



**SPECIAL JOINT MEETING
OF THE
CITY COUNCIL
&
FINANCE ADVISORY COMMITTEE
AUGUST 15, 2022
6:00 P.M. TO 8:00 P.M.**

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

A. CALL TO ORDER

- 1. City Council Committee of the Whole Call to Order and Roll Call.**
- 2. Finance Advisory Committee Call to Order and Roll Call.**

B. APPROVAL OF AGENDA

C. PUBLIC PARTICIPATION

D. CONSIDERATIONS

- 1. Consideration of Key Assumptions for the Fiscal Year 2023 City Budget.**

E. ADJOURNMENT

Notice of a Special Meeting of the City Council and Finance Advisory Committee for August 15, 2022, at 6:00 p.m., called pursuant to Chapter 2 “City Council”, Section 2.05 “Special Meetings”, of the Municipal Code of the City of DeKalb, Illinois.

Assistive services, including hearing assistance devices, available upon request.

COVID-19 Notice: The corporate authorities of the City of DeKalb intend to conduct this meeting in-person with a physically present quorum that is open to the public and in compliance with all applicable public health requirements. Pursuant to current public health guidelines, persons attending this meeting are not required to wear protective face masks/coverings.



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City Manager's Summary: As the City staff estimate FY2022 year-end numbers and attempt to forecast FY2023 City revenues and expenditures, we welcome the comments and suggestions of the Council and the Finance Advisory Committee.

I. General Fund Overview

As in recent years, projections concerning the City's General Fund revenues in mid-August are largely speculative. Because a large part of the general revenues are tied to state-shared revenues (e.g. the state sales tax; local use tax; state income tax) or local revenues collected by the state and later remitted to the City (e.g. home rule tax) there is typically a 2-3 month lag in collection. In effect, we are looking at some key income categories that are reflecting local consumer spending in April and May of 2022, when core inflation estimates were 300 basis points lower. Additionally, per capita state income tax shares reference the economic health of families when "recovery" was the focus of financial prognostication, rather than "recession."

In terms of General Fund expenditures, the pricing of commodities and contractual services purchased by the City's operating departments was in recent years very stable with modest, incremental annual inflationary increases. This is clearly not the case today, and opinions vary widely among financial commentators about when the recent inflationary surge will retreat to even a 4 or 5 percent pace. **The following table makes an educated pass at the available data and recent fiscal trends:**

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	FY 21 ACTUAL	FY 22 AMENDED	FY 22 PROJECTED	FY 23 BUDGET
Beginning Fund Balance	12,023,621	19,625,868	19,625,868	22,902,568
Revenues:				
Property Taxes	6,433,049	6,845,317	6,845,317	7,184,160
Sales & Use Taxes	18,090,856	16,735,273	17,805,718	17,100,000
Gross Receipts Taxes	3,398,828	3,627,072	3,287,691	3,500,000
Intergovernmental				
ARPA Grant	1,511,017	-	2,057,696	1,837,285
SAFER Grant	-	-	851,566	908,602
Income Tax	5,787,319	5,109,569	5,600,310	5,400,000
All Other Intergovernmental	1,132,684	1,133,970	1,405,414	1,188,053
Licenses & Permits	1,248,952	973,847	943,173	1,050,406
Service Charges	4,750,443	4,463,701	3,971,998	4,403,274
Fines	467,451	471,815	432,777	470,500
Other Income	905,624	498,240	515,245	488,700
Transfers In				
From ARPA Fund	-	1,837,285	-	-
From SAFER Fund	-	851,566	-	-
From All Other Funds	738,108	744,500	636,500	605,500
Total Revenues/Transfers In	44,464,331	43,292,155	44,353,405	44,136,480
Expenditures:				
Personnel	31,581,240	32,791,667	32,791,667	35,322,397
Commodities	731,690	761,358	761,358	780,392
Contractual Services	3,989,474	4,324,150	4,324,150	4,432,254
Equipment	21,555	33,500	33,500	34,338
Debt Service - Library Bonds	-	-	485,750	469,599
Transfers Out				
GEMT Fund	-	800,000	800,000	-
Debt Service Fund	-	1,880,280	1,880,280	1,750,000
Capital Projects Fund	22,500	-	-	-
Capital Equipment Repl. Fund	25,000	-	-	200,000
Library (moved to debt service)	490,625	495,000	-	-
Total Expenditures/Transfers Out	36,862,084	41,085,955	41,076,705	42,988,979
Net Surplus (Deficit)	7,602,247	2,206,200	3,276,700	1,147,501
Ending Fund Balance	19,625,868	21,832,068	22,902,568	24,050,069
Actual Reserve %	53%	53%	56%	56%

Identified as transfer in 2022 and as grant revenue in 2023

Includes 10 new FT hires and 2.5% inflationary wage and salary increases

II. General Fund Revenue Assumptions

Although all General Fund revenue line items have been analyzed year-to-date, the principal assumptions will need to be updated as revenues continue to roll in throughout the remainder of 2022. The following table describes the major revenue sources, which comprise about \$30.1 million, or 68.26%, of the total:

