

SYCAMORE CITY COUNCIL
AGENDA
August 7, 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 July 17, 2006.
 - B. Payment of the Bills for August 7, 2006.
 - C. Zoning Board of Appeals Minutes for the Meeting of May 23, 2006.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Sycamore Economic Development Commission member Pete Paulsen will introduce Carl Peterson of Encap at 1709 Afton Road, who will describe his firm's services.
 - B. Presentation of an Appreciation from the KEC Class of 2006.
 - C. Proclamation Declaring September 8 and September 9, 2006 as Lions Candy Days in Sycamore, Illinois.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**

10. PUBLIC HEARINGS--None

11. ORDINANCES

A. Ordinance No. 2006.17—An Ordinance Authorizing a One-Year Agreement with Blue Cross Blue Shield of Illinois to Provide Health Insurance for the City of Sycamore, Illinois. First and Second Reading.

The City’s health insurance plan year extends from September 1 through August 31. Beginning in early June each year, our insurance broker sends out Requests for Quotes to various carriers to see if they would be interested in insuring our group and also to see if Blue Cross, our carrier since 1998, is giving us competitive rates at each renewal. This year, six requests were sent out and six declinations were received. The responding insurers cited the high degree of retiree participation in the City plan and the lack of a county PPO network as reasons for not submitting a quote. Our initial renewal quote from Blue Cross came in with a 17% overall increase; however, our broker was able to negotiate this down to 7% overall. Blue Cross supplied the City with the following statistics about our utilization this past year:

- The City had 8 large claims last year, five of which are still ongoing. Two of the open claims have each incurred over \$100,000 in medical expenses to date.
- The City paid \$1,307,219 in premiums and incurred \$1,231,168 in claims expense, for a loss ratio of approximately 94%.
- Utilization is up 25%, and the claims expense last year was \$990,811.

Broken down by plan, the PPO premium had the smallest increase, while the HSA plan had the largest. Our broker explained that the increase for the HSA plan was due more to Blue Cross’s book of business (we are in a pooled product) rather than increased utilization by the City employees who participate in this plan.

The new premium structures are as follows:

PPO PLAN (96 EMP)	New Monthly Rate	Dependent Cost/Month	Dependent Cost/Pay Period	Total Employer Cost/Pay Period	Current Employer Cost/Pay Period	Increase in Employer Cost/Pay period	Total Employee Cost/Pay Period	Current Employee Cost/Pay Period	Increase in Employee Cost/Pay Period	Increase in Employer Cost for Plan Year	Increase in Employee Cost for Plan Year
Employee	547.28	0.00	0.00	252.59	235.86	16.73	0.00	0.00	0.00	435.00	0.00
Employee + Spouse	1,132.91	585.63	270.29	482.34	445.72	36.62	40.54	37.03	3.51	952.07	91.35
Employee + Child(ren)	1,048.04	500.76	231.12	449.04	416.75	32.29	34.67	31.92	2.75	839.61	71.45
Family	1,633.68	1,086.40	501.42	678.79	626.61	52.18	75.21	68.96	6.25	1,356.78	162.56
RETIREES											
Employee	547.28	0.00	0.00	252.59	235.86	16.73	0.00	0.00	0.00	435.00	0.00
Employee + Spouse	1,132.91	0.00	0.00	522.88	482.75	40.13	0.00	0.00	0.00	1,043.42	0.00
Employee + Child(ren)	1,048.04	0.00	0.00	483.71	448.68	35.03	0.00	0.00	0.00	910.80	0.00
Family	1,633.68	0.00	0.00	754.01	695.57	58.44	0.00	0.00	0.00	1,519.34	0.00
Single Medicare	362.59	0.00	0.00	167.35	154.09	13.26	0.00	0.00	0.00	344.74	0.00
Employee+ Spouse, Medicare	725.18	0.00	0.00	334.70	308.19	26.51	0.00	0.00	0.00	689.22	0.00
Employee Medicare, Spouse Not	948.22	0.00	0.00	437.64	400.98	36.66	0.00	0.00	0.00	953.16	0.00

