



**DEKALB CITY COUNCIL AGENDA
REGULAR MEETING
JUNE 26, 2023
6:00 P.M.**

DeKalb Public Library
Yusunas Meeting Room
309 Oak Street
DeKalb, Illinois 60115

Pursuant to Chapter 2 “City Council”, Section 2.04 “Council Meetings”, persons wishing to address the City Council during this meeting are required to register with the Recording Secretary by filling out and submitting a Speaker Request form, copies of which are located on the table just outside the meeting room, along with copies of the agenda. Comments will be limited to three (3) minutes. Further information for addressing the City Council can be found on the Speaker Request form.

A. CALL TO ORDER AND ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. APPROVAL OF THE AGENDA

D. PRESENTATIONS

1. Presentation of the Final Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ending December 31, 2022.

City Manager’s Summary: As Finance Director Carrie Dittman explains in her background memorandum (see [Resolution 2023-066](#) below), the following reports were produced as a result of the audit of the City for the fiscal year ended December 31, 2022:

- a. Annual Comprehensive Financial Report (ACFR)
- b. Single Audit Report
- c. Report on Compliance with Public Act 85-1142 (TIF report)
- d. Downstate Operating Assistance Certification and Independent Auditor’s Reports
- e. Illinois Grant Accountability and Transparency Act (GATA) – Consolidated Year End Financial Report (CYEFR)
- f. Management Letter

The ACFR is the primary report generated as a result of the annual audit, and encompasses all funds and operations of the City, including the Police Pension and Firefighter’s Pension Funds, and the DeKalb Public Library (as a discretely presented component unit). A synopsis of that report is detailed below.

The single audit report contains information on all the federal grant programs administered by the City during fiscal year 2022.

The Report on Compliance with Public Act 85-1142 contains information on the operations of the City's two Tax Increment Financing (TIF) Districts, TIF #1 and TIF #3. TIF #1 expired on December 31, 2021, but a small amount of fund balance remains.

The Downstate Operating Assistance Certification and Independent Auditor's Reports is an audit of one specific City grant program of the Mass Transit Fund. The reports are prepared on the grant year, which ends June 30, 2022.

The Consolidated Year End Financial Report (CYEFR) is a requirement of the Illinois Grant Accountability and Transparency Act (GATA), which was previously included as a supplemental schedule within the ACFR. The report provides expanded details on the City's state, federal and other grant expenditures during the fiscal year.

The management letter discloses any instances of material weaknesses in the City's internal control identified during the audit (there were no such instances for FY 2022).

The City must be audited annually in accordance with state statutes. The independent audit firm of Sikich LLP conducted the audit of the City of DeKalb for the fiscal year ending December 31, 2022. Sikich LLP issued an unmodified ("clean") opinion on the City's financial statements, which is the highest opinion level an entity can receive.

General Fund

General Fund revenues and other financing sources exceeded the amended budgeted amount by \$2,939,912, or 6.7%.

General Fund	Original Budget	Final (Amended) Budget	Actual
Revenues			
Property Taxes	\$ 6,845,317	\$ 6,845,317	\$ 6,756,139
Home Rule Sales Tax	7,063,950	8,063,950	8,592,479
Utilities & Other Taxes	6,583,123	6,583,123	6,869,742
Licenses and Permits	836,986	836,986	874,445
State Sales Tax	5,824,413	5,824,413	6,626,891
Income Tax	5,109,569	5,109,569	6,565,145
Intergovernmental-Other	2,309,422	2,318,402	5,152,354
Charges for Services	4,171,712	4,600,562	4,082,062
Fines and Forfeits	484,332	484,332	450,437
Other	624,980	196,130	495,582
Total	39,853,804	40,862,784	46,465,276
Transfers In	2,999,851	2,999,851	311,000
Lease Issuance	-	-	30,208
Sale of Capital Assets	5,000	5,000	1,063
Total Revenues & Other Financing Sources	\$ 42,858,655	\$ 43,867,635	\$ 46,807,547

General Fund expenditures and other financing uses came in under the amended budget amount by \$545,498 or 1.3%. Some highlights of expenditures by department follow:

General Fund	Original Budget	Final (Amended) Budget	Actual
Expenditures			
Elected Officials	\$ 85,104	\$ 85,104	\$ 78,762
Municipal Band	41,088	41,088	41,088
City Manager's Office	757,102	757,102	688,047
Human Resources	324,037	324,037	287,341
General Fund Support	3,348,315	4,348,315	3,953,540
Finance	466,125	466,125	471,277
Information Technology	900,022	900,022	771,460
Less Admin Costs Charged to Other Depts	(433,500)	(433,500)	(271,980)
Police Protection	14,365,006	14,950,733	14,859,063
Fire Protection	12,309,421	13,012,816	13,267,161
Public Works/Engineering	3,206,768	3,206,768	3,024,190
Community Development	1,322,545	1,322,545	1,238,092
Debt Service	-	-	27,616
Total	36,692,033	38,981,155	38,435,657
Transfers Out	3,958,422	2,680,280	2,680,280
Total Expenditures & Other Financing Uses	\$ 40,650,455	\$ 41,661,435	\$ 41,115,937

The net increase in fund balance that resulted after all year-end adjustments and transfers were made was \$5,691,610. The City's original budget projected a net increase of about \$2.2 million. The ending General Fund's fund balance on December 31, 2022, is \$25.3 million, of which \$25.2 million is unrestricted and unassigned. The City's policy is to maintain the General Fund's unassigned fund balance at 25% of annual expenditures. **At December 31, 2022, the unassigned fund balance was 61.49% of annual expenditures, an increase over the December 31, 2021, amount of 53.88%.**

For the City's other funds, the table below summarizes the changes during fiscal year 2022:

