

TO: The Sycamore Plan Commission

FROM: Bill Nicklas
City Manager

DATE: April 6, 2005

RE: April 11, 2005 Plan Commission Meeting

The Plan Commission has four action items and two workshop items on its agenda.

I Action Items

A. Consideration of the Final Plat for Grandview Townhouse Unit Three.

In February 2001 the City Council annexed an 18-acre parcel owned by Milan Krpan and approved the development of Phase III of the Grand View Townhouse Planned Unit Development. The development plan included 74 townhouses at a gross density of 4.17 units per acre.

The attached plat shows two lots and the private streets serving the townhouses. As each townhouse lot is platted for sale in fee simple, the plat officer reviews the layout and either recommends changes or recommends recording as presented.

A favorable Plan Commission recommendation is requested.

B. Consideration of the Final Plat for Phase 3 of the Townhomes of Townsend Woods Planned Unit Development.

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.

On October 21, 2002 the Council approved the final plat for the first phase which contained about 23 units in five buildings. On November 17, 2003 the Council

approved the final plat for a second phase that consisted of about 39 units. AMP Builders has now submitted a final plat (attached) depicting a third and final phase of the townhome development which will include about 39 units.

A favorable Plan Commission recommendation is requested.

C. Consideration of the Final Plat for Unit One of the Sycamore Creek Planned Unit Development.

On August 5, 2002 the City Council unanimously approved the annexation of the 220.21 acre Sycamore Creek Planned Unit Development. This development was unique for a number of firsts:

1. it set aside 15.12 acres for an elementary school site.
2. it donated an additional 8 acres to the School District as a “development credit.”
3. it offered a “voluntary” contribution of \$1,500 per lot over and above the required impact fee, to be paid at the time of permitting. This would yield the School District an estimated \$528,000 over the build-out of the subdivision, which in turn would offset the “credit” typically owed the developer for the price of the land dedicated for the school at \$75,000 per acre. The credit in this case would have been about \$525,000.

The overall development area has the following features:

Single-Family Homes	95.13 Acres
Private Park, Detention & Conservation Areas	52 Acres
Public Park Area	7.12 Acres
School Dedication	15.12 Acres
Bike Pathways	2.88 Acres
Townhouse Area	4.09 Acres
Public Road Right of Way	43.87 Acres
Total	220.21 Acres

With the school dedication, the overall density of the development plan is 1.63 units per gross acre. It is estimated that an average of 45-50 house lots will be sold each year. These home permits are counted in the School District’s “Development Notebook” and in the City’s “timeline” for development (see attached). At the time of the annexation, the developer—B&B Development LP of St. Charles--volunteered to delay any development of lots until 2005.

The attached plat is the first final plat for this development. It comprises about one-third of the overall development site. A total of 101 of the planned 352 single family house lots are shown on the plat, as well as the large central public park and a considerable share of the overall detention facilities. B&B Development is presently in negotiation with the Herst family concerning the right-of-way for the Lindgren Road realignment with the extension of North Grove Road to the west. According to

the annexation agreement, the City is obligated to use its eminent domain powers to secure the right-of-way should private negotiations fail. B&B Development plans to secure the right-of-way and build the realignment in the 2005 calendar year.

City Engineer John Brady has reviewed the plat and finds it in conformance with the City's codes and ordinances. A favorable Plan Commission recommendation is requested.

D. Consideration of the Unified Development Ordinance.

The adoption of the DeKalb County Unified Comprehensive Plan in January 2004 was the prelude to further initiatives by the County's individual municipalities in merging their planning, zoning, and development regulations into a uniform text. Land Vision, Inc., the planning firm that assisted County municipalities in their preparation of new or revised comprehensive plans in 2003, prepared a model format for such development texts. This format was not binding, but represented a synthesis of many different approaches taken by cities across the country, as well as unique regulatory initiatives reported in planning journals in recent years. The City staff reviewed this model and, with the cooperation of the Plan Commission, Zoning Board, and DeKalb County Building & Development Association, has creatively adapted it to the unique documentary record that has long been the corpus of Sycamore's development guidelines. Such guidelines are presently incorporated in the Zoning Code and a variety of specific development regulations in the City Code that affect the installation of public infrastructure.

Plan Commission members received a first and incomplete draft of a "City of Sycamore Unified Development Ordinance" on March 8, 2004. The first in-depth discussion by the Commission occurred on April 12, 2004 and additional discussion occurred at six other Commission meetings in 2004 and early 2005. The revised text is now presented in a formal fashion for Commission review and action. The key features of the proposed Unified Development Ordinance ("UDO") are as follows:

- A compilation of the City's zoning, development, and subdivision regulations in one text;
- A new format for the identification of allowable uses in the various zoning districts (Chapter 5). Presently, the pyramiding of allowable uses from zoning district to zoning district requires the user to leaf through dozens of pages to find the first reference to a use, and whether or not it is a permitted or special use. In the UDO, all allowable uses are identified in Table 5.3.1 (pages 118-128).
- A new format for the identification of required parking per use group. The UDO provides a table of parking requirements (pages 193-198).
- New formats for the identification of allowable signs. New tables (pages 211 and 220) indicate more clearly where certain types of signs are legal, and the allowable sign areas in each zoning district.
- New landscaping regulations. Presently, the Zoning Code's landscape requirements (Article 12.07) primarily lay out screening requirements around commercial parking areas. The new landscape requirements

(Article 6.6, pages 168-182) presume much more “green” in the interior of large parking lots, and more detail about buffer areas between dissimilar use groups. They also define higher expectations for visibility around plantings near intersections (see page 172).

- A concise presentation of the School, Park District, and Library impact fees in one place (Article 6.11; pages 244-252).
- A distillation and more concise presentation of the storm water (Section 6.12.1), sanitary sewer (Section 6.12.2), and water distribution system (Section 6.12.3) design and construction standards (see pages 253-262).
- A more economical presentation of the design and construction standards for streets and sidewalks than the multiple locations for such standards presently in the City Code (see Section 6.12.4; pages 262-269).

Sometime in this calendar year a county-wide “Model Stormwater Management Ordinance” will be adopted by the City of Sycamore, the City of DeKalb, the County of DeKalb, and the Town of Cortland to meet the state’s NPDES Phase II requirements for detention, erosion control, floodway management and other considerations. NPDES is an acronym for “National Pollutant Discharge Elimination System.” Phase II is focused on runoff from city streets, parking lots and construction sites that can wash sediment, oil, grease, and other pollutants to nearby storm drains and, ultimately, regional waterways. When this model ordinance is adopted, it will become an addendum to Sycamore’s UDO. Where there is any conflict between the two sets of stormwater codes, the regulation with the more stringent impact will prevail.

A favorable Plan Commission recommendation is requested.

II Workshop Items

A. Consideration of a Concept Plan for the Development of the Carls Farm Property on Airport Road.

Steve Woodrick, a local resident and previously a practicing dentist in Sycamore, has an option to purchase the Carls Farm south of IL Rt. 64 and east of Airport Road. The Commission will recall that at the February 2005 Commission Meeting the Carls Trust requested a judgment about the possibility of developing the farm for other than recreational park purposes, as the City’s Comp Plan and Land Use Map propose. At that time, Commissioner Steczo requested an opportunity to review this concept with the Sycamore Park Board and the Commission supported this request. The April Plan Commission meeting was set as the next opportunity for a Commission review of the concept of some sort of development on the farm parcel. In the interim, Mr. Woodrick has secured an option to purchase the property for residential purposes. He has submitted a concept plan (see attached) to illustrate the land use he would like to develop (attached townhouses).

Mr. Woodrick is aware that the question of the appropriate land use for the Carls property must be answered before any serious consideration of his concept plan for

development. The question then before the Commission is the same as that posed in February: shall the Carls farm be developed for other than recreational purposes defined by the Sycamore Park District? If the Commission consensus is “yes,” then this departure from the Comp Plan will lead to further discussion about the desired land use, density, access, etc.

Plan Commission direction is requested.

B. Consideration of the Community Fiscal Impact Study Prepared by the Center for Governmental Studies.

At the regular City Council meeting of August 2, 2004 the Council directed the City Manager to request proposals from qualified consulting firms to complete a community fiscal impact study assessing the combined impact of residential, commercial and industrial development on the fiscal health of the City of Sycamore, Sycamore Community Unit School District #427, the Sycamore Park District, and the Sycamore Public Library. Only one response was received, that being the response of the NIU Center for Governmental Studies. The Center (“CGS”) proposed to complete the study for a cost of \$39,500. At the Council meeting of September 20, 2004 the City Manager was authorized to enter a contract with CGS in that amount to complete the fiscal study. On March 4, 2005 the Center submitted the first complete draft of the community fiscal impact study to the City manager. The study was completed by Roger Dahlstrom with the assistance of Theresa Wittenauer and other CGS staff. After minor revisions, the study was presented in final form to the Council for review on March 21. Following the formal presentation to the City Council, copies of the study were hand-delivered on March 22 by the City Manager to the administrators of the other participating taxing bodies for review and comment. It should be noted that each taxing body involved in the study was approached at an early stage for copies of their annual budgets, any long-range planning documents that might inform the study, and a variety of statistical data that would be instrumental to a clear understanding of each taxing body’s principal revenues and expenditures.