HMO PLAN (1 EMP)	New Monthly Rate	Dependent Cost/Month	Dependent Cost/Pay Period	Total Employer Cost/Pay Period	Current Employer Cost/Pay Period	Increase in Employer Cost/Pay period	Total Employee Cost/Pay Period	Current Employee Cost/Pay Period	Increase in Employee Cost/Pay Period	Increase in Employer Cost for Plan Year	Increase in Employee Cost for Plan Year
Employee	450.60	0.00	0.00	207.97	188.84	19.13	0.00	0.00	0.00	497.36	0.00
Employee + Spouse	932.80	482.20	222.55	397.14	356.86	40.28	33.38	29.65	3.73	1,047.28	97.06
Employee + Child(ren)	882.90	432.30	199.52	377.56	333.67	43.89	29.93	25.56	4.37	1,141.24	113.58
Family	1,345.10	894.50	412.85	558.89	501.69	57.20	61.93	55.21	6.72	1,487.16	174.64
RETIREES											
Employee	450.60	0.00	0.00	207.97	188.84	19.13	0.00	0.00	0.00	497.36	0.00
Employee + Spouse	932.80	0.00	0.00	430.52	386.51	44.01	0.00	0.00	0.00	1,144.34	0.00
Employee + Child(ren)	882.90	0.00	0.00	407.49	359.23	48.26	0.00	0.00	0.00	1,254.82	0.00
Family	1,345.10	0.00	0.00	620.82	556.90	63.92	0.00	0.00	0.00	1,661.80	0.00
Single Medicare	298.54	0.00	0.00	137.79	123.37	14.42	0.00	0.00	0.00	374.86	0.00
Employee+ Spouse, Medicare	597.08	0.00	0.00	275.58	246.74	28.84	0.00	0.00	0.00	749.72	0.00
Employee Medicare, Spouse Not	780.74	0.00	0.00	360.34	321.04	39.30	0.00	0.00	0.00	1,021.84	0.00
HSA PLAN (13 EMP)	New Monthly Rate	Dependent Cost/Month	Dependent Cost/Pay Period	Total Employer Cost/Pay Period	Current Employer Cost/Pay Period	Increase in Employer Cost/Pay period	Total Employee Cost/Pay Period	Current Employee Cost/Pay Period	Employer Contribution to the HSA	Increase in Employer Cost for Plan Year	Increase in Employee Cost for Plan Year
Employee	417.21	0.00	0.00	192.56	169.02	23.54	0.00	0.00	750.00	612.00	0.00
Employee + Spouse	863.68	446.47	206.06	367.71	319.46	48.25	30.91	26.55	1,500.00	1,254.55	113.35
Employee + Child(ren)	798.97	381.76	176.20	342.33	298.65	43.68	26.43	22.88	1,500.00	1,135.57	92.29
Family	1,245.45	828.24	382.26	517.48	449.05	68.43	57.34	49.42	1,500.00	1,779.27	205.91
RETIREES											
Employee	417.21	0.00	0.00	192.56	169.02	23.54	0.00	0.00	750.00	612.00	0.00
Employee + Spouse	863.68	0.00	0.00	398.62	346.01	52.61	0.00	0.00	1,500.00	1,367.90	0.00
Employee + Child(ren)	796.97	0.00	0.00	368.76	321.53	47.23	0.00	0.00	1,500.00	1,227.86	0.00
Family	1,245.45	0.00	0.00	574.82	498.47	76.35	0.00	0.00	1,500.00	1,985.18	0.00
Single Medicare	276.42	0.00	0.00	127.58	110.43	17.15	0.00	0.00	750.00	445.86	0.00
Employee+ Spouse, Medicare	552.85	0.00	0.00	255.16	220.86	34.30	0.00	0.00	1,500.00	891.84	0.00
Employee Medicare, Spouse Not	722.89	0.00	0.00	333.64	287.41	46.23	0.00	0.00	1,500.00	1,202.02	0.00

No changes are proposed to the benefits that are offered by each of the three plans.

The City Manager supports the Health Insurance Committee recommendation to approve the renewal of our contract with Blue Cross. The City Manager also recommends that Council once again approve the City’s contribution to the HSA as an incentive for more employees to choose this plan, as it will save the City and the employees premium dollars in the long run.

The premiums for the dental, life, and short-term disability plans were guaranteed for two years. There will be no changes in premium or benefits for these plans this year.

In the FY07 City Budget, it was expected that our health insurance premium would increase by 10%. Since our renewal rate turned out to be 7% overall, this resulted in some budgetary savings to the City, as seen below:

BLUE CROSS/BLUE SHIELD PREMIUM – FY07 BUDGETED						
	Retiree Premium	Less Retiree Contribution	Total Employer Contribution, Retirees	Total Premium, Active Employees	Less Employee Contribution	Total Employer Share, Active Employees
Premium paid May 06 – August 06	84,158.38	2,139.72	82,018.66	363,566.00	34,382.58	329,183.42
Estimated premium, September 06 – April 07	199,556.24	4,685.04	194,871.20	833,724.48	79,533.38	754,191.10
TOTAL FY07 PREMIUM EXPENSE	283,714.62	6,824.76	276,889.76	1,197,290.48	113,915.96	1,083,374.52
Employer HSA Contribution (based on current enrollment in plan)	0.00	0.00	0.00	10,500.00	0.00	10,500.00
GRAND TOTAL, EMPLOYER PREMIUM		276,889.86			1,093,874.52	
FY07 BUDGETED		263,504.00			1,186,145.00	
SURPLUS/DEFICIT		(13,385.86)			92,270.48	
TOTAL PREMIUM	1,360,264.38					
HSA FUNDING	10,500.00					
GRAND TOTAL PREMIUM	1,370,764.38					
FY07 BUDGETED	1,449,649.00					
TOTAL SURPLUS/DEFICIT	78,884.62					

The greater part of the difference can be used to offset higher fuel costs and a slower-than-expected pace in home rule and state sales tax revenues to date. The realization of some savings between budgeted and actual FY07 health insurance spending revived last year’s staff discussion about the prospect of a modest vision care plan, which has been desired for many years. The City Manager challenged the Health Insurance Committee to review and recommend vision plans with a cost that did not exceed 10% of the projected FY07 savings (or, no more than \$7,800 for all employees in FY07). The City’s broker was asked to send out a request for vision insurance quotes. She received information from Vision Service Group (VSP), the nation’s largest provider of eye care coverage. The firm offered several different plan options. The one that would best work within the Manager’s suggested budget parameters for additional insurance expenses includes the following benefits:

- One eye exam allowed every 12 months; \$10 co-pay if doctor is in-network; doctor reimbursed up to \$25 if out-of-network.
- New lenses allowed every 12 months and new frames allowed every 24 months; \$25 co-pay; reimbursed up to \$30 - \$60 for lenses, depending on type and up to \$45 for frames, if provider is out-of-network
- Contact lenses, evaluation, and fitting covered up to \$120 if provider is in-network and up to \$105.00 if provider is out-of-network.
- Discounted fees for laser eye surgery.

- Optional plan enhancements are available for lens upgrades and frame and contact lens upgrades.
- Two-year rate guarantee.

For the eye-care option, the Health Insurance Committee was asked to support the same premium structure that is in place for our dental plan, that is, with the City paying 100% of the premium for all eligible employees and the employees paying 100% of the cost for dependents they wish to insure. The premium structure would be as follows:

Vision Premiums	Monthly Premium	City Contribution	Employee Contribution	Employee Cost/PP	CURRENT CENSUS (INCL LIBRARY EMPLOYEES)	Tot Employer Contribution/Mo*	Tot Employee Contribution/Mo
EE	9.00	9.00	0.00	0.00	29	261.00	0.00
EE + SPOUSE	14.39	9.00	5.39	2.49	15	135.00	80.85
EE + CHILDREN	14.69	9.00	5.69	2.63	6	54.00	34.14
FAMILY	23.69	9.00	14.69	6.78	43	387.00	631.67
COST PER MONTH						837.00	746.66
TOTAL ANNUAL PREMIUM						10,044.00*	8,959.92

*\$6,696.00 of the total premium will be paid in FY07

The City’s Health Insurance Committee recommends Council approval of the VSP vision plan for all full-time employees, as the addition of this benefit is another step toward making the City competitive with other municipalities when we are recruiting new employees.