Fund	Beginning Fund Balance	Revenues & Transfers In	Expenditures & Transfers Out	** Restatement	Ending Fund Balance
Mass Transit	\$ 2,485,449	\$ 8,759,079	\$ 8,377,145	\$ -	\$ 2,867,383
ARPA	113	1,009,858	953,428	-	56,543
Capital Projects	1,151,848	3,597,130	4,371,775	-	377,203
Water*	31,782,959	7,318,767	6,124,273	(4,820)	32,972,633
Airport	30,399,826	2,485,806	1,830,245	-	31,055,387
GEMT	325,748	2,503,879	1,104,142	-	1,725,485
Motor Fuel Tax	4,096,115	2,758,651	2,534,888	-	4,319,878
Foreign Fire Ins. Tax	69,549	76,899	78,813	-	67,635
Housing Rehab	70,282	935	482	-	70,735
CDBG	-	429,177	429,177	-	-
SSA #3	2,336	1,013	1,098	-	2,251
SSA #4	3,121	5,483	3,098	-	5,506
SSA #6	14,971	15,627	10,677	-	19,921
SSA #14	10,952	2,558	840	-	12,670
SSA #29	200,018	51,205	222,948	-	28,275
SSA #30	2,504	50,308	32,033	-	20,779
TIF #1	19,471	-	-	-	19,471
TIF #3	3,626,801	546,520	2,795,580	-	1,377,741
Debt Service	91,788	1,980,219	1,855,539	-	216,468
Capital Equip Replace	950,904	953,882	1,169,648	-	735,138
Refuse	808	1,904,869	2,091,506	-	(185,829)
Workers Comp/Liab	1,523,161	829,157	1,012,096	-	1,340,222
Health Insurance	672,132	6,923,825	6,810,565	-	785,392
Police Pension	51,035,619	(2,594,785)	4,616,558	-	43,824,276
Firefighters' Pension	39,404,025	(354,953)	4,650,918	-	34,398,154

BOLD funds are presented in the ACFR as Major Funds.

*Consists of Water Operating, Water New Construction, and Water Capital.

**Restatement is due to a change in accounting principle for the implementation of GASB Statement No. 87, Leases.

The City Manager welcomes City Council review and comment.

E. PUBLIC PARTICIPATION

F. APPOINTMENTS

None.

G. CONSENT AGENDA

- [Minutes of the Regular City Council Meeting of June 12, 2023.](#)
- [Accounts Payable and Payroll through June 26, 2023, in the Amount of \\$2,267,465.03.](#)

3. [Freedom of Information Act \(FOIA\) Report – May 2023.](#)

H. PUBLIC HEARINGS

1. **Community Development Block Grant (CDBG) Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 29 (April 1, 2022 - March 31, 2023).**

City Manager's Summary: As Community Services Coordinator Jennifer Yochem writes in her background memorandum, the **Consolidated Annual Performance Evaluation Report (CAPER)** is required by the U.S. Department of Housing and Urban Development (HUD) and must be submitted within 90 days of the close of the program year. The CAPER provides information on the City's accomplishments under the Community Development Block Grant (CDBG) program during the previous twelve-month federal program year (April 1 through March 31).

A copy of the CAPER executive summary for CDBG Program Year 2022 and the full CAPER Report are attached. The full CAPER document was made available for a 15-day comment period in early June. Any comments received during the public comment period or at this Hearing will be included in the CAPER Report before it is submitted to HUD.

The CDBG financial transactions for the 2022 federal program year are summarized below:

	Amount Available	Total Expenditure	Remaining Balance
2022 Administration/Planning	\$80,000.00	\$78,703.00	\$1,297.00
2022 Rehab (Program Delivery)	\$1,000.00	\$560.00	\$440.00
2022 Public Facilities-Street Improvements – Ridge Drive	\$210,560.00	\$162,079.41	\$48,480.59
2022 Public Services	\$60,000.00	*\$60,000.00	\$0.00
2022 Homeowner Rehab Program	\$60,000.00	\$14,745.00	\$45,255.00
TOTAL	\$411,560.00	\$316,087.41	\$95,472.59

The CAPER is an informational document that does not require action by the City Council. [\(click here for additional information\)](#)