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<u>MAJOR REVENUES:</u>	FY 2021 ACTUAL	FY 2022 AMENDED BUDGET	FY 2022 PROJECTED ACTUAL	FY 2023 PROPOSED BUDGET	Note A		% of TOTAL G.F. REVENUES
					FY 2023 AMOUNT CHANGE	FY 2023 % CHANGE	
<u>PROPERTY TAXES</u>							
FIRE PENSION	3,520,454	3,746,088	3,720,878	3,905,061	158,973	4.24%	8.85%
POLICE PENSION	2,912,595	3,099,229	3,124,439	3,279,099	179,870	5.80%	7.43%
<u>SALES & USE TAXES</u>							
STATE SALES TAX	6,205,962	5,824,413	6,092,316	6,017,000	192,587	3.31%	13.63%
HOME RULE SALES TAX	7,675,584	7,063,950	7,593,374	7,153,385	89,435	1.27%	16.21%
<u>GROSS RECEIPTS TAXES</u>							
MUNICIPAL UTILITY TAX	2,528,658	2,735,404	2,459,725	2,535,000	(200,404)	-7.33%	5.74%
<u>INTERGOVERNMENTAL</u>							
FEDERAL GRANTS - ARPA	1,511,017		2,057,696	1,837,285	1,837,285		4.16%
STATE INCOME TAX	5,787,319	5,109,569	5,600,310	5,400,000	290,431	5.68%	12.23%
TOTAL MAJOR GENERAL FUND REVENUES				30,126,830			68.26%
OTHER SOURCES				14,009,650			31.74%
TOTAL GENERAL FUND REVENUES				44,136,480			100.00%

Note A - Depicts change from the 2022 Amended Budget to the 2023 Proposed Budget

Comments:

- a) **Police and Fire Pension property tax levies** are predicated on a 4.95% increase, the same percentage increase as 2022. A higher community EAV – the estimated value of which is yet to be determined--will likely outpace the City’s small levy increase, and further contribute to decreased property taxes paid by City residents. At this level of property taxes, the shortfall of revenue compared to the actuarially determined contribution into the pension plans continues to grow as expenditures outpace the revenues. The 2023 shortfall in property tax revenue, at this levy amount, would be \$1,650,237 or 18.7% (see “Pensions,” below).
- b) **State sales taxes and Home Rule sales taxes** were estimated based on the last 4-year average revenues (excluding the 2020 "COVID" year). The effect of known commercial closures was reviewed but is expected to be offset by new business or expanded existing business (as in the Downtown area). As noted above, revenue estimation is complicated by the 3-month delay in payment by the State of Illinois; collections through July represent January to April sales.
- c) **Municipal utility tax** includes electric (ComEd) and gas (Nicor) tax receipts. The tax is charged based on kilowatt hours (electric) and therms (gas). The estimated 2023

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revenues were based on the monthly averages for the past 5 years, excluding the inflationary increases of 2022. This estimate should be conservative: the new Meta spaces coming online should be notable even with the 50% discount.

- d) **American Rescue Plan Act (ARPA) grant revenue** continues to offset the cost of re-hiring previously frozen positions in the General Fund. ARPA monies have also been spent in the ARPA Fund (Fund 110) related to the Hunter Hillcrest purchase, tenant relocation, and demolition, as well as lead service line replacement at scattered sites in DeKalb. Within the General Fund, twenty-one (21) fire, police and public works employees' salaries and benefits are being funded by this grant. This is budgeted to continue into 2023 and 2024, which will be the final year. A more detailed discussion of the ARPA program follows.
- e) **State income tax** is allocated on a per capita basis by the State of Illinois. The population used in 2021 was 44,030, which dropped to 40,290 in 2022 and is the basis for the 2022 projected amounts and 2023 budget. The Illinois Municipal League's per capita estimate of \$139.00 was used to formulate the 2022 projected amount, and current data suggests flat growth in individual incomes and decreases in corporate revenues in 2023. The FY2023 estimate exceeds the FY22 amended budget but not the projected FY22 year-end total.
- f) **Property tax.** None of the property taxes that the Council will levy this Fall will be used for general operating purposes. A total of \$7,184,160 is suggested (a 4.95% levy increase) but this amount will be entirely dedicated to Police and Fire pension payments. An additional \$1,650,237 will have to be scooped from other general revenues (e.g., sales and use taxes) to cover 100% of the actuarial obligations. In FY2022 the "additional" contribution outside the property tax revenue was \$1,278,142 so the shortfall has increased by \$372,095 (29%). The "development benefit" from our most recent industrial investments is enormous for the community in terms of EAV, jobs, the notoriety of our highly regarded corporate partners, etc. However, until the "pension ramps" are levelled, the City cannot share in the enhanced property tax revenue stream if we want to continue to be the leader among local taxing bodies in the reduction of the tax burden on local property owners.

III. General Fund Expenditure Assumptions

American Rescue Plan Act (ARPA) Grant-Funded Expenditures

The City continues to incur qualifying expenditures resulting from the \$10.4 million award of funds granted in March 2021. In FY 2021, \$3,001,806 of ARPA grant funds were spent on the following projects:

- \$1,511,017 – re-hiring twenty-one public safety (police, fire, and public works) employees (General Fund).
- \$1,148,164 – purchase of the Hunter Hillcrest property and building repairs before existing tenants were relocated (ARPA Fund).
- \$50,981 – relocation assistance for the Hunter Hillcrest tenants (ARPA Fund).
- \$291,644 – payments to other units of government (DeKalb Park District and Kishwaukee Water Reclamation District) to assist with revenues lost because of COVID-19 (ARPA Fund).

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In FY 2022, at least \$3,242,484 of the grant funds are expected to be spent as follows:

- \$1,837,285 to continue to fund the salary and benefits of the public safety re-hires (General Fund).
- \$1,000,000 on lead service line replacement, which is a program of the Water Capital Fund (Fund 620). It is unlikely that all of this allocation will be spent in FY2022.
- \$77,544 for the remaining Hunter Hillcrest relocations, and \$327,655 for the Hunter Hillcrest demolition and further demolition and restoration at the former Campus Cinema site (ARPA Fund).

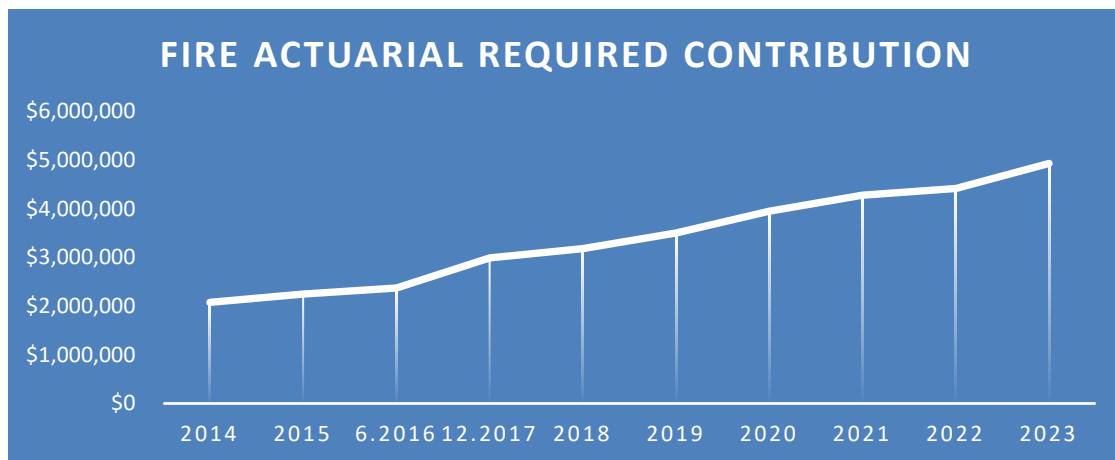
In FY 2023, an additional \$1,837,285 of grant funds is expected to be expended on the salary and benefits of the public safety re-hires. Approximately \$2.3 million will be left to be spent in FY 2024 on the salary and benefits of the public safety re-hires and other potential projects. After FY 2024, the full cost of the re-hired employees will be felt by the General Fund.

Pensions

As noted above, the City’s contributions to the Fire Pension and Police Pension Funds continue to rise each year based on the results of the annual actuarial valuation. The tables and graphs that follow show the annual contributions to each fund since 2014.

Fire Pension

Fiscal Year	Actuarial Required Contribution	\$ Increase	% Increase
2014	\$2,078,061		
2015	\$2,250,772	\$172,711	8.31%
2016	\$2,373,253	\$122,481	5.44%
2017	\$2,990,000	\$616,747	25.99%
2018	\$3,183,910	\$193,910	6.49%
2019	\$3,503,332	\$319,422	10.03%
2020	\$3,951,651	\$448,319	12.80%
2021	\$4,282,230	\$330,579	8.37%
2022	\$4,415,632	\$133,402	3.12%
2023	\$4,933,015	\$517,383	11.72%
		average increase:	10.25%

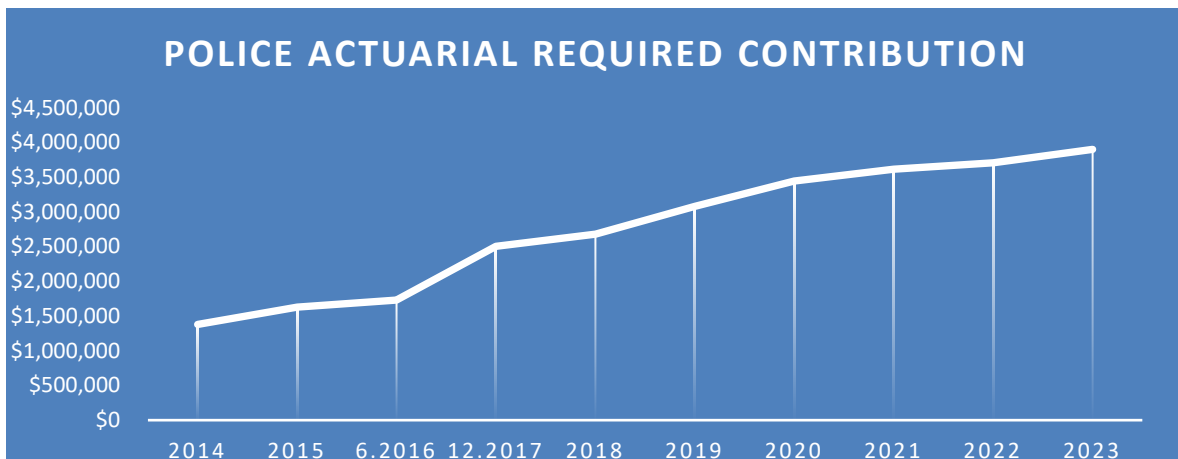


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Police Pension

Fiscal Year	Actuarial Required Contribution	\$ Increase	% Increase
2014	\$1,379,234		
2015	\$1,627,268	\$248,034	17.98%
2016	\$1,730,712	\$103,444	6.36%
2017	\$2,502,904	\$772,192	44.62%
2018	\$2,680,967	\$178,063	7.11%
2019	\$3,079,438	\$398,471	14.86%
2020	\$3,446,287	\$366,849	11.91%
2021	\$3,614,881	\$168,594	4.89%
2022	\$3,707,827	\$92,946	2.57%
2023	\$3,901,382	\$193,555	5.22%
		average increase:	12.84%



According to the most recent actuarial valuations, the City's contributions to both plans in 2023 total \$8,834,397. Based on the average annual increases, the total contributions in 2024 and 2025 would be \$9,840,968 and \$10,963,688, respectively. These actuarial calculations do not include the effect of the recent hiring campaign for the Fire department, as most of those employees came on board in 2022. Increases to personnel and salaries will increase the annual required contribution.

