

**SYCAMORE CITY COUNCIL**  
**AGENDA**  
**October 7, 2019**

**CITY COUNCIL COMMITTEES**

No Committee Meetings are Scheduled

**REGULAR CITY COUNCIL MEETING**  
**7:00 P.M.**

- 1. CALL TO ORDER AND ROLL CALL**
- 2. INVOCATION**
- 3. PLEDGE OF ALLEGIANCE**
- 4. APPROVAL OF AGENDA**
- 5. APPOINTMENTS**
- 6. AUDIENCE TO VISITORS**
- 7. CONSENT AGENDA**
  - A. Approval of the Minutes for the Regular City Council Meeting of September 16, 2019.
  - B. Payment of the Bills for October 7, 2019.
- 8. PRESENTATION OF PETITIONS, COMMUNICATIONS, AND BILLS**
  - A. A Proclamation Declaring the Week of October 6-12, 2019 as Fire Prevention Week in the City of Sycamore, Illinois.
  - B. A Proclamation Celebrating the 20th Anniversary of the DeKalb/Sycamore Altrusa Community Spelling Bee.
  - C. A Proclamation Declaring October 2019 as Domestic Violence Awareness Month in the City of Sycamore, Illinois.
  - D. A Presentation by Members of the Turning Back Time Car Show Committee Including the Distribution of Proceeds from this Year's Event to Local Non-profit Organizations
- 9. REPORTS OF OFFICERS**
- 10. REPORTS OF STANDING COMMITTEES**

## **11. PUBLIC HEARINGS**

### **A. Public Hearing on Adult Use Recreational Cannabis Dispensaries in the City of Sycamore, Illinois.**

On June 25, 2019, Governor Pritzker signed the Cannabis Regulation and Tax Act into law (Public Act 101-27) legalizing and regulating production, consumption, and sale of cannabis in Illinois. The law is effective on January 1, 2020, and allows persons aged 21 and older to lawfully possess up to 30 grams of raw cannabis, 5 grams of cannabis concentrate, and 500 milligrams of cannabis infused products (e.g., edibles). This consideration is designed to provide information to the City Council to begin a community discussion regarding the new recreational cannabis laws, the City's options and potential implications.

#### **Can the City Prohibit Recreational Cannabis?**

Municipalities cannot restrict private consumption of cannabis as authorized in the new law, however prohibitions include smoking in public places, vehicles, on school grounds, and in the vicinity of those under 21, on-duty school bus drivers, police officers, firefighters, and correction officers.

Communities need to decide whether or not to allow recreational cannabis dispensaries within corporate limits. Illinois municipalities may prohibit cannabis business establishments from locating in their jurisdiction by adoption of a local ordinance. If the City chooses to allow recreational cannabis businesses, consideration will need to be given to whether to allow for on-site consumption of cannabis at those facilities.

An Ordinance allowing or prohibiting adult use recreational cannabis dispensaries in Sycamore will be presented on October 21<sup>st</sup>.

#### **Does the City have Zoning Authority as it Relates to Recreational Cannabis Dispensaries?**

The Cannabis Act preserves local zoning authority, including the right, as noted above, for municipalities to "opt-out" and not allow cannabis businesses in town. If allowed, municipalities may also regulate the time, place, manner, and number of cannabis businesses through a special use permit process.

In addition to the zoning authority for authorized adult-use cannabis business establishments, municipalities have the option of authorizing on-site consumption of cannabis and co-location of craft growers, infusers and dispensaries. If these types of businesses are allowed, the City may want to consider a variety of factors such as minimum distance limitations between other cannabis establishments, liquor establishments, schools, daycare centers, nursing homes, residential areas, etc.

Based on City Council direction, zoning regulations regarding adult use recreational cannabis would go to the Planning and Zoning Commission in November. This would follow a similar process to when medical cannabis was established as a special use.

## **Can the City Impose a Municipal Cannabis Retailers' Occupation Tax?**

If the City authorizes the retail sale of adult-use cannabis by approved dispensing organizations, the Act allows for the imposition of a municipal tax under the Municipal Cannabis Retailers' Occupation Tax Law. The tax may be up to 3% of the gross receipts of cannabis products and must be imposed in 0.25% increments.

