

**SYCAMORE CITY COUNCIL**  
**AGENDA**  
April 19, 2010

**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 5, 2010.
  - B. Approval of the Closed Session Meeting Minutes dated October 5, 2009 and December 21, 2009.
  - C. Release of the Closed Session Minutes for the Council Meeting of October 5, 2009.
  - D. Approval to Destroy the Auditory Tapes from the Closed Session Council Meetings During the Period April 7, 2008 through October 6, 2008.
  - E. Plan Commission Minutes for the Meeting of March 8, 2010.
  - F. Payment of the Bills for April 19, 2010.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
  - A. Proclamation declaring April 30, 2010 as “Arbor Day” in the City of Sycamore, Illinois.
8. **REPORTS OF OFFICERS**
  - A. Remarks of City Manager Bill Nicklas Concerning the Retirement of Two City Department Heads: Fire Chief Bill Riddle and Building Commissioner and Zoning Officer Lyle Doty.

**9. REPORTS OF STANDING COMMITTEES**

**10. PUBLIC HEARINGS--None**

**11. ORDINANCES**

**A. Ordinance No. 2009.60—An Ordinance Concerning the Adoption of the Combined Budget and Appropriation Ordinance for the Fiscal Year 2010-2011 in the City of Sycamore, Illinois. First and Second Reading.**

The Annual Budget for Fiscal Year 2010-2011 that extends from May 1, 2010 through April 30, 2011 is presented for City Council approval. This budget document compiles the numerical and narrative budgets for each General Fund department and each of the City's capital funds, special funds, and bond funds in one volume for easy reading and reference. A public hearing was held on the budget during the Council meeting of April 5, 2010.

Spending within the FY2011 Budget totals \$57,564,846 inclusive of all City funds (including \$24,997,669 in pass-through fuel funds). The General Fund expenditure budget totals \$12,727,916. These expenditures are offset by \$12,731,587 in anticipated General Fund revenues. The projected General Fund operating reserve or starting fund balance as of May 1, 2010 is \$4,055,452 or 32% percent of the planned General Fund expenditures for FY2011.

As in FY2010, General Fund operating expenditures have been dramatically constrained to meet a serious general revenue shortfall based in large part on declining sales tax revenues and the collapse of local residential construction. Overall, operational spending on commodities, contractual work, small tools and equipment, vehicles, office supplies, computer software and hardware, employee training, Fire supplies, Police supplies, and dozens of other operating line items have been cut to 2004 levels. The notable exceptions are the City's health, comp and liability insurance premiums; our dispatch agreement with DeKalb County; our electrical and gas utility costs; and fuel costs.

In addition, \$228,358 in general capital reserves have been brought into the General Fund to meet departmental spending targets that continue basic services. Finally, a 1/2% increase in the City's home rule sale tax rate will go into effect on July 1, 2010 to bring General Fund revenues in line with General Fund expenditures. The decision to increase the City's home rule tax rate was discussed by the Council and the community in December and January, resulting in Council action on January 19 (Ordinance No. 2009.51). A companion resolution (Resolution No. 532) was also approved on that night to establish the Council's intention to review the impact of the higher sales tax rate in September 2012.

Aside from conventional operating expenditures, 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 \$180,000 (513-8493) to pay the FY10 sales tax rebates to Sycamore Ford, Brian Bemis World Auto, and Jewel.

- An increase of about 10% in health insurance premiums for full-time employees but a decrease of about 9% 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 FY2011.

Despite the virtual collapse of developmental revenues and sagging local sales tax revenues, the City Council has resisted the temptation to cashier its commitment to capital improvements to offset operational constraints. This commitment honors the deep community concern about failing streets, in particular. The ability to maintain this commitment is also based, in part, on prudent fiscal measures taken in years past to segregate capital funds from operational funds, and to appropriately match such funds with uses that reflect community expectations. In FY2011 the capital and special funds will remain balanced with appropriate reserves. Highlights of the FY11 capital program are listed below:

- A street maintenance program of \$1,275,000.
- The completion of the construction of a 1.5 million gallon elevated water storage tank at the Engh Farm for a bid price of \$2,990,000.
- The substantial completion of new sludge de-watering facilities at the Treatment Plant as part of Phase I: \$3,161,532 (see Fund 35).
- The construction of a new Police addition: \$3,225,000 (see Fund 34). It is estimated that about \$200,000 will be spent on this project in FY10.

The City's Water Impact Fee Fund and Sewer Impact Fee Fund have shouldered a very substantial portion of the financing of several big-ticket capital improvements noted above. For example, the Water Impact Fee Fund has funded 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 was tapped in 2009 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 headworks building. The Phase I construction in FY10 and FY11 focuses on the installation of mechanical systems to remove water from the sludge created in the wastewater treatment process. Crucial state assistance for the Phase I project was awarded in November, 2009 from the Illinois Environmental Protection Agency. The IEPA awarded a very generous, no-interest loan of \$4,129,899 and a grant of \$1,376,633. One-half of the grant and loan monies from the IEPA are funded by the federal American Recovery and Reinvestment Act of 2009.

City Council approval is recommended.

**B. Ordinance No. 2009.61—An Ordinance Amending Title 1, “Administration,” Chapter 10, “Personnel Rules,” of the City Code of the City of Sycamore to Authorize Non-Elective Positions for 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. 2009.62—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, 2010 and Ending on the Thirtieth Day of April, 2011. First and Second Reading.**

The FY2010-2011 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. Given the substantial shortfall in projected FY11 general revenues, the City Manager cannot recommend a one-time equity adjustment to resolve internal inequities or to bring the compensation of our management employees to at least the mid-level of comparable positions in our region. A summary of the most recent management pay survey, performed in the fall of 2008, is attached.

City Council approval is recommended.

