



**DEKALB CITY COUNCIL AGENDA
REGULAR MEETING
NOVEMBER 27, 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

None.

E. PUBLIC PARTICIPATION

F. APPOINTMENTS

None.

G. CONSENT AGENDA

1. [Minutes of the Regular City Council Meeting of November 13, 2023.](#)
2. [Accounts Payable and Payroll through November 27, 2023, in the Amount of \\$3,573,343.98.](#)
3. [Freedom of Information Act \(FOIA\) Report – October 2023.](#)
4. [DeKalb Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended 2022.](#)
5. [DeKalb Fire Pension Fund Municipal Compliance Report for the Fiscal Year Ended 2022.](#)

H. PUBLIC HEARINGS

1. **Public Hearing: Proposed FY2024 City Budget.** [*\(click here to view Public Hearing Notice\)*](#)

City Manager’s Summary: The [Annual Budget for Fiscal Year 2024](#) extends from January 1, 2024, through December 31, 2024. This proposed budget document compiles the numerical

and narrative budgets for each governmental, proprietary, and fiduciary fund in one volume for easy reading and reference.

I. GENERAL FUND

A. GENERAL FUND REVENUES

In FY2024, as in recent years, the City's general operations are funded by certain major revenue sources, which comprise about \$35.219 million, or 70% of the total General Fund revenues. The following table highlights those revenues:

Major General Fund Revenues--2024							
Type	FY2021 Actual	FY2022 Actual	FY2023 Amended	FY2023 Projected	FY2024 Proposed	FY2024 Amt. Change*	% of Total FY24 Rev.
Property Taxes							
Fire Pension	3,520,454	3,672,401	3,869,713	3,869,713	4,415,632	545,919	8.82%
Police Pension	2,912,595	3,083,738	3,249,417	3,249,417	3,707,827	458,410	7.40%
Total	6,433,049	6,756,139	7,119,130	7,119,130	8,123,459	1,004,329	16.22%
Sales & Use Taxes							
State Sales Tax	6,205,962	6,626,891	6,017,000	6,752,802	6,881,105	128,303	13.74%
Home Rule Sales tax	7,675,584	8,592,479	7,282,000	8,729,959	8,869,638	139,679	17.71%
Gross Receipts Taxes							
Municipal Utility Tax	2,528,658	2,463,148	2,535,000	2,535,000	2,636,400	101,400	5.26%
Intergovernmental							
Federal--ARPA	1,511,017	1,997,435	1,837,285	1,837,285	1,019,023	(818,262)	2.03%
SAFER		851,566	908,602	908,602	961,089	52,487	1.92%
State Income Tax	5,787,319	6,565,145	6,285,240	6,446,400	6,728,430	282,030	13.44%
Total Major Revenues	30,141,589	33,852,803	31,984,257	34,329,178	35,219,144	889,967	70.33%
Other Rev Sources					14,858,901		29.67%
Total Gen Fund Rev.					50,078,045		100.00%

*The "Change" is a comparison of the FY2023 Projected and FY2024 Proposed.

- a) **Police and Fire Property Tax Levies.** In the last regular Legislative session, the Illinois Legislature agreed to establish a working group to consider bringing the assets of the Police and Fire downstate public safety pension funds to a 90% funding level by 2050 instead of 2040. This proposed re-amortization will have no impact on the City's 2023 levies for the two funds. The City of DeKalb will meet 100% of its pension obligations, as defined by the City's actuarial consultant, but the annual 2023 levy will not cover the entirety of that obligation. The remainder will be paid from other General Fund revenues as indicated in the table on the following page:

Fiscal Year		Actuarial Required Contribution	City's Adopted Tax Levy	Shortfall \$	Shortfall %
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	\$3,869,713	\$1,063,302	21.55%
	Police Pension	\$3,901,382	\$3,249,417	\$651,965	16.71%
	Total	\$8,834,397	\$7,119,130	\$1,715,267	19.42%
	<i>increase over PY</i>	<i>8.75%</i>	<i>4.00%</i>		
2024	Fire Pension	\$5,343,974	\$4,415,632	\$928,342	17.37%
	Police Pension	\$4,130,481	\$3,707,827	\$422,654	10.23%
	Total	\$9,474,455	\$8,123,459	\$1,350,996	13.80%
	<i>increase over PY</i>	<i>7.25%</i>	<i>14.11%</i>		

In short, the City still has a substantial long-term structural problem in its unfunded state pension obligations. As of January 1, 2023, the total unfunded liabilities for the Fire and Police pension funds were \$55,991,016 and \$42,513,249, respectively. Otherwise put, the Fire Pension Fund as of January 1, 2023, was 41% funded and the Police Pension Fund was 53.6% funded.

The ultimate resolution of the downstate pension crisis is possibly 3-5 years away and will require the State Legislature's shift to an "open amortization" model. In the near term, the City has been able to find some relief owing to the extraordinary EAV increases attending the continuing industrial development south of I-88. The evidence is found in the difference between the required pension contributions established each year by the City's actuary and the actual City debt levies (the yellow-highlighted "shortfall" in the table above). In FY2024, for the first time in many years, a smaller "shortfall" can be achieved. This is the singular result of being able to levy for a higher proportion of the entire City obligation (\$8,123,459 or 85.7% in 2024 vs 80.6% in 2023) while reducing the City's tax rate.

Through the annual, in-depth levy discussion in October and November each year, the estimated City EAV for the current year is refined with the close cooperation of the DeKalb County Supervisor of Assessments and takes into account the equalization factors recommended by the DeKalb Township and Afton Township Assessors. The City's emphasis on local property tax reduction has most recently been spearheaded by Mayor Barnes. The City has provided leadership since 2018 when the Council realized the community was at an economic crossroad: if unaddressed the property tax burden on local businesses, homeowners, and renters alike would put DeKalb in a non-competitive economic position. In the spring of 2022, when the most recent City financial plan was prepared, DeKalb's aggregate tax rate was nearly 20% higher than the aggregate rates of the City's nearest geographical competitors, which averaged about \$9.0009 per \$100 EAV. The City's aggregate tax rate in 2019 was \$11.73467 per \$100 EAV. In 2020, the aggregate rate was 11.49927. The 2021 and 2022 aggregate rates are portrayed in the following table, as well as achievable aggregate rate goals shown for 2023 through 2025:

Taxing Body	2021 Rate	2022 Rate	% Diff.	2023	2024	2025
	Actual	Actual		-5.00%	-4.00%	-3.00%
County (blended)	1.03149	0.96761	-6.19%	0.91923	0.88246	0.85599
Forest Preserve (blended)	0.07355	0.06915	-5.98%	0.06569	0.06306	0.06117
DeKalb Township	0.14864	0.14107	-5.09%	0.13402	0.12866	0.12480
DeKalb Road & Bridge	0.17298	0.17052	-1.42%	0.16199	0.15551	0.15085
City of DeKalb	0.00000	0.00000	0.00%	0.00000	0.00000	0.00000
DeKalb Pension Funds	0.98612	0.89599	-9.14%	0.85119	0.81714	0.79263
DeKalb Library	0.38546	0.37454	-2.83%	0.35581	0.34158	0.33133
DeKalb Park District (blended)	0.69631	0.67796	-2.64%	0.64406	0.61830	0.59975
School District 428 (blended)	6.80841	6.09342	-10.50%	5.78875	5.55720	5.39048
Kishwaukee College	0.64100	0.60874	-5.03%	0.57830	0.55517	0.53852
KWRD	0.11998	0.10937	-8.84%	0.10390	0.09975	0.09675
Aggregate Rate:	11.06394	10.10837	-8.64%	9.60295	9.21883	8.94227

The achievement of such a rate reduction is leveraged by the very significant EAV growth along the Gurler Road corridor between S. Route 23 and Peace Road. **The City's estimated EAV in 2023 is \$998,000,000 largely owing to the extraordinary EAV growth from Meta (DeKalb Data Center), Ferrara Candy Company, Wehrli Custom Fabrication, and Amazon. The following table tracks the City's EAV growth over ten years:**

Year	Rate-Setting EAV: City	City Levy	City Rate
2014	464,966,381	4,270,540	1.0245
2015	468,077,742	5,094,730	1.1942
2016	503,861,829	5,565,384	1.2021
2017	529,629,464	6,004,594	1.2268
2018	547,947,687	6,017,140	1.1883
2019	585,726,839	6,269,649	1.1541
2020	610,333,062	6,522,507	1.06868
2021	694,171,673	6,845,317	0.98612
2022	794,561,930	7,119,130	0.89599
2023*	998,000,000	8,123,459	0.81397