The study’s time line was for ten years beginning in 2005. From the standpoint of revenues, each of the participating taxing bodies is dependent, to a varying extent, on real estate tax revenues generated by land development. In the case of the School District and the Park District, which are subject to tax caps, appropriate adjustments were made to projected property tax revenues within the constraints of PTELL legislation. It should also be noted that since both revenues and expenditures were projected over a ten-year period, adjustments were made in the fiscal impact analysis for the time value of money. A net present value calculation using a discount rate of 5% was chosen for the report.

Finally, the fiscal impact of development on capital and operating budgets was considered.

The study is broken down into several sections. Section 1 (pages 3-11) provides general background on the principal revenues and expenditures for each participating

taxing body. Section 2 (pages 12-14) assesses the impact of “active development.” This means the predominantly residential development presently unfolding within the city limits. Section 3 (pages 15-19) assesses the fiscal impact of “combined development” which includes the “active” development under way in 2005 and projected or future development from 2005 through 2014 based on the City’s 2003 Comprehensive Plan. This section utilizes the Fiscal Impact Land Use Model (FILUM) to create the vital linkage between fiscal analysis and land use planning. The land use projections for this section are based on a land use capacity model that is closely tied to the land use designations in the 2003 Comp Plan and the Council’s recent regulations to control the pace of residential growth (much of the “active” development is not controlled by such regulations). In addition, looking forward, it is assumed that the City will make annexation decisions that “cap” the annual absorption of “regulated” developments at 250 dwelling units per year in years 5 through 10 (2010 through 2014), or in the period when the unregulated residential development shall have been absorbed.

The text of the study and its related tables should be read in its entirety and at several sittings to appreciate the sophistication of the technical analysis. Nevertheless, it may be useful to highlight a number of the leading conclusions about “combined” development as greater commercial and industrial development is absorbed in future years. The key study findings are as follows:

The City:

- a. It is assumed that current market demand and City land use policies will continue through the 10-year projection period. The commercial component of future development is projected in waves in years 3, 6, and 9 in response to continuing residential development. Office/research and industrial development is expected to build out at a uniform rate based on a strong City policy orientation to promote industrial development and the available land for such development.
- b. The current estimate of City population is estimated to be 14,354; the prevailing per capita cost for residential development is estimated to be \$895. The cost to serve non-residential development is expressed on a per-acre basis because of the markedly reduced demand for services.
- c. Year-to-year there will be variations in the fiscal impact balance for the City, primarily as a result of the relative balance between ongoing revenues (such as property taxes) and one-time revenues (such as annexation fees).
- d. Based on these assumptions, the net present value of the revenue/cost balance for the City is positive at \$2,922,445.

The Sycamore School District:

- a. The study assumes that future residential annexations by the City will yield at least a \$1,000 “voluntary” contribution per dwelling unit in addition to impact

fees as they may be revised from time to time (the study suggests every 3-5 years. See page 10).

b. In calculating capital costs, the cost of acquiring school sites is not included. The District already has dedicated land for future school sites.

c. It is assumed that some dwelling units provide a net positive impact considering their estimated values and probable demographic profiles. Examples include “active adult” units as well as estate-sized homes generating disproportionate property tax revenues.

d. The estimated service cost per student is assumed to be \$7,581.57.

e. Based on the assumptions in “a” through “d”, above; the continuation of current City permit regulation policies; the build-out in acres for the various commercial, residential and industrial land uses in the 2003 Comp Plan; *and no change in the basis of school funding at the state level*; the net present value of the District’s revenue/cost balance will be negative at \$8,469,503 over the ten year projection period. However, the study makes it clear that the development of commercial and industrial property has a profoundly positive impact on the School District. If no additional commercial or industrial development were to occur in the next ten years, and residential development was to occur as projected in the 2003 City plan, the District would see a negative net present balance of \$18,906,712.

The Sycamore Park District:

a. Projected costs are based on assumptions about the development of new park facilities as outlined in the District’s most recent comprehensive planning document. The estimated service cost per capita is \$108.98.

b. Based on this assumption, the net present value of the revenue/cost balance is positive at \$1,293,057 over the ten year projection period.

The Sycamore Public Library:

a. The Library’s property tax rate along with periodic increases in user fees will offset any growth in demand for services as the City’s population grows. In other words, it is assumed that Library levies can rise incrementally on an annual basis, but not so much as to increase the tax rate.

b. The estimated service cost per capita is \$47.20.

c. Based on these assumptions, the net present value of the revenue/cost balance is positive at \$1,780,215 over the ten year projection period.

General Study Conclusions:

a. New housing is contributing more than existing housing to the funding of public services from the standpoint of new home values and the resulting tax contributions. For example, the average price of all homes sold in Sycamore in November 2004 was \$200,877. That figure is 61% of the estimated average or mean value (\$331,429) of new detached single family homes in active development in the City.

b. A comprehensive fiscal impact study of the kind completed by Mr. Dahlstrom and his associates is more meaningful than the development-by-development studies completed by City staff in recent years. The individualized studies do not account adequately for the fiscal impact of the community's changing tax base, or its mix of residential, commercial and industrial uses. The present study can be reviewed every few years to account for any change in the key revenue/cost variables.

c. Absolute fiscal impact should not be used as the only, or even the primary, measurement of the relative desirability of land development. As a place to live, shop, work and recreate, Sycamore has arguably become a more interesting and diverse community as a result of recent growth.

Policy Implications

The foregoing report summarizes the CGS findings and methodology. Are there any other questions to ask or issues to consider? Yes. The principal question is what have we learned about recent growth that can be of use when the Plan Commission next considers a residential annexation? This was the question under consideration by the Sycamore Plan Commission and the Council when the fiscal study was recommended by the Council in August 2004. Another question is: what policy changes should be considered on the basis of the findings of this study?

If we accept the findings of the CGS study, we can assume that the projected commercial and industrial growth anticipated in the Comp Plan will offset any fiscal challenges posed by residential development for the City, the Park District, and the Library. What will it take to balance the equation for the School District? It appears that the issue for the School District is not on the capital side. At the current level of impact fees, and with no increase in the District's bond or debt service rate (currently around \$.82 per \$100 EAV), a 4-bedroom home priced above \$275,000 would likely break even over a ten-year period (see the attached staff scenarios). The key public policy question regarding the School District's capital side is: how does the community pay for a new school or school additions without a significant rise in the District's debt service rate? The last edition of the Board of Education's Development Handbook suggests the need for one elementary school in the northeast quadrant, most likely in the Sycamore Creek Phase I subdivision at Lindgren and Plank Roads, that would be open by 2009. Whether additional elementary school space will be

needed beyond the new school in the northeast quadrant will depend upon future annexation decisions. What the District may need on the southeast side is more dependent on the Town of Cortland's growth than the City of Sycamore's growth. The District's assessment of need is ongoing, but a binding, negotiated agreement between the District and Cortland regarding the pace of future residential growth has merit.

Can we continue to gradually lower Sycamore's aggregate property tax rate while embarking on a school building program in 2008? The answer is likely "yes" on the capital side. At today's bond prices, the annual debt service on a \$5 million bond for a new elementary school at 4.5% for 15 years is about \$450,000, and the School impact fee revenue from all housing units in Sycamore in 2004 was about \$900,000 to \$1,000,000. So, excluding the new property tax revenue, the new housing in 2004 contributed about an extra \$450,000 to \$500,000 for capital needs other than those tied to a new school.

What about the operating side of the School equation? The CGS study reports a net imbalance of \$8,469,503 over the period 2005 to 2015. At the 2004 enrollment level, this would be a funding shortfall of \$2,777 per student (\$8,469,503/3050). The study assumes that regulated growth in the period 2010-2015 will level out at about 250 units per year and allows for new annexations that yield such a pace of new housing. The study also assumes that all new annexations would donate a "voluntary" contribution of \$1,000 per unit. The issue then is: where does the District find the "shortfall" of \$2,777?

This extrapolation suggests certain policy questions:

1. Is it fair to ask each new unit in new subdivisions to cover the developer's "opportunity cost" (i.e. \$2,777 per new student) when existing homes are not generating any additional "voluntary" fees (or impact fees), and a significant proportion of school children reside in the existing housing stock? What would be a fair "voluntary" contribution from a residential developer for each new proposed housing unit? If we can cover the capital cost of a new school building should we consider a referendum to juggle the relative levels of the education fund levy and B&I levy to bring in more operating revenue? Shall we impose a real estate transfer fee on all home closings to pick up revenue from existing housing, and adjust the impact fee schedule by a pro rata amount so the new housing does not pay thrice (i.e. property tax, impact fees, transfer fees)?

