

SYCAMORE CITY COUNCIL
AGENDA
April 20, 2009

CITY COUNCIL COMMITTEE MEETINGS
No Meetings Are Scheduled

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 6, 2009.
 - B. Approval of the Closed Session Meeting Minutes dated 10/20/08; 11/17/08; 1/5/09; 2/2/09; and 3/2/09, and the Release of the Closed Session Minutes dated 10/20/08.
 - C. Approval to Destroy the Auditory Tapes from the Closed Session Council Meetings During the Period 5/21/07 Through 9/17/07.
 - D. Payment of the Bills for April 20, 2009.
 - E. Plan Commission Minutes for the Meeting of March 9, 2009.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Proclamation declaring the week of April 20 through April 24, 2009 as “Administrative Professionals Week” in the City of Sycamore.
 - B. Proclamation establishing April 24, 2009 as “Arbor Day” in the City of Sycamore.
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**

10. PUBLIC HEARINGS--None

11. ORDINANCES

A. Ordinance No. 2008.80—An Ordinance Concerning the Adoption of the Combined Budget and Appropriation Ordinance for the Fiscal Year 2009-2010 in the City of Sycamore, Illinois. First and Second Reading.

The City Council held a public hearing on the proposed FY2009-2010 Budget at the April 6, 2009 Council meeting.

Spending within the FY2010 Budget totals \$58,441,086 inclusive of all City funds (including \$30,331,529 in pass-through fuel funds). The General Fund expenditure budget totals \$12,308,086. These expenditures are offset by \$12,327,501 in anticipated General Fund revenues. The projected General Fund operating reserve or starting fund balance as of May 1, 2009 is \$4,184,363 or 34% percent of the planned General Fund expenditures for FY2010.

In the General Fund, some conventional operating expenses have been dramatically reduced to meet a serious general revenue shortfall based in large part on declining sales tax revenues and the collapse of local residential construction. In addition, hard-earned reserves have been brought into the General Fund to achieve departmental spending targets that continue basic services. These moves are outlined below and were reviewed at the March 18 meeting of the Council Finance Committee:

- ✓ \$276,000 in spending has been shifted from the personnel budget of the Public Works department to the Water and Sewer enterprise funds in FY2009-2010. This will hopefully be a one-time transfer of financial liabilities.
- ✓ \$150,000 in annual salt costs has been shifted from the Public Works department budget to the Motor Fuel Tax Fund.
- ✓ \$38,000 in grant support has been shifted out of the General Fund (Mayor/Council budget) to the Hotel/Motel Tax Fund.
- ✓ \$21,000 in matching sidewalk repair grants has been shifted out of the General Fund (Building department budget) to the Capital Assistance Fund (Fund 6).

The foregoing cost-shifts reduce General Fund expenditures by \$485,000. In addition, the Fire department's intern program budget has been reduced from \$33,300 in FY09 to \$10,081 in FY2010 (-\$23,219.00).

Even with these financial steps, the proposed FY10 General Fund budget was in deficit by \$437,000 before two reserve fund transfers: a transfer of \$250,000 from the Hotel/Motel Tax Fund reserve and a transfer of \$250,000 from the General Fund reserve. In short, to provide an FY10 operating budget with expenditures balanced by revenues, a total of \$1,008,219 in cost-shifting and reserve transfers was needed. Notwithstanding this extraordinary series of steps, the proposed FY10 Budget includes an across-the-board 2% wage and salary increase for all City employees. The proposed FY10 Budget does not take into account a higher level of increase for any City employee group, such as the 3.75% increase recently awarded by the Arbitration panel for Local 3046 for FY10. As the Council is aware, the City has dissented from the Arbitration panel's wage award for Local IAFF as well as the Arbitration panel's

decision on EMT/Paramedic bonuses and has filed its reasons for rejection with the Illinois Labor Board. A supplemental hearing has been scheduled for May 1.

