

SYCAMORE CITY COUNCIL
AGENDA
April 2, 2007

6:00 P.M. to 7:00 P.M. Museum Open Houses. No committee meetings are scheduled, but the City’s museums have invited the Council to attend open houses at their facilities prior to the regular City Council meeting at 7:00 p.m. The purpose will be to view the collections and to visit with museum board members and staff to discuss their respective grant requests within the proposed FY2007-2008 Hotel-Motel Tax Fund budget.

6:00 P.M. Open House at the Midwest Museum of Natural History.
Executive Director Chris Brodnicki will lead the tour.

6:30 P.M. Open House at the Sycamore Historical Society & Museum.
Executive Director Michelle Donahoe will lead the tour.

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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 March 19, 2007.
 - B. Payment of the Bills for April 2, 2007.

7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.

A. Household Hazardous Waste Collection. The DeKalb County Farm Bureau in cooperation with the Illinois EPA will offer a drop-off point for household hazardous waste on Saturday, May 5, from 7:30 a.m. to 3:30 p.m.

8. REPORTS OF OFFICERS

9. REPORTS OF STANDING COMMITTEES

10. PUBLIC HEARINGS

A. Public Hearing on the Proposed FY2007-2008 City Budget

The proposed Fiscal Year 2007-2008 City Budget is offered for public review and comment. A copy is available for viewing in the Sycamore Public Library and copies can also be made through the City Manager's Office. The City Council Finance committee, under the chairmanship of First Ward Alderman Alan Bauer, reviewed this document on March 21 and recommended it to the Council with minor revisions. The draft on view incorporates those recommended revisions.

Spending within the FY2008 Budget totals \$47,863,964.00, inclusive of all City funds. The General Fund expenditure budget totals \$11,562,698. These expenditures are offset by \$11,588,972 in anticipated General Fund revenues. The estimated General Fund operating reserve or starting fund balance will total \$6,124,999 or 53% percent of the planned General Fund expenditures for FY2008.

The Public Works and Water departments will be merged in FY08. This consolidation will achieve more efficiency in the planning and execution of both routine and larger public works projects, as well as the inspection of infrastructure improvements in private developments. The merger will result in a Public Works department with three divisions: Street, Treatment Plant, and Water. Please see the departmental narratives for more information on this initiative.

No new taxes or fees are proposed in the General Fund budget. The proposed General Fund expenditures include the following new hires:

- a) A new police officer (after August 1).
- b) Two firefighters (one after May 1 and another after September 1). With these hires, the Fire department will be able to staff two fire stations.
- c) Two new laborers in the Public Works department: one in the Street division and one in the Treatment Plant division in the summer of 2007.

Other hiring priorities are not supportable in terms of projected revenues in FY08 but will need to be addressed in future fiscal years. These unfunded priorities include:

- ✓ a "pool" secretary for the Public Works and Building/Engineering offices.
- ✓ two 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.

- ✓ a city planner.

Other significant General Fund expenditures include the following:

- Debt service of \$355,000 to fund the principal and interest on the 2005 refunding bond (\$155,000) and the 2002 general obligation bond (\$200,000).
- New debt service of about \$200,000 to fund the reconstruction of portions of a number of downtown streets including South California Street, South Main Street, and East State Street (2007 Bond Fund).
- An allocation of \$130,000 (513-8493) to pay the FY08 sales tax rebates to Sycamore Ford and Brian Bemis World Auto.
- An increase of 15% 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 several senior employees in 2007.
- A reserve transfer of \$2.15 million to the Capital Assistance Fund (Fund 6) to finance the construction of the second fire station on Frantum Road.

In FY2008 the capital and special funds are all balanced with appropriate reserves. The FY2008 Budget proposes a very ambitious three-year capital spending program totaling \$22,826,300 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 \$21,088,000 or 92% is dedicated toward the repair or enhancement of City infrastructure. The FY08 portion of this capital program totals \$11,063,800. Highlights of the FY08 capital program are listed below:

- Construction of Fire Station #2: \$2.15 million (including contingency).
- Engineering and construction plans for Water Tower #2: \$150,000.
- Engineering for Phase I of the treatment plant expansion: \$329,000.
- Phase I construction including mechanical de-watering of sludge and the installation of a new bar screen: \$5.829 million.
- Sidewalk replacement on South Main Street (in addition to the Building department's annual sidewalk replacement program): \$100,000.
- Further demolition at the Harvester Square complex: \$150,000.
- Construction of the Peace Road bikepath from Bethany Road to IL. Rt. 64, including associated storm water drainage improvements: \$275,000.
- Vehicle and equipment replacement including a replacement ambulance, two police squad replacements, a large dump truck with plow and spreader, a used bucket truck, and the replacement of pickup trucks in the Water division: \$399,800.