At this point it appears that the 1% state local sales tax will also apply, as would the City of Sycamore's 1.75% home rule sales tax. If the City permits cannabis businesses and imposes a local tax at the full 3%, the total local tax on cannabis products could be 5.75%. Dispensary revenue estimates vary widely from \$1 million to \$10 million per year which would equate to anywhere between \$57,500 to \$575,000 per year using local tax rates.

The state will also derive revenues from state taxes and license fees imposed on cannabis business establishments, with a portion of those proceeds distributed to local governments, including municipalities, to fund crime prevention programs, training and interdiction efforts. These state taxes and license fees will be imposed in addition to the above described Municipal Cannabis Retailers' Occupation Tax, and all other occupation, privilege or excise taxes imposed by the State of Illinois or by any unit of local government.

If the Council allows adult use recreational cannabis dispensaries, staff would recommend the local tax be imposed to help offset any impacts associated with the new law.

## **Expungements of Local Law Enforcement Records**

The Act includes a schedule of expungement provisions that require local law enforcement to automatically expunge all criminal history records of an arrest, charge not initiated by arrest, order of supervision or order of qualified probation for a "minor cannabis offense" if: 1) one year or more has elapsed since the date of the arrest or law enforcement interaction documented in the records; and, 2) no criminal charges were filed relating to the arrest or law enforcement interaction or criminal charges were filed and subsequently dismissed or vacated or the arrestee was acquitted. "Minor Cannabis Offense" as defined in the Act means a violation of Section 4 (possession) or Section 5 (delivery) of the Cannabis Control Act concerning not more than 30 grams of any substance containing cannabis, provided the violation did not include a penalty enhancement under Section 7 of the Cannabis Control Act and is not associated with an arrest, conviction or other disposition for a violent crime as defined in subsection (c) of Section 3 of the Rights of Crime Victims and Witnesses Act .

The Police Department is working to comply with the expungement requirements.

## **Facts Regarding the Implementation of Recreational Cannabis in Illinois**

Illinois currently has 21 cultivation centers and approximately 56 medical cannabis dispensaries. (There are 60 dispensary licenses).

Forty-five (45) more dispensaries and nine (9) more cultivation centers will be approved for opening on January 1, 2020.

Forty (40) “Craft Grower Licenses” shall be issued by July 1, 2020. By December 21, 2021 an additional 60 craft grower licenses shall be issued. These could be similar to micro-breweries in which cannabis can be grown, processed, and dispensed within the same premise. The cultivation area of these premises may be up to 5,000 square feet initially and may be expanded to 14,000 square feet upon approval of the Department of Agriculture. Increases in the number of licenses is discretionary by the Department of Agriculture but may not exceed 150 licenses.

Medical dispensaries will be able to sell recreational cannabis. There will be no required separation of the products. The only difference will be the tax levied.

Currently, medical cannabis license holders can purchase and possess between 2.5 ounces and 21 ounces every 2 weeks. Beginning January 1, 2020, recreational users will be able to possess 30 grams of cannabis.

Only medical cannabis patients (or their care givers) can grow up to five (5) plants at home.

### **The Next Steps?**

As noted above, the first step is to determine whether the recreational cannabis dispensaries should be allowed or prohibited in the City of Sycamore. The City Council was presented this information in September and requested a public hearing to allow for community input before providing direction to staff.

## **12. ORDINANCES**

### **A. Ordinance No. 2019.26—An Ordinance Amending Title 6 “Motor Vehicles and Traffic,” Chapter 1, “General Traffic Provisions,” Section 7, “Distracted Driving” of the City Code of the City of Sycamore, Illinois. First and Second Reading.**

Until a recent change in Illinois law, operating a motor vehicle while using an electronic device was a non-moving violation. The City Code for distracted driving mirrored this prohibition. The new revision to the Illinois Vehicle Code, Section 12-610.2, makes using an electronic device while driving a moving violation. This amendment revises the City Code to reflect the change and align it with state statute. This is accomplished by modifying 6-1-7 “Distracted Driving,” of the City Code to remove “using an electronic communications device” from the definition of distracted driving as follows:

**DISTRACTED:** Manipulating items within the vehicle; reading; writing; performing personal grooming with any device; interacting physically with pets or unsecured cargo; ~~using an electronic communications device~~; or engaging in any other activity, which interferes with the proper operation of vehicle equipment while operating a motor vehicle, as evidenced by a contemporaneous moving traffic violation.

Moving forward in cases where individuals use electronic devices while driving, a state ticket for a moving violation would be issued rather than an ordinance violation.

