$77,000 to \$83,000) in line item 23-3741.

City Council approval is recommended.

**F. Ordinance No. 2005.99—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to a Petition from Diana Schaefer and Marykim Wood for a Special Use Permit for a Bed and Breakfast Facility for the Property at 331 North Main Street in Sycamore, Illinois. First and Second Reading.**

Ms. Schaefer and Ms. Wood have petitioned for a special use permit to convert the former ADPRO business location into a bed and breakfast facility. The location is immediately south of the Towne Square Restaurant. It is zoned "C-1" Neighborhood Commercial. Ms. Schaeffer is the present owner, and Ms. Wood is the prospective owner.

The building was built in 1892 by Charles Boynton as a present to his daughter Mary and son-in-law Frederick B. Townsend, who was long associated with the Pierce Trust & Savings Bank (the Sycamore Center is the former home of that bank) and was Sycamore's

mayor from 1894-1899. The building has a late Victorian Queen Anne architectural style and many of the structure's unique architectural features have been preserved, inside and out, by successive owners.

Ms. Wood and her husband, Fred, want to move their "Paper Doll House" from Downers Grove to Sycamore. Their business provides weekend retreats for paper crafters. Scrap bookers would arrive on Friday afternoon and stay until Sunday afternoon. During their stay, they would be able to work on their scrapbooks, card-making or beading hobbies and also participate in creative classes at the house. Breakfast would be served each morning and lunches and dinners would either be catered or guests would be served at local restaurants. Guests would also be encouraged to visit local shops and businesses for individual needs. The Woods chose Sycamore because they see it as a destination for weekend visits by virtue of its growing variety of commercial and recreational attractions.

To satisfy the owner-occupancy requirement of the bed and breakfast ordinance, Ms. Wood would close the house from Monday through Wednesday, arrive on Thursday to set up for her guests and stay with the guests through the weekend in the maid's quarters. She would linger on Sundays to clean up after the guests. The attach background provided by Ms. Wood explains more about the growing popularity of paper crafting.

The Plan Commission reviewed the petition on April 10 and warmly supported it by a vote of 8-0 (four absent). In their discussion, they generally agreed with the staff view that the proposed use was compatible with the neighborhood business district concept, merging quiet commercial uses with nearby residential uses. The staff also made it clear to the Commission that a number of challenges remained unresolved in terms of the extent and cost of the building conversion in terms of locally-adopted building codes, which Ms. Wood and her husband are discussing with Lyle Doty, the City's Building Commissioner. The first step was to establish the appropriateness of the use at the location, and the Commission felt the use was a good fit.

City Council approval of the Plan Commission recommendation is requested.

**G. Ordinance No. 2005.100--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to a Petition from Stonebreaker Builders for a Final Plat for Phase 2 of the Stonegate at Heron Creek Planned Unit Development in Sycamore, Illinois. First and Second Reading.**

The preliminary plat for the Stonegate at Heron Creek development was approved on October 21, 2002, and involved that portion of the Heron Creek planned unit development lying north of Peace Road and west of Frantum Road. The land was annexed and zoned "R-3" Multiple Family Residence District in March of 1999 with a special use permit for attached townhouses. The overall land area is 14.83 acres and the preliminary plan anticipates the development of 130 units for a density of 8.76 units per gross acre. Two half-acre parks were also included on the preliminary plan. The first final plat (Phase 1) was approved on April 21, 2003 and comprised 4.321 acres. Phase 1 included 40 units—four 6-unit buildings and four 4-unit buildings, plus one of the private parks.

The second final plat (Phase 2) comprises 4.597 acres and will feature a total of 44 units—eight 4-unit buildings and two 6-unit buildings (Lots 10 and 11). In all other respects the plat conforms to the City’s plat requirements.

The Plan Commission reviewed this plat at their regular meeting of April 10 and unanimously recommended its approval (8-0). City Council approval of the Plan Commission recommendation is requested.

## 12. RESOLUTIONS

### **A. Resolution No. 470—Reallocating the City of Sycamore’s Private Activity Bond Volume Cap for the Year 2006 to the Illinois Housing Development Authority for the Purpose of Issuing Mortgage Credit Certificates in the City of Sycamore, Illinois.**

The Illinois Housing Development Authority (IHDA) annually sponsors a mortgage credit certificate program that allows qualified first-time homebuyers to take 20% (formerly 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 \$79,810. For a household of one or two persons, the upper qualifying limit is \$69,400. The program also sets upper limits on home prices. This year, the upper limit on a new or an existing home is \$325,890.

The lending bank typically acts as the intermediary with IHDA. 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 20% (\$1,144) off his or her federal income tax obligation which is the same as retaining \$95 in additional income per month. Over the life of the loan, the buyer would save \$34,320 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 2006, the City's "authority" will be \$80 per capita or \$1,058,400 based on an IHDA-estimated population of 13,230 for Sycamore.** Based on the average purchase price of \$235,260 for all homes--new and used—sold in Sycamore in 2005 (Board of Realtors estimate), and an average down payment of 20%, only 6 Sycamore families might qualify. With the assistance of local lending institutions, the program can nevertheless make a significant difference for those homebuyers.

City Council approval is recommended.

**13. CONSIDERATIONS**

**A. Consideration of the City's Final Tax Extension Report.**

The City received the final property tax extension report from the DeKalb County Supervisor of Assessments on April 5 (see the attached copy). The official 2005 City EAV is \$309,324,156 and the City tax rate will be .7539 per \$100 EAV. Last fall, the preliminary RAV estimate was \$295,000,000 and the projected rate was .79051 per \$100 EAV. The lower rate will be good news for taxpayers when the tax bills are mailed in May.

**14. APPOINTMENTS**

**15. ADJOURNMENT**