*Estimated

The estimated impact of **the City's proposed levy of \$8,123,458** on a theoretical householder with a home carrying a present market value of approximately **\$375,000**, including a DeKalb Township multiplication factor ("multiplier") of **1.0953**, is illustrated in the table below:

City of DeKalb							
Year	Base EAV	Equalization Factor	New EAV	Homestead	Final EAV	DeKalb Rate	DeKalb Tax
2019	\$97,906	1.0351	\$101,343	-\$6,000	\$95,343	1.1549	\$1,101.11
2020	\$101,343	1.0409	\$105,488	-\$6,000	\$99,488	1.06868	\$1,063.21
2021	\$105,488	1.0162	\$107,197	-\$6,000	\$101,197	0.98612	\$997.92
2022	\$107,197	1.0662	\$114,293	-\$6,000	\$108,293	0.89599	\$970.30
2023	\$114,293	1.0953	\$125,185	-\$6,000	\$119,185	0.81397	\$970.13

- b) **State Sales Tax and Home Rule Sales Tax.** As the recent FY2022 Audit reported, Sales and Use tax revenues were significantly understated in the FY2022 Budget, which led to a corresponding rise in the City's fund balance at the end of FY2022. The understatement was an outcome of an abundance of caution during the budget preparation in the fall of 2021. Overall General Fund revenue and other financing sources in FY2022 exceeded the amended budgeted amount by \$2,939,912 (6.7%). Additionally, overall FY2022

General Fund expenditures and other financing uses came in under the amended FY2022 budget by \$545,498 (or 1.3%). The net increase in fund balance was \$5,691,610 after all year-end adjustments and transfers were made.

For the proposed FY2024 Budget, year-on-year and month-on-month reviews comparing FY2023 and FY2022 actual numbers were conducted over recent months with Susan Hauman, Director of Financial Services. FY2024 state sales tax revenue is expected to increase by \$128,303 or 1.9% over projected year-end FY2023 revenue, and home rule sales tax revenue is expected to increase by \$136,679 or 1.6% over projected year-end FY2023 taxes.

- c) **Municipal Utility Tax.** This category includes electric (ComEd) and gas (Nicor) tax receipts. The tax is based on kilowatt hours (electric) and therms (gas). The estimated 2024 revenues were based on the monthly averages for the past 5 years. This estimate should be conservative: the recently energized Meta spaces should generate a notable increase in electric usage even with the 50% discount that was part of the Meta incentive package.
- 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 through the ARPA Fund (Fund 110) for the Hunter Hillcrest purchase, tenant relocation and demolition, lead service line replacement at scattered sites in DeKalb, and AGN street re-surfacing. Within the General Fund, twenty-one (21) fire, police, and public works employees' salaries and benefits are being funded by this grant. The ARPA funding will be exhausted at the end of FY2024.
- e) **State income tax** is allocated on a per capita basis by the State of Illinois. The population used since 2022 is 40,290. The Illinois Municipal League's per capita estimate of \$167.00 was used to formulate the 2024 projected amount. Current data suggests flat growth in individual incomes, but the Illinois Legislature has approved about a 5% increase in municipal distributions from the Local Government Distributive Fund, which was effective August 1, 2023. This will increase the LGDF distribution rate from 6.16% to 6.47% of the LGDF. The City of DeKalb and the other 1,295 municipalities in Illinois are united in seeking the restoration of the 10% rate that prevailed for decades until the housing crisis of 2008.

B. GENERAL FUND EXPENDITURES – OVERVIEW

The FY2024 General Fund Budget features a major fiscal initiative: the building and staffing of a fourth Fire station. As the City staff wrestled with broader regional and national economic trends in the second quarter of 2023, the City Manager challenged the three largest departments with first-response duties – Fire, Police, and Public Works – to engage in longer-term planning for both staffing and facility needs. These three departments comprise 76% (\$33,457,912/\$43,789,570) of the general operating costs within the approved FY2023 City Budget. Although useful in any fiscal year planning, this exercise was also partially driven by the City's dramatic economic development in the past three years and the likelihood of greater demands for public service as the economic and social impacts of these developments unfold. For several reasons, the preliminary outcome of this planning initiative focused upon the DeKalb Fire Department. First, of the three first responder departments, Fire has the greatest deficiencies in facilities in terms of accessibility, equity, and geographical coverage. Second, although the staffing upgrade of 2021-2022 funded by a \$2.7 million federal (SAFER) grant through the Federal Emergency Management Agency (FEMA) helped the City meet federal requirements for shift strength on engines and ambulances and reduce annual overtime, it could not of itself influence response times from the existing stations. The National Fire

protection Agency (NFPA) defines response time as the “time that begins when units are enroute to the emergency incident and ends when units arrive at the scene.” This does not include the time for the alarm, dispatch, and turnout prior to rolling an engine or ambulance. The NFPA gold standard for response times is 4 minutes. There is no silver standard, based on decades of technical study establishing life-saving parameters in both EMS and fireground incidents.

On July 24, the City Manager presented a detailed report to the City Council on the Fire Department’s current “coverage” with the existing three Fire stations. This report was also shared with the FAC on August 21. The conclusions were as follows:

1. The southwest quadrant of the City comprising much of the Seventh Ward and large areas within the Fourth, Fifth and Sixth Wards including the new industrial developments south of I-88 routinely experience an average response time of approximately six minutes under the most favorable weather and traffic conditions.
2. Fire and EMS responses to the southwest quadrant are entirely provided by Fire personnel housed at Station 1 (N. Seventh Street), Station 2 (S. Seventh Street) and Station 3 (W. Dresser Road). Station 3 on DeKalb’s northwest side often covers the southwest City quadrant either with first-arriving or second-arriving units because of the relatively faster path of travel due south on Annie Glidden Road versus cross-town across two-lane streets with multiple intersections.
3. The response times from all stations also rise as a result of simultaneous calls, which are growing. Of the Department’s 7,437 calls of all types in 2022 (including rural Fire District calls), 2,744 (37%) “overlapped” with other calls requiring recall alerts to fill empty stations and to beef up staff responses already in progress. In 2018 simultaneous calls constituted 2,145 out of 6,082 total calls (35%).
4. A fourth station was identified by the Council as the most viable solution to the serious challenge of rising response times, particularly in the southwest quadrant of the City. It should be noted that a future fourth station was envisioned as a possibility in the 1990s when the City accepted a one-acre parcel dedication near the corner of W. Taylor Street and S. Annie Glidden Road as the Schnuck’s subdivision was approved.
5. The capital and staffing costs associated with a fourth station are affordable at this time. With respect to capital costs, debt service on the City’s outstanding General Obligation Bonds (Series 2010C, 2012A, 2013 B, 2019 and 2020) is currently paid out of the General Fund (as opposed to a debt service levy) but in four years the annual payments will decline by about as much as any new debt service on a 15-year bond for construction of a fourth station. The debt service on the \$4,210,000 General Obligation Bonds approved in September 2023 and issued in October 2023 with an underlying Moody’s rating of “A1” will bring interest payments beginning in 2024 and principal repayments beginning in 2025. All of the City’s previous G.O. debt commitments will be retired in 2030 and debt service for the fourth station will continue at a level no greater than the current debt service of about \$1.865 million.

With respect to staffing costs associated with a fourth station, the City’s GEMT (Ground Emergency Medical Transportation) Fund or Fund 130 can carry a significant share of the associated staffing and pension costs. GEMT funds constitute an annual federal reimbursement to fill the “gap” between what the City might receive in Medicaid funds for ambulance transports and the actual cost of the ambulance service.

6. The Council agreed with the staff recommendation not to reach into the substantial General Fund surplus to fund the fourth station “out of pocket.” The City is currently earning over 5% interest on its cash deposited in Illinois Funds managed by the Illinois State Treasurer. The average City balances are actually building the City’s reserves. In addition, the true interest cost of the new bonds is about 4.61%.

