



**DEKALB CITY COUNCIL MEETING AGENDA
AUGUST 10, 2020
5:00 P.M.**

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

COMMITTEE OF THE WHOLE

COVID-19 Notice: This meeting will be conducted in-person with a physically present quorum and open to the public. The corporate authorities of the City of DeKalb intend to conduct this meeting in compliance with all applicable social distancing and public health requirements. All persons attending this meeting in-person shall be required to wear protective face masks/coverings. Furthermore, the corporate authorities of the City of DeKalb intend to conduct this meeting pursuant to Illinois Governor JB Pritzker's Executive Order 2020-43 dated June 26, 2020 (the "Executive Order"), which prohibits gatherings of more than 50 people, unless the City of DeKalb determines that it is necessary to invoke the Governmental Functions exemption contained in Section 4(c) of the Executive Order "to ensure the operation of government agencies or to provide for or support the health, safety and welfare of the public."

As a convenience to the public, the City of DeKalb may also provide video, audio, telephonic or internet access for the public to monitor this meeting. The provision of any such remote means of access is not intended to provide for attendance by a means other than physical presence due to the COVID-19 public health emergency, nor is it intended to provide an opportunity for the public to address public officials, make public comment or otherwise participate in the meeting.

Persons wishing to provide public comment or otherwise address public officials in person during this meeting must comply with all applicable rules governing the conduct of this meeting including, but not limited to, the aforementioned social distancing and face covering requirements.

The City of DeKalb is providing the following conveniences for the public to monitor and participate in this meeting:

- Persons wishing to view the meeting from home or elsewhere can tune in to Channel 14 or by following the link provided [here](#).
- For those choosing to participate via Zoom that wish to comment during the public participation portion of the meeting, or prior to Council's discussion of a particular item, please click on the link provided [here](#). You will need to add in the Comment Section of the form that you wish to address Council verbally. Note that all submissions must be received no later than 5:00 p.m. on the Friday prior to the meeting to ensure your name is added to the list of speakers.
- **Zoom Information**
Join Zoom Meeting: <https://us02web.zoom.us/j/87520018519?pwd=MHI1bndqM2FnZm1NNVNEdWJuYnUxUT09>
Meeting ID: 875 2001 8519, Passcode: 263972
One tap mobile: +13126266799,,87520018519#,,,,,0#,,263972# US (Chicago)
- Those unable to attend the meeting in person or remotely that wish to comment on a particular item on the agenda, or on another topic, may forward their comments by clicking on the link provided [here](#). Note that all submissions must be received no later than 5:00 p.m. on the Friday prior to the meeting to ensure dissemination to the City Council before the meeting convenes.

A. CALL TO ORDER AND ROLL CALL

B. APPROVAL OF THE AGENDA

C. PUBLIC PARTICIPATION

D. CONSIDERATIONS

1. Consideration of Proposals to Redevelop the Former City Hall Property at 200 S. Fourth Street.

City Manager's Summary: On June 24, the attached [Request for Proposals \(RFP\)](#) was released to the media, posted several prominent places on the City's website, and posted under "Public Notices" in the [Daily Chronicle](#) on June 26, June 27, July 3 and July 4. Interested parties were invited to respond with proposals no later than 5:00 p.m. on Monday, July 20. The RFP asked for both a conceptual redevelopment proposal (Part A) and a financial proposal (Part B).

Under Part A, a narrative section was requested that would:

- a. Adequately address the project objective and the general scope of the redevelopment proposal.
- b. Describe the firm's professional personnel and their qualifications, including resumes of the person(s) directly involved in the project. An organizational chart revealing the firm's size and the place of the team members within the organization could be appended, if desired.
- c. Provide a list of current and recent projects that demonstrated the team's experience in redevelopment projects of this nature.

Under Part B, a financial proposal was requested that would include:

- a. the firm's purchase offer for the entire 2.5-acre City Property; and
- b. any TIF assistance which in the firm's judgment will be necessary to advance the redevelopment proposal.