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, 2007 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 subordinate main extensions. In FY08, a feasibility study and preliminary engineering for the new elevated water tank will be funded by the Water Impact Fee Fund. It should also be noted that the Water Fund reserve and Water Impact Fee Fund financed 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 FY08-FY10 for the planned treatment plant upgrade and expansion, which will cost approximately \$15.4 million. In FY08, 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 FY08 to reduce the present seven-tier schedule to five tiers. Such a revision would be "revenue neutral." Residential users--who 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. Such consent cannot be contemplated until the City has completed its installation of radium treatment facilities and associated well upgrades to the agency's satisfaction, and within projected costs.

While deferring some operational needs and capital projects on the organization's "wish list," the FY2008 Budget envisions a wide range of services. As in previous years, the City's very dedicated and highly competent work force is the key to our ability to stretch our services while measuring our resources.

11. ORDINANCES

A. Ordinance No. 2006.71—An Ordinance Amending Title 9, "Building Regulations," Chapter 2, "Building Codes," Section 9-2-1, "Building Code," Paragraph B, "Building Code Amendments," to Add Sections 1812.5, 1812.5.1, 1812.6 to the BOCA National Building Code/1999 of the City Code of the City of Sycamore, Illinois. Second Reading.

This ordinance was heard on first reading on March 19. Building Commissioner Lyle Doty has recommended the following revisions to the locally-adopted national building code to clarify the distances between various building elements and the surrounding or exterior grades:

a) Add the following:

1812.5 Top Of Foundation. In order to prevent degradation of the building elements from moisture including interior framing, face brick, stone, wood and metal siding, etc. the top of the masonry or concrete foundation wall must be *elevated to at least 6 inches above the level* of the adjoining finished grade including sod, mulch, stone, sidewalks, patios, driveways, etc. that surround the building.

Exception: *A raised reverse brick ledge may be provided which would elevate the outer portion of the foundation wall 6 inches above the adjoining exterior grade and which would allow interior wall framing to be brought down to finished floor level with slab on grade construction.*

b) Add the following:

1812.5.1 Grading Around Buildings: There shall be at least 6 inches of pitch away from the building in the first 10 feet (5%) around the perimeter of the building for all sod, mulch, stone or other pervious surface areas and then the slope shall be not less than 2% on all other pervious surface areas on the property, including proper swales which can be provided around the building to divert surface water away from the building.

c) Add the following:

1812.6 Foundation Anchor Bolts. Foundation anchor bolts must be cast in place, unless otherwise approved, and when in contact with pressure treated lumber must be ½ inch or larger stainless steel or hot dipped galvanized bolts, washers and nuts.

City Council approval is recommended.

B. Ordinance No. 2006.72--An Ordinance Amending Title 9, "Building Regulations," Chapter 2, "Building Codes," Section 9-2-2, "Dwelling Code," Paragraph B, "Dwelling Code Amendments," of the City Code of the City of Sycamore, Illinois. Second Reading.

This ordinance was heard on first reading on March 19. Building Commissioner Lyle Doty has proposed the following amendments to the locally-adopted dwelling code (the International One and Two Family Dwelling Code, 1998 edition):

a) Add the following:

403.1.4.1: Foundation anchorage with Pressure Preservative-Treated Sill and Sole Plates. Foundation anchor bolts must be cast in place, unless otherwise approved, and when in contact with pressure-treated lumber must be ½ inch or larger stainless steel or hot dipped galvanized bolts, washers and nuts.

b) Section 404.1.6 shall be deleted and amended to read:

404.1.6 Height above finished grade. In order to prevent degradation of the building elements from moisture including interior framing, face brick, stone, wood and metal siding, etc. the top of the masonry or concrete foundation walls must be *elevated to at least 6 inches above the level* of the finished grade including sod, mulch, stone, sidewalks, patios, driveways, etc. that surround the building.