City Council approval is recommended.

**B. Ordinance No. 2019.27—An Ordinance Amending Title 3, “Business and License Regulations,” Chapter 19, “Hospital Hospitality Homes,” Section 7, “Fire Prevention and Safety Requirements,” Subsection H, “Miscellaneous,” of the City Code of the City of Sycamore, Illinois. First and Second Reading.**

The City recently received an inquiry from the Pay It Forward House located at 719 Somonauk Street regarding the possibility of providing an induction cooktop for patrons to utilize during their stay. Induction cooktops transfer heat from specialized cookware to the cooking surface through conduction, resulting in a cooking method where the cooktop does not emit heat. Because the heat is going from the pan to the cooktop, the glass surface will never get hot like it would on a traditional radiant electric range. The cooking surface will also remain cool if the pot is removed or if the appliance is left on after use.

Building & Engineering and Fire Department staff met at site with the Executive Director and reviewed the proposed use, location and required ventilation for the proposed induction cooktop. Research on induction cooktops was also conducted and staff determined that they pose no additional life-safety concerns when compared to coffeemakers, toasters and microwave ovens, all of which are permitted cooking appliances per the City Code.

This ordinance amends Chapter 19, “Hospital Hospitality Homes”, Section H, “Miscellaneous,” of the City Code be amended to add induction cooktops as a permitted cooking appliance within the kitchen area only.

City Council approval is recommended.

**C. Ordinance No. 2019.28--An Ordinance Amending the Property Tax Abatement Qualifying Criteria and Definitions in the DeKalb County Enterprise Zone. First and Second Reading.**

On September 19, 2019, the DeKalb County Enterprise Zone Advisory Board approved recommending amendments and technical corrections to the DeKalb County Enterprise Zone property tax abatement program. These amendments enable build-out, rehabilitation and renovation of existing buildings that generate new assessed value to qualify for Enterprise Zone tax abatement. Projects proposing major renovation or improvement of existing buildings that generates increased valuation are important to communities with vacant or underutilized industrial buildings. The proposed amendment enables the Enterprise Zone Tax Abatement Program to help attract businesses to build-out, rehabilitate or renovate such buildings, provided they create the required number of jobs at the wage levels mandated by the Enterprise Zone program.

The amendment also defines data centers as eligible Knowledge-based Industry Uses qualifying for Enterprise Zone property tax abatement. Data Centers are technology-based operations essential to support the knowledge-based economy. At these facilities, data and electronic information is

housed, distributed and/or manipulated to foster technology sector innovation, growth and development of other emerging technologies.

Speculative Development would qualify for Property Tax Abatement by extending the job creation performance period under the proposed amendments. In order to attract more companies and jobs to DeKalb County, development of spec buildings must be nurtured. To attract investment in development of spec buildings, the companies that ultimately locate within these building must be able to qualify for the Enterprise Zone tax abatement program. The recommended amendment extends the job creation performance period from two to four years to attract qualifying companies after construction of spec buildings.

With the adoption of an increased schedule of Minimum Wage Requirements by the State of Illinois, it was recommended that the Enterprise Zone Wage Requirements be adjusted to reflect those increases. The amendments approved by the Advisory Board are as follows:

- Industrial or Logistic(s) Companies must pay an average wage equal to 140% of the State of Illinois minimum wage requirement in effect on January 1 of each calendar year.
- Starting wages shall not be less than 120% of the State of Illinois minimum wage in effect on January 1 of each calendar year,
- Knowledge-based Companies must pay an average wage equal to 160% of the State of Illinois minimum wage requirement in effect on January 1 of each calendar year. Starting wages shall not be less than 120% of the State of Illinois minimum wage in effect on January 1 of each calendar year.

These amendments need to be approved by each of the designating units of government.

City Council approval is recommended.

### **13. RESOLUTIONS—None**

### **14. CONSIDERATIONS**

#### **A. Consideration of the City of Sycamore’s Financial Statements for Fiscal Year 2018-2019, Including the Independent Auditor’s Report.**

This summer, an audit team led by Jennifer Martinson from Lauterbach and Amen conducted fieldwork for the City’s annual independent audit. The firm reviewed the City’s financials and accounting controls with no findings reported. Noteworthy features of the audited financial statements and the independent auditors report include:

- As of April 30, 2019, the General Fund cash reserve increased to \$6,389,770 on a modified accrual basis. The fund balance represents 37.58% of the general operating expenditures in FY20. This ratio is consistent with the City’s policy of maintaining at least 3-4 months of reserves and is especially important given the decreasing reliance on property taxes. The City has a higher reliance on sales tax revenues as

compared to property tax revenues. Sales taxes have the potential to fluctuate as economic conditions change, while property taxes tend to be more consistent. During the recession, the City was able to use its reserves to maintain services without reducing staff or services.