Historically, pension fund boards, actuaries, and other fiduciary agents prefer the dedication of property taxes to fund annual pension obligations because of their greater reliability as opposed to sales and use taxes, which are more vulnerable to changes in the business cycle. For the last several years, all the property tax revenues collected have been used for pension contributions, although for many years the amount levied has not fully funded this annual contribution, as shown below:

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Fiscal Year		Actuarial Required Contribution	City's Adopted Tax Levy	Shortfall \$	Shortfall %
2019	Fire Pension	\$3,503,332	\$3,220,517	\$282,815	8.07%
	Police Pension	\$3,079,438	\$2,796,623	\$282,815	9.18%
	Total	\$6,582,770	\$6,017,140	\$565,630	8.59%
2020	Fire Pension	\$3,951,651	\$3,322,914	\$628,737	15.91%
	Police Pension	\$3,446,287	\$2,946,735	\$499,552	14.50%
	Total	\$7,397,938	\$6,269,649	\$1,128,289	15.25%
	<i>increase over PY</i>	<i>12.38%</i>	<i>4.20%</i>		
2021	Fire Pension	\$4,282,230	\$3,569,403	\$712,827	16.65%
	Police Pension	\$3,614,881	\$2,953,053	\$661,828	18.31%
	Total	\$7,897,111	\$6,522,456	\$1,374,655	17.41%
	<i>increase over PY</i>	<i>6.75%</i>	<i>4.03%</i>		
2022	Fire Pension	\$4,415,632	\$3,720,878	\$694,754	15.73%
	Police Pension	\$3,707,827	\$3,124,439	\$583,388	15.73%
	Total	\$8,123,459	\$6,845,317	\$1,278,142	15.73%
	<i>increase over PY</i>	<i>2.87%</i>	<i>4.95%</i>		
2023	Fire Pension	\$4,933,015	\$3,905,061	\$1,027,954	20.84%
	Police Pension	\$3,901,382	\$3,279,099	\$622,283	15.95%
	Total	\$8,834,397	\$7,184,160	\$1,650,237	18.68%
	<i>increase over PY</i>	<i>8.75%</i>	<i>4.95%</i>		

IV. Debt Service Expenditures

The City currently has five bond issues outstanding (2010C, 2012A, 2013B, 2019 and 2020), with an additional issue for the Library (2013A) that the City is paying for. Later in 2022, the City will complete the refunding of the Library bonds with the issuance of the 2022 General Obligation Refunding Bonds which will achieve a savings of approximately \$152,000 over the remaining life of the bonds. No property taxes are extended for these bonds. The taxes are levied and abated, and the debt service is paid through General Fund sources. The following table illustrates the future commitment of General Fund dollars towards these fixed payments:

FISCAL YEAR	CITY BONDS	LIBRARY BONDS	TOTAL BONDS
2023	\$ 1,854,570	\$ 469,599	\$ 2,324,169
2024	1,865,016	471,409	2,336,425
2025	1,863,296	470,748	2,334,044
2026	1,865,957	470,060	2,336,017
2027	1,867,431	469,088	2,336,519
2028	1,460,420	467,830	1,928,250
2029	1,458,636	471,216	1,929,852
2030	1,459,426	469,246	1,928,672
2031		467,466	467,466
2032		464,926	464,926
2033		467,030	467,030
TOTAL	\$ 13,694,752	\$ 5,158,618	\$ 18,853,370

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The City will pay approximately \$2.3 million annually for the next 5 years, then \$1.9 million for the subsequent 3 years, and about \$500,000 for the last 3 years. This assumes no new bonded debt is issued.

Additionally, the City has financed several public safety vehicles in the recent past (1 fire engine, 1 ambulance, 2 dump trucks, and 4 police interceptors) which are being paid over multi-year loans via General Fund transfers into the Capital Equipment Replacement Fund:

FISCAL YEAR	CAPITAL LOANS
2023	\$ 150,942
2024	150,943
2025	119,206
2026	79,468
2027	16,662
TOTAL	\$ 517,221

An additional Public Works loader has been financed; however, it is being paid out of the Water Fund.

Finally, the City has leased “License Plate Reader” (LPR) cameras and 13 additional vehicles, 10 of which are paid from the Capital Equipment Replacement Fund via transfers from the General Fund:

FISCAL YEAR	CAPITAL LEASES
2023	\$ 117,559
2024	117,561
2025	139,172
2026	70,819
TOTAL	\$ 445,111

The capital items will either be purchased at the end of the lease term or tendered to the lessor. All of the debt related items noted above are financed either directly or indirectly from General Fund revenues.

New Personnel

The proposed FY2023 Budget includes ten (10) new full-time hires:

- 5 new Police officers to bring the total number of sworn officers to 70, including the Chief and four Commanders. The expanded force is needed for enhanced traffic enforcement throughout the City; enhanced community services, and additional responsibility in the DeKalb schools (from 3 to 5 SROs). District #428 partially reimburses the City for officers assigned to SRO duties.
- 3 new telecommunicators, bringing the total to 16. Two TCs are required in the dispatch room at all times. The expanded use of live-feed security cameras at larger apartment complexes and at various street locations demands expanded surveillance in the dispatch office.
- 1 new firefighter/paramedic. With the new FF/P hires under the SAFER grant, overtime has been reduced. Two of the three shifts have 19 FF/P; one has 18 FF/P. The additional hire potentially reduces call-back calls for the odd shift.

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- 1 new Public Works maintenance worker (40% of the cost comes from the Water Fund). As noted elsewhere, the FY2023 Budget assumes a 2.5% across-the-board wage and salary increase. The overall increase in wage, benefit and pension costs for these new personnel commitments would be about \$1 million. This total includes annual union step increases (in addition to cost-of-living adjustments) which are significant in light of the recent new hires at the lower levels of the City's union pay scales.

V. Capital Funds

The City's 2022-2024 Financial Plan addressed the funding challenges for the City's street maintenance and fleet replacements in detail. The following key assumptions were embraced and remain the guiding principles for the FY2023 Budget:

- The General Fund should pay only for government operations.
- Expenditures should not exceed our revenue capacity. In this respect, structural imbalances can result from enduring budget deficits. The City's structural imbalance on the operating side is in pension funding. With respect to capital funding, the willingness for more than 10 years (2008-2019) to settle for reduced street and fleet expenditures and to transfer capital funds to bail out the General Fund has created a structural imbalance on the capital side. The challenge in the years ahead is to find a consensus on "needful" and not "wishful" capital purchases.
- Revenue sources should be diversified and not vulnerable to "external" threats.
- Minimum fund balances of 25% or more are desired (but not yet achievable) in capital funds as well as the operating areas.
- The property tax will be dedicated toward pension payments and operating needs for many years to come.
- No increases in the City's home rule sales tax rate or local motor fuel tax are contemplated.
- No "catch-up" general obligation bond is appropriate so long as the City's "full faith and credit" has no property tax stream to enforce it.
- If received, proceeds from the DeKalb share of the Infrastructure Investment and Jobs Act of 2022 that can be used for street repairs might be available in FY2023. The estimated City share may be just under \$500,000.
- Any available revenue from the imposition of a 3% tax on cannabis sales in FY2023 should be shifted to Fund 420 for fleet replacement and other vehicle or equipment purchases.

Regarding streets, a new "Pavement Condition Index" (PCI) for the DeKalb area funded by the DeKalb-Sycamore Area Transportation Study (DSATS) is still expected before the snow flies this year. At this writing, the preliminary street maintenance numbers for Funds 210 and 400 are based on the expiring five-year PCI index and the City Engineer's adjustment to address remarkable changes in wear.

Motor Fuel Tax (MFT) Fund 210

The City receives a per capita allocation of Illinois Motor Fuel Tax (MFT) revenues on a monthly basis from a State tax on gasoline purchases. These funds can only be used for certain costs related to street maintenance and improvement projects, as set forth by the State of Illinois. The annual MFT allotment to the City in FY2023 is projected to be \$1,550,000 which is five (5) percent lower than the FY2022 amended Budget. The Rebuild Illinois bond monies that have been received and stockpiled in recent years for the engineering of the Lucinda Avenue and N. First Street bridges is equally spread over the FY2022 and FY2023 Budget years.

About \$650,000 of the FY2023 state MFT allocation will be used to defray the City's electrical charges for streetlights (\$350,000) and road salt purchases (\$300,000) which have increased significantly due to the recent inflation (see the attached Fund 210 spreadsheet). An additional allocation for street supplies/commodities (\$100,000) can be considered part of the annual street maintenance work.

FY2023 is the State MFT-designated year for annual street maintenance and an estimated \$2.2 million (plus the \$100,000 allocation for street supplies and as yet undetermined engineering costs) go toward the City's \$2.5 million investment in street maintenance in FY2023, which will focus on the Knolls, Greenbrier Road, the re-surfacing of Kimberly and Edgebrook Drives, and other repairs.

Capital Projects Fund 400

The local motor fuel tax rate of 9.5 cents per gallon remains split between road expenditures (7 cents), airport expenditures (1.5 cents), and vehicle replacement (1 cent). Proceeds from the local tax on motor fuel can be used for any public capital improvement. In FY2023, a total of \$876,000 is projected in local motor fuel tax revenue, down (-2.7%) from \$900,000 in the amended FY2022 Budget.

The FY2023 street maintenance program is financed by Fund 210 in FY2023, but another \$100,000 is set aside for miscellaneous curb, gutter, sidewalk and catch basin repairs in Fund 400. The preliminary Fund 400 Budget is attached.

Capital Equipment Replacement Fund 420

Of the general capital funds, Fund 420 and its balance will be under the most pressure in FY2023. The FY2022-2024 Financial Plan pegged the annual shortfall for fleet replacement at about \$215,000 and that sober prediction remains in line with the actual FY2022 budget experience to date. New vehicle and upfitting charges have risen and a number of older Police squads and Public Works vehicles have been permanently taken out of service. Fund 130 which embodies the Ground Emergency Medical Transportation (GEMT) program and receives gap funding from the State of Illinois for the difference between what the City might receive in Medicaid funds for ambulance transports and the actual cost of ambulance service has recently provided critical funding for the Fire Department's vehicle needs.

The Police and Public Works departments largely rely upon the one cent per gallon local fuel tax, which will only raise about \$118,000 in FY2023, down about \$17,000 (12.6%) from the FY2022 amended budget. The other large source of annual revenue in Fund 420 consists of lease payments from telecommunication companies with antennae on our water towers ("Rental Income" of about \$220,000) and DeKalb County emergency services payments ("Miscellaneous Revenue" of about \$33,333). On Friday, July 22, the Illinois Department of Financial and Professional Regulation (IDFPR) announced the list of firms receiving

conditional state cannabis licenses and four firms were authorized to establish a business in Region #14 which includes DeKalb. One of the firms appears eager to establish a business in DeKalb and hopes to be open by the end of the calendar year or sooner. An estimated new revenue of \$200,000 is projected and will be deposited in Fund 420 as shown on the attached spreadsheet. **The expected cannabis revenue will be essential to shore up the fund balance in FY2023.** The key fleet expenditures are as follows:

- Police Squad Replacements including Upfitting (\$338,000):
 - Squad #302
 - Squad #330
 - Squad #306
 - Squad #319
 - Squad #325
 - Squad #333
 - Squad #339

- Public Works (\$260,000):
 - Used Aerial Truck: \$160,000
 - Repair Pelican Street Sweeper: \$100,000

DeKalb's TIF Program Fund 262 (TIF #3)

The Central Area TIF (TIF #1) expired on December 31, 2021. A small fund balance of \$19,471 remains in the event of future tax protests, but the remainder of the fund's balance was transferred to TIF #3. Within TIF #3, a few major capital projects are ongoing in 2022, but are expected to be complete or nearly complete at the end of 2022:

- a) Agora Tower. The Project's developer, John Pappas, and general contractor, Weaver Construction, have completed plumbing, electrical, and mechanical work, as well as substantial insulation and drywall installation. The project funding was approved in September 2019 and the project is expected to be completed in the late Fall.

- b) IL Rt. 38 Reconfiguration. This project was approved by IDOT in mid-Spring and a bid opening occurred April 20, 2022. The only bidder was Elliott & Wood, and a construction services contract for \$1,763,000 was awarded at the April 25 City Council meeting. The reconfiguration, which is nearing completion, will reduce the four-lane downtown section of IL Rt. 38 between First and Fourth Streets to three lanes (with a center turn lane). This will widen the downtown sidewalks by about 5-6 feet on both the north and south sides, allowing for a more pedestrian-friendly streetscape and mitigating the truck "raceway" through the heart of DeKalb's downtown. The wider sidewalks will afford more room for sidewalk sales, outdoor seating, and more leisurely enjoyment of the downtown businesses. The City has also addressed the IDOT requirement for a parallel bike path by committing to such a pathway on Grove Street, and has addressed various IDOT technical suggestions for turn radii, etc. The City also made some design changes to address IDOT's concern about impacts on the Union Pacific's Fourth Street rail crossing. Due to the single bidder, the FY 2022 budget needed to be amended by \$550,000 to a total of \$1,800,000 for this project, which will be substantially complete by Corn Fest.

- c) 200 S. Fourth Street: City Hall Suites. This redevelopment project will be an "earner." The one-block area has been off the tax rolls since the late 1960s so once the property is occupied all the assessed valuation will count toward the calculation of the increment. The former city hall was razed in the Fall of 2021. Recently, the footings for the first building

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facing S. Fifth Street have been poured and the building pads for the two buildings facing S. Fourth Street have been prepared. The general contractor, Pappas Development, has also replaced old water and sewer mains as well as electrical and natural gas services.

- d) Other Private Property Rehabilitation Projects. About \$500,000 will remain available in the Fund balance for one or several larger downtown projects that the AIP program does not typically underwrite.

The FY2023 incremental property tax revenues will be in the ballpark of \$520,000 and will be devoted to smaller Architectural Improvement Program (AIP) projects, plus the annual required TIF surplus distribution to the local taxing bodies.

VI. FY2023 Budget Schedule

City Manager's Summary: In recent years, the Council has followed a very transparent review process for the creation of the following year's fiscal budget. Keeping with that successful format, the remaining Budget schedule was approved by the Council on July 11, except that the Commission meeting in October has been changed from October 17 to October 19 to allow the City administration to be represented at a crucial pension conference in Springfield.

- August 30 - October 13 – Intense department-level budget discussions around spending targets based on general goals established on August 15.
- Thursday, October 13 – Publication of an agenda for a FAC meeting on October 19.
- Wednesday, October 19 – FAC meeting to review proposed, detailed FY2023 Budget highlights, including annual levy assumptions, 6:00 p.m. to 8:30 p.m.
- Monday, October 24 – Council consideration of property tax levy options.
- Monday, November 14 – Presentation of a Council resolution establishing a Truth in Taxation Hearing for November 28.
- Monday, November 21 and Wednesday, November 23 (if needed) – Back-to-back special Council meetings in joint session with the FAC to go over the proposed FY2023 budget document. The General Fund departments, Capital Funds, Enterprise Funds, and Special Funds will be the focus.
- Monday, November 28 – Truth in Taxation Hearing and FY2023 Budget Hearing. First reading on Proposed FY2023 City Budget.
- Monday, December 12 – Second reading on Proposed FY2023 City Budget.
- December 29 – Last day to file the approved FY2023 Annual Budget and Property Tax Levy with the DeKalb County Clerk.

E. ADJOURNMENT

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Fund 210--Motor Fuel Tax Fund

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023
	Actual	Actual	Actual	Amended	Projected	Budget
Revenues						
Bond Revenue	\$0	\$967,250	\$967,250	\$967,250	\$967,250	\$0
Federal Grants	\$0	\$0	\$0	\$0	\$0	\$0
Federal Pass-Through Grants	\$0	\$0	\$0	\$0	\$0	\$0
State Grants	\$0	\$0	\$0	\$0	\$0	\$0
MFT Allotment	\$1,454,409	\$1,699,173	\$1,792,150	\$1,631,027	\$1,560,432	\$1,550,000
Misc. Revenue	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$0
Investment Interest	\$69,131	\$20,887	\$1,960	\$10,000	\$14,918	\$12,000
Refunds/Reimbursements	\$0	\$0	\$0	\$0	\$0	\$0
Transfer from General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$1,523,540	\$2,687,310	\$2,761,360	\$3,608,277	\$3,542,600	\$1,562,000
Expenditures						
Supplies--Parts/Streets	\$0	\$0	\$99,215	\$100,000	\$100,000	\$100,000
Bonded Capital Projects	\$0	\$0	\$0	\$1,100,000	\$1,000,000	\$0
Ice/Snow Control Supplies	\$99,944	\$124,946	\$192,955	\$250,000	\$275,000	\$300,000
Maintenance--Sidewalks	\$0	\$0	\$0	\$0	\$0	\$0
Arch/Eng Services	\$61,984	\$453,150	\$595,135	\$925,000	\$600,000	\$605,000
Land Acquisition Services	\$3,199	\$0	\$0	\$0	\$0	\$0
Electric Services	\$286,079	\$334,506	\$314,578	\$350,000	\$350,000	\$350,000
Legal Expenses & Notices	\$0	\$0	\$0	\$0	\$0	\$0
Land Acquisition Services	\$0	\$244,467	-\$65	\$0	\$0	\$0
Street Improvements	\$0	\$246,240	\$487,143	\$2,000,000	\$2,000,000	\$0
Street Maintenance	\$706,123	\$199,108	\$1,061,510	\$1,000,000	\$1,000,000	\$2,200,000
Other Capital Improvements	\$174,912	\$0	\$0	\$100,000	\$50,000	\$0
Transfer to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Transfer to Capital Projects Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$1,332,242	\$1,602,417	\$2,750,471	\$5,825,000	\$5,375,000	\$3,555,000
Net of Revenues/Expenditures	\$191,298	\$1,084,893	\$10,889	-\$2,216,723	-\$1,832,400	-\$1,993,000
Beginning Balance	\$2,797,303	\$2,988,601	\$4,085,227	\$4,096,116	\$4,096,116	\$2,263,716
Prior Period Adjustment	\$0	\$11,733	\$0	\$0	\$0	\$0
Ending Balance	\$2,988,601	\$4,085,227	\$4,096,116	\$1,879,393	\$2,263,716	\$270,716