C. GENERAL FUND EXPENDITURE ASSUMPTIONS – OVERALL STAFFING

1. **Personnel.** With the Council’s commitment to the fourth Fire station, the proposed FY2024 General Fund Budget includes 12 new full-time hires:

- a) Nine new firefighter/paramedics to be hired after July 1, 2024, to staff a fourth fire station. To staff a fourth fire station while meeting NFPA staffing standards, a minimum of four firefighter/paramedics and an officer would typically be required on any given shift day, which would mean an additional fifteen (15) firefighters. A transitional alternative to fiscally “grow into” the NFPA standard would involve a “jump company” with a shift strength of three, requiring an overall increase of nine (9) new firefighter hires upfront, raising the daily Department minimum staffing to 19. A “jump company” would be equipped with a front-line ambulance and engine as are the other City stations. However, with any alarm to the fourth station, a calculated judgment must be made about whether the call requires an engine or an ambulance. Once that choice is made, the smaller engine company of three will clear the station with either the ambulance or engine and leave the station empty of the number of firefighter/paramedics needed to address a follow-on or simultaneous call in that particular fire district. This is currently the case for Stations 2 and 3 which roll an ambulance and engine, but they have more hands on the apparatus to address unexpected circumstances that may arise at an emergency incident as first responding company.

Such a transitional arrangement is negotiable with IAFF Local 1236 because it impacts essential working conditions. Local 1236 has been consulted in this matter and is willing to proceed with the “jump company” concept in the good faith that the duration of the transition to a five-member complement will be resolved when the Fire contract is re-opened prior to its expiration in 2024. **The GEMT fund (Fund 130) will show a major commitment to the ongoing staffing costs associated with the new fire station.**

The comparative funding shares for the staffing costs associated with the fourth fire station are shown in the chart below:

Fourth Fire Station Staffing — General Fund Cost					
	2024*	2025**	2026**	2027**	2028**
Personnel	\$657,500	\$1,347,875	\$1,381,572	\$1,416,111	\$1,451,514
Debt Service	\$106,625	\$403,375	\$403,375	\$402,875	\$406,750
Less GEMT	\$500,000	\$750,000	\$1,000,000	\$1,000,000	\$1,000,000
Total GF	\$264,125	\$1,001,250	\$784,947	\$818,986	\$858,264
*One-Half Year **2.5% COLA					

- b) Four new Police officers to bring the total number of sworn officers to 73 from the authorized level of 70 sworn officers in 2023 (67 Patrol Officers and Sergeants; 6 Command Staff).

- c) One new Public Works mechanic was hired in 2023 to specialize in the repair and maintenance of Fire vehicles in particular, in order to reduce the rising third-party expenses to keep the department’s ambulances and engines road-worthy.

The table that follows depicts the General Fund Staffing Plan in FY2024 and four previous years:

	2020		2021		2022		2023		2024	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
City Manager’s Office	5	1	5	1	5	1	5	0	5	0
Human Resources	2	1	1	2	2	2	3	1	3	1
Finance Department	5	2	5	0	6	0	6	0	6	0
Information Technology	3	1	3	1	3	1	3	1	3	1
Police Department	80	16	81	19	84	10	92	9	95	8
Fire Department	57	0	54	1	62	1	64	0	73	0
Public Works Department	33	18	31	11	35	17	36	18	37	18
Community Development	7	1	7	0	8	0	7	0	7	0
Total	192	40	187	35	205	32	216	29	229	28
FTE	212		204.5		221		229		243	

D. GENERAL FUND DEBT SERVICE

To fund the construction of Fire Station #4, the City issued a 15-year, \$4.265 million general obligation bond in October 2023 with interest payments beginning in 2024 and principal repayment beginning in 2025. The City’s aggregate General Fund-supported debt service is approximately equivalent to the present annual G.O. debt service level from 2028 onward (~\$1,865,000).

		Debt Service for Series 2023 Bond (15-year term)					
Fiscal Year	General Fund Debt Service*	Principal	Assumed Rate	Assumed Yield	Assumed Interest	Total Debt Service	Aggregate Debt Service
		1-Jan			1/1 & 7/1		
2024	\$1,862,841				\$135,656	\$135,656	\$1,998,497
2025	\$1,861,121	\$195,000	5.00%	4.14%	\$205,625	\$400,625	\$2,261,746
2026	\$1,863,782	\$205,000	5.00%	4.09%	\$195,625	\$400,625	\$2,264,407
2027	\$1,865,256	\$215,000	5.00%	4.05%	\$185,125	\$400,125	\$2,265,381
2028	\$1,458,244	\$225,000	5.00%	4.00%	\$174,125	\$399,125	\$1,857,369
2029	\$1,457,211	\$235,000	5.00%	4.01%	\$162,625	\$397,625	\$1,854,836
2030	\$1,458,000	\$245,000	5.00%	4.07%	\$150,625	\$395,625	\$1,853,625
2031		\$260,000	5.00%	4.12%	\$138,000	\$398,000	\$398,000
2032		\$275,000	5.00%	4.16%	\$124,625	\$399,625	\$399,625
2033		\$290,000	5.00%	4.21%	\$110,500	\$400,500	\$400,500
2034		\$300,000	5.00%	4.35%	\$95,750	\$395,750	\$395,750
2035		\$320,000	5.00%	4.35%	\$80,250	\$400,250	\$400,250
2036		\$335,000	5.00%	4.59%	\$63,875	\$398,875	\$398,875
2037		\$350,000	5.00%	4.59%	\$46,750	\$396,750	\$396,750
2038		\$370,000	5.00%	4.75%	\$28,750	\$398,750	\$398,750
2039		\$390,000	5.00%	4.75%	\$9,750	\$399,750	\$399,750
Total	\$13,678,374	\$4,210,000			\$1,907,656	\$6,117,656	\$19,796,030

*Includes Series 2010C, 2012A, 2019, and 2020.

II. WATER FUND

The City Budget features five enterprise funds:

- The Water Operations Fund
- The Water Construction Fund
- The Water Capital Fund
- The Airport Fund
- The Refuse and Recycling Fund

This summary will focus upon the City-operated water utility and its impact on every residence and business in the City.