No new taxes or fees are included in the General Fund budget. No new hires are included in the General Fund expenditures. From the spring of 2007, sagging local sales tax revenues, substantially lower fees derived from local housing development, and a conscious City policy to reduce the City property tax rate have limited the general revenues available for municipal operations. The projected FY2010 general operating revenues—exclusive of reserve transfers—are three percent (3%) lower than the budgeted FY2009 revenues.

Wage and salary expenditures incorporate union contractual increases and management pay increases of two percent.

Other significant General Fund expenditures include the following:

- Debt service of \$555,000 to fund the principal and interest on the 2007 general obligation bond (\$200,000); 2005 refunding bond (\$155,000); and the 2002 general obligation bond (\$200,000).
- An allocation of \$150,000 (513-8493) to pay the FY10 sales tax rebates to Sycamore Ford, Brian Bemis World Auto, and Jewel.
- An increase of about 7% in health insurance premiums for full-time employees and about 20% in worker comp costs;
- A reserve transfer of \$100,000 to the Employee Benefit Assistance Fund (Fund 23) for accrued leave payouts in the event of the retirement of several senior employees in FY2010.

In FY2010 the capital and special funds are all balanced with appropriate reserves. The FY2010 Budget proposes a very ambitious three-year capital spending program totaling \$23,103,775 but involving no increase in the City's portion of the aggregate property tax. The FY10 portion of this capital program totals \$11,526,525. Highlights of the FY10 capital program are listed below:

- A street maintenance program of \$1,191,000.
- The construction of 1.5 million gallon elevated water storage tank at the Engh Farm for a bid price of \$2,990,000.
- Completion of the engineering for Phase I of the treatment plant expansion: \$400,000.
- Installation of new sludge de-watering facilities at the Treatment Plant as part of Phase I: \$2,700,000.
- Funding for Phase II of the engineering and grading for the Peace Road bike path from Bethany Road to IL. Rt. 64: \$165,000.
- Vehicle and equipment replacement including three police squad replacements, upgrading ambulance I-23 from BLS to paramedic certification, replacement of a large dump truck with plow and spreader, replacement of a four wheel drive ¾ ton pickup, replacement of a two wheel drive ¾ ton pickup, in-car video replacements in the Police squads, air pack replacements, replacement turn-out gear, replacement of PC and printer hardware, etc.: \$347,625.

For many years, the City's general revenues have provided a steady share of the funds necessary to pay for the maintenance of our infrastructure. Managed economic development is

therefore 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, 2009 through April 30, 2010 the City's Water Impact Fee Fund and Sewer Impact Fee Fund will shoulder a very substantial portion of the financing of several big-ticket capital improvements. For example, the Water Impact Fee Fund will underwrite the greater share of the engineering and construction of the City's second water tower, based on a feasibility study and preliminary engineering funded by the Water Impact Fee Fund in FY08.

Coincident with this initiative, the Sewer Impact Fee Fund will be tapped in the period FY2010-FY2011 for Phase I of the planned treatment plant upgrade and expansion, which will cost approximately \$15.4 million upon completion. In FY09, the preliminary engineering for Phase I of this ambitious undertaking was largely completed along with the installation of a new bar screen in the head works building. The Phase I construction which is focused on the installation of mechanical systems to remove water from the sludge created in the wastewater treatment process will be well underway in FY10.

City Council approval of the proposed FY2009-2010 City Budget is recommended.

B. Ordinance No. 2008.81—An Ordinance Amending Title 1, “Administration,” Chapter 10, “Personnel Rules,” of the City Code of 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.

City Council approval is recommended.

C. Ordinance No. 2008.82—An Ordinance Establishing Offices and Fixing the Compensation of Certain Appointed Officers of the City of Sycamore, Illinois, County of DeKalb, State of Illinois for the Fiscal Year Commencing on the First Day of May, 2009 and Ending on the Thirtieth Day of April, 2010. First and Second Reading.