Fund 262-TIF #3 Fund (Central Business)

Department 00-00-General

		FY2020	FY2021	FY2022	FY2022	FY2023
		Actual	Actual	Amended	Projected	Budget
Revenues						
262-00-00-30300	Property Tax-TIF	\$300,640	\$458,809	\$507,254	\$507,254	\$519,935
262-00-00-37100	Investment Interest	\$201	\$1,097	\$250	\$250	\$750
262-00-00-37500	Gain/Loss on Investments	\$0	\$0	\$0	\$0	\$0
262-00-00-38200	Refunds/Reimbursements	\$0	\$0	\$0	\$0	\$0
262-00-00-39100	Transfer from General Fund	\$0	\$0	\$0	\$0	\$0
262-00-00-39260	Transfer from TIF #1 Fund	\$4,275,000	\$2,650,000	\$0	\$0	\$0
	Total Revenues	\$4,575,841	\$3,109,906	\$507,504	\$507,504	\$520,685
Expenditures						
262-00-00-61300	Maintenance-Buildings	\$0	\$0	\$0	\$0	\$0
262-00-00-61450	Maintenance-Sidewalks	\$0	\$0	\$0	\$0	\$0
262-00-00-62100	Financial Services	\$703	\$556	\$750	\$8,660	\$7,500
262-00-00-62300	Arch/Engin Services	\$0	\$0	\$0	\$0	\$0
262-00-00-63650	Land Acquisition Services	\$0	\$0	\$0	\$0	\$0
262-00-00-63750	Demolition Services	\$0	\$0	\$0	\$0	\$0
262-00-00-63800	Contracted Services	\$0	\$0	\$6,111	\$0	\$0
262-00-00-65100	Freight & Postage	\$0	\$0	\$0	\$0	\$0
262-00-00-65300	Legal Expenses & Notices	\$0	\$2,245	\$0	\$5,200	\$5,304
262-00-00-68600	TIF Surplus Distribution	\$0	\$0	\$152,176	\$152,176	\$155,981
262-00-00-69199	Priv Prop Rehab/Redevelop	\$2,803,802	\$624,588	\$1,424,571	\$1,424,571	\$100,000
262-00-00-81000	Land Acquisition	\$0	\$0	\$0	\$0	\$0
262-00-00-83000	Street Improvements	\$0	\$0	\$0	\$0	\$0
262-00-00-83200	Storm Sewer Improvements	\$0	\$0	\$0	\$0	\$0
262-00-00-83300	Parking Lot Improvements	\$0	\$0	\$0	\$0	\$0
262-00-00-83900	Other Capital Improvements	\$0	\$127,053	\$1,800,000	\$1,800,000	\$0
262-00-00-83999	Signals & Intersections	\$0	\$0	\$0	\$0	\$0
262-00-00-91100	Transfer to General Fund	\$0	\$0	\$0	\$0	\$0
262-00-00-91260	Transfer to TIF #1 Fund	\$0	\$0	\$0	\$0	\$0
262-00-00-91375	Transfer to TIF Debt Serv Fund	\$0	\$0	\$0	\$0	\$0
	Total Expenditures	\$2,804,505	\$754,442	\$3,383,608	\$3,390,607	\$268,785
	Beginning Balance	-\$500,000	\$1,271,336	\$3,626,800	\$3,626,800	\$743,697
	Revenues	\$4,575,841	\$3,109,906	\$507,504	\$507,504	\$520,685
	Expenditures	\$2,804,505	\$754,442	\$3,383,608	\$3,390,607	\$268,785
	Fund Balance Adjustment	\$0	\$0	\$0	\$0	\$0
	Ending Balance	\$1,271,336	\$3,626,800	\$750,696	\$743,697	\$995,598
	AIP Program (\$140,000); Agora Tower (\$1,037,417); 200 S. Fourth (\$247,154)					
	Downtown IL Rt. 38 Reconfiguration (\$1,763,000 plus 2% contingency)					
	TIF 3 surplus equivalent to 30% of the annual property tax increment in TIF 3 begins in FY2022.					
	AIP Program					