A. Water Operations Fund

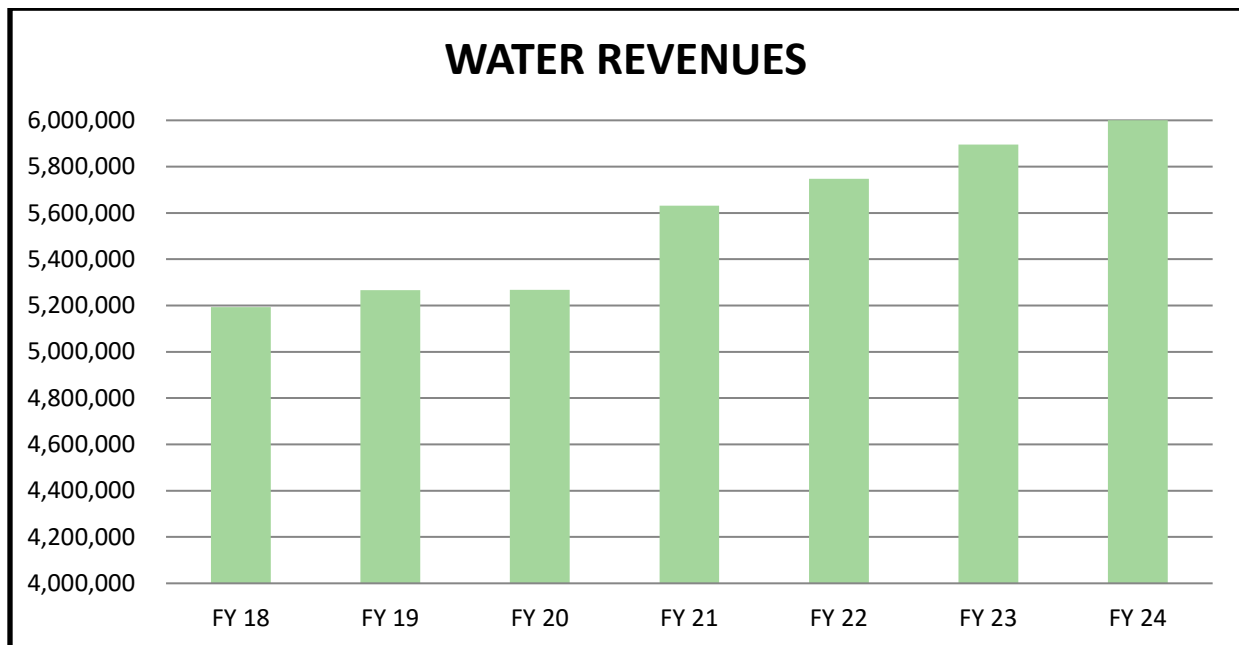
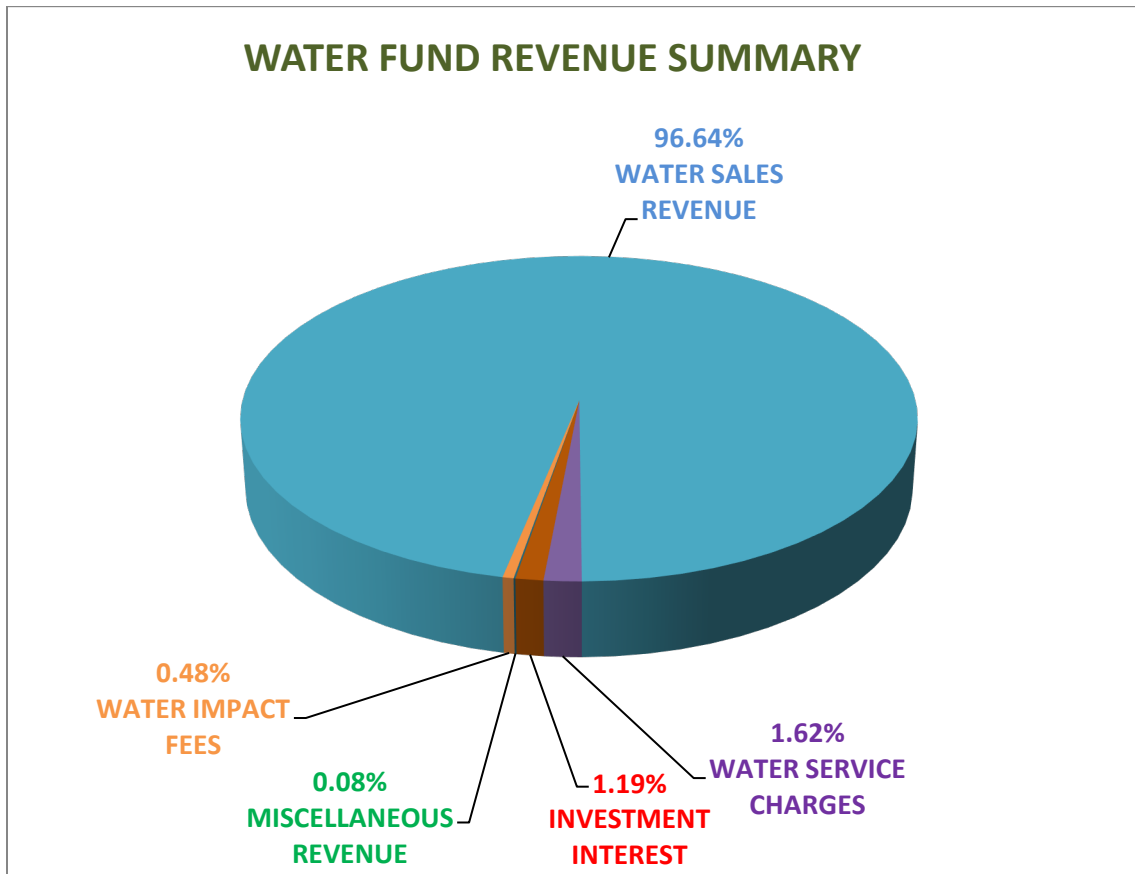
The Water Operations Fund (Fund 600) provides for the supply, treatment, storage, and distribution of the City's potable water system, which provides approximately 1.1 billion gallons of water annually to DeKalb residents. The City's Public Water System is a modern, state-of-the-art water supply and serves a population of over 40,000 permanent residents plus non-resident students at Northern Illinois University. Water provided to the residents of DeKalb comes from six deep wells drawing water from deep sandstone aquifers, and three shallow wells that draw water from sand and gravel aquifers. Groundwater is treated at one of five ion-exchange/iron removal water treatment plants. The treatment process produces a high quality water supply by reducing the amount of hardness and iron in the water.

Before leaving the treatment plant, groundwater is treated with chlorine and phosphate to ensure the safety of the water supply within our distribution system. In addition, fluoride is added to the water to promote the development of strong teeth.

After treatment, the water enters the distribution system for use or is stored in one of the City's four elevated water towers. The four towers have the ability to store a total of 5.75 million gallons. The elevated towers also maintain system pressures for fire protection.

The Utility staff maintain over 181 miles of water main making up the City's water distribution system. Included in this system is over 2,500 hydrants, 3,000 valves, and 11,000 service lines and water metered accounts. Ensuring all these assets are adequately maintained is critical to a safe, uninterrupted water supply to our community and the ability to always provide fire protection.

The primary source of funding for the Water Operations Fund is water sales, accounting for over 96% of the total revenue. The Water Department experienced an increase in water sales of 2.0% in 2023 over the prior year. This is the third year in a row that water sales have increased. Prior to this, water sales decreased an average of 1.46% annually over the past 10 years. Water use is expected to stabilize or moderately increase over the next few years because of new development to the area. This includes the new Ferrara, Meta, Amazon, and Kraft/Heinz facilities as well as additional water demands expected as a result of DeKalb Plaza, Isaac Suites, Home2 Suites, Agora Towers, and Johann Suites among others.



B. Water Construction Fund

The Water Construction Fund (Fund 610) receives impact fee revenue from new construction activity. Expenditures are restricted to the construction of new water infrastructure (water mains, wells, water tower and water treatment plants). In FY2023, no monies were expended from this fund. The Water Construction Fund is expected to end the FY2023 budget year with a fund balance of \$1,029,676. In FY2024, purchase of a new emergency diesel generator has been budgeted at cost of \$600,000 for the West Lincoln Highway Water Treatment Plant, to service both the water treatment plant and Well No.10. The generator will increase emergency pumping capacity by over 3 million gallons per day (MGD), bringing the total emergency capacity from 6.7 MGD to over 9.7 MGD.

C. Water Capital Fund

The capital portion of the Water Fund was split into its own fund in FY2016.5. The City Council supported the creation of the Water Capital Fund to track and finance water-related expenses pertaining to fleet, equipment, and upgrades of existing water infrastructure such as water mains, wells, treatment plants and water towers.

To provide a funding source to finance the capital improvements, the Council approved a water rate increase of 4.5% each year over a five-year period (2016-2020) with the stipulation that 2/3 of each year's rate increase (or 3% of the 4.5% annual increase), would be directed into the Water Capital Fund (Fund 620). The remaining 1.5% would be directed into the Water Operations Fund (Fund 600). It should be noted that the rate increase in 2016 was only 2.2% and not 4.5%, so only 1.47% of this rate increase was directed into the Water Capital Fund. Subsequent rate increases since 2020 have been tied to the CPI and follow the same guidelines noted above with two-thirds of the revenue directed to Fund 620 and one third to Fund 600. In 2021, the CPI was 2.5% and in 2022, the CPI was 7.2%. However, in light of the severe impact of rapidly rising inflation in the first two fiscal quarters of 2022, the Council elected to increase the 2022 rate by only 3.5%. Likewise, in 2023, the CPI was 5.4%, and Council again elected to increase the 2023 rate by only 3.5%.

Fiscal Year	Annual Water Rate Increase	Water Operations Fund 600 Annual Revenue 33% of Rate Increase	Water Capital Fund 620 Annual Revenue 67% of Rate Increase	Total Annual Revenue Generated from Rate Increase
2016.5	2.20%	\$19,782	\$39,563	\$59,345
2017	4.50%	\$80,156	\$160,313	\$240,470
2018	4.50%	\$153,982	\$307,964	\$461,946
2019	4.50%	\$228,001	\$456,001	\$684,002
2020	4.50%	\$301,255	\$602,510	\$903,765
2021	2.50%	\$367,592	\$735,183	\$1,102,775
2022	3.50%	\$413,204	\$866,509	\$1,279,713
2023*	3.50%	\$432,605	\$977,687	\$1,410,292
Total		\$1,996,577	\$4,145,730	\$6,142,307

In the table above, from FY 2016.5 – 2022 the amounts are based on actual totals from the financial statements. The 2023 totals are projected based on anticipated 2023 operating results. Major accomplishments during FY2023 include:

- Installation of over 290 feet of water main replacement across the river at the N. First Street bridge.
- Well No. 16 and 17 maintenance and repair.
- Over 20 lead service line replacements.

