

**MINUTES
SPECIAL JOINT MEETING
OF THE
CITY COUNCIL & FINANCE ADVISORY COMMITTEE
NOVEMBER 21, 2022**

The City Council and the Finance Advisory Committee of the City of DeKalb, Illinois, held a Special Joint Meeting on November 21, 2022, in the Yusunas Meeting Room of the DeKalb Public Library, 309 Oak Street, DeKalb, Illinois.

A. CALL TO ORDER

Mayor Barnes called the meeting to order at 6:00 p.m.

B. ROLL CALL

1. City Council

Recording Secretary Ruth Scott called the roll, and the following members of City Council were present: Alderman Carolyn Morris, Alderman Barb Larson, Alderman Greg Perkins, Alderman Mike Verbic, and Mayor Cohen Barnes. Alderman Smith, Alderman McAdams, and Alderman Faivre were absent.

City Clerk Sasha Cohen was absent.

2. Finance Advisory Committee (FAC)

Recording Secretary Scott called the roll, and the following members of the FAC were present: Chair Lynn Neeley, Linda Babcock, Jim Briscoe, Ron Partch, Tom Teresinski, and Dytania Washington (arrived at 6:01 p.m.). Lance McGill was absent.

Others present included City Manager Bill Nicklas and Finance Director Carrie Dittman.

C. PUBLIC PARTICIPATION

There was none.

D. CONSIDERATION OF THE PROPOSED FY2023 BUDGET

MOTION: Alderman Verbic moved to bring this item to the floor for discussion; seconded by Alderman Morris.

City Manager Nicklas started by thanking City staff for their input into the budget document. He then provided an overview of the FY2023 Budget document.

Section One: Transmittal Letter

Following the October 19, 2022, FAC meeting, the City received an updated estimate from DeKalb County for what the Equalized Assessed Value (EAV) might be, which was \$780,000,000. There may be additional EAV, but it's being approached with caution.

The multiplier for residents and businesses in DeKalb County is 6.62%. Everyone will see an increase in their property taxes unless they appeal, and so far, appeals have been significant and abundant.

The levy the FAC recommended, and Council has supported, of \$7,119,000, will make the City's rate 0.91271. If the City were to keep the same rate as last year, which was .98612, the impact on individual homeowners would be more significant.

It was reported that Mayor Barnes intends to schedule a meeting in January 2023 with the principal elected and appointed officials in each of the taxing bodies to discuss a targeted aggregate rate for the community. Mayor Barnes stated his focus for that meeting will be to get every taxing body to look at their rate and follow suit with the City and hopes to get the rate down from 11.1% to 9.6%.

Finance Director Dittman referenced a spreadsheet titled 2022 Tax Levy Options. She noted the FAC was provided a similar document at their October 19, 2022, meeting, which showed a 10.71% EAV increase. For this meeting, the Council and FAC have been provided with an updated version of the document, which shows a 12.36% EAV increase, based on the \$780,000,000 referred to above.

City Manager Nicklas continued with his overview of the Transmittal letter, stating that all funds are reporting a balanced budget.

Section Two: The Community We Serve

This section offers economic demographic information. During this overview, City Manager Nicklas noted that the Strategic Plan expires in 2025 and will need to be updated.

City Manager Nicklas also mentioned the ongoing downstate pension situation, noting a better way of calculating the risk and obligations, with hopes of engaging legislature on this topic soon.

Finance Director Dittman called attention to pages 27 and 28, which show the effort the City has made regarding the tax rates and efforts made getting information to the taxing bodies and what has been accomplished over the last seven years. The chart at the top of page 27 recognizes the dramatic drop in the overall tax rate that the City and other taxing bodies have achieved since 2015. Page 28 focuses on the City's target of getting the overall rate down.

City Manager Nicklas briefly discussed comparative tax rates.

Section Three: Budget Overview

City Manager Nicklas began this section's overview by referencing page 54 – Summary of Revenues, Expenditures and Changes in Fund Balance. This page, through page 60, should help anyone understand where the City's principal funds are.

Section Four: General Fund Detail

This section provides an overview of General Fund Revenues and Expenditures, and information regarding each of the City's departments and their spending. The document includes organizational charts for each department – Legislative, City Administration (City Manager's Office, Human Resources, Finance, Information Technology), Police, Fire, Public Works, and Community Development. Each individual department section provides a department introduction, FY2022 accomplishments, and FY2023 initiatives for the upcoming budget year.

The City plans to continue to increase public safety personnel and important equipment in the coming year in the departments of Public Works, Police and Fire, with the aid of grants, budgeting, and other means.

Section Five: Special Revenue Funds

This section includes information regarding the American Rescue Plan Act, GEMT, Transportation, and Motor Fuel Tax funds. It also includes information regarding the City's Special Service Areas, TIF Districts, Community Development Block Grant, Housing Rehabilitation Fund, and the Foreign Fire Insurance Tax Fund.