Fund 400--Capital Projects Fund						
	FY2019	FY2020	FY21	FY22	FY22	FY23
	Actual	Actual	Actual	Amended	Projected	Budget
Revenues						
Home Rule Motor Fuel Tax	\$714,856	\$861,826	\$947,167	\$900,000	\$810,165	\$876,000
State Grants	\$0	\$0	\$1,935,389	\$1,580,020	\$1,580,020	\$0
Traffic Impact Fees	\$0	\$0	\$0	\$0	\$0	\$0
Rental Income	\$0	\$0	\$0	\$0	\$0	\$0
Investment Interest	\$0	\$0	\$0	\$0	\$0	\$0
Misc. Revenue	\$0	\$0	\$142,500	\$50,000	\$0	\$0
Refunds/Reimbursements	\$0	\$0	\$0	\$573,000	\$733,250	\$0
Sales of Surplus Property	\$136,632	\$604,387	\$0	\$0	\$0	\$0
Transfer from General Fund	\$36,756	\$0	\$22,500	\$0	\$0	\$0
Total Revenues	\$888,244	\$1,466,213	\$3,047,556	\$3,103,020	\$3,123,435	\$876,000
Expenditures						
Lease Payment Principal	\$0	\$0	\$0	\$0	\$0	\$0
Lease Payment Interest	\$0	\$0	\$0	\$0	\$0	\$0
Supplies/Parts/Technology	\$0	\$0	\$22,000	\$52,173	\$22,000	\$81,779
Maintenance--Buildings	\$0	\$0	\$82,311	\$55,000	\$55,000	\$75,000
Maintenance--Sidewalks	\$0	\$0	\$0	\$25,000	\$25,000	\$25,000
Arch/Eng Services	\$122,423	\$114,348	\$246,375	\$261,000	\$261,000	\$50,000
Contracted Services	\$0	\$0	\$43,200	\$50,000	\$50,000	\$50,000
Legal Expenses & Notices	\$0	\$0	\$11,621	\$0	\$0	\$0
Land Acquisition Services	\$0	\$375,000	\$0	\$0	\$0	\$0
Buildings & Improvements	\$0	\$179,020	\$18,550	\$0	\$0	\$0
Street Improvements	\$0	\$0	\$1,235,661	\$1,892,020	\$1,892,020	\$100,000
Street Maintenance	\$685,749	\$718,617	\$321,574	\$1,200,000	\$1,200,000	\$0
Alley Improvements	\$0	\$75,000	\$18,574	\$150,000	\$150,000	\$0
Storm Sewer Improvements	\$0	\$0	\$2,060	\$25,000	\$25,000	\$60,000
Other Capital Improvements	\$0	\$0	\$23,854	\$0	\$0	\$50,000
Technology Equipment	\$0	\$113,836	\$284,383	\$200,000	\$175,000	\$141,000
Priv. Prop. Rehab.	\$0	\$0	\$0	\$0	\$0	\$70,000
Special Projects	\$0	\$0	\$0	\$0	\$0	\$58,000
Transfer to Capital Equip. Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$808,172	\$1,575,821	\$2,310,163	\$3,910,193	\$3,855,020	\$760,779
Net of Revenues/Expenditures	\$80,072	-\$109,608	\$737,393	-\$807,173	-\$731,585	\$115,221
Beginning Balance	\$443,991	\$524,063	\$414,455	\$1,151,848	\$1,151,848	\$420,263
Ending Balance	\$524,063	\$414,455	\$1,151,848	\$344,675	\$420,263	\$535,484
	Sump Pump Program; Nehring storm line (E. Locust)					
	General AIP program					
	E. Locust Re-Surface, 7th-10th					
	Barb City Manor; City Hall					

Fund 420--Capital Equipment Replacement Fund

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Amended	FY2022 Projected	FY2023 Budget
Starting Fund Balance	\$338,799	\$697,371	\$739,597	\$950,904	\$950,904	\$497,717
Revenues						
Cannabis Tax	\$0	\$0	\$0	\$0	\$0	\$200,000
Home Rule Motor Fuel Tax	\$0	\$122,267	\$135,309	\$135,000	\$112,461	\$118,000
State Grants	\$0	\$0	\$0	\$0	\$0	\$0
Rental Income	\$217,155	\$226,224	\$218,261	\$220,000	\$220,000	\$220,000
Investment Interest	\$489	\$391	\$104	\$400	\$4,671	\$6,000
Misc. Revenue	\$40,000	\$40,000	\$33,333	\$40,000	\$33,333	\$33,333
Refunds/Reimbursements	\$166,714	\$202,689	\$206,023	\$210,000	\$216,240	\$240
Donation/Contribution	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Surplus Property	\$15,840	\$83,924	\$84,735	\$10,000	\$20,000	\$3,007
Capital Lease Issuance	\$0	\$414,386	\$305,464	\$182,000	\$0	\$0
Trsf from General Fund	\$75,000	\$1,700	\$25,000	\$0	\$0	\$0
Total Revenues	\$515,198	\$1,091,581	\$1,008,229	\$797,400	\$606,705	\$580,580
Expenditures						
Loan Principal	\$16,667	\$16,667	\$16,667	\$16,667	\$145,571	\$141,657
Loan Interest	\$0	\$0	\$0	\$0	\$13,699	\$9,285
Lease Purchase Contracts	\$0	\$0	\$72,408	\$0	\$0	\$0
Capital Lease Principal	\$0	\$29,905	\$117,056	\$199,977	\$178,804	\$176,542
Capital Lease Interest	\$0	\$2,493	\$27,277	\$30,611	\$20,535	\$22,796
Maintenance--Buildings	\$1,406	\$0	\$0	\$0	\$0	\$0
Equipment	\$0	\$21,975	\$3,465	\$0	\$0	\$0
Maintenance--Vehicles	\$0	\$0	\$0	\$20,000	\$20,000	\$20,000
Technology Equipment	\$84,929	\$0	\$28,702	\$110,000	\$117,053	\$0
Lease Purchase Vehicles	\$0	\$0	\$305,464	\$182,000	\$0	\$0
Vehicles	\$53,624	\$478,315	\$100,898	\$206,000	\$564,230	
Vehicles/Upfitting - Police	\$0	\$0	\$0	\$0		\$340,000
Vehicles/Upfitting - Pub Works	\$0	\$0	\$0	\$0		\$260,000
Transfer to General Fund	\$0	\$500,000	\$0	\$0	\$0	\$0
Transfer to Airport Fund	\$0	\$0	\$124,985	\$0	\$0	\$0
Total Expenditures	\$156,626	\$1,049,355	\$796,922	\$765,255	\$1,059,892	\$970,280
Net Rev/Expend	\$358,572	\$42,226	\$211,307	\$32,145	(\$453,187)	(\$389,700)
Ending Balance	\$697,371	\$739,597	\$950,904	\$983,049	\$497,717	\$108,017