- Purchase of a new utility vehicle for water distribution repairs and maintenance.

Since the creation of the Water Capital Fund in 2016, over 10 million dollars of water capital improvements have been completed. Some of the projects include the following:

Projects 2016 - 2023	Total Costs 2016 - 2023
Water Main Replacement ▪ Kishwaukee Ln, Lewis & Vienna, South Sixth St., Maplewood Ave, South Eleventh St., Sunset Place, Joanne Ln, Ilehamwood, Golfview, Oak Dr., Joanne Ln. (phase II), N. 13 th and N. 14 th Street, N. First St. at bridge	\$5,502,851
Well Maintenance	\$791,605
North and South Water Tower Painting	\$2,016,811
Vehicles and Equipment (Backhoe, Loader, Tandem Dump Truck, Utility Vehicles)	\$1,088,019
Sewer Repair (218 & 226 E. Lincoln Hwy)	\$80,000
Water Meter Software Update	\$25,000
Lead Service Line Replacement	\$650,000
Water Meters	\$515,000
BS&A Utility Billing Software	\$314,000
TOTAL	\$10,983,286

Over \$2.1 million of water capital improvements are included in the FY2024 Budget:

Tentative FY2024 Projects	Estimated Costs
Water Main Lining – Walmart Parking Lot (1,600 feet)	\$576,000
Routine Meter Replacements and New Water Meter Purchases	\$80,000
Well No. 7 – Maintenance and Inspection	\$170,000
SCADA Upgrade (includes Water Model Update of \$154,800)	\$505,000
New Vactor Truck Purchase	\$650,000
Replace W-6 Vehicle – pickup truck	\$60,000
Lead Service Line Replacements	\$50,000
Resurface Asphalt at Dresser Rd. WTP and North Water Tower	\$70,000
TOTAL	\$2,161,000

III. OTHER CAPITAL FUNDS

The revenue and spending projections for the City’s street and fleet replacement programs that were presented to the Council and Finance Advisory Committee in mid-August 2023 have not substantially changed. The narrative summaries that follow speak to the numerical budget spreadsheets in this budget document.

A. Motor Fuel Tax Fund (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 FY2024 is projected to be flat at \$1,700,000. According to the Illinois Municipal League, gas prices lingering around \$3.85 per gallon across Illinois have not depressed the number of gallons pumped, which is the basis for the MFT calculation.

Several years ago, the REBUILD Illinois capital bill issued bonds and local municipalities have received allocations from that bond revenue. DeKalb received REBUILD support for its bridge replacement work at Lucinda Avenue and N. First Street and will expend the balance of those funds in the first half of FY2024.

About \$618,000 of the FY2024 state MFT allocation will be used to defray the City's electrical charges for streetlights (\$333,000) and road salt purchases (\$285,000) which have levelled since the annualized inflation rate peaked in June of 2022. At that time, the yearly inflation rate was about 9.1%; it is currently about 6%. An additional allocation for street supplies and commodities (\$133,000) can be considered part of the annual street maintenance work.

FY2023 was the State MFT-designated year for annual street maintenance which is alternated with the City's Capital Projects Fund (Fund 400). The relatively higher balance in Fund 210 will support the largest portion of the street maintenance program again in 2024, including about \$1,650,000 in street-related projects and engineering costs. Fund 400 can contribute \$650,000 for street and alley resurfacing and related engineering costs.

Overall, the street maintenance budget in 2024 will match the ambitious work completed in 2023. Among the scattered street sections scheduled for re-surfacing or repair in 2024 are the road surface under the Annie Glidden Road railroad trestle, Fairview Drive, the Heritage Ridge streets, Sunnymede Trail, Fox Hollow, and Garden Road. The actual scope of the street maintenance program is always subject to bid prices and budget parameters.

B. Capital Projects Fund (Fund 400). The local motor fuel tax rate of 9.5 cents per gallon is 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 FY2024 a total of \$935,000 is projected in local motor fuel tax revenue. The year-end FY2022 local fuel tax revenue was \$930,053.

Aside from the funds allocated for street and alley maintenance and engineering in FY2024 (\$650,000), the fund will also support the purchase of IT equipment such as PC replacements, network infrastructure upgrades, and public safety cameras (\$65,000), miscellaneous building improvements (\$20,000), the non-TIF architectural improvement program started in 2023 (\$70,000), and the annual Barb City Manor allocation (\$50,000).

C. Capital Equipment Replacement Fund (Fund 420). The City's GEMT Fund has supported Fire department vehicle and equipment needs for several years and will continue to do so. The Police and Public Works departments rely upon the one cent per gallon local fuel tax which will raise an estimated \$120,000 in 2024. Another source of annual revenue in Fund 420 consists of lease payments from telecommunication companies with antennae on the City's water towers ("Rental Income") and sales of surplus property (such as old vehicles put out of service or land sales). In FY2023, payments from the DeKalb County E-911 board totaling several hundred thousand dollars were shifted under new auditing rules to the General Fund because of their personnel content, reducing the recurrent funding sources. A new dedicated funding source – cannabis tax payments – has not yet been realized but is expected to begin accruing in FY2024.

In FY2024, the following vehicle expenses are planned:

- Police: \$260,000 (4 squad replacements)
- Public Works: \$401,840
 - Used 2017 Mack Single Axle Dump with Wing Plow from DeKalb Township (\$150,000)
 - Utility Tractor (\$75,000)
 - Two F250 4x4 Pickups with plow packages (\$126,210)
 - One F250 4x4 Pickup without Plow (\$50,630)
- Building: \$42,500 (inspection vehicle)
- Crime-Free: \$42,500 sedan

D. Central Business District Tax Increment Finance Fund (Fund 262). Since the Central Area TIF (TIF #1) expired on December 31, 2021, TIF #3 has constituted the City's TIF program. The

geographical area is very modest: extending approximately two blocks either side of Lincoln Highway from the NIU lagoon eastward to Seventh Street. The annual TIF income is about \$520,000 instead of the approximately \$7 million under TIF #1. Nevertheless, by combining the residual balance in TIF #1 upon its closure with accruing revenue in TIF #3, the City was able to accomplish the IL Rt. 38 reconfiguration last year and incentivized the redevelopment of the former City Hall site on S. Fourth Street (City Hall Suites). Additionally, TIF #3 has financed a number of “architectural improvement” projects in the downtown area over the past few years.

The proposed FY2024 TIF #3 budget will pay out a “surplus distribution” to the other local taxing bodies representing 30% of the property taxes received according to the intergovernmental agreement that was fully executed in January 2021. The proposed budget also funds \$100,000 in “AIP” (Architectural Improvement Program) projects as in FY2023 and potentially another \$92,697 in private property rehab work at 151 N. Fourth Street (262-00-00-69199). Line item 262-00-00-83900 sets aside \$290,000 for expenditures related to other potential downtown redevelopment.

The proposed FY2024 City Budget is presented for First Reading later on this Agenda.

I. CONSIDERATIONS

None.

J. RESOLUTIONS

1. Resolution 2023-111 Allocating \$125,000 from the FY2024 Community Development Block Grant (CDBG) Budget in Support of Opportunity DeKalb’s “Project Launchpad.”

City Manager’s Summary: Opportunity DeKalb was incorporated in February 2020 as a 501 (c)(3) nonprofit corporation whose mission is to work collaboratively with others to achieve the revitalization goals established in the Annie Glidden North Revitalization Plan, adopted by the City Council on November 26, 2018. One of the high priority projects in the Plan was the creation of a community development corporation to focus on the implementation of the revitalization efforts detailed within the Plan.

As the Council is well aware, the AGN neighborhood roughly comprises the large land area within the City limits and outside the NIU campus that is bounded on the south by Lucinda Avenue, on the east by Normal Road, on the north by the DeKalb County Health Center, and on the west by the Fotis Drive corridor. In this area, just under 25% of the total population of the City of DeKalb resides. The City of DeKalb has very substantially invested in revitalization efforts in the AGN neighborhood since the Plan was adopted.

The working board of Opportunity DeKalb has collaborated with the City of DeKalb and Northern Illinois University on a number of the goals of the AGN Plan since early 2020. More recently, the Board has worked with a variety of entrepreneurs living and working in the AGN neighborhood and across the community, who have limited time and means to learn more about the economics of starting a business as they raise families or work part-time and pursue college-level courses.