Exception: *A raised reverse brick ledge may be provided which will elevate the outer portion of the foundation wall 6 inches above the adjoining grade and which would allow interior framing to be brought down to finished grade level.*

c) Section 404.1.6.1 shall be added as follows:

404.1.6.1 Grading around buildings: There shall be at least 6 inches of pitch away from the building in the first 10 feet (5%) around the perimeter of the building for all sod, mulch, stone or other pervious surface areas and then the slope shall be not less than 2% on all other pervious surface areas on the property, including proper swales which can be provided around the building to divert surface water away from the building.

City Council approval is recommended.

C. Ordinance No. 2006.73--An Ordinance Providing for the Issuance of \$2,000,000 General Obligation Bonds, Series 2007, of the City of Sycamore, DeKalb County, Illinois, and Providing for the Levy and Collection of a Direct Annual Tax for the Payment of the Principal of, and Interest On, Said Bonds. First and Second Reading.

During the Finance Committee meeting of March 21, the City Manager noted that discussions have been held with Eric Anderson and Tara Griffin of Harris Bank concerning the most opportune time to enter the bond market in advance of the proposed issuance of about \$2 million in general obligation notes to finance downtown street reconstruction and repair on S. California Avenue, S. Main Street, N. Locust Street and E. State Street.

A first and important step is to ascertain the likely bond rating of this issuance. City officials met with a representative of Moody's Investors Service on March 21 to discuss the City's financial health and the possibility of a rating upgrade. The City's last borrowing—the 2005 Refunding Bond—was rated "A-1." The Moody's representative was particularly impressed with the fact that since 1996 about 75% of the City's debt has been financed by revenue sources other than property taxes. A table (see attached) has been compiled to portray the actual debt service requirements with respect to the City's annual property tax levy. Another positive element is the City's substantial financial reserves.

At this writing, the rating for the proposed 2007 bond series is unknown. At the Council meeting on April 2, the rating will be known as well as the pricing of the bonds, based on that rating. A "shell" ordinance is attached that will be completed upon the successful pricing of the bonds on Monday the 2nd.

City Council approval is recommended.

12. RESOLUTIONS--None

13. CONSIDERATIONS

A. Consideration of a Report from the Liquor Commissioner Regarding a Request for a New Bar License.

In his capacity as liquor commissioner, Mayor Mundy has been approached by Diane Denault, owner of Cabana Charley's, for a bar license in place of the restaurant license that is presently assigned. There are presently ten (10) bar licenses. The City Code allows a maximum of 10 bar licenses for the first 12,100 in city population, then one additional bar license for each 3,000 in population. (Title 3, Chapter 2 Section 3-2-7).

Ms. Denault is seeking relief from the liquor code requirement to maintain a cook on duty for the entire time that a bar is open. According to the code, one additional bar license may be issued according to one of the following conditions:

- a) If the Council determines that the actual population of Sycamore exceeds 15,100 (the special census of January 2006 held the official population to be 14,866), or
- b) If the Council waived the proration of licenses by population by a three-quarters (3/4) vote.

City Council direction is requested.

B. Consideration of an Administration Report on Options for the Use of the City's Private Activity Bond Volume Cap for the Year 2007.

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 \$79,120. For a household of one or two persons, the upper qualifying limit is \$68,800. 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 \$95,000 conventional market rate mortgage at 7.5%. On a 30-year fixed rate loan, the buyer would pay \$7,125 in mortgage interest in year one. With a mortgage credit certificate, the buyer can take 20% (\$1,425) off his or her yearly federal income tax obligation while maintaining a standard mortgage interest deduction for the remaining 75 percent of the annual interest obligation. This is the same as retaining \$118.75 in additional income per month. Over the life of the loan, the buyer could save \$42,750 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 2007, the City's "authority" will be \$85 per capita or \$1,263,610 based on a Census-based population of 14,866.** Based on the average purchase price of \$285,489 for all homes--new and used—sold in Sycamore in 2006 (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.

A favorable City Council recommendation is requested.

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