The FY2009-2010 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. In years past, the Council has targeted management pay at or near the mid-point of the ranges for similar positions at comparable cities in our region, provided such managers have sustained satisfactory annual performance scores provided by their management supervisors. The City Manager supervises the annual performance of the department heads, the Assistant City Manager, the Human Resource Director, and the Executive Secretary. Where applicable, department heads rate the annual performance of the several other exempt employees assigned to their departments (e.g. Police lieutenants).

The management salary ranges are determined by surveying comparable cities within the region, and such a survey was completed in the fall of 2008. The survey (see the attached summary) indicates that 12 of the 14 management positions are compensated significantly below the mid-point of salary ranges in comparable cities. In addition, there are some significant internal inequities within the Sycamore management group. For example, the Police lieutenants are paid \$1,775 below the assistant fire chief, although both management positions carry deputy chief responsibilities. Given the substantial shortfall in projected FY10 general revenues, the City Manager cannot recommend a one-time equity adjustment to resolve such internal inequities or to bring the compensation of our management employees to at least the mid-level of comparable positions in our region.

As explained in previous budget sessions and in the FY2010 Budget document, the management salary increase in FY2010 is 2% across the board.

City Council approval is recommended.

D. Ordinance No. 2008.83—An Ordinance Amending the Fiscal Year 2008-2009 City Budget. First and Second Reading.

In order to keep the City’s official budget document consistent with Council direction, the City’s capital and special funds may be adjusted at several points in the year to reflect actual bid prices, show revised priorities, register unforeseen costs (e.g. utilities), or balance accounts prior to the audit. The two typical occasions are at the close of a fiscal year and roughly mid-way through a fiscal year once the prior year’s audit is completed. The attached ordinance amends the Fiscal Year 2008-2009 Budget by making the adjustments shown in the following table:

Account	Original \$	Amended \$	Note
02-740-9025	180,000	58,278	Split EPA loan across three funds (see below)
02-740-9031	0.00	55,022	New Fund 31 (split from Fund 25)
02-740-9032	0.00	66,700	New Fund 31 (split from Fund 25)
04-751-8352	170,000	258,000	Increased electrical cost/usage
04-751-8399	30,000	2,000	Offsets 8352/8521 increases
04-751-8219	11,000	2,000	“
04-751-8236	5,000	1,500	“
04-751-8246	17,750	10,000	“
04-751-8540	28,000	7,000	“
04-751-8521	44,000	51,100	Higher than estimated bids on vehicles
06-000-8627	5,000	12,000	Eng property improvements
06-000-8625	20,000	9,000	Offsets increases in #8627 and #8331
06-000-8331	30,000	34,000	Police station plans
07-000-8319	0.00	74,852	MFT salt costs (costs shifted from GF)
07-000-8316	0.00	114,000	2008 MFT Street Maintenance contribution
10-000-8373	6,000	8,000	Additional Fire department spending
10-000-8270	3,000	3,700	“
10-000-8295	1,000	1,300	“
11-000-8311	2,000	2,200	Furnace repair
15-000-8342	2,000	3,000	Increased compliance fee; actuary fee

16-000-8190	215,000	222,500	Fire Pension payout increases
16-000-8191	180,000	233,500	Additional disability retiree
16-000-8342	2,500	5,000	Increased compliance fee; actuary fee
23-000-8185	100,000	230,000	Long-term employee payouts (accrued leave)
23-000-3741	100,000	200,000	Increased transfer from GF reserve
24-000-8634	200,000	201,000	Rounding
25-000-8412	16,520.75	16,521	Rounding
26-000-8634	0.00	75,000	2008 Street Maintenance program
29-000-8634	975,000	977,200	Revised downtown street costs
30-000-8637	150,000	150,001	Rounding
31-000-8411	34,964	34,965	Rounding
32-000-8629	0.00	3,235	Well repair

City Council approval is recommended.