Since the early Spring, the Board has consulted with Rising Tide Capital, a New Jersey-based non-profit organization focused on assisting “social entrepreneurs” in the process of starting or growing a business. Their signature program is an on-line “Community Business Academy” which is an intensive business training program coupled with year-round consulting support. The “Academy” offers a virtual 12-week course teaching aspiring entrepreneurs hoping to

advance the common good. Essential studies include fundamentals such as budgeting, marketing, bookkeeping, and finance. These weekly classes are complimented by homework sessions with peers. Today, Rising Tide Capital has multiple locations on the East Coast and supports an “Opportunity Hub” in Chicago.

In his search for financial means to implement Rising Tide Capital’s model in DeKalb, Opportunity DeKalb’s administrator, Chad Glover, very recently discovered a grant opportunity through the Illinois Department of Commerce and Economic Opportunity that would tangibly support the Board’s efforts with some money for staffing a “storefront” or other location in the AGN neighborhood, and modest means to advance the Rising Tide model within the AGN neighborhood and across DeKalb. Further, Project Launchpad would provide programs for existing businesses looking to grow and would also connect entrepreneurs to the capital resources essential to growing their business. The DCEO grant is for \$250,000 and to qualify the applicant must raise a total of \$250,000 in cash or in-kind services from local private and public entities. Opportunity DeKalb has contacted a variety of public and private entities and has received a pledge of \$25,000 from Mortenson, an in-kind pledge of services from a local church valued at approximately \$37,000 and is negotiating a cash investment of \$63,000 from a locally established bank. Other negotiations with local financial institutions are in progress as well. The DCEO grant deadline is 5:00 p.m. on Tuesday, November 28. The Board has approached the City of DeKalb for assistance to bridge the gap.

If the Council is willing, one budgeted source of City funds dedicated to a variety of support programs for underserved neighborhoods is the Community Development Block Grant (CDBG) Program (Fund 280). For many years, Fund 280 has funded traditional housing rehab and assistance programs as well as aid to local social service agencies working with the underserved in the AGN neighborhood. The fund has also provided financing for qualified street improvements on Edgebrook Drive, Kimberly Drive, Ridge Drive, Greenbrier Road, and Lucerne Lane since 2021. The street projects have not competed with the annual social service allocations. For FY2024, a “plug number” has been set aside for additional street improvements in qualified census tracts, but no projects are currently defined. The Council could find gap funding in line item 280-00-00-83000 (“Street Improvements”) and shift that amount to Line Item 280-00-00-63700, “Developmental Services.”

With no recurring funds for staffing, Opportunity DeKalb has persevered in its ombuds role largely through volunteer services. Where it has succeeded, it has often been as a clearinghouse for AGN residents to find social services, and to connect resident entrepreneurs with career counseling that may be available. Through its association with Rising Tide, Opportunity DeKalb has found a proven model built around the concept of an “opportunity hub” through which residents from AGN and across DeKalb could learn career skills, connect with the local workforce development professionals, and learn or enhance entrepreneurial skills. The \$500,000 state/local grant along with in-kind funding – if awarded – could finance a start-up budget for a program that would hopefully attract other, substantial revenue over time. The following itemized budget is provisional:

Three-Year Budget (Estimated)			
	Year 1	Year 2	Year 3
Balance Forward		\$240,900	\$181,700
Revenues			
State Grants	\$250,000	\$0	\$50,000
Local Grants (excludes in-kind services)	\$213,000	\$100,000	\$50,000
Interest	\$7,500	\$2,500	\$1,500
Donations	\$20,000	\$50,000	\$50,000
Program Fees	\$1,500	\$2,500	\$3,000
Total	\$492,000	\$155,000	\$154,500

Three-Year Budget (Estimated) (continued from previous page)			
	Year 1	Year 2	Year 3
Expenditures			
Personnel			
Executive Director--FT	\$90,000	\$90,000	\$90,000
Program Director--PT	\$25,000	\$25,000	\$25,000
Marketing/Communications--PT	\$25,000	\$25,000	\$25,000
Coaches (2)--PT	\$8,000	\$8,000	\$8,000
Subtotal	\$148,000	\$148,000	\$148,000
Benefits (20%)	\$29,600	\$29,600	\$29,600
Contractual			
Rising Tide Curriculum	\$35,000	\$5,000	\$5,000
Rent	\$24,000	\$24,600	\$25,215
IT Support	\$2,000	\$2,000	\$2,000
Subtotal	\$61,000	\$31,600	\$32,215
Commodities			
Technology	\$7,500	\$1,000	\$1,000
Printing & Supplies	\$2,500	\$2,000	\$2,000
Meetings/Events	\$2,500	\$2,000	\$2,000
Subtotal	\$12,500	\$5,000	\$5,000
Total	\$251,100	\$214,200	\$214,815
Rev-Exp	\$240,900	-\$59,200	-\$60,315
Program Balance	\$240,900	\$181,700	\$121,385

City Council approval of a \$125,000 grant from the CDBG Fund in 2024 is recommended. ([click here for additional information](#))

2. Resolution 2023-112 Authorizing Agreements for Insurance Coverage Effective December 1, 2023, through December 1, 2024, in the Amount of \$780,978.

City Manager's Summary: The City maintains a variety of insurance policies to protect the City and its assets. These policies include coverage for general liability, property, automobile, excess workers' compensation, cyber liability, crime and law enforcement liability. Crum-Halsted delivers insurance and risk management services to the City as a broker, searching the market for the best coverage and rates available. Crum-Halsted performs an annual renewal process that seeks to ensure the City maintains a comprehensive and competitively priced insurance program.

In 2012, the City moved from being fully self-insured to pursuing outside insurance coverage. After receiving competitive proposals from a number of insurance companies, the City settled on a comprehensive package of insurance that provided coverage for a wide array of conditions but maintained some City responsibility for self-insured retention and deductibles. This insurance package has been very successful for the City in terms of managing potential liabilities for the past several years.

In 2022 the City joined the ICRMT (Illinois Counties Risk Management Trust). The ICRMT is a risk pool featuring 380+ member entities throughout Illinois. The ICRMT features a 97% annual retention rate with local government clients ranging from municipalities to community colleges. The ICRMT brand is widely recognized as a reputable insurer of local governments by industry professionals, including our City Attorney and the professional financial audit team at Sikich, LLP. The ICRMT features a suite of claims services through Insurance Program Managers Group (IPMG).

Crum-Halsted has prepared a renewal for coverage through ICRMT and cyber coverage through CFC/Lloyd's. In 2024 the excess workers' compensation coverage will be provided by Gallagher/Safety National and Cannon Cochrane Management Services, Inc (CCMSI) will be the third-party administrator for workers' compensation claims. It is important to note the following:

- Property Coverage – The property lines have shown an unusual strain on customer premiums. Increases in the cost of materials, labor, and supply chains along with global natural disasters have resulted in higher re-insurance costs passed on to insurance companies.
- General Liability/Employee Practice Liability – We have seen stability in the General Liability area and a decrease in Employee Practice Liability due to higher awareness in the workplace.
- Automobile Liability – The schedule of covered vehicles was reviewed and will continue to be reviewed annually.
- Law Enforcement Liability – This continues to rise with the escalating cost of defense and judgements nationwide.
- Cyber Liability – Crum-Halsted searched the market for policy options and made a thorough comparison to assist the City with the best option for coverage. This year they were able to find a carrier at a lower price and better terms.

The coverage is summarized in the table below:

December 1, 2023 – December 1, 2024

Coverage Parts	Premium
General Liability	Included
Law Enforcement Liability	Included
Auto Liability and Physical Damage	Included
Public Officials Liability – Claims Made	Included
Property	Included
Inland Marine	Included
Equipment Breakdown	Included
Crime	Included
Excess Liability	Included
ICRMT ANNUAL PREMIUM	\$552,703
Gallagher/Safety National	\$150,019
CCMSI (12/1/23-12/1/24)(13 months)	\$29,167
Crum-Halsted Agency/One Digital	\$12,000
Cyber Liability	\$37,089
Total Annual Premium	\$780,978

The annual renewal of coverage for the airport liability and pollution liability will be brought to the City Council at the January 8, 2024, meeting.

