

**MINUTES
CITY OF DEKALB
COMMITTEE OF THE WHOLE MEETING
JANUARY 27, 2020**

The City Council of DeKalb, Illinois held a Committee of the Whole meeting on January 27, 2020, in the City Council Chambers of the DeKalb Municipal Building, 200 South Fourth Street, DeKalb, Illinois.

A. CALL TO ORDER AND ROLL CALL

Mayor Smith called the meeting to order at 5:00 p.m.

Executive Assistant Ruth Scott called the roll and the following members of the City Council were present: Alderman Carolyn Morris, Alderman Bill Finucane, Alderman Tracy Smith, Alderman Greg Perkins, Alderman Scott McAdams, Alderman Mike Verbic, Alderman Tony Faivre, and Mayor Jerry Smith.

Also present were: City Manager Bill Nicklas, Assistant City Manager Ray Munch, Fire Chief Jeff McMaster, and City Attorney John Donahue.

B. APPROVAL OF THE AGENDA

MOTION

Alderman Morris moved to approve the agenda; seconded by Alderman McAdams.

VOTE

Motion carried by an 8-0 roll call vote. Aye: Morris, Finucane, Smith, Perkins, McAdams, Verbic, Faivre, Mayor Smith. Nay: None.

C. PUBLIC PARTICIPATION

None.

D. CONSIDERATIONS

1. Consideration of a Fleet Leasing Program.

Assistant City Manager Munch provided an overview of this item utilizing a Power Point presentation and background information provided in the January 27, 2020 Committee of the Whole agenda packet. He noted that the City has struggled for several years to adequately fund capital expenditures related to streets and fleet. He indicated that a Preliminary Asset Management Plan for Streets and Fleet completed in 2017 from Engineering Enterprises, Inc. (EEI) and Ehlers, Inc. indicated the City's fleet has been in a state of decline since 2006. It also identified the need to replace approximately \$1.5 million in fleet assets annually over a five-year period in order to normalize the fleet replacement schedule.

Assistant City Manager Munch continued, stating that in order to preserve cash flow, some municipalities have moved toward alternative models for fleet replacement. The City has researched two alternatives – open-ended equity leasing and tax-exempt lease purchasing.

The City currently uses a fleet purchasing model where departments identify need and request funding. If the annual budget process establishes the purchase as a priority, it's approved by City Council and the vehicle is acquired through cash purchase. Pros to this method are simplified purchasing, outright ownership of assets and no interest costs. Cons include the ability to fund high price assets, it quickly depletes the fund balance, and extends replacement cycles.

As noted above, one of the available alternatives is tax-exempt lease purchasing. Pros would be immediate access to capital funding, low interest rate due to tax-exempt status, no end-of-lease buy out, and it's not considered long-term debt. Cons would be interest cost increase of the overall cost, and the City would need to commit to funding over life of lease.

Pros to the other alternative – open-ended equity leasing – include preserving cash flow to accelerate fleet replacement, leveraged buying power, and preservation of equity in asset to be rolled into new lease. Cons include management fees and interest, end of lease buy outs, and only for light-duty fleet.

Working with Enterprise Fleet Management, a cash flow analysis of Fund 420 over a five-year period, using the following assumptions: annual revenue growth of 1%, inclusion of \$50,000 Northern Illinois University contribution for capital, per fire agreement, loss of \$40,000 annually after 2021 (expiration of County tax-sharing agreement), and reserve \$75,000 for non-fleet equipment purchases annually.

Concluding his report, Assistant City Manager Munch stated the City needs to determine how it wants to tackle this issue and with what urgency. While currently in a good spot, next year will be an issue. He further stated that Matt DeLand of Enterprise Fleet Management was present to answer any questions Council may have.

Discussion ensued regarding the written standards used, the EEI and Ehlers studies, and commitments for leasing fleet.

Mayor Smith asked how soon a decision would need to be made to determine which of the programs makes more sense. City Manager Nicklas replied that a decision would be needed soon as the cash reserve will be depleted at the end of 2020.

Further discussion ensued regarding maintenance costs, the leasing of ambulances, lease requirements, the current method of purchasing police vehicles, the types of vehicles leased, how current fleet is liquidated, and the time frame for manufacturing police vehicles versus other fleet (pickup trucks, etc.).

Alderman Finucane offered his assistance with a buyback system, if needed.

City Manager Nicklas stated that based on Council's comments, he would bring back an action plan as a consideration on the February 10, 2020 Regular meeting agenda.

2. Presentation of the DeKalb County Basics Program by, and Amanda Christensen, Superintendent of the Regional Office of Education.

Superintendent of the Regional Office of Education, Amanda Christensen, shared the history of the Basics program, an initiative in which five simple, fun, and powerful tools are used by parents, caregivers, and community members to give every child a great start in life. She indicated she was looking for a resolution or letter from the City in support of the program.

Courtney Hills, Program Director, provided an overview of the five tools, which are:

1. Maximize love, manage stress.
2. Talk, sing, and point.
3. Count, group, and compare.
4. Explore through movement and play.
5. Read and discuss stories.

Following the presentation, City Manager Nicklas recommended that Community Services Coordinator Joanne Rouse meet with Ms. Christensen and Ms. Hill to talk about next steps. Results will be shared with the City Manager who will advise Council at a future Council meeting.

E. EXECUTIVE SESSION

There was no Executive Session scheduled.

F. ADJOURNMENT

MOTION

Alderman Finucane moved to adjourn the meeting; seconded by Alderman McAdams.

VOTE

Motion carried by a majority voice vote and Mayor Smith adjourned the meeting at 6:03 p.m.

RUTH A. SCOTT, Executive Assistant