E. Ordinance No. 2008.84—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition from Rick and Gloria Kramer to Revise Table 5.3.1 of the Unified Development Ordinance to Allow Tattoo Parlors by Special Use Within the “C-2” Central Business District and “C-3” Highway Business Districts in the City of Sycamore, Illinois. First and Second Reading.

At the Plan Commission meeting of March 9, the Commission initially considered the petition of the Kramers who wish to open a tattoo parlor in the City of Sycamore’s downtown business district. Table 5.3.1 of the City’s Unified Development Ordinance (UDO) does not identify tattoo parlors as an allowable use in any City zoning district. The Kramers had petitioned the Commission to revise the UDO table so tattoo parlors could be a special use in either the “C-2” Central Business District or the “C-3” Highway Business districts within the corporate limits.

In the public reviews and hearings leading up to the adoption of the 2008 Comprehensive Plan, no one appeared before the Commission or the Council to suggest the inclusion of tattoo parlors in one of the City’s commercial zoning districts, and no one argued that Sycamore’s quality of life was diminished by their absence. In their testimony before the Commission in March, the Kramers acknowledged that tattoo parlors have earned a stigma in our culture that they must battle every day. That stigma rests largely on a lack of information, and anxieties about health and safety arising from anecdotes and stories about other practitioners. In his testimony before the Commission on March 9, Mr. Kramer noted that he had been involved in the drafting of related guidelines for “best practices” in the field of body art. Mr. Kramer volunteered to work with the City staff to draft local guidelines. In light of this worthwhile suggestion, the Commission continued further consideration of the Kramer petition until that body’s April 13 meeting.

The Kramers and City Attorney Kevin Buick have drafted a detailed set of guidelines that have been reviewed and supported by the city manager. A copy of those guidelines is attached. The guidelines, if approved, would become a part of the business licensing provisions of the Sycamore City Code. The proposed regulations address health and safety concerns in detail, and require the ongoing licensing and inspection of such uses. These regulations would be put

before the City Council for review if the Council were to approve UDO revisions to permit tattoo parlors or body art establishments in any of the City's zoning districts.

The questions before the Plan Commission on April 13 were as follows:

1. Shall tattoo parlors or body art establishments be allowed, by special use permit, in the "C-2" Central Business District? If the majority of the Commission answer "yes," then the Commission would recommend the appropriate amendment to Table 5.3.1 of the UDO.
2. Shall tattoo parlors or body art establishments be allowed, by special use permit, in "C-3" Highway Business Districts? If the majority of the Commission answer "yes," then the Commission would recommend the appropriate amendment to Table 5.3.1 of the UDO.

By a vote of 10-1, the Plan Commission voted to recommend that tattoo parlors or body art establishments be allowed, by special use permit, on the second floor in the "C-2" Central Business District. By a vote of 11-0, the Plan Commission voted to recommend that tattoo parlors or body art establishments be allowed, by special use permit, in the "C-3" Highway Business District.

If the Council concurs with the Commission's recommendations and approves a revision of Table 5.3.1 of the UDO to allow, by special use permit, tattoo or body art establishments, then the Kramers would be in a position to file a special use permit application for such a use in May. If the Council amends the UDO to allow body art establishments, the City Manager recommends that the Council take action at a subsequent meeting to review and adopt revisions to the City Code to establish health and safety regulations for such establishments, along the lines of the attached draft.

City Council action is recommended.

F. Ordinance No. 2008.85—An Ordinance Authorizing the City of Sycamore, DeKalb County, Illinois, to Borrow Funds from the Water Pollution Control Loan Program.

The passage of the attached ordinance is a necessary step to qualify the City of Sycamore for a low-interest or no-interest loan from the Illinois Environmental Protection Agency for Phase I improvements at the City's waste water treatment plant. These improvements are focused on the conversion of the plant to new sludge handling methods for an estimated cost of \$6.5 million. The City has extended the deadline for the opening of bids for this project until Friday, May 8, in order to qualify for this generous state program.

At this writing, it appears that about 25% of the project cost might be offset by an IEPA grant, and the balance would be funded by a low-interest or no-interest IEPA loan. As the text of the ordinance suggests, follow-on ordinances and other Council actions will follow as the project costs are known. Whether any increase in user fees would be necessary over time to re-pay any borrowed funds is unclear at this point. The City's sewer impact fee and sewer fund reserves can be dedicated for repayment as well.

City Council approval is recommended.

G. Ordinance No. 2008.86—An Ordinance Amending Title 6, “Motor Vehicles and Traffic,” Chapter 4, “Traffic Schedules,” Section 6-4-12, “No Parking Zones, Subsection A, “No Parking Zones Designated,” to Add Eastbound East Sycamore Street From N. Main Street to Locust Street and Section 6-4-13, “Limited Parking,” Subsection B, “Time Limit Parking,” to Add Westbound East Sycamore Street from N. Main Street to Locust Street to the Two Hour Parking Limit List of the City Code of the City of Sycamore, Illinois. First and Second Reading.

In recent weeks, the Sycamore Police department has received several complaints from residents living in the 100 block of E. Sycamore Street, between N. Main Street and Locust Street. One complaint is that when vehicles are parked on both sides between the intersections of N. Main and Locust there are occasionally vision issues for vehicles entering and leaving the County parking lot on the south side of the street. Another complaint focused on “close calls” or “near misses” for motorists westbound on Sycamore Street as they near the intersection with N. Main Street and suddenly encounter another vehicle making a wide turn to avoid parked cars.

The 100 block of Sycamore Street is of average width (35 feet, back to back of curb) for parking on both sides, but in response to resident complaints the Police department and Engineering department investigated. The City officials noted that vehicles entering E. Sycamore Street from N. Main Street occasionally execute the turning maneuver at higher than average speed, and clip the corner to land in the lane of oncoming traffic. The investigation also revealed that if parked cars are not hugging the curb near the intersection at N. Main Street, turning movements are further inhibited.

The Police and Engineering departments have accordingly recommended several changes to the City’s parking codes. The attached ordinance prohibits parking on the south side of the 100 block of E. Sycamore Street, and limits parking on the north side to two hours, except for residents.

City Council approval is recommended.

12. RESOLUTIONS

A. Resolution No. 518—Reallocating the City of Sycamore’s Private Activity Bond Volume Cap for the Year 2010 to the Illinois Housing Development Authority for the Purpose of Issuing Mortgage Credit Certificates in the City of Sycamore, Illinois.

This resolution provides the necessary enabling measure to continue the City’s participation in the mortgage credit certificate program offered annually by the Illinois Housing Development Authority.

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 \$103,880. For a household of one or two persons, the upper qualifying limit is \$89,040. The

program also sets upper limits on home prices. This year, the upper limit on a new or an existing home is \$349,020.

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 80 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 2009, the City's "authority" will remain \$85 per capita or \$1,263,610 based on a Census-based population of 14,866.** Based on the average purchase price of about \$220,000 for all homes--new and used—sold in Sycamore in 2008, and an average down payment of 20%, seven Sycamore families might qualify for significant mortgage loan assistance. In 2008, 5 Sycamore families participated in the program with mortgage loans amounts averaging \$142,000.

City Council approval is recommended.

13. **CONSIDERATIONS**

A. Consideration of a Status Report on Settlement Talks with IAFF Local 3046.

The City Manager will present a status report on recent settlement talks between the City of Sycamore, represented by City Attorney Keith Foster, and IAFF Local 3046, represented by Dale Berry of Cornfield and Feldman (Chicago, Illinois).

B. Consideration of an Administration Request for a Closed Session to Discuss Collective Bargaining.

14. OTHER NEW BUSINESS

15. APPOINTMENTS

16. ADJOURNMENT