All interested firms were invited to consult with the City Manager concerning TIF eligibility prior to submitting their proposal. The former City Hall property is in TIF #3.

All bidders were alerted to the fact that Part B would not be the only factor in the evaluation of proposals leading to the selection of the top candidate. How the proposed project design would blend into the mixed neighborhood at Fourth and Grove was another important factor.

However, **the fact that the site has been off the tax rolls since the mid-1960s and the current EAV is \$0.00 means that any private redevelopment will generate considerable new incremental property tax from the start.**

Three proposals were received by the July 20 deadline and are detailed in alphabetical order, below:

1. Irving Construction.

Concept Plan

Steve Irving, president of Irving Construction Company, Inc., submitted a proposal to construct eighteen (18), detached, two-story, single family homes **for sale** in fee simple. Nine (9) would face S. Fourth Street and nine (9) would face S. Fifth Street, with detached, two-car garages in the rear of the homes, served by the existing public alley that runs north and south down the middle of the city block. Two additional off-street parking spaces would be provided for each home. A conceptual site plan is attached.

The street facing facades would have a contemporary frame and finishes typical of many homes constructed during the “inter-war” era in DeKalb, particularly in the nearby residential neighborhoods. The “look” would also be similar to the homes constructed by Irving Construction in the DeKalb/Pond/Fisk TIF redevelopment project of the 1990s.

Financial Proposal

As requested in the RFP, Mr. Irving has offered a financial proposal that is detailed below:

- **A purchase offer for the City’s 2.5-acre property of \$9,000.**
- **A TIF funding request of \$1,611,674 to be paid out over 3 years, at \$350,000 in year 1, \$630,837 in year 2, and \$630,837 in year 3.**
- Waiver of all impact fees including the City, School District, Park District, and KWRD.
- Waiver of the City’s water capital fee.
- Waiver of all planning and engineering fees, including rezoning, P.U.D., and subdivision fees.
- A limitation of \$500 per housing unit for any building plan review or inspection costs, with a total payment for all building fees upfront, prior to the start of any construction on the site.
- If required, the City would pay for any Phase I environmental study.

Per square foot, residential development generates more TIF increment than any other type of construction. Warehouse development might be built in the \$50 to \$55 per square foot range. Mr. Irving’s concept plan envisions a construction value of about \$140.00 per square foot. The resulting EAV and tax increment is shown in the table below:

Irving Construction – Prime Proposal	
Total Estimated Project Cost (incl. demo and site work)	\$4,605,050
Total Number of Residences	18
Square footage of each Two-Story Residence	1188.00
Construction Cost per Square Foot	\$140
Full Market Value per Residence	\$166,320
Total Market Value Upon Full Build-out	\$2,993,760
Total EAV Upon Full Build-out	\$997,920
Prop Tax per year for 18 units on full build-out (x .1186)	\$118,353
Prop Tax for 20 years allowing 0% increase in increment per year	\$2,367,066

Developer Option

Mr. Irving also submitted an alternate to his prime proposal which features eleven (11) attached, single family homes on the S Fourth Street corridor and ten (10) detached single family homes on the S. Fifth Street corridor. The financials for the option are shown in the table below:

Irving Construction – Alternate Proposal	
Total Estimated Project Cost (incl. demo and site work)	\$5,046,966
Total Number of Residences	21
Square footage of each Two-Story Residence	1188.00
Construction Cost per Square Foot	\$140
Full Market Value per Residence	\$166,320
Total Market Value Upon Full Build-out	\$3,492,720
Total EAV Upon Full Build-out	\$1,164,240
Prop Tax per year for 21 units on full build-out (x .1186)	\$138,079
Prop Tax for 20 years allowing 0% increase in increment per year	\$2,761,577

[Click here for additional information.](#)

2. James C. Mason Development.

Concept Plan

Jim Mason, the founder and owner of James C. Mason Development, has proposed to retain the former City Hall and convert it to a “Community Center and Business Corporate Suites.” Additionally, he has proposed to develop eleven (11), one story, attached single family residences on the S. Fifth Street side of the property, with garages facing the interior public alley.