Since January of 2004, the City's building department has surveyed homebuyers and renters on the eve of occupancy of new housing units to determine the number of school-aged children moving into the new homes, whether a detached house, a townhouse, a condo or an apartment (see the attached survey form). The completion of this form became a requirement of temporary occupancy on June 1, 2004. Discounting the several dozen homebuyers or renters who did not complete the form in the period March-June of 2004, the survey has revealed that about 64.56% of new owners and tenants in Sycamore had no children living in their household (see

attached summary). Slightly over one-third of the new households did have children at the time of occupancy—233 to be exact. This means 233 children were housed in the 333 new units surveyed, or about .7 students per household. Since about 20% of the new units were “move-up” homes for Sycamore residents according to the survey, it would not be difficult to pinpoint the number of students that may be new to the District and also determine how many of the total enrolled students were housed in homes occupied prior to January 1, 2004. This will give us some feel for the ratio of “new” to previously enrolled students in the 2004 calendar year, and help us estimate the relative size of the annual shortfall attributable to previous enrollments.

2. Is the inadequacy of school funding a problem that any one group of local stakeholders can solve? Assuming all taxing bodies and all property tax payers view “good schools” as a desirable community goal (this is confirmed in the Comp Plan), how does the community “pay” the price of good schools? The Illinois legislature settled the question of whether households without children should pay property taxes for schools over a generation ago, so the community of property owners in Sycamore are obligated to pay a fair share of the cost. Are the newest property owners--e.g. the developers of residential property and new residents who purchase their lots--obligated to pay a greater share per acre by a rational determination of their stake in the future of local schools, or because local taxing bodies have the clout to make them?

What is the relative share of school funding paid by an existing 4-bedroom house and a new 4-bedroom house? The table below illustrates the one-time and ongoing contributions of each:

	Existing SF Detached 2-Story, 4-Bedroom (Foxpointe Subdivision)	New SF Detached 2-Story, 4-Bedroom (Parkside Estates)
Fair Market Value	\$285,000	\$330,000
EAV	\$95,000	\$110,000
Square Feet	2,500	3,100
School Property Tax @ \$5.11701 per \$100EAV	\$4,861.16	\$5,628.71
School Impact Fees	\$0	\$5,013
Total:	\$4,861.16	\$10,641.71

3. Do we formally adopt a City policy that declines any further residential annexations, even with the current growth regulations and impact fee structures in place, until we figure out how to solve a regional and state-wide school funding problem? If the answer is “yes,” then it is academic to try to find a local solution. If the answer is “no,” then we have more work to do, involving a pooling of the good analytical thinking available in our local taxing bodies, the local Chamber, local

business and professional associations, and residents at large. What community resources shall we tap to meet our fiscal challenges?

An Option for the Commission’s Review and Comment

Continue the City’s policy of controlled growth as defined by the 2003 Comp Plan within the following additional parameters:

1. The City caps the annual housing starts at about 250 units once all the unregulated units are permitted (about 2008-2009).
2. New developments must continue to abide by the permit controls of Ordinance No. 2003.65 which paces new permits as shown below:

Number of Dwelling Units on the Preliminary Plan	Dwelling Units Permitted Per Year as a Percentage of the Total Lots on The Preliminary Plan	Time Limit Before New Building Permits Are Issued Following Annexation
0 to 50 dwelling units	No Limit	No Time Limit
51 to 100 dwelling units	No More than 35 per Year	One Year
101 to 200 dwelling units	25% or 40, whichever is lower	Two Years
201 to 300 dwelling units	20% or 50, whichever is lower	Three Years
301 to 400 dwelling units	18% or 60, whichever is lower	Four Years
401 to 500 dwelling units	15% or 70, whichever is lower	Five Years
Over 500 dwelling units	10% or 75, whichever is lower	Six Years

3. The Developer agrees to pay impact fees as adjusted from time to time by the City Council on behalf of local taxing bodies.
4. **The Developer agrees to pay a \$3,000 per unit “voluntary fee” to the School District in addition to any applicable impact fee in future residential annexation agreements. Why \$3,000?**
 - The average new household is about 2.7 persons including about .7 students.
 - The fiscal study assumes that new developments in the period 2005-2015 would pay at least a \$1,000 “voluntary” fee per unit. The difference--\$2,000—is roughly equivalent to the cost of .7 students for the School District (.7 x \$2,777 = \$1,943.90).
5. **Any operating cost deficit created by new students moving into existing homes becomes the “community” cost.** At \$2,777 per student over ten years, that would be about \$278 per year per student. That amount might be raised through an adjustment in the Education Fund levy (requiring a referendum), a real estate transfer fee, or some other means.
6. Update the community fiscal impact study every two years and adjust the “voluntary fee” and “community” cost accordingly.

Plan Commission comment is welcome.