**D. Ordinance No. 2009.63—An Ordinance Amending the Fiscal Year 2009-2010 Budget in the City of Sycamore, Illinois. 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 2009-2010 Budget by making the adjustments shown in the following table:

| <b>Account</b> | <b>Original \$</b> | <b>Amended \$</b> | <b>Note</b>                                                                  |
|----------------|--------------------|-------------------|------------------------------------------------------------------------------|
| 06-8331        | \$10,500           | \$36,000          | Police Addition Plan Sets                                                    |
| 06-8490        | \$22,000           | \$0               | Offset increase to 06-8331                                                   |
| 06-8625        | \$20,000           | \$16,500          | Offset increase to 06-8331                                                   |
| 10-8270        | \$4,000            | \$12,000          | Purchase of department’s reflective winter jackets                           |
| 10-8295        | \$1,000            | \$6,500           | Fund purchased equipment for department                                      |
| 10-8373        | \$7,500            | \$11,000          | Additional 2% spending authorized by board                                   |
| 15-8190        | \$312,000          | \$349,000         | Police pension payout increase                                               |
| 15-8342        | \$2,000            | \$3,500           | Increased compliance fee; actuary fee                                        |
| 16-8190        | \$215,000          | \$269,000         | Fire pension payout increases                                                |
| 22-8331        | \$20,000           | \$25,000          | Increase line-item to actual                                                 |
| 22-8343        | \$20,000           | \$15,000          | Offset increase to 22-8331                                                   |
| 22-8623        | \$0                | \$150,000         | Pappas grant                                                                 |
| 23-8185        | \$80,000           | \$220,000         | Seven long-term employee payouts plus military differential to two employees |
| 23-8331        | \$20,000           | \$27,200          | Increase line item to actual                                                 |

|         |           |             |                                               |
|---------|-----------|-------------|-----------------------------------------------|
| 23-3741 | \$100,000 | \$200,000   | Increased transfer to cover 23-8185           |
| 26-8342 | \$175     | \$350       | Increase to actual audit cost                 |
| 27-8342 | \$200     | \$350       | Increase to actual audit cost                 |
| 30-8637 | \$961,000 | \$1,028,000 | Increase to actual costs; revenues offset     |
| 34-8500 | \$0       | \$47,303    | Actual bond discount at settlement            |
| 34-8510 | \$0       | \$21,178    | Actual issue costs at settlement              |
| 35-3732 | \$0       | \$987,125   | EPA loan proceeds; revenues revised to actual |
| 35-8626 | \$0       | \$987,125   | Phase I WWTP expenditures equal revenues      |

City Council approval is recommended.

**E. Ordinance No. 2009.64—An Ordinance Amending Title 3, “Business and Licenses Regulation,” Chapter 2, “Liquor Control,” of the City Code of the City of Sycamore, Illinois to Revise the Conditions for Issuance of a Class “F” Liquor License. First and Second Reading.**

Liquor Commissioner and Mayor Ken Mundy proposes an ordinance revision in response to local business interest. Presently, there is one Class F liquor license in the City of Sycamore. A Class F license authorizes the retail sale of beer and wine from a food and fuel establishment.

When the liquor code was thoroughly revised in April 2003, one food and fuel establishment (the Marathon station on DeKalb Avenue) was legally selling packaged beer and wine and was “grandfathered” under a new “F” license. Under the revised liquor code provisions, no additional “F” licenses were permitted. The proposed change would remove the restriction on beer and wine package sales from food and fuel establishments under the following conditions:

1. the sale of beer and wine shall not be the principal product offered for sale;
2. the business shall have a minimum of one thousand (1,000) square feet of interior sales area;
3. Not more than 25% of the total square footage of the interior sales area may be dedicated to the sale of beer and wine;
4. Only persons twenty-one (21) years of age or older may sell beer and wine on the premises.
5. The annual fee for a Class F license shall be \$1,500.00, as at present.

City Council direction is requested.

**12. RESOLUTIONS**

**A. Resolution No. 536—Resolution Requesting the Approval of the Illinois Department of Transportation for Sanitary Sewer, Storm Sewer and Water Main Improvements within the Illinois Route 23 Right-of-Way.**

On March 15 the Council approved a contract for the installation of water, storm and sanitary sewer main extensions relating to the new water tower and proposed Well #10 on the Engh farmstead. IDOT must concur in the main crossings within their IL. Rt. 23 right-of-way. The attached resolution requests IDOT approval of this work.

City Council approval is recommended.

**B. Resolution No. 537—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 and upper limits on home prices are set each year and vary depending on the household size. The 2010 limits have not yet been set. In 2009 the upper income limit for a family of three or more in DeKalb County was \$103,800. For a household of one or two persons, the upper qualifying limit was \$89,040. In 2009, the upper limit on a new or an existing home was \$349,020 (see attachments).

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. With a mortgage credit certificate, the buyer can take 20% 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 as much as \$100 in additional income per month, at today’s average interest rate for a 30-year mortgage. Over the life of a 30-year loan, the buyer could save \$40,000 to \$45,000 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 2010, the City’s “authority” will likely remain \$85 per capita or \$1,263,610 based on a Census-based population of 14,866.** In 2011, the decennial census results will increase the City’s overall allocation.

Based on the average purchase price of \$173,756 for all homes--new and used—sold in Sycamore in 2009, and an average down payment of 20%, nine Sycamore families might qualify for significant mortgage loan assistance. Although the final 2009 reports have not been released by IHDA, we know of six (6) Sycamore families who participated in the program with mortgage loan amounts averaging \$143,774.

City Council approval is recommended.

**13. CONSIDERATIONS--None**

**14. OTHER NEW BUSINESS**

**15. APPOINTMENTS**

**16. ADJOURNMENT**