B. Ordinance No. 2006.18—An Ordinance Concerning the Recommendation of the Zoning Board of Appeals With Regard to the Petition of Derek and Deanna Carls of 915 Albert Avenue for a Variance from Section 6.2.1.C.2.a of the Unified Development Ordinance. First and Second Reading.

On July 25, the Sycamore Zoning Board of Appeals considered the petition of Derek and Deanna Carls of 915 Albert Avenue for a variance from the side lot line requirements for detached garages. According to Section 6.2.1.C.2 of the Unified Development Ordinance (“UDO”), the minimum side yard setback is three (3) feet. The proposed garage on the Carls property is 1 foot from the side lot line.

A copy of an aerial view of the Carls property is attached. The view shows the angled shape of both side lot lines on the Carls property, and other properties in the block. Because of the odd angle of their side lot line, a garage that would be square with their house would have to be set further away from the side lot line at the front—by as much as ten feet—in order to make the back (west) corner conforming. Because of the small lot width (60 feet), this would push the garage toward the middle of the Carls back yard, diminishing an already small rear yard area for the owners’ use.

The platting of this neighborhood occurred before modern zoning setback standards were instituted in Sycamore. In addition, the angular shape of the lots in this block led

homeowners of an earlier generation to locate their accessory structures at a foot or closer to their lot lines.

The Board reviewed the Carls petition and voted 5-0 to recommend its approval. The Carls have selected the configuration shown on the attached 11" x 17" graphic to comply with the Board's recommendation. City Council approval of the Zoning Board recommendation is requested.

12. RESOLUTIONS

A. Resolution No. 472—Authorizing the Mayor to Sign a Professional Services Contract with the Daley Policy Group for Legislative Assistance in Securing Federal Funds for Capital Projects in the City of Sycamore, Illinois.

In June 2005 the City Council approved Resolution No. 459 which authorized a federal lobbying contract with the Daley Group for the sum of \$78,000 in retainer fees, plus reasonable expenses including travel to and from Sycamore for periodic Council reports. 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 Midweek article reported, the Daley Group has secured \$33 million in grants for the DeKalb area over the past 14 years, with the greatest share going 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). Sycamore has been granted about \$1.5 million in the past 20 years, including the \$1 million grant for the Bethany Road reconstruction project completed in 2005, and about \$500,000 in federal aid for the reconstruction of Elm Street from Main Street to California Street in the early 1990s. In the past year, the City staff have worked with Patricia Daley, the principal of the Daley Group, to secure federal funding for the following capital projects:

A. Harvester Square Brownfield Site. Sycamore has one small blighted area that is within its modest TIF district at 370-450 South Avenue. The site housed a variety of manufacturing facilities from the mid-nineteenth century until the early 1980s with names such as Sycamore Wagon Works, Diamond Wire, Essex Wire and Marsh Manufacturing. The footprint covers a total of about 4.5 acres. The abandoned facility was purchased in the 1980s by a local resident, Jim DiNicola, who turned the property into a rental storage facility for machinery, materials, wastes and recyclable supplies. Eventually, hundreds of steel and fiber drums of detergents, soda ash, hazardous waste foundry sands, and a wide variety of unknown chemical wastes were deposited on the site from places unknown, and

probably without proper manifests under EPA guidelines. The overall facility was allowed to deteriorate rapidly under Mr. DiNicola's ownership and in the summer of 1999 the City of Sycamore condemned a major portion of the complex and ordered the demolition of the most dangerous structures. To facilitate the removal of the condemned structures, the City and the owner invited demolition bids and the City Council extended a loan to Mr. DiNicola in the amount of \$94,500 for a period of 18 months to accomplish the demolition. The demolition occurred but Mr. DiNicola defaulted on the good faith loan and the City assumed ownership of the 1.67-acre portion of the complex that secured the loan in 2002, after an extended legal contest. At the time of the City's takeover, this land area contained a variety of decaying buildings, an old boiler building and contaminated parcels of land. Working with the environmental consulting firm of Marlin Environmental of South Elgin, Illinois, the City secured an initial IEPA Brownfield grant of \$119,479 in May 2004 and received notice on May 2, 2005 that a follow-on grant of \$77,093 was awarded to the City by the IEPA to reimburse additional assessment costs. The initial cleanup budget established in November 2003 was \$1,711,150 over three phases: Phase One (Complete Site investigation) was estimated to cost \$161,150 with Sycamore obligated to pay 30% or \$48,345; Phase Two (Corrective Action including removal of hazardous materials and contaminated soils) was estimated to cost \$1,091,500 with the City obligated to pay 20% or \$218,300; and Phase Three (Property Restoration including building demolition, final grading and earthwork) was estimated to be \$458,500 with the City obligated to pay 20% or \$91,700. Phase One was to be a partnership with the IEPA and Phases Two and Three were planned to be a partnership with the USEPA.