The proposed one-story residences would be 1,250 square feet in area and the garages would be 635 square feet in area. The residences would have two bedrooms and two baths and would be **leased** at a starting rent of \$1,350 per month. The target market would be “upper middle-income wage earners and seniors looking for long-term, quality and affordable housing.

Financial Proposal

Mr. Mason's financial proposal is summarized below:

- **A purchase offer for the property of \$400,000.**
- **A TIF request of \$636,000 primarily for the rehabilitation of the former City Hall:**
 - Roof replacement: \$118,000;
 - Upgrade and repair of HVAC system: \$357,000;
 - Excavation of the paving and the installation of new utilities: \$111,000; and
 - Landscaping: \$50,000.
- The assurance of a "static real estate tax," based on his rental pricing, by all local taxing bodies. Specifically, he is requesting an annual property tax cap of \$2,150 per residential unit (equivalent to 6.5 weeks of rent) or \$23,650 per year for 15 years.

The breakdown of the developer's financial proposal is summarized below:

- Private equity will fund the construction of the eleven (11) residences for approximately \$1,700,000. No TIF money is requested for the construction of the private residences.
- At a market value of \$1.7 million, the new residences would have an EAV of \$566,667 at full build-out.
- The annual property tax generated by the 11 residences at an EAV of \$566,667 would be \$67,207 upon full build-out and full assessment.
- Over a term of 15 years (the developer's timeframe), a conservative estimate of the property tax increment for the residences would be \$1,008,105, assuming no growth in the annual EAV thereafter.
- The type of commercial tenants and the uses intended for the former City Hall were not specified, but the developer assumes an annual tax revenue of \$16,667 per year within 2-4 years of the remodeling. This would be \$249,990 over the fifteen-year amortization term proposed by the developer.
- **Total estimated property tax impact over 15 years: \$1,258,095.**

[Click here for additional information.](#)

3. Pappas Development.

Concept Plan

John Pappas, general manager of Pappas Development, LLC, submitted a proposal for the demolition of the former City Hall and all existing structures, and the construction of a quadrangle featuring four, two-story structures with 78 furnished, upscale residences **for lease**, plus amenities such as meeting space, exercise and recreational facilities, etc. The grounds will integrate interior parking areas with garden walkways and substantial greenspace.

Financial Proposal

Mr. Pappas's financial proposal is detailed below:

- **A purchase offer for the City's 2.5-acre property of \$600,000.**
- **A TIF funding request of \$750,000 to cover only demolition, underground utilities, sidewalk improvements, and other TIF-eligible costs. No TIF funds are requested for land acquisition.**

The financial impact of this proposal is further detailed in the table that follows:

Pappas Development	
Total Estimated Project Cost (incl. demo and site work)	\$7,000,000
Total Number of Residences	78
Square footage of each rental unit	600
Construction Cost per Square Foot	\$125
Full Market Value per Residence	\$68,102
Total Market Value Upon Full Build-out	\$5,311,974
Total EAV Upon Full Build-out	\$1,770,658
Prop Tax per year for 78 units on full build-out (x .1186)	\$210,000
Prop Tax for 20 years allowing 0% increase in increment per year	\$4,200,000

Recommendation

After reviewing the comparative fiscal impacts of the three proposals, and considering market appeal, the City Manager recommends the proposal submitted by Pappas Development. Mr. Pappas has identified a market that did not exist in the downtown three years ago and has successively borne the risk in proving its worth. Fully furnished, secure, executive suites are fully-leased at Cornerstone and Plaza DeKalb by young professionals, NIU staff, corporate representatives from a number of newer businesses in the DeKalb area, and middle-class retirees looking for clean, secure, modern rental space with amenities.

[Click here for additional information.](#)

[Click here for City Hall Block supporting images.](#)

E. EXECUTIVE SESSION

None.

F. ADJOURNMENT

[FULL AGENDA PACKET](#)