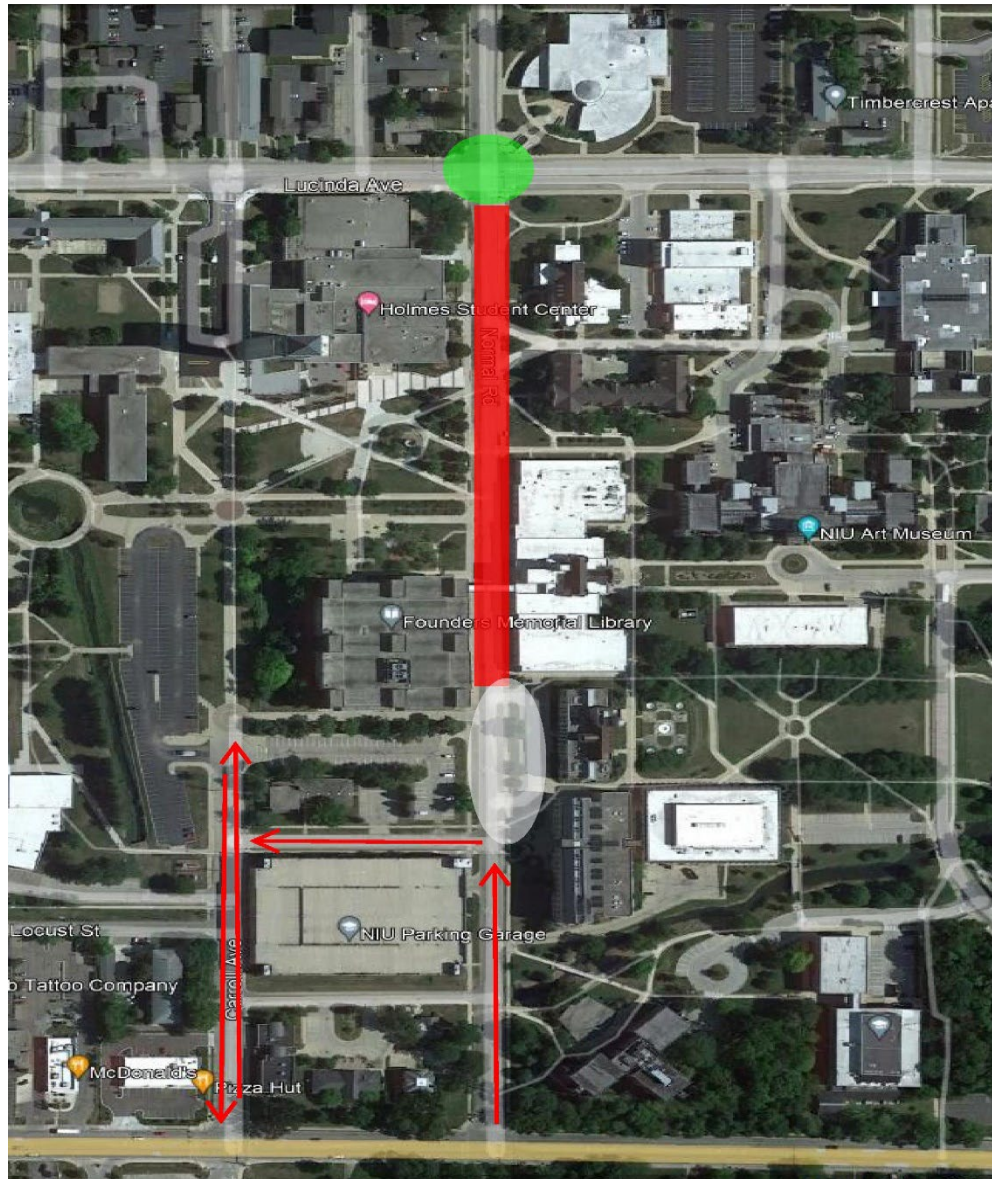
I. CONSIDERATIONS

1. **Consideration of the Possible Alteration of Normal Road Functions Between Lincoln Highway and Lucinda Avenue.**

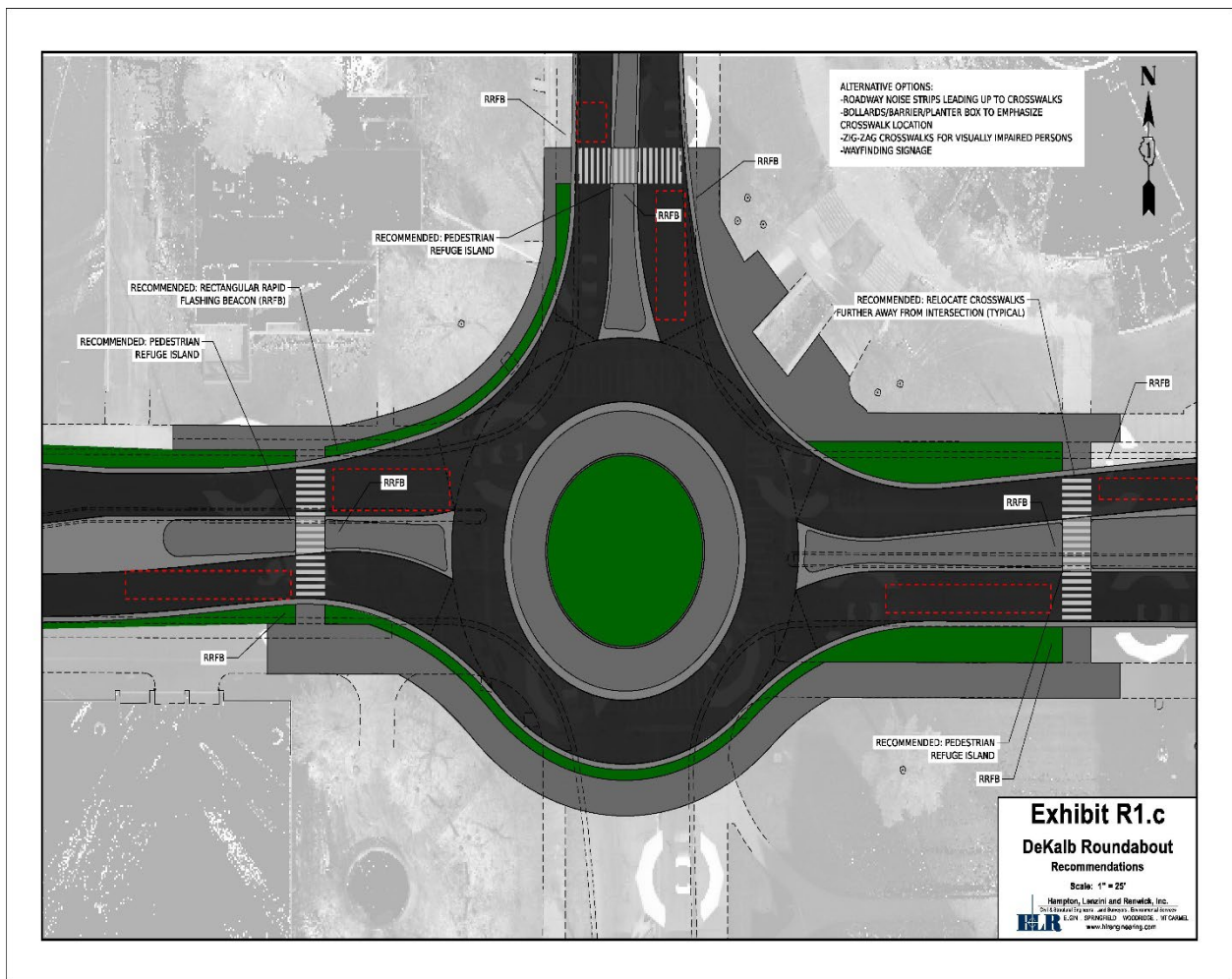
City Manager's Summary: In the Spring of 2024, the City plans to award a contract for the re-surfacing of Lucinda Avenue from the Kishwaukee River bridge to Annie Glidden Road. Since the new surfacing and related sidewalk improvements will involve the intersection with Normal Road, some preliminary planning in concert with Northern Illinois University's (NIU) operational leadership has also been occurring with respect to improvements on Normal Road, from E. Lincoln Highway to Lucinda Avenue. This planning has offered some innovative concepts for the Normal Road corridor south of Lucinda Avenue, and for the well-travelled intersection of Normal and Lucinda.