It was noted that the Transportation fund is highly subsidized by the federal government, as well as Northern Illinois University, and operating assistance grants.

There was brief discussion regarding Special Services Areas and the sections of the City it assists, including the repaving of Market Square, and Hunter Ridgebrook to help the new ownership and management with the work that needs to be done there.

The Central Area TIF was terminated on December 31, 2021. Monies were set aside to cover any property tax assessments appeals.

The Central Business District TIF is productive in terms of small grants of up to \$25,000 for small repairs such as façade and roofing.

The CDBG fund has been helpful in serving underserved residents of DeKalb. There was brief discussion between Mayor Barnes and City Manager Nicklas regarding a potential increase in CDBG funding.

City Manager Nicklas provided a brief overview of the Housing Rehabilitation Fund and the Foreign Fire Insurance Tax Fund.

Section Six: Debt Service Funds

This section includes General Obligation Refunding Bonds of 2010C, General Obligation Bonds of 2010A, General Obligation Refunding Bonds of 2019, and General Obligation Taxable Series 2020.

Section Seven: Capital Project Funds

This section includes the Capital Spending Overview, Capital Projects Fund, and Capital Equipment Replacement Fund.

There was a brief overview of funding for street repairs and incrementally increasing this fund.

The Cannabis Tax Revenue we hope to get in 2023 may help with the vehicle replacement fund.

FAC Chair Neeley stated the information provided in the Transmittal Letter portion of the budget document regarding road conditions was excellent. City Manager Nicklas added that he hopes the public will read that portion of document so they're aware of what's happening on that front. He further stated that the City will be getting some financial assistance from DSATS to revise its pavement index from DSATS.

Section Eight: Enterprise Funds

This section includes the Water Operations, Water Construction, Water Capital, Airport, and Refuse and Recycling funds.

Water/user fees are holding their own. Demand has been stable and revenue sufficient to carve out some substation water infrastructure improvements.

In terms of the Airport Fund, the Airport Advisory Board is working to augment revenues by upgrading T-Hangar leases to make us more competitive. The solar field should be up and running next year, which will bring in some funding. Further, the City is anticipating some unique activities at the airport to bring in crowds.

There was brief overview of the Refuse and Recycling Fund.

Section Nine: Internal Service Funds

This section includes the Workers Compensation and Liability Insurance and Health Insurance funds. It was noted that insurance has gone up a bit more than expected, including the City's cyber insurance.

Finance Director Dittman provided additional information regarding the funds.

Section Ten: Fiduciary Funds

This section includes the Police Pension and Fire Pension funds.

There was very brief discussion regarding this section and its crushing obligation.

Section Eleven: Discretely Presented Component Unit

This section includes the DeKalb Public Library fund. There was no discussion.

City Manager Nicklas spoke regarding the Appendix, noting it will be included in the final budget document that will be presented at the upcoming regular City Council meeting.

FAC Member Teresinski stated the budget document has taken a major step forward in quality. He further stated it's refreshing to see the financial policies being tested against the restraints that were adopted.

Mr. Teresinski also spoke regarding the City's fund balance being applied to capital needs if necessary and noted if a recession comes, revenue streams could be impacted by 5 to 10% and encouraged Council to be aware of the implications that might bring.

Discussion ensued regarding budget projections and the issue of the police and fire pension. There are challenges ahead, but the City is in a good spot financially at this time.

FAC Member Partch stated he's seen a great improvement in the budget document from previous years.

E. ADJOURNMENT

1. City Council

MOTION: Alderman Perkins moved to adjourn the meeting; seconded by Alderman Verbic.

VOTE: Motion carried by a 5-0-3 voice vote. Aye: Morris, Larson, Perkins, Verbic, Mayor Barnes. Nay: None. Absent: Smith, McAdams, Faivre. Mayor Barnes declared the motion passed.

2. Finance Advisory Committee (FAC)

MOTION: Mr. Teresinski moved to adjourn the meeting; seconded by Mr. Partch.

VOTE: Motion carried by a 6-0-1 voice vote. Aye: Babcock, Briscoe, Neeley, Partch, Teresinski, Washington. Nay: None. Absent: McGill. Chair Neeley declared the motion passed.

The meeting adjourned at 7:21 p.m.

Respectfully submitted,

Ruth A. Scott, Recording Secretary

Minutes approved by the City Council on December 12, 2022.

Minutes approved by the Finance Advisory Committee on (pending).

Click [here](#) to view the agenda packet for the November 21, 2022, Special Joint Meeting of the City Council and Finance Advisory Committee.

Click [here](#) to view the video recording of the November 21, 2022, Special Joint Meeting of the City Council and Finance Advisory Committee.