- Water Fund operating revenues increased by \$82,964, resulting in a total of \$2.72 million. In FY2019, the first of nine scheduled water rate changes passed by the City Council in FY2015 went into effect. These rates changes are designed to reduce the number of tiers from seven to two over the course of ten years.
- The Sewer Fund had a decrease in operating revenues of \$61,601 and finished the year with a fund balance of \$3.49 million. There was no rate change in FY2019. As a result of lower than anticipated project costs for the Wastewater Treatment Plant expansion, rates were lowered by 3.5% for FY2020.
- The City's Fire and Police Pension Funds experienced net fund balance increases of \$1,429,000 combined. The Police Pension Fund had an approximate investment gain of 5.60% while the Fire Pension had a gain of 5.30%. Investment income, employee contributions and an actuarially required City contribution fund the plans. Significant investment returns help reduce the amount the City is required to contribute each year. The total fund balances at the end of FY19 were \$14,491,021 for the Police Pension Fund and \$15,352,000 for the Fire Pension Fund.
- As of the end of FY2019, the City had drawn \$871,787 on a loan from the IEPA for the Wastewater Treatment Plant project. Total outstanding debt is \$8.67 million, including \$4.26 million in general obligation debt and \$4.42 million in IEPA loans. The City has no plans for general obligation borrowing in the near future.
- In FY2019, the City invested over \$1.78 million in streets and sidewalks within the community. Dedicated revenue sources are identified as part of the City's annual street maintenance program as the Council remains committed to investing in infrastructure.
- The financial statements are presented as a Comprehensive Annual Financial Report (CAFR). In this format, the standard financials and budget-to-actuals are provided with additional information about the City in the introductory section and a statistical section toward the end of the document to show a historical comparison. This marks the third year the report is presented in this fashion. The reports for the two previous years were awarded the Government Finance Officer Association's Certificate of Achievement for Excellence in Financial Reporting.

Jamie Wilkey, a Principal at Lauterbach and Amen, will present the report and be available to answer and questions.

**B. Consideration of a Fire Department Recommendation to Award a Bid to Roesch Ford Commercial Vehicle Center of Bensenville, Illinois for the Purchase of a 2020 Ford Expedition Command Vehicle in the amount of \$38,131.00.**

This new vehicle is intended to replace a 2013 Ford Expedition that was involved in a crash and deemed a total loss by the insurance company.

The bid specifications called for a 2020 Ford Expedition Special Service vehicle (SSV) 4WD, race red exterior color with specific options including running boards, heavy duty trailer tow package and remote start. An advertisement was placed in the local newspaper on September 13th with four bids submitted and opened on October 1<sup>st</sup>.

The bids received are listed in the table below:

Vehicle	Company	Vehicle Bid
2020 Ford Expedition SSV	Manning Ford, DeKalb	\$40,192.00
2020 Ford Expedition SSV	Schimmer Ford, Peru	\$39,170.21
2020 Ford Expedition SSV	Currie Motors, Frankfort	\$39,445.00
2020 Ford Expedition SSV	Roesch Ford Commercial Vehicle Center, Bensenville	\$38,131.00

The Fire Department recommends award of the bid for a 2020 Ford Expedition SSA to Roesch Ford Commercial Vehicle Center of Bensenville, Illinois in the amount of \$38,131.00.

City Council approval is recommended.

**C. Consideration of an Administration Request for Discussion Regarding Adult Use Recreational Cannabis Dispensaries in the City of Sycamore.**

On September 16<sup>th</sup> the City Council was provided information regarding the legalization of adult use medical cannabis in Illinois. Details of the new law can be found above under the public hearing section of this agenda. Staff is requesting Council direction and will bring back an ordinance on October 21<sup>st</sup> along with beginning preparations for the November Planning and Zoning Commission meeting, if necessary.

**15. OTHER NEW BUSINESS**

**16. ADJOURNMENT**