The greatest progress has been made since the Spring of 2004. Since that time, the City has spent \$624,135 with reimbursement from the IEPA brownfields redevelopment grant program in the amount of \$196,572, for a net City outlay of \$430,563 in the past two years. The initial assessment that was begun in 2003 could not be completed until some demolition and debris removal could expose a variety of drums in the most deteriorated portions of the complex. In the winter of 2004-2005 the City contracted for the demolition of about one-half of the complex of structures and in September, 2005 the USEPA inventoried and removed most of the remaining drums at an undetermined cost (possibly as much as \$150,000). In the spring of 2006, the City contracted for the demolition of the remaining structures, excluding the asbestos-laden boiler house. Both the USEPA and IEPA have been very solicitous and helpful to date. The remaining tasks include the following:

- ✓ Demolition of the former boiler house, estimated to cost about \$200,000 for the razing, removal, and disposal;
- ✓ Additional soil testing and investigation to identify the need for any remaining "hot spot" removals (e.g. contaminants of concern above Tier 1 industrial or commercial standards), estimated to cost \$20,000;
- ✓ Further remediation in the form of engineered barriers in areas where concrete floors do not remain, estimated to cost \$100,000;
- ✓ Preparation of a "Remedial Action Completion Report," estimated to cost \$10,000;
- ✓ City action to legally extend the prohibition of groundwater usage to this site.

Costs to Date:

City of Sycamore: \$744,575

Illinois EPA Reimbursement: \$196,572

USEPA Contribution: Emergency Drum Removal Valued at \$150,000

B. Bethany Road Reconstruction: Peace Road to Somonauk Street. Estimated Cost: \$3.25 million. The City is seeking assistance in widening and reconstructing the 3,600-foot eastern leg of the Bethany Road research corridor from Peace Road to Somonauk Street, in order to upgrade this portion of the corridor to a Class II truck route. The federal government contributed \$1 million toward the \$4 million reconstruction of the west leg from Peace Road to IL Rt. 23, which was an intergovernmental effort involving the cities of Sycamore and DeKalb, the County of DeKalb, and IDOT. The City of Sycamore was the project manager for the west leg since most of the research corridor runs within the Sycamore city limits, and would be the lead agency for any reconstruction on the east leg. In the summer of 2006, two industrial firms have indicated their interest in relocation to the adjacent Sycamore Prairie Business Park on the condition that this stretch of Bethany Road is upgraded to a Class II truck route.

C. California Street Reconstruction: Exchange Street to Elm Street (2 blocks in the Downtown Business District). Estimated Cost: \$950,000. The City has spent about \$3.1 million to upgrade its downtown streetscape since 2001. A total of \$500,000 in state assistance has been received to date, with the balance coming from local funds. The two-block stretch of California Street (one block north and south of IL Route 64) would complete that process.

D. Peace Road Bikepath from Bethany Road to IL. Rt. 64. The City's commitment to build a regional bikepath link within a County right-of-way is an extraordinary gesture toward the safety and recreation of local bicyclists and toward progressive intergovernmental relations. As the Council is aware, the County of DeKalb will provide the rough grading and design services for the bikepath, and the City will be responsible for the bikeway construction and any easements along the path. The total City cost is estimated to be about \$210,000, payable over a two-year period. The City's funding source is Fund 22, the Sales Tax Distributive Fund (i.e. the "Fuel Fund"). Ms. Daley has alerted the City staff to possible bikepath grant support at the state and federal transportation levels and is pursuing such support.

