MINUTES
SPECIAL JOINT MEETