

SYCAMORE CITY COUNCIL
AGENDA
April 5, 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 March 15, 2010 and the Special City Council Meeting of March 17, 2010.
 - B. Payment of the Bills for April 5, 2010.
7. **PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
 - A. Proclamation declaring April 2010 as “National Life Month” in honor of Illinois organ donors.
 - B. Proclamation declaring April 21, 2010 as “Administrative Professionals Day” and April 18-24, 2010 as “Administrative Professionals Week.”
8. **REPORTS OF OFFICERS**
9. **REPORTS OF STANDING COMMITTEES**
10. **PUBLIC HEARINGS**
 - A. **Public Hearing on the Proposed FY2010-2011 City Budget.**

Pursuant to the direction of the City Council on March 17, the Annual Budget for Fiscal Year 2010-2011 that extends from May 1, 2010 through April 30, 2011 is presented for public comment. 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.

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 action on the proposed FY11 City Budget will occur on Monday, April 19.

11. ORDINANCES--None

12. RESOLUTIONS

A. Resolution No. 534—Resolution Opposing the Reduction of the Local Government Distributive Fund.

The attached resolution will be considered by Illinois Municipal League members this month as the state legislature considers various ways to offset an enormous state budget shortfall. On March 16, the Wall Street Journal reported that Illinois had the largest projected FY11 budget gap of any of the 50 states. The projected state shortfall is now \$12.8 million, which represents 34.3% of the state's projected FY11 operating budget.

Recently, high ranking state officials have suggested the legislature should withhold payment of 30 percent of the state-shared income tax revenues that are collected by the state department of revenue, deposited in the "local government distributive fund", then remitted to

municipalities on a per capita basis. Since 1991, 90 percent of the income tax collected from the state’s taxpayers have gone to the state and 10 percent has gone to Illinois municipalities in this fashion. In FY10, the average per capita share accruing to the advantage of the state’s municipalities was \$77.00. Governor Quinn has proposed reducing this local share by 23.10 per resident, which would equate to about a 30% reduction. The reported rationale is that municipal taxpayers have not sufficiently “shared the pain”. Municipal officials statewide strongly disagree. Local governments are obligated to balance their budgets and most, including the City of Sycamore, have made painful and unpopular decisions in recent years to dig deep into reserves, cut spending, and raise taxes to balance their budgets. In addition, municipalities are already impacted by state delays in remitting income tax proceeds. Such delays are now up to four months. State reductions in school aid, hospital reimbursements, economic attraction grants, and a wide range of previous spending commitments have led to local layoffs or reduced workforces, contributing to lower local tax income.

It is uncertain whether this proposal is intended to be a one-time or a permanent reduction. In any case, the City of Sycamore would see a reduction of \$343,405 in state-shared revenue in FY11 if this measure was approved by the state legislature.

City Council approval is recommended.

B. Resolution No. 535—Resolution for Maintenance of Streets and Highways Under the Illinois Highway Code.

The attached resolution allocates up to \$160,000 in motor fuel tax funds (Fund 7) for the milling and re-surfacing of a portion of IL Rt. 64 between Main Street and Sacramento Street this summer. The project would include the milling of about 2 inches of asphalt, followed by re-surfacing and thermoplastic striping. This project is contingent upon a matching state share of about \$150,000. If allocated, the outcome would be a fresher and brighter look to the downtown streetscape and a more inviting commercial retail corridor. It is not expected that the actual local expenditures will reach \$160,000. Bids for the project will be invited once the state funds are certain.

City Council approval is recommended.

13. CONSIDERATIONS

A. Consideration of an Administration Recommendation to Award the Contract for Sewer and Water Main Extensions at Lindgren Road to Wagner Excavating in the Amount of \$115,832.35.

In advance of the federally-funded realignment work that will occur at the intersection of Lindgren Road and Plank Road this summer, the City will extend water and sewer main stubs in the vicinity of the realigned roadway as the “local share” of the federal project. Specifically, the 10-inch water main on the west side of Plank Road at North Grove Road will be extended beneath Plank Road and terminate on the south side of the relocated Lindgren Road. The 18-inch sanitary sewer on the west side of Plank Road at North Grove Road will be extended eastward beneath Plank Road and terminate on the north side of the relocated Lindgren Road.

Bids were received on March 23 for this project, and the lowest responsible bidder was Wagner Excavating, in the amount of \$115,832.35. This work will be completed in April.

City Council approval is recommended.

B. Consideration of an Administration Request for a Closed Session to Review Closed Session Minutes.

14. OTHER NEW BUSINESS

15. APPOINTMENTS

16. ADJOURNMENT