To date, the City of Sycamore has not secured federal or state grant funds through the Daley Group's services. The FY06 contract was entered in June 2005, two months after federal bills were enrolled. In the present federal fiscal year, the federal budget has still not been voted but it is very clear that the continuing federal expenses associated with Hurricane Katrina relief and the war in Iraq have substantially diminished federal dollars available for local capital projects outside of major metropolitan areas.

A one-year extension to the City's contract with the Daley Group would cost the City the same amount as in 2005: \$78,000 in retainer fees plus reasonable expenses. The retainer equates to \$6,500 a month, which is not out of line with what other small communities are paying, according to a recent Wall Street Journal report (July 2, 2006). The FY07 City Budget has set aside this amount in the Hotel/Motel Tax Fund (09-8331).

City Council approval for a one-year extension is recommended. Patricia Daley will be present to answer any questions the Council may have about this proposal.

13. CONSIDERATIONS

A. Consideration of a Public Works Department Recommendation to Award a Contract for a Replacement Pickup Truck to Dennison Corporation of Bloomington, Illinois.

The FY07 City Budget includes an allocation in the Treatment Plant Division of the Public Works department to replace a 1987 Chevrolet ½ ton, two wheel drive pickup truck with accessory equipment (751-8521; \$21,000). The accessory equipment is estimated to cost about \$3,500 and is primarily oriented toward worker safety. The list of accessory equipment includes an 8-foot side-mounted toolbox, a 360-degree strobe light, a directional arrow board, a hydraulic lift gate and two-way radio. The accessory equipment will be purchased from a variety of local vendors and was not part of the bid process for the truck.

The department's specifications for the pickup truck were advertised for bid and a bid opening was held on July 24. The lowest responsible bid for the pickup truck was submitted by Dennison Corporation of Bloomington through the state purchasing contract in the amount of \$15,059.00. City Council approval of the state purchase price is recommended.

B. Consideration of a Recommendation from the City Engineer Regarding the Bids for the 2006 Street Maintenance Program.

City Engineer John Brady has advertised for bids for the City's 2006 street maintenance program. The program budget approved by the Council only includes \$200,000 and is targeted at road surfaces in the Second and Fourth Wards. The list of bituminous work includes the following:

- **Maness Court.** The project limits on Maness Court are from the north edge of the pavement on Conlin Avenue north to the south edge of the pavement of Georjean Court for a distance of 980 feet. The width of the existing pavement is 32' E.P. to E.P. This work consists of the removal of the existing bituminous pavement mixture (total thickness of approximately 2-1/2") and also approximately 1-1/2" of the existing stone base and the base preparation of the existing stone for 4" of total bituminous mix, application of the prime coat material, construction of 2-1/2" binder course and 1-1/2" surface course.
- **Becker Place.** The project limits on Becker Place are from Somonauk Street to Park Avenue or approximately 650 feet. This work consists of the removal of the existing bituminous pavement mixture (total thickness of approximately 2-1/2") and also approximately 2-1/2" of the existing stone base and the base preparation of the

existing stone for 5" of total bituminous mix, application of the prime coat material, construction of 3-1/2" binder course and 1-1/2" surface course.

- **Brickville Road.** The project limits on Brickville Road are from the north edge of the Kishwaukee River Bridge (which was recently repaired by Sycamore Township) north to Maplewood Drive for a distance of approximately 1,017 feet. The width of the existing pavement is 25' plus an earth shoulder. This work consists of pavement reclamation to a depth of 9" and adding fly ash for stabilization and covering with 2-1/2" of binder and 1-1/2" of surface. The length of the pavement reclamation is 797 feet and it will be necessary to complete 40 feet of road excavation at each end of the reclamation area with the excavation depth ranging from 12" to 16" and these two excavated areas will be filled with 6" Aggregate Base Course, Type B, 6" of bituminous base course and then covered with 2-1/2" of binder and 1-1/2" of surface. The northerly 140 feet of the project to Maplewood Drive will consist of 1-1/2" bituminous surface removal and construction of a 2" surface course.
- **Charles Street.** This work consists of 1-1/2" bituminous surface removal of two areas in the 200 block of Charles Street and covering with 1-1/2" of bituminous surface. The areas are approximately 80' x 28' and 40' x 28'. The paving will be completed in two passes.
- **Freed Road and Brickville Road.** This work consists of repairing two existing bituminous street patches for sanitary sewer trenches. Each patch shall be milled to a minimum depth of 1-1/2", primed and covered with 1-1/2" surface. The patch on Freed Road just west of Brickville Road is approximately 15' x 23' and on Brickville Road adjoining the North School the patch is approximately 30' x 35'.