Two profound and positive impacts that are under consideration include the conversion of the signalized intersection at Normal Road and Lucinda Avenue to a

roundabout, and the elimination of through traffic on Normal Road north of W. Locust Street to Lucinda Avenue, to allow NIU to convert this Normal Road section by Founders Library and King Commons to a campus quadrangle. In this scheme, Normal Road would be one-way northbound from Lincoln Highway to W. Locust Street to allow access to the NIU parking facility. Carroll Avenue would remain a two-way street.



In the opinion of City Engineer Zac Gill, a modern roundabout with the features shown in the following graphic would provide superior safety for vehicular and pedestrian movements at the intersection of Normal Road and Lucinda Avenue. Currently, pedestrians do not faithfully obey the signalized warnings and prompts at this intersection, and vehicular traffic “coasts” through red lights and speeds through amber lights at the signalized intersection. Roundabouts are typically designed to prioritize the pedestrian movements and, in this location, motorists would be cautioned with signage to yield to pedestrians before entering the circle. Also, in the Lucinda Avenue/Normal Road instance, additional physical elements such as pedestrian islands and enhanced signage would be introduced to foster pedestrian safety. Special consideration will also be given to ADA priorities, including for the visually impaired.



Pedestrian safety at the intersection of Normal Road and Lucinda Avenue would be further enhanced by the removal of the south leg of the intersection (the Normal Road connection) offering an unimpeded, fully separated east-west pedestrian and cycle pathway on the south side of the intersection. The exploration of that potential essentially prompted the concept of fully vacating Normal Road and turning it into a pedestrian mall or quadrangle, fully uniting this portion of the University grounds with historic quadrangles to the east and highly travelled pathways to the west.

All these potential alterations to the street network have been coordinated with NIU, the City Public Works and Police Departments, and the City's Transit Division.

The final appearance and amenities associated with the Normal Road “quad” are still in design with the full cooperation of NIU. The purpose of this consideration is to seek the direction of the Council as to whether or not to proceed toward final design. For public reference, larger-scaled graphics are appended to this agenda.

City Council approval is recommended. ([click here for additional information](#))

2. Consideration of a Transit Provider Contract Extension with Transdev, Inc. from January 1, 2024, through December 31, 2025, for Fixed Route and Paratransit Services.

City Manager's Summary: Transdev's contract for transit services expires on December 31, 2023. The City's Transit staff have recommended a two-year extension (see attachments),

which will require Council approval. This consideration summarizes some extensive background prepared by Transit Manager Mike Neuenkirchen (see attached) to assist the Council in its deliberation on the staff recommendation.

On January 1, 2019, Transdev began operating fixed route service in the greater DeKalb area as the result of the merger between the NIU-Huskie Line and the community-based public transit services offered by Voluntary Action Center (VAC). Between January 1, 2019, and May 2023, Transdev's fixed route service provided 2.9 million one-way passenger trips.

Taken by year, the total trips are as follows:

- 2019 total – 1,088,968
- 2020 total – 485,167
- 2021 total – 459,631
- 2022 total – 584,529
- 2023 YTD – 283,254

Grand Total 2019 – 2023: 2,901,549

On January 1, 2021, Transdev succeeded VAC as operator of the City's paratransit service as the result of a 2020 competitive bid process. From January 1, 2019, through May 31, 2023, overall paratransit ridership was 227,827 with Transdev providing 53% of those trips starting January 1, 2021. Taken by year, the total paratransit ridership from 2019 to present is shown below:

- 2019 total – 56,703
- 2020 total – 35,766
- 2021 total – 35,697
- 2022 total – 66,829
- 2023 YTD – 32,832

Grand Total 2019 – 2023: 227,827

Transdev's operation of the service has not been without challenges, especially on the fixed routes. Prior to 2021, the City's Transit staff were not tracking hours of missed service because monthly missed service hours were below the missed service threshold (1.5%) permitted by contract. In 2021, however, significant COVID-related challenges arose in terms of missed service. In April 2021, for example, 13% of all route times were not fulfilled because of an inability to field the necessary number of drivers. At the urging of the Transit staff, Transdev made internal efforts to address these staffing shortfalls, including offering employee work-related bonuses and changing the management team. The new management team focused on recruitment, a refreshed safety culture, and customer service training for new and existing employees. Additionally, Transdev brought on temporary contracted drivers to cover staffing deficiencies at a cost of \$750,000 over two years. Transdev assumed the added costs for these contract drivers under the existing contract and demonstrated the company's willingness to meet contractual demands.