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

3. Resolution 2023-113 Amending Resolution 2023-038 to Increase the Combined Project Total for the Architectural/Engineering, Planning and Special Services, and Design Phase Services for Project DKB-4924 for the Removal and Replacement of a Portion of the Aircraft Parking Apron at the DeKalb Taylor Municipal Airport to an Amount Not to Exceed \$58,827.60 (650-00-00-83900 – Crawford, Murphy and Tilly, Inc.).

City Manager's Summary: On March 27, 2023, City Council approved [Resolution 2023-038](#) in an amount not to exceed \$47,000 based on engineering estimates for the removal and replacement of a portion of the Aircraft Parking Apron at DeKalb Taylor Municipal Airport (project DKB-4924). Concrete costs changed dramatically in the time leading up to IDOT's letting of the project changing the overall City's share from \$47,000 up to \$58,827.60. **The attached resolution documents the actual bid price for the federal record and authorizes the City's Finance staff to make full payment.**

The DeKalb Airport Main Terminal South Apron supports the activities of the full range of General Aviation aircraft, from small piston-powered single-engine flight training aircraft through larger corporate, charter and cargo aircraft that regularly frequent the airport. In 1998, the north portion of the South Apron pavement was constructed of concrete and the remaining south portion of the South Apron asphalt pavement was rehabilitated. During the subsequent 25 years, the south portion asphalt pavement has exceeded its design life as reported in the most recent Pavement Condition Index (PCI) survey performed in 2020 which rated portions of the apron pavement. The Apron pavement showed distresses related to block cracking, longitudinal cracking, transverse cracking, patching, raveling and generally weathering impacts normal for a pavement of this age. With the recent increase in corporate, charter, and collegiate sports traffic, the replacement of the asphalt pavement with concrete is intended to better withstand the impacts of these larger, heavier aircraft that taxi and park in front of the Main Terminal.

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

4. Resolution 2023-114 Amending Resolution 2023-074 to Increase the Combined Project Total for Maintenance Inspection and Repair to Well No. 16 and Well No. 17 to an Amount Not to Exceed \$165,495.50 (Layne Christensen Company).

City Manager's Summary: At its July 24, 2023, Regular meeting, Council approved [Resolution 2023-074](#), authorizing Layne Christensen Company to perform preventative maintenance inspections to the City's Well No. 16 and 17, in an amount not to exceed \$140,000. The Council was aware that if unforeseen motor or column piping deficiencies required replacement, the staff was authorized to proceed with the caveat that the staff would return seeking authorization for any additional funding if necessary. Due to unforeseen circumstances, Council approval to increase the not-to-exceed amount to \$165,495.50 is requested by Bryan Faivre, the Director of Utilities and Transportation.

Layne performed removal of the well components to both Well No. 16 and Well No. 17. Upon inspection of the parts, it was determined that the column piping and pumps for both wells were in good condition, allowing them to be refurbished and reinstalled in the wells. The motors, however, were found to be in poor condition.

Layne provided cost proposals for rebuilding the existing motors or, as an option, purchasing two new motors (Exhibit A). An estimated cost savings of approximately \$12,000 per motor could be realized by rebuilding the existing motors. However, the expected turn-around time for rebuilding both motors was six weeks, whereas new motors were readily available, and could be received in a matter of days. The staff decision to proceed with new motors and

accelerate the final repair was prompted by the fact that Well No. 7 developed an air entrainment issue as reported at the last Council meeting and would also have to be taken offline for repair. If the staff had waited six weeks, one-third of the City's pumping capacity would have been out of service.

As reported at the last regular Council meeting, both Wells 16 and 17 are now back in service because the readily available motors for both were installed in a matter of days. The manufacturer offered an exchange credit of \$3,498 for each existing motor, which was applied towards the purchase of the new motors.

City Council approval of the final budget authorization of \$165,495.50 is recommended.
[\(click here for additional information\)](#)

5. Resolution 2023-115 Appropriating Motor Fuel Tax (MFT) Funds in the Amount of \$1,751,000 for Maintaining Various Streets and Highways Under the Applicable Provisions of the Illinois Highway Code (Section 23-00000-00-GM) from January 1, 2024, through December 31, 2024.

City Manager's Summary: The Illinois Department of Transportation (IDOT) requires municipalities to pass a resolution estimating total expenditures of state Motor Fuel Tax (MFT) funds for general street maintenance for the upcoming fiscal year. The City Engineer has estimated this value for road salt, electricity for streetlights and traffic signals, and street re-surfacing. The table that follows summarizes the anticipated MFT expenditures budgeted for 2024:

Operation	Estimated Costs
Road Salt	\$285,000
Engineering Services	TBD
Electricity – Street Lights and Traffic Signals	\$333,000
Street Supplies	\$133,000
Street Re-surfacing	\$1,000,000
Total	\$1,751,000

The City's street maintenance program in FY2024 will pull from Fund 210 (see highlights in chart above) and also draw about \$600,000 from the Capital Projects Fund (Fund 400).

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

K. ORDINANCES – SECOND READING

1. Ordinance 2023-052 Authorizing the 2023 Levy and 2024 Collection of Taxes in and for the Corporate and Municipal Purposes and Special Service Areas of the City of DeKalb for Fiscal Year 2024.

City Manager's Summary: The Council considered Ordinance 2023-052 on First Reading on November 13. Since the 2018 levy, the City has levied property taxes annually only to fund a portion of the annual police and fire pension contributions. No taxes have been levied for general corporate purposes. The proposed 2023 City levy, payable in 2024, continues this trend.

At the October 16, 2023, Finance Advisory Committee (FAC) meeting, the proposed City property tax levy was presented to the Committee for discussion and feedback. The levy that was recommended was \$8,123,458 (combined police and fire pension), which represents a

14% increase from last year's levy of \$7,119,130. The City's aggregate levy includes a pass-through amount (\$3,387,911) for DeKalb Public Library operations as noted in the table below:

2023 Aggregate & Special Purpose Levies	2023 Tax Levy Extensions (\$)	2022 Tax Levy After Abatements (\$)	Increase / Decrease Over Prior Year's Extension (\$)	Increase / Decrease Over Prior Year's Extension (%)
Corporate	\$0	\$0	\$0	0.00%
IMRF	\$0	\$0	\$0	0.00%
Social Security	\$0	\$0	\$0	0.00%
Fire Pension	\$4,415,632	\$3,869,713	\$545,919	14.12%
Police Pension	\$3,707,827	\$3,249,417	\$458,410	14.12%
Public Library (pass-through)	\$3,387,911	\$2,975,905	\$412,006	13.85%
Total Aggregate & Special Purpose Levy	\$11,511,369	\$10,095,035	\$1,416,334	14%

Based on a projected rate-setting City-wide EAV of \$998,000,000, this levy should result in a 2023 City tax rate of 0.81397, a 9.15% decrease from the 2022 City rate of 0.89599. The Library's tax rate for 2023 would be 0.33947 which is 9.36% lower than the 2022 rate of 0.37454. The combined City and Library tax rate is projected to be 1.15344 which would be 9.22% lower in total than the 2022 combined rate of 1.27053. Despite the overall tax levy increasing, the rate is expected to decrease due to the estimated 25% increase in the community EAV (from \$794,561,930 to \$998,000,000).

The City will also levy for six Special Service Areas. SSA #29 was activated in April 2020 to fund road repairs in the Market Square Shopping Center. SSA #30 was activated in December 2020 to fund public safety and security improvements at Hunter Ridgebrook, The SSAs are detailed in the following table:

Estimated Tax Levy	2023 Tax Levy Extensions (\$)	2022 Tax Levy Extensions (\$)	Increase / Decrease Over Prior Year's Extension (\$)	Increase / Decrease Over Prior Year's Extension (%)
<i>Special Service Area Levies</i>				
SSA #3 - Heritage Ridge	\$1,000	\$1,000	\$0	0.00%
SSA #4 - Knolls	\$5,500	\$5,500	\$0	0.00%
SSA #6 - Greek Row	\$12,000	\$12,000	\$0	0.00%
SSA #14 - Heartland Fields	\$2,000	\$2,000	\$0	0.00%
SSA #29 - Market Square	\$50,000	\$50,000	\$0	0.00%
SSA #30 - Hunter Ridgebrook	\$50,000	\$50,000	\$0	0.00%
Total Special Service Area Levies	\$120,500	\$124,500	\$0	0.00%

The City is also required to levy for the principal and interest of bonds issued by the municipality. It is the City's standard practice to abate all debt service levies immediately after their adoption, except for debt related to the 2013 Library expansion project. For the 2023 levy year, the debt service payment (\$471,409) for the Library debt will be paid from General Fund revenues, as in the 2022 levy year, to hold the City tax rate down.