Bids will be received until 2:00 p.m. on Monday, August 7. The engineer's estimate for the work described above is \$199,852.00.

City Engineer John Brady will present a bid tabulation at the August 7 Council meeting, with a recommendation. If the lowest bid is below the \$200,000 budget allocation, some minor alley repairs can be considered.

C. Consideration of a Contract with FGM Architects for the Architectural Plans and Specifications Associated with a Second Fire Station.

In the Spring of 2005 the City requested qualifications from regional architectural firms that might be interested in providing architectural services for the conceptual design of a neighborhood fire station on Lot 2 in Phase One of the Heron Creek Townhomes subdivision at the northeast corner of Peace Road and Frantum Road. FGM Architects was selected and produced a conceptual site plan, floor plan, and elevations by November, 2005 for the agreed price of \$9,100.00. At that time, the estimated construction cost of the 10,505 square foot station (with 800 foot mezzanine) was between \$2,009,070 and \$2,214,300 including architectural fees and contingencies. This amounts to a range of \$200 to \$225 per square foot for the basic construction costs, excluding the mezzanine. Together with a possible \$200,000 in site engineering and development costs to be paid by the City, the maximum cost was estimated to be under \$2.5 million.

What a difference a year makes. The same floor plan (see attached) and design is now estimated to cost between \$2,529,056 and \$2,939,251, including architectural and engineering fees and contingencies, or a range of \$200 to \$225 per square foot for the basic construction costs. Of course, the final cost will depend on the actual bids and good construction management, but it is clear that the estimated cost has increased by 25% to 32%. Most of the increase is owing to the substantial worldwide increases in the costs of petroleum-based materials, as well as the cost of metals like steel and copper.

A year ago, the funding source identified for this project was the General Fund reserve. Although the FY06 audit is not complete, an unofficial estimate of the reserve as of May 1, 2006 is about \$6 million. This sum is equal to 58% of the FY07 General Fund expenditures. Of the total reserve in the General Fund, about \$1.9 million will need to be set aside in FY07 to cover the total of all accrued leave obligations for the departments funded by the General Fund. An additional \$1 million has been set aside each fiscal year since FY02 for emergency purposes. The remaining unrestricted reserve, about \$3.1 million, will just be enough to build Fire Station 2, including the site work, off-site signals on Peace Road, and the station's furnishings and appliances, provided we receive aggressive bids and we are rigorous in keeping the project under budget. However, with each month, the cost of building the station increases with the steady inflation in building materials.

In November of 2002, when an earlier Council considered space problems in the former City Hall and weighed the option of purchasing and remodeling the former Henderson building, the General Fund reserve became the funding preference. At that time, the reserve totaled \$3,905,055 (51% of the FY03 expenditures) and provided the resources for the purchase of the Henderson building and parking lot (totaling \$798,000) as well as the remodeling (\$1,061,000). Since the completion of the Sycamore Center, the General Fund reserve has been restored and increased by about \$2.1 million. This was not preordained; a lot of budget discipline on the spending side and conservative revenue projections have kept operational priorities modest in scope. This budgetary approach has required patience and forbearance on the part of each City department and the general public. In the end, the gamble was successful and the City's property tax payers were not asked to foot the bill through debt service levies. The City Manager believes the same fiscal constraint can be counted on if the Council chooses to finance Fire Station 2 from the General Fund reserve.

City Council direction is recommended.

- 14. OTHER NEW BUSINESS**
- 15. APPOINTMENTS**
- 16. ADJOURNMENT**