To help meet a shortage of trained drivers, the City Council approved actions in 2021 and 2022 to raise Transdev's hourly service rate for the starting fixed route driver from \$14.35 per hour to \$20.25 per hour. This driver wage increase has significantly mitigated Transdev's staffing problem. As a result, Transdev has not needed contracted drivers since October 2022, and missed service levels have remained below 1.5%.

Transdev also struggled with Paratransit On-Time Performance (OTP). According to the current paratransit contract, the company agreed to meet a 95% OTP goal. In late 2022, the

service was reporting a low of 86% for OTP in October. The definition of Paratransit late-arrivals are trips that arrive within +/- 10 minutes of the requested pick-up time. The late arrival times were mostly due to the lack of staffing, resulting in inadequate coverage to address ridership demand at peak times. After the driver wage increase in October 2022, paratransit staffing has also improved, leading to steadily increasing on-time performance, with the monthly average of 94.6% for 2023, year-to-date. It is important to note that Transdev was able to provide service levels that were near or above historic ridership demand even while addressing driver shortages.

Transdev's struggles in 2021 and 2022 to maintain contractual service levels were not atypical. A 2022 national survey of transit agencies conducted by the American Public Transportation Association showed 71% of respondents reported cuts or delays to service due to worker shortages. The shrinking driver pool is the result of an aging workforce that left the transit industry in large numbers during the pandemic. Transdev was further impacted by NIU's reduced attendance because of COVID. The Huskie Line has historically recruited drivers from the NIU student population, but reduced student attendance, coupled with shifting workforce trends, severely limited the company's workforce pool, forcing the company to shift recruitment strategies. Additionally, employee wage levels tied into contractual reimbursement rates were outpaced by the labor market.

As a result of increased wages, improved local management, and stepped-up recruitment efforts, issues such as missed and late service have declined, and route operations have stabilized. One clear example of this turnaround is shown through the recent increase on the DeKalb-Elburn bus line from 42.74 hours of service per week to 105.32 hours per week, which is an increase of 246%. Transdev was able to support this increase in service while maintaining other route requirements. These service improvements demonstrate Transdev's commitment to honoring their contract with the City, despite the unprecedented challenges created in the wake of the COVID pandemic.

Capital Considerations

The City's agreement with Transdev is unique regarding ownership and control of the capital assets needed to operate transit services. Significantly, Transdev owns all fixed route buses used to operate the City of DeKalb public transit program. This arrangement is rare in programs like ours, as the unit of government typically owns the public transit fleet and leases the use of those vehicles to a contracted service provider, such as with the City's paratransit fleet. Transdev's ownership of the fixed route fleet severely limits competitive bidding on future service contracts. For example, in 2018, three other potential transit contractors declined to offer a bid for the City of DeKalb fixed route service due to the unusual costs involved in providing a bus fleet.

Additionally, Transdev has maintained a lease for the facility on 1825 Pleasant Street since 1991. This is a distinct property within the DeKalb area, as there are few other facilities that could be quickly repurposed to host a fleet of fifty vehicles while supporting onsite maintenance. Transdev's control of these significant assets creates a distinct advantage for the company in future service provider bids. To be fair to Transdev, the company maintains these assets as required in past agreements with the City and NIU as neither entity was able to invest in the significant capital expense for a transit facility and a fixed route bus fleet.

The City is working to address the capital asset ownership issues in several ways:

- First, the design work on the planned Dresser Road transit maintenance and operations facility is moving forward, with projected occupancy to occur in late 2025.

- Second, the City Transit staff have requested the Federal Transit Administration release of \$2.4 Million from the City’s existing federal transit grant allocations for the purchase of the Transdev fixed route fleet. Transit staff are targeting the purchase of the Transdev fleet for Q3 of 2024.
- Transit staff have also secured \$5 million in IDOT/Rebuild Illinois funding for the purchase of new buses and new transit routing software. The application for this grant was approved by the Council in July 2022. These funds are part of the City’s efforts to shift capital replacement costs from Transdev by leveraging state and federal capital grant programs.

Transdev Option-Year Proposal

The Transit staff requested an option year pricing proposal for both fixed route and paratransit services. In both agreements, the contract states the option pricing:

- “Shall not exceed the Consumer Price Index for the Last 12 Months.”
- “Shall not exceed 5% unless explicitly approved by the City in writing.”

When these agreements were written in 2018 and 2020, CPI increases were flat. In 2022, CPI increases were stunning in the first three quarters, but have since slowed markedly. The May 2023 CPI 12-month increase is 3.7%, yet the CPI average for 2023 is 5.02%. Overall, the 12-month CPI average (June 2022 to May 2023) is 6.6%. In light of the recent inflationary increases, Transdev has presented option year proposals that are above the May 2023 CPI rate, but not out of line compared to the inflationary spike since 2021:

Table 1. Fixed Route Option Year Price Summary:

Year	Transdev Proposed Hourly Rate	City Wage Structure Hourly Funding	Fixed Pricing	Revenue Hours	Price
2023	X	\$57.07	\$113,815.00	59,861	\$4,782,047.27
2024	\$60.27	X	\$140,138.26	59,861	\$5,056,102.42
2025	\$63.35	X	\$144,666.31	59,861	\$5,292,963.18

Transdev’s Fixed Route pricing represents an 8.4% increase from 2023-2024 and a 5.0% increase from 2024-2025.

This proposal excludes a projected \$469,000 in planned engine overhaul costs that were originally included in Transdev’s monthly fixed pricing. Transit staff are planning to address these engine overhaul costs using capital funds as part of the fleet purchase.

Transdev’s Paratransit Proposal represents a 4.4% increase from 2023-2024 and a 5.9% increase from 2024-2025 as shown in the table below:

Table 2. Paratransit Price Option Year Price Summary:

Year	Transdev Proposed Hourly Rate	City Wage Structure Hourly Funding	Fixed Pricing	Revenue Hours	Price
2023	X	\$46.71	\$99,613.64	28,956	\$2,547,898.44
2024	\$49.06	X	\$103,267.49	28,956	\$2,659,791.24
2025	\$52.66	X	\$107,751.63	28,956	\$2,817,842.52

If approved, the total combined annuals costs based on this pricing proposal are below:

	2024	2025
Fixed	\$5,056,102.42	\$ 5,292,963.18
Para	\$2,659,791.24	\$ 2,817,842.52
Total	\$7,715,893.66	\$ 8,110,805.70

Transdev understands these increases are significant. The company informed the City that operating costs have risen in the last 18 months. The most significant increases are related to employee costs as the company transitions from a labor model that relied heavily on part-time staffing to a full-time workforce. This shift leads to greater wage and benefit costs that did not exist prior to the pandemic. Additionally, Transdev reported cost increases in the categories of parts, utilities, medical insurance, and general liability insurance.

Transit Revenue

Transdev’s pricing proposals fall within anticipated City grant revenue for 2024 and 2025 as shown in the following table:

2024-2025 Anticipated Program Revenue

	2024	2025
IDOT	\$6,282,000.00	\$ 6,282,000.00
FTA	\$2,572,000.00	\$ 2,737,000.00
NIU	\$2,060,000.00	\$ 2,060,000.00
Fares	\$120,000.00	\$ 130,000.00
Total	\$11,034,000.00	\$ 11,209,000.00

These revenue projections are conservative. The City withholds \$500,000 FTA funds annually for capital projects such as bus shelters, vehicle purchases, and facility improvements. Additionally, by statute, IDOT’s grant appropriations are set to increase 10% when a grantee utilizes 85% of its state appropriation in one year. This means the City of DeKalb may realize another \$628,000 in state funding should we maximize our IDOT grant through increased expenses.

Potential Cost Shifts

There is one final element to note regarding the vendor’s pricing proposal. Transdev currently incorporates the following capital costs in their monthly fixed rate:

- Fleet Assets: \$23,244 per month (\$279,923 annualized)
- Routing Software: \$3,417 per month (\$41,000 annualized)

Transit staff anticipate the assumption of fleet and routing software costs using federal and state capital grant funding in 2025. On the City’s assumption of these costs, Transdev has agreed to modify the option agreement to remove these charges. Based on these changes, Transit staff anticipate the modified 2025 option year cost to decrease by \$320,923 from \$8,110,805 to \$7,789,882.

Recommendation

Mike Neuenkirchen and the City's Transit staff recommend a two-year contract extension for both fixed route and paratransit service from January 1, 2024 – December 31, 2025. This recommendation is based on the following factors:

- Transdev's ownership or control of a sizable portion of transit assets;
- The extended timeline for transit facility construction; and
- Transdev's commitment to addressing service challenges in the face of COVID and inflationary pressures.

Ultimately, a two-year contract extension will allow time for the City of DeKalb Public Transit division to establish the capital and structural components necessary to create a level field for future contracted Transit Service provider bids.

City Council approval of the proposed two-year extension is recommended. If the Council concurs, an enabling resolution will be brought back to the Council on July 10. ([click here for additional information](#))

J. RESOLUTIONS

1. **Resolution 2023-066 Receiving and Filing the FY2022 Annual Comprehensive Financial Report (ACFR), Single Audit Report, Report on Compliance with Public Act 85-1142 (TIF Report), Downstate Operating Assistance Certification and Independent Auditor's Reports, Illinois Grant Accountability and Transparency Act – Consolidated Year End Financial Report (CYEFR), and Management Letter.**

City Manager's Summary: At the top of this agenda, there is a presentation by the City's auditing firm, Sikich LLP, regarding the City's financial statements for Fiscal Year 2022, which extended from January 1, 2022, through December 31, 2022.

If the attached resolution is approved, the City's corporate authorities hereby receive, file, and approve the Annual Comprehensive Financial Report, Single Audit Report, Report on Compliance with Public Act 85-1142 (TIF report), Downstate Operating Assistance Certification and Independent Auditor's Reports and Management Letter attached to this Council background. Upon approval, the City Manager or designee is authorized and directed to file and electronically submit the Annual Comprehensive Financial Report with the Office of the Comptroller of the State of Illinois in accordance with 65 ILCS 5/8-8-3(f).

City Council approval is recommended. ([click here for additional information](#))

K. ORDINANCES – SECOND READING

None.

L. ORDINANCES – FIRST READING

1. **Ordinance 2023-024 Approving a Plat of Dedication for the Gurler Road Right-of-Way from Midland Trust Company (PIN 08-34-300-063 and PIN 08-34-300-064).**

City Manager's Summary: As City Engineer Zac Gill writes in his brief background memorandum, the standard procedure for developments is to dedicate public right-of-way (ROW) where current limits are less than either a typical standard or the amount necessary for needed or anticipated improvements. In this case, the ROW is in front of the solar farm

under construction at S. First Street and Gurler Road. The plat dedicates a width of 50 feet from the private property to the Gurler Road centerline. This dedication complies with state statute and will enable the owner, Jim Planey, to complete some private property transactions. There are no new improvements planned and the actual paved roadway is sufficient. There is also no cost to the City and no new maintenance liabilities will be incurred.

City Council approval is recommended. ([click here for additional information](#))

2. Ordinance 2023-025 Amending Chapter 23 “Unified Development Ordinance” (UDO) to Add “Adult-Use Cannabis Craft Grower” as a Special Use in the “LI” Light Industrial and “HI” Heavy Industrial Districts and Other Associated Miscellaneous Amendments.

City Manager’s Summary: The City Manager and Director of Planning propose a number of text amendments to the UDO to add “adult-use cannabis craft grower” as a special use in the “LI” Light Industrial and “HI” Heavy Industrial Districts and other miscellaneous amendments. Craft growers are facilities licensed by the State and cultivate, dry, cure, and package cannabis. Craft growers are allowed to transport cannabis directly to dispensaries if they are within 15 miles of the craft grower. A craft grower is typically restricted to 5,000 square feet of enclosed space, but a maximum of 14,000 square feet is permissible if authorized by the Illinois Department of Agriculture. A craft grower may share premises with a processor or dispensary.

In recent months, the City of DeKalb has received inquiries as to whether it allows cannabis craft growers. Currently, the City’s UDO only allows cannabis dispensaries. In June 2019 the State approved the Cannabis Regulation and Tax Act (Act), which legalized the private consumption and possession of cannabis for Illinois residents over 21 years of age. The law took effect on January 1, 2020. In November 2019, the City amended the UDO to accommodate medical and recreational cannabis dispensaries. It was understood at that time that the City would consider the other types of cannabis businesses in the future, after gathering more information from the experiences of other communities pursuing other types of cannabis establishments.

The attached amendments are proposed to amend the definition of a cannabis business establishment to include an adult-use craft growing organization. Parking and signage requirements are also proposed in the amendments. The majority of the amendments mirror the State regulations for craft growers. Six types of cannabis businesses were regulated by the State Act including craft grower, cultivation center, dispensary, infuser, processor and transporter.

A special use permit was approved in February 2023 for a cannabis dispensary in the Central Business District (CBD) at 305 E. Locust Street. On June 13, 2022, an extension to a special use permit for a cannabis dispensary was approved for 818 W. Lincoln Highway. Both dispensary locations are conducting remodeling work and should be open by late summer.

The specific amendments to the UDO are as follows:

- Article 5.11.03 “LI” Light Industrial District – Add “Adult-Use Cannabis Craft Grower” to the list of special uses.

Adult-Use Cannabis Craft Growers typically locate in industrial type buildings. Adding the use as a special use in the “LI” District will allow the City an extra layer of review and provide nearby property owners a chance for input.

- Article 5.12.03 “HI” Heavy Industrial District – Add “Adult-Use Cannabis Craft Grower” to the list of special uses.

As noted above, Adult-Use Cannabis Craft Growers typically locate in industrial type buildings. Many of the industrial areas on the east side of DeKalb are zoned “HI”.

- Article 7.18.01 by amending the definition of Cannabis Business Establishment to include an Adult-Use Cannabis Craft Grower.

Currently, the UDO definition of “Cannabis Business Establishment” only includes an “Adult-Use Cannabis Dispensing Organization”. The proposed amendment will include both “Adult-Use Cannabis Dispensing Organization” and “Adult-Use Cannabis Craft Grower” in the definition.

- Article 7.18.04 by stating an Adult-Use Cannabis Craft Grower shall be permitted only as a special use in the LI and HI District and may be permitted in the PD-I District as a special use if the governing ordinance allows.

As previously noted, “Adult-Use Cannabis Craft Growers” typically locate in industrial type buildings.

- Article 7.18.05 by stating an Adult-Use Cannabis Craft Grower must be at least 1,500 feet from another Adult-Use Cannabis Craft Grower.

This requirement mirrors the state law.

- Article 7.18.05 – Requires an Adult-Use Cannabis Craft Grower to provide parking per the requirements applicable to a manufacturing facility as stated in the UDO.

Adult-Use Cannabis Craft Growers presumably have parking demands similar to a manufacturing facility. The requirement in the UDO for manufacturing is one parking space for every employee on the maximum shift plus one space for every vehicle customarily used in the operation of the use or stored on the premises.

- Articles 7.18.06 and 7.18.07 Requiring Adult-Use Cannabis Craft Growers to comply with applicable state law regarding signage, advertising and local building, fire and zoning requirements.

The Planning and Zoning Commission considered the proposed staff amendments to the UDO at their last regular meeting of June 20. By a unanimous vote of 5-0, the Commission recommended Council approval. **City Council approval of the Planning and Zoning Commission recommendation is requested.** ([click here for additional information](#))

3. Ordinance 2023-026 Authorizing the Acquisition through Condemnation of Fee Simple Title to the Property Located at 128-140 S. Second Street (PIN 08-23-163-013).

City Manager’s Summary: Since the early 2000s, City leaders in government, business, downtown-focused organizations such as the former Mainstreet DeKalb and Renew DeKalb, and the DeKalb Chamber of Commerce have been working to revive and strengthen DeKalb’s downtown business district as a centerpiece of the community. The main goals of these groups, as well as related professional studies including the 2007 Downtown DeKalb Revitalization Plan (Hitchcock Design Group) and the 2013 update known as the City Center Plan (SAA Design Group), are essentially the following:

- The creation of a compact, walkable retail core;
- The creation of distinctive amenities that reflect DeKalb's unique character;
- The creation of a Downtown that is easy to access and easy to circulate within; and
- The creation of a Downtown that is sustainable environmentally, socially, economically, and culturally.

To achieve these goals, City leaders have embraced some bold moves including a substantial Library addition, the redevelopment of a sprawling and abandoned car dealership at Fourth Street and Locust Street, the creation of a downtown plaza between Second Street and Third Street, the reconfiguration of Lincoln Highway between First Street and Fourth Street, and the redevelopment of the intersections of First Street and Lincoln Highway and Second Street and Lincoln Highway. Private equity and investment have been the key to the general success of these ventures, and public investment (most especially TIF funding) has been an important solvent in the process.

With each of these substantial redevelopment projects, one of the most challenging details has been "access and circulation," which is to say public parking and the routes to and from public parking spaces in the Downtown area. Buildings have been razed, streets have been improved, sidewalks have been replaced with ADA-compliant designs, and utilities have been buried underground to free up precious space as close to the Downtown retail core as possible. Notwithstanding the estimated 1,000+ public spaces within the Central Business zoning district, the public parking spaces closest to the Downtown retail core were occupied over 80 percent at prime business hours Monday through Saturday in 2007 and this threshold appears to be relevant today, as new restaurants and retail businesses have blossomed in the past several years.

The underperforming property at 128-140 S. Second Street sits immediately north of the Union Pacific right-of way. The two-story, 18,500 square foot building is situated on a 0.28-acre site and is within the Central Business zoning district, which by law limits commercial business to the first floor and limits residential occupancies to the second floor and above. This brick building, built in 1890, basically fills the surveyor's lot (Lot 67 in Block 11). Neither floor has been fully occupied for many years. The seriously deteriorating exterior brick facades surround non-functioning windows and doors and reveal a lack of any serious attention to routine maintenance. The exterior condition suggests a similar condition to the interior.

Outwardly, the building's failing condition and limited occupancy have invited interest in the possibility of a public/private investment in razing the structure to create additional Downtown parking. The building lies immediately south and behind the hottest hospitality strip in the Downtown area, which means a steady stream of customers and their cars throughout the week. To open a conversation on this point, the City Manager approached the owner, D-N-J Properties, Inc., in early January 2023. The intention was to open a conversation about a possible City purchase of the property at a fair market value, as determined by a mutually agreed appraiser. The setting for the conversation was a local real estate office. During the conversation, the principal of D-N-J Properties, Dan Sears, declined to permit access to the property at 128-140 S. Second Street by any agent of the City including an appraiser. Mr. Sears expected the City to negotiate a purchase price without access to the interior of the property or a qualified appraisal of both the interior and exterior.

The City was left with the option of estimating fair market value through a qualified appraisal firm that had only anecdotal information about the interior spaces. That appraisal was performed on April 28 by Anthony Uzemack of Appraisal Systems LLC of Park Ridge, Illinois.

The appraisal concludes that the appraised property has a market value of \$243,000. A copy of the full appraisal report is attached.

On June 14, City Attorney Matthew Rose communicated the result of the appraisal to local attorney Mark Doherty, who is representing the owner, with a good faith offer of \$275,000, plus the City's assumption of the property owner's customary closing costs. Mr. Rose further communicated that the offer would remain open for 10 days if Mr. Doherty's client wished to negotiate the City's offer. The City Attorney added that if the parties were unable to come to a voluntary agreement, then the City Council would consider a measure to acquire the property by eminent domain at its next regular meeting on June 26. It was noted that an eminent domain action would not preclude further negotiation regarding the property but was a necessary precondition to the potential filing of a condemnation action. At this writing, the ownership of 128-140 S. Second Street has not expressed interest in further negotiation.

City Council approval of the attached ordinance is recommended. ([click here for additional information](#))

4. Ordinance 2023-027 Amending the City of DeKalb Fiscal Year-End December 31, 2023, Budget.

City Manager's Summary: The City's legal level of budgetary authority is at the fund level, meaning that the budget officer may transfer amounts between departments within a fund, but transfers between funds must be approved by the City Council. The following revisions address capital expenditures previously authorized by the Council.

- **Item #1** impacts the Community Development Block Grant (CDBG) Fund and relates to street projects that had been planned to occur in 2022 but have now carried over to 2023. Eligible projects include Lucerne Lane, Annie Glidden North sidewalks, Greenbrier Road resurfacing, and Kimberly Drive segmentation. All the projects, totaling approximately \$507,500 more than the \$292,500 originally budgeted, will be funded by federal CDBG funds, so an offsetting federal revenue of \$507,500 is included in the amendment. **There is no net effect to the CDBG Fund from these transactions.**
- **Item #2** relates to the Housing Rehabilitation Fund, which accounts for grants that have accumulated over many years and can only be spent on specific housing projects for certain income levels. At the time the 2023 budget was adopted, no projects had been identified to utilize the previously received grant funds. During Spring 2023, several demolition projects have been identified that qualify to use these grant funds. A conservative \$20,000 expenditure needs to be budgeted to cover the costs; **as the grant funds were previously received, the fund balance will be drawn down in the amount of \$20,000.**
- **Item #3** impacts the Motor Fuel Tax (MFT) Fund and is related to two separate projects. First, on April 10, 2023, the City Council approved Resolution 2023-045, authorizing the award of a contract to Curran Contracting, Inc. in the amount of \$2,444,006.27 for resurfacing and concrete repairs on Greenwood Acres Drive, certain Knolls Subdivision side-streets, and various other locations, with staff authority to approve change orders up to a combined project total not to exceed \$2,560,000. As the original street maintenance budget was \$2.2 million, a \$360,000 increase is needed. Secondly, the City recently received an invoice from IDOT related to a 2018 joint project on Annie Glidden Road. The severely delayed final billing was not contemplated within the 2023 budget, and an amendment of \$115,000 is necessary to cover the expenditure. **The MFT Fund has ample fund reserves to cover the drawdown of \$475,000 for these two projects.**

- **Item #4** relates to the Capital Projects Fund. On September 16, 2022, the City Council adopted Ordinance 2022-047, authorizing a development agreement with American Marketing and Publishing Company for public and private roadway and parking improvements, which called for City construction of parking stalls on N. Ninth Street as well as two access points from the company's parking lots to N. Tenth Street. **As a result, the City needs to increase its street improvement line item by \$100,000; the offset will be a drawdown of fund balance.**

City Council approval is recommended. [\(click here for additional information\)](#)

M. REPORTS AND COMMUNICATIONS

1. Council Member Reports.
2. City Manager Report.

N. EXECUTIVE SESSION

None.

O. ADJOURNMENT

REGULAR AGENDA PACKET
JUNE 26, 2023