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

2. Ordinance 2023-053 Abating Taxes Levied for Corporate Purposes of the City of DeKalb for the Tax Year 2024.

City Manager's Summary: The Council considered Ordinance 2023-053 on First Reading on November 13. When a municipality issues a bond, a Bond Order is filed with the County Clerk that determines the amount to be levied each year until the bond is paid off. The City currently has six bond issues outstanding, which automatically levy property taxes for the debt service. It has been the past practice of the City to use other revenue sources to pay for annual principal and interest payments. As a result, the City can abate the taxes levied for debt upon approval of the annual tax levy.

The outstanding bonds are identified below:

- **GO Refunding Bonds of 2010C.** In December 2010, the City issued \$5,415,000 of General Obligation Refunding Bonds to refinance prior debt at a lower interest cost. The original obligations were issued to finance storm sewer construction, road reconstruction, park land, and initial costs for the Police station. The bonds matured on January 1, 2023, and no additional levies are provided for in the bond ordinance.
- **GO Bonds of 2012A.** In October 2012, the City issued \$9,905,000 of G.O. Refunding Bonds for the purpose of construction of the new Police Station on W. Lincoln Highway. The bonds mature on January 1, 2030.
- **GO Refunding Bonds of 2019.** In October 2019, the City issued \$3,925,000 of G.O. Refunding Bonds to refinance the 2010B bonds at a lower interest cost. The bonds mature on January 1, 2028.
- **GO Refunding Bond of 2020.** In November 2020, the City issued \$1,900,000 of G.O. Refunding Bonds to retire the principal of bonds due in 2021 to alleviate fiscal pressure caused by the COVID-19 pandemic. The bonds mature on January 1, 2030.
- **2013A GO Bonds / GO Refunding Bonds of 2022 (Library).** In 2013, the City Council approved the issuance of \$6,685,000 in bonds to help with the DeKalb Library expansion. Since the Library cannot issue debt on their own, the City issued the bonds and annually levies a property tax on behalf of the Library. However, the City also annually abates the tax levy and pays the debt service for the Library. In June 2022, the City Council authorized the refunding of the 2013A Bonds through the issuance of the GO Refunding Bonds, Series 2022. The City will make the January 1, 2024, debt payments on the 2013A bonds and the remainder of that issue will be paid by the 2022 bond proceeds.
- **General Obligation Bonds of 2023:** The City Council approved the bond issuance on September 11, 2023 (Ordinance 2023-035) after determining, in conjunction with the City's Finance Advisory Committee on August 21, 2023, that the construction and staffing of a fourth City fire station was a priority spending objective for the Fiscal Year 2024. In the public discussions about Station 4, the City Manager proposed, and the Council supported, the funding of the construction through a 15-year, \$4.265 million general obligation bond with an annual levy ceiling of \$425,000 (with the annual 2023 bond debt service to be abated in full).

The City's Ground Emergency Medical Transportation (GEMT) Fund will provide annual assistance with the 2023 Bond payments through 2027, when the City will have retired sufficient annual debt service to assume a greater share of the City's aggregate General Fund-supported debt. As illustrated in the table above, after 2030 the assumed principal and interest on the aggregate City G.O. debt will be substantially reduced.

The table below outlines the GO Bond debt service that will be abated in levy year 2023:

Bond Series	2023 Tax Levy	2023 Abatement
2010C	n/a	n/a
2012A	\$887,581	100%
2019	\$929,150	100%
2020	\$46,110	100%
2013A - Library	\$350,175	100%
2022 - Library	\$121,234	100%
2023	\$135,656	100%
Total Abated:	\$2,469,906	

City Council approval on Second Reading is requested. ([click here for additional information](#))

L. ORDINANCES – FIRST READING

1. Ordinance 2023-054 Adopting the City of DeKalb Annual Budget and Non-Bargaining Unit Pay Plan for the Fiscal Year Beginning January 1, 2024, and Ending December 31, 2024.

City Manager’s Summary: In the Public Hearing portion of this Agenda, the reader can view the most salient features of the City’s proposed fiscal year budget for FY2024. The first public presentation of the key assumptions behind the FY2024 City Budget occurred at the joint meeting of the Council and Finance Advisory Committee (FAC) on August 14, 2023. With the guidance from that meeting, the City Manager and City staff prepared detailed department-level spending projections for a more extensive FAC discussion on October 16, at which time the FAC forwarded a City property tax levy recommendation for Council review. **The complete FY2024 Budget document was reviewed in a joint meeting of the Council and FAC on November 20. The document, which has been posted for public viewing, contains minor revisions that grew out of that joint meeting.**

The FY2024 City Budget comprises 29 funds (including the Library Fund) with a total projected fund balance of \$210,961,091 on 12/31/2024 (see p. 17 of the proposed Budget).

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

2. Ordinance 2023-055 Approving an Amendment to Ordinance 2017-015 and Approval of a Special Use Permit to allow a Retail Tobacco Store at 650 Peace Road (Bobby Perez).

City Manager’s Summary: The petitioner, Bobby Perez, is requesting approval of an amendment to [Ordinance 2017-015](#) to remove the prohibition on retail tobacco stores and drug paraphernalia sales for the property located at 650 Peace Road, Unit E. Approval is also requested for a special use permit for a retail tobacco store for the subject tenant space.

The full tenant space is 2,500 square feet and the applicant is proposing to have the retail tobacco store, called Bob’s Exotics, on the mezzanine level, which is about 1,200 square feet. The business will primarily sell tobacco products and other lawful retail items related to tobacco and cannabis consumption, such as glass pipes. The ground floor is about 1,300 square feet and currently is a garden supply store called Chicago Canna that focuses on products used to legally grow cannabis (e.g., soil, grow lights, humidifiers). The use is permitted in the “LI” District.

The subject property was rezoned to the “PD-I” District in 2017 to accommodate a medical cannabis dispensary, which never went forward. The Ordinance allowed the permitted and special uses in the “LI” Light Industrial District for the tenant space. A retail tobacco store is a special use in the “LI” District. In the Ordinance approving the “PD-I” zoning there was a list of prohibited uses including “drug paraphernalia establishments” and “tobacco, pipe, cigar or cigarette sales, retail tobacco sales...”. It was the practice of the City at that time to insert a list of prohibited uses in most Planned Developments.

In 2015, the City amended the Unified Development Ordinance (UDO) to create regulations for retail tobacco stores. Another amendment in early 2023 further defined and clarified the regulations. Retail tobacco stores are defined as a business that either has 30% or more of its revenue or more than 25% of its floor area devoted to tobacco products and accessories. Retail tobacco stores are considered a special use in the CBD, LC, GC, ORI, LI, HI and Planned Development Districts if the governing Ordinance allows. They are required to be set back at least 200 feet from a residentially zoned property, school, or day care center. In addition, no retail tobacco store can be located within 200 feet of another retail tobacco store. Smoking is not allowed inside a retail tobacco store unless it’s in a freestanding building. The proposed location of the retail tobacco store at 650 Peace Road, Unit E, meets all the applicable setback regulations in the UDO.

The Planning and Zoning Commission held a public hearing regarding the amendment and special use petition at their meeting on November 20, 2023. By a vote of 4 to 0 (three Commissioners were absent) the Commission recommended City Council approval of an amendment to Ordinance 2017-015 pertaining to the property at 650 Peace Road. The amendment will delete drug paraphernalia from Section 4.3 Prohibited Uses; item j, and delete drug paraphernalia sales from the prohibited list in item l. which includes retail tobacco sales. Approval was also recommended for a special use permit for a retail tobacco store for the subject tenant space as shown on Exhibit A and subject to the following:

- The applicant shall obtain a tobacco license for the City of DeKalb prior to the selling of tobacco products.
- There shall be no smoking in the approved tenant space.
- A security plan shall be approved by the DeKalb Police Department prior to occupancy.

City Council approval of the Planning & Zoning Commission recommendation is requested. ([click here for additional information](#))

M. REPORTS AND COMMUNICATIONS

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

N. EXECUTIVE SESSION

- 1. Approval to Hold an Executive Session in Order to Discuss Workers’ Compensation as Provided for in 5 ILCS 120/2(c)(12).**

O. ADJOURNMENT