

SYCAMORE CITY COUNCIL
AGENDA
October 21, 2002

City Council Committee Meeting

No Committee Meetings Are Scheduled.

On November 4, 2002 the Water and Sewer Committee will meet at 6:30 p.m. to review the current fee structure and the Streets and Walks Committee will meet at 7:00 p.m. to hear a report from the consultant Hampton, Lenzini, and Renwick about the progress of the planning and design work for the reconstruction of Bethany Road.

The full City Council will meet with the Plan Commission and Economic Development Commission on November 11 at 7:00 p.m. at the Sycamore Public Library to participate in an "image preference survey" conducted by Land Vision of St. Charles.

Regular City Council Meeting
7:30 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 of the Regular City Council Meeting of October 7, 2002;
 - B. Payment of the Bills for October 21, 2002.
 - C. Plan Commission Minutes for the Meeting of September 9, 2002.
- 7. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS.**
- 8. REPORTS OF OFFICERS**
- 9. REPORTS OF STANDING COMMITTEES**
- 10. PUBLIC HEARINGS--None**

11. ORDINANCES

A. Ordinance No. 2002.42—An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Ideal Industries for the Annexation of Property Located at 1020 West Prairie Drive In the City of Sycamore, Illinois. First and Second Reading.

On February 11, 1991 (Ordinance 90.41), the City of Sycamore and Ideal Industries, Inc. agreed that at any time within twenty years Ideal Industries could petition for the annexation of all or a portion of Tract 4 as depicted on the attached map. This 7.58 acre tract has frontage on Prairie Drive and according to the terms of the agreement of 1991 the area is to be zoned “M-2” Heavy Manufacturing.

The petitioner is interested in annexing about 6.484 acres of this area and intends to transfer ownership of the annexed parcel to an industrial building developer named Robert Loos. Mr. Loos in turn hopes to construct one or more buildings for sale or lease to small firms looking for an “incubator” for their expanding businesses. The attached annexation plat and legal description denote the 6.484-acre parcel.

The Plan Commission reviewed the annexation request on October 14 and recommended its approval by a vote of 10-0. City Council approval of the Plan Commission recommendation is requested.

B. Ordinance No. 2002.43—An Ordinance of Annexation for Property Known as 1020 West Prairie Drive in DeKalb County, Illinois. First and Second Reading.

If the City Council approves the annexation described above, the City Administrator recommends approval of the attached ordinance that references the final plat depicting the 6.484 acre area with proper easements and setbacks. The plat was reviewed by the Plan Commission on October 14 and the Commission unanimously (10-0) recommended its approval.

C. Ordinance No. 2002-44--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Ideal Industries For Certain Amendments to an Annexation Agreement Dated March 7, 1991 Relating to the Dedication of Borden Avenue and Permitted Encroachments Along the Street’s Right-Of-Way. First and Second Reading.

When Ideal Industries and the City of Sycamore struck an annexation agreement for the Sycamore Prairie Business Park in 1991 a right-of-way for Borden Avenue was established. At that time, Ideal Industries was considering demolishing the manufacturing building that still stands at the southwest corner of Park Avenue and Borden Avenue, so it was assumed that certain building appurtenances would be removed. These appurtenances include a hydrant, post indicator valves for the

adjacent building's sprinkler system, an air-handling unit attached to the building, and several steps leading into a side door. By the mid-1990's Ideal Industries had completed its plan for the business park and had decided to retain its manufacturing facility while consolidating its warehousing operations in an attached facility. That warehouse was opened earlier this calendar year. What about the appurtenances that were to be relocated? Over time a guardrail was erected that shields them from damage. Nevertheless, the annexation agreement still anticipates their relocation. The attached amendment would acknowledge the guardrail's existence and its sufficiency from the standpoint of public safety. The alternative of removing the guardrail and the appurtenances when there is no intention to widen the roadway would require considerable expense with no public benefit.

At the Plan Commission meeting of September 9, a recommendation concerning this matter was deferred so the City staff might clarify whether there would be any legal liability in allowing the aforesaid encroachments to remain. The City has adopted, by reference, the Illinois Department of Transportation's standards for the separation of guardrails from the nearest curb. As the attached graphic depicts, guardrails adjacent to mountable curbs may be as close as 10 feet from the face of the curb. The guardrail along Ideal's manufacturing facility is more than ten feet away. In addition, the curbing on Borden Avenue is of the barrier-type, which allows a further margin of protection. Finally, a hold harmless clause was added to the amendment to protect the City against liability for damage to property or person arising from the existence of the appurtenances.

The Plan Commission took this information into account at its regular meeting of October 14 and recommended the approval of the amendment by a vote of 10-0. City Council approval of the Plan Commission recommendation is requested.

D. Ordinance No. 2002.45--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of Stonebreaker Builders, LLC for an Amendment to an Annexation Agreement Dated June 30, 1999 Between B&B Development and Others and the City of Sycamore to Permit the Development of Townhouse Units on Property Located on the North Side of Peace Road and West of Frantum Road. First and Second Reading.

At its regular July meeting, the Plan Commission considered a concept plan presented by Ron Stonebreaker of Stonebreaker Builders for a townhome development for the "R-3" Multiple Family zoning in the Heron Creek planned development, north of Peace Road. This area was annexed and zoned in March of 1999 with a special use permit for attached townhomes. Mr. Stonebreaker's plan for "Stonegate" was formulated with the assistance of Land Vision's Dave Waden. At the July meeting, the Commission made suggestions regarding access, open space, parking, bikepaths, the view of the development from Peace Road, etc. Mr. Stonebreaker revised his plan accordingly and returned to the Commission on October 14 with a preliminary plan that featured the following:

- a) A 14.83 acre site, as in the concept plan;
- b) 130 units for a density of 8.76 dwelling units per gross acre, as in the concept plan;
- c) two private parks totaling .97 acres—a slightly higher total than in the concept plan;
- d) a publicly-dedicated east/west roadway of standard City design (66 foot right-of-way, 35 feet from back to back of curb) as in the concept plan;
- e) a reorientation of the buildings so the garages do not face Peace Road;
- f) additional guest parking of 113 spaces (versus 109 in the concept plan);
- g) a landscaped berm parallel with Peace Road.
- h) A widened (10-foot) sidewalk/bikepath on the south side of the public street.

Mr. Stonebreaker also provided elevation views of the townhouse buildings (attached).

At the Plan Commission meeting of October 14, the Commission made the following additional recommendations:

- ◆ the continuation of the 10-foot wide bikepath along the west side of Frantum Road to connect bicyclists moving along Stonegate Drive with the intersection at Peace Road. From there, the bicyclist will be able to pick up the bikepath on the south side of Peace Road that B&B Development will be installing.
- ◆ a variation in the configuration of guest parking for the visitor's convenience. The Commission proposed perpendicular parking behind the sidewalks on the southern edge of the two park spaces in place of the parallel spaces shown on the private drive, resulting in the net gain of about 17 off-street parking spaces. In addition, another six perpendicular spaces are to be added along the Com Ed easement south of Stonegate Drive, and about six perpendicular spaces along the easement north of Stonegate Drive.
- ◆ the continuation of Stonegate Drive's right-of-way to the west property line to avoid a "spite strip."
- ◆ a reference on the plat that there will be a 3-foot landscaped berm established on the south property line of the development with a mix of deciduous and coniferous trees planted 12 feet on center according to specifications approved by the City Engineer.
- ◆ The restriction of on-street parking on Stonegate Drive on the north side only.
- ◆ The installation of one light pole with a double globe in each of the two park spaces.
- ◆ The installation of crosswalks on Stonegate drive and across the private drive near the perpendicular parking spaces at each park.

Provided the foregoing changes were made to the developer's exhibits, the Plan Commission recommended the Council's approval of Mr. Stonebreaker's townhouse development by a vote of 10-0. City Council approval of the Plan Commission recommendation, with aforementioned conditions, is requested.

E. Ordinance No. 2002.46--An Ordinance Concerning the Recommendation of the Plan Commission With Regard to the Petition of AMC Builders for Approval of a Final Plat for The Townhomes of Townsend Woods. First and Second Reading.

On August 21, 2000 the City Council approved an amendment to the Townsend Woods annexation agreement to permit the development of 101 attached single-family townhouses on an 11.6-acre site that is parallel with, and immediately east of, the commercially-zoned frontage that extends from Maplewood Drive south to Mt. Hunger Road. The Council action also approved a special use permit for the attached townhomes and a preliminary plan. A copy of the approved preliminary plan is attached.

In the interim since the August 2000 Council action, the principals involved in the development firm have changed somewhat and their business has been focused elsewhere. Their business name has also changed to AMP Builders, Inc. The petitioner has presented a final plat that conforms with the conditions established by the preliminary plat for access, open space, right-of-way configuration, retention, utility easements, etc. The final plat does not depict actual units, and is not obligated to do so. The plat does establish the lot footprints which are consistent with the preliminary plat. When the townhouses are presented for building review, the plat officer can review and approve the common lot lines for such dwellings. For reference, the area of the plat will contain about 17 units.

The Plan Commission considered the final plat on October 14 and recommended its approval by a vote of 9-1. City Council approval of the Plan Commission recommendation is requested.

F. Ordinance No. 2002.47—Approving the Execution of an Agreement Between the City of Sycamore, Illinois and Henderson Building Corporation for the Purchase of Certain Property Known as the Henderson Building and Parking Lot in the City of Sycamore, Illinois. First and Second Reading.

The City of Sycamore and the Henderson Building Corporation have reached an understanding that would result in the City's purchase of the Henderson Building and parking lot. The terms of the tentative agreement are as follows:

- 1) the City will purchase the Henderson building for \$533,000;
- 2) the City will purchase the Henderson parking lot for \$265,000;
- 3) the seller shall obtain current ALTA surveys of the real properties performed by a licensed surveyor no later than 20 days following the execution of this agreement;

- 4) the seller shall obtain a title commitment for the properties that insures the properties over all title exceptions for the full amount of the purchase price;
- 5) the properties shall be delivered to the City on the closing date, and shall be free of any portable personal property such as equipment or display cases or other items that were once fixtures in the Henderson department store.
- 6) The seller will receive payment in two installments, including a payment of \$250,000 at closing and the balance after January 1.

City Council approval is recommended.

For the general public to appreciate the thinking behind this proposal it is important to note that the recent negotiations for the Henderson properties followed a more general staff analysis of various options to address a shortage of administrative and meeting space in City Hall, as well as cramped quarters for the Fire and Police departments. Initially, the staff focused upon a better space to hold our Council meetings—one that would be inviting for the public and hold at least 100 seats beyond those used by the staff and media. Before long, other issues broadened the scope of the research, including how we will deal with the need for separate and equal restroom facilities for female firefighters and police officers; how we will provide more optimal office space for the fire chief and his secretary; how we can find space for an office for the mayor; what we can do with the Police department rooms once the dispatch center is closed; how we will create space for new staff as we grow over time; etc. Further, the more these challenges were considered, the more we were drawn to finding a solution that would not be a quick fix, but would accommodate logical space requirements for a generation at least.

As always, money was an issue. We looked at this topic with an awareness that we should try to avoid doing something that will be undone or duplicated later. The bigger financial question was what we could afford for new space, and what we should spend on new municipal space given our infrastructure needs and priorities.

Three options were explored in depth and are detailed below for public review.

- A. Remodel and Add to City Hall. Sketches were prepared outlining two additions. One would primarily lay up from the rear of the Fire department's apparatus bay, but would also include a narrower two-story addition alongside. This option included an addition over the Police department on the west side of the building to expand our administrative space, add an elevator, and to create a sally port for the Police department. These additions would not be sprinklered—a matter that needed some further research because the construction type might no longer afford an "unlimited area" that does not need to be sprinklered.

Estimated Cost: \$860,000.

Pros:

- ◆ The least expensive of the options.
- ◆ Addressed longstanding ADA issues.
- ◆ Offered office space that would allow our administrative offices to move from the first and lower floors to the upper floor.
- ◆ Created a new Council room with adequate space for public participation.
- ◆ Created a sally port for the more secure movement of prisoners from Police vehicles to interior spaces.

Cons:

- ◆ Traffic movements and parking on the west end of the building would have to change around the sally port.
- ◆ Did not anticipate the Fire Department's logical sprawl through the present Engineering and Building offices to create space in the Fire quarters for a female washroom and related space. The Fire Department is also eyeing the present Council Chambers for a training center where it could display a variety of training paraphernalia. The department presently uses the Council room and removes any trace of its presence after each session. An alternative space could be created in several of the abandoned Street Division garage bays, but some substantial remodeling would be necessary.
- ◆ Might create an architectural anomaly overall.
- ◆ Would likely exhaust the present site's capacity for future and unforeseen space needs.
- ◆ The cost estimate did not include upgrades to upper floor restrooms; HVAC in existing spaces (e.g. City Administrator's office; Fire Chief's Office; front lobby); etc.
- ◆ The projected cost was thin regarding the interior structural changes to help the elevator serve all floors.
- ◆ The construction and remodeling would be very disruptive to employees and visitors to the building. During construction, parking would largely disappear due to construction vehicles and materials and equipment. Also, the dust and noise would almost certainly create personnel issues.

- B. Build a New City Hall on a Remote Site. The logical sites are at the periphery of our corporate limits where bare ground is available (e.g. off Peace Road; in the Sycamore Prairie Business Park; on a Monsanto parcel; etc.)

Estimated Cost: \$1,780,000 plus land acquisition.

Pros:

- ◆ Adequately addresses our space needs for thirty years or more.
- ◆ Would provide new mechanical, electrical, and plumbing features that are efficient and environmentally sound.

- ◆ Would presumably present an architectural appearance that makes a statement for our town.

Cons:

- ◆ The most expensive option when land acquisition is included. Commercial frontage on Peace Road, Rt. 23, or Rt. 64 is going at \$5 to \$10 per square foot, or \$220,000 to \$435,600 per acre. The City's interest would likely drive up the price to the higher end of the range.
- ◆ Removes City Hall from the downtown area. Our location is both practical and symbolic in this respect.
- ◆ Makes the administrative offices more remote from other City departments and facilities.
- ◆ Was probably unaffordable in terms of City funding. To address this problem, we considered partnering with a private firm to create an office complex that might deflate some of the land development and building costs. However, this introduced other issues such as who or what would be a compatible use. No ready and willing partners were identified.

- C. Purchase and Remodel the Henderson Building. When we first explored the possibility of a purchase with Jerry Henderson at mid-summer, Mr. Henderson informed us that the architectural firm that prepared the plans for the store's thorough remodeling in 1978-1979 probably still had as-built plans. We soon discovered this was the case, which made the creation of concept plans and cost estimates much less expensive and time-consuming. We opened a dialogue with the architectural firm (Marshall Architects in St. Charles) and asked them to draw some conceptual floor plans for further review. For the purpose of pricing this option, we assumed the leasing of the basement and third floors, and assumed that the leasehold improvements (office partitions and fixed equipment other than restrooms; window treatments; flooring and lighting needs; etc.) would be the responsibility of the tenants. We also assumed that considerable space would remain on the tax roles, so long as it served for-profit businesses or organizations. The City has had constructive conversations with one interested prospect for the third floor, but is not at liberty to discuss the direction or details of that ongoing conversation at this time.

In arriving at a price for this option, a number of contractors were taken through the space to nail down costs for some major features such as the HVAC and the plumbing. The plumbing additions and alterations included new handicap-accessible restrooms that were in the architect's concept plans, as well as separate men's and women's restrooms on the third floor to serve a limited number of people in office suites, i.e. one stool and lav in the women's restroom and one stool, a urinal, and a lav in the men's restroom. The HVAC estimate assumed new units to serve the basement and first floor. It was felt that the second and third floor units were re-usable.

Another firm gave us a price on replacing all of the glazing on the three floors with insulated glass, color trim pieces, and new doors and vestibules. The roof estimate was a contractor's price as well. A budget for "General Conditions" was added to include demolition, carpentry, dry wall, flooring, fire protection (the building is already sprinklered), minimal tuckpointing, repair of the exterior fire stair, etc.

Estimated Cost: \$767,500 plus land acquisition.

Pros:

- ◆ The building has space to accommodate the City's administrative functions indefinitely. Two whole floors would be usable at some future date.
- ◆ It would ensure a higher level of foot traffic in the heart of the downtown. Such a move would be in line with what we have said, and likely will say, in our Comprehensive Plan about our commitment to a vital downtown area and community development.
- ◆ It would incorporate a continuing rental income stream to offset operating costs, unlike the other options.
- ◆ The possibility of a retail presence on the first floor would freshen the choices in the downtown area. We would be in the unique position of picking retail goods that are not presently available in the downtown or the area (e.g. business wear and higher end women's and men's clothing that local shoppers have to leave town to purchase).
- ◆ A number of City services often used by the general public would be more accessible because of the new parking lot and adjacent on-street parking stalls. The present City Hall parking layout does not invite quick stops to the City Clerk's office or Finance office.
- ◆ We would revive one of the downtown's anchor locations and restore about 7700 square feet to the tax rolls.
- ◆ The historic building facades with new glazing would have a dramatic presentation that could not be matched by new construction at the same cost.
- ◆ The removal of administrative offices from the current City Hall would permit the creation of a public safety building that might more effectively serve the Fire and Police functions if not broken up with unrelated offices.
- ◆ The addition of a new parking lot will be a further welcome mat to shoppers in the downtown.

Cons:

- ◆ Some will argue that we should not take over so much former retail space. This argument does not account for the lack of commercial retail interest in the building during the past two years. The interest that has surfaced through commercial brokers has been linked with demands for substantial City incentives to help with the re-configuration of the Henderson building space.
- ◆ Old buildings bring surprises. The cost of the "General Conditions" is hard to test without going to bid.

- ◆ We did not have an MAI appraisal of the Henderson properties that would help us arrive at a fair market price. This objection is a bit academic. The market price for this unique building was always likely to be set by the buyer and seller.

Excluded: None of the three options had allowances for new furniture, window treatments, speaker systems, or any extras. We assumed that these costs were roughly equal in each of the options. It was also assumed that we would use current City personnel to do the moving. Architectural and engineering costs would be minimal since we would likely solicit design/bid proposals as we did with the new public works building. It should also be noted that with respect to the remodeling of the present City Hall we did not include costs for the remodeling of existing Fire and Police spaces. Such costs are partly funded by the 2002 Bond and the balance would need to be funded out of annual departmental allocations.

Financing the Options

Our analysis of the funding options was as follows:

- FY02 Surplus. Looking simply at the surplus from FY02, when we deduct some other uses such as the proposed revolving loan fund (\$50,000); our share of the central dispatch capital improvements (\$135,000: \$75,000 to the Sheriff's department for console upgrades and \$60,000 for our in-house records system); and unexpectedly high increases in our health insurance premiums (\$100,000), we will still have \$574,145 over and above what we thought we would have last spring.
- General Fund Reserve. The reserve is our retained earnings or what we agree to set aside for fiduciary and emergency purposes each year. Provided that each fiscal year ends in the black, the reserve will grow each year. In the last four years, the reserve has grown from \$421,479 to \$3,905,385. There are no mysteries behind this progress. The Council has been very conservative in estimating our revenues with the result that our revenues have exceeded expectations in each of those years. At the same time, the departments have been very frugal in their spending, holding back on non-essential expenditures in the last quarter of each fiscal year. Three objectives have been served by this fiscal prudence: (1) we have established ample reserves to impress rating agencies with our conservative fiscal inclinations, improving our chances of upgrades in our bond ratings and thus cheaper borrowing costs; (2) we have finally established sufficient reserves to cover all our accrued leave balances (\$1,470,303 as of May 1, 2002); and (3) we have retained sufficient earnings to afford substantial public building improvements without competing with other capital dollars committed to neighborhood infrastructure improvements.

With no further expenditures from the FY02 surplus beyond what is described in (a), above, our overall fund balance would be \$3,541,491. That is 46% of our FY03 General Fund budget. There is no bright line test for the size of a

responsible reserve. Most not-for-profits aim for the equivalent of one quarter's expenses (25%). If we were willing to dip into our reserve to that extent, we would have a reserve of \$1,909,048. The staff recommendation for a working budget is more conservative and suggests leaving a reserve of at least \$2 million or 26% of our projected FY03 expenses.

- (c) Other Sources. The Sales Tax Distributive Fund provides a source for one-time capital expenses that grows at a pace of \$25,000 per month. Some portion of the balance in this fund has been mentioned as a potential funding source if the City and Midwest Museum Board and Park District reach a consensus about further City support for the renovation of the Community Center beyond the assistance previously voted for the roofing repairs. The fund currently has about \$373,000 in it. By the spring of 2003, when most of the expenditures for Henderson building improvements would be incurred, the fund will have over \$525,000 in it. The use of any portion of this fund's balance would diminish the need to tap the General Fund reserve on a dollar for dollar basis.

The project budget for the acquisition of the Henderson properties and the remodeling of the Henderson building is \$1.6 million.

The City Administrator recommends City Council approval of this ordinance. The contract has been drafted by City Attorney Peter Smith and is undergoing some changes at this writing to satisfy both parties. A revised copy will be circulated for the Council's review under separate cover and copies will be available at the meeting for public scrutiny.

12. RESOLUTIONS

A. Resolution No. 421—Adopting Specifications for Informational Signs in Public Rights of Way.

At the Streets and Walks Committee meeting of October 7, the Committee considered the IDOT regulations for informational signs as a model for local practice. The attached guidelines represent a synthesis of the state rules with a number of local variations, such as references to certain locations where different types of informational signs may be posted in Sycamore; more detail about who pays for such signs; and clear direction about the duration of such signage.

City Council approval is recommended.

13. CONSIDERATIONS

A. Consideration of a Report on Recent Tourism Initiatives from Rose Trembl, Executive Director of the Sycamore Chamber of Commerce.

As prescribed by our agreement with the Sycamore Chamber, Rose Trembl will provide the second quarterly report of the fiscal year concerning Chamber activities. The attached written report on Discover Group activities is one of two required by our contract with the Chamber.

Ms. Treml has been attending Council meetings to report to her membership on Council decisions. Since she has not been formally introduced to the Council, a few biographical notes may be useful. Ms. Treml took over Tami Armstrong's position on August 8. She was previously employed as the Director of Event Marketing for the Geneva Chamber of Commerce, and prior to that she worked in marketing positions with the Kane County Cougars and the Charlestown Mall. Ms. Treml earned her bachelor's degree at Southern Illinois University. She resides in Sycamore with her husband and two children.

B. Consideration of the City of Sycamore's Financial Statements for FY2001-2002, Including the Independent Auditor's Report.

Carla Miller and her audit team from Clifton Gunderson have completed the audited financial statements for the City of Sycamore as of April 30, 2002 together with the independent auditor's report. These documents have been circulated under separate cover. Several features are noteworthy:

1. the ending balances of all funds as of April 30, 2002 were positive. In the Notes to the General Financial Statements (p.31) it is stated that the Employee Benefit Fund, with an authorized budget of \$100,000, spent \$100,035 in support of the General Fund's health insurance obligations. This is in error. The actual FY02 expenditures were \$99,792.87.
2. The best news was the ending balance of the General Fund. As of April 30, 2002 the General Fund reserve \$3,905,385. This amount substantially exceeded expectations owing to cautious spending in the context of dismal economic predictions. We also experienced revenues that exceeded our cautious predictions when the FY02 budget was prepared early in the recession of 2001. The General Fund ending balance represents 51% of the planned FY03 expenditures.
3. The Water Fund ended FY01-02 with an operating surplus of \$20,044 and a reserve of \$744,088. The small surplus was owing to the necessary use of all contingency monies to replace the pump at Well #7.
4. The Sewer Fund ended FY01-02 with an operating surplus of \$239,719 and a reserve of \$3,155,134.
5. In the Independent Auditor's Report it was noted that the City has not yet complied with the guidelines established by the Government Accounting Standards Board (GASB 34) for calculating and depreciating the cost of public improvements, infrastructure, and property in general. The deadline for the completion of this transition is FY04. Historically, governments have not reported or depreciated these assets in financial statements, as many private companies do. To date, the Finance office has inventoried City property and has adopted a methodology for the annual assessment of its fixed assets. The remaining tasks will be satisfactorily completed by April 30, 2003.
6. The Auditor's report also takes exception to the practices developed with the assistance of Siepert & Co. over previous fiscal years to

address the need to segregate duties over accounting transactions in the area of water billing. Due to a shortage in staff, the same clerk receives payments for water and sewer usage, enters the payment amounts in the utility billing module, and sends raw daily totals on calculator tapes to the Finance office for posting in the General Ledger. Siepert & Co. had previously identified the main opportunity for fraud in the registering of changes to receivables, as in the case of a user who pays only a portion of a bill. To address the theoretical possibility that a clerk might pocket an overpayment or a partial payment and then clear any amount owing in the computer files, Siepert & Co. had required the Water Superintendent to review, on a timely basis, any computer entries showing payments above or below the billed amounts on a timely basis. Clifton Gunderson believes a more conventional solution is warranted and urges the City to purchase and install a new utility billing module that is wired with the Finance Office, and which reconciles errors or irregularities electronically. The purchase of new accounting software is an FY03 goal and will be funded by a portion of the 2002 Bond proceeds.

C. Consideration of a Public Works Department Recommendation to Purchase a New Snow Blower from Bonnell Industries in the Amount of \$51,825.

The Public Works department recently solicited bids for a new snow blower to replace the 1958 model that has heretofore served the City. It should be noted that the 1958 snow blower was purchased in a used condition. This purchase was anticipated when the 2002 Bond was floated last spring. At that time, a budget estimate for the purchase was \$60,000.

Two bids were submitted on October 9: one from Bonnell Industries and one from Standard Equipment. The Standard bid was inferior to the bid specifications with respect to blower width, blower capacity, horsepower rating, and warranty, which explains the firm's lower price (see the attached memorandum from Fred Busse). Superintendent Busse recommends the award of the contract to Bonnell Industries in the amount of \$51,825.

City Council approval is recommended.

D. Consideration of an Administration Recommendation for a Closed Session to Discuss Personnel Matters.

14. APPOINTMENTS

15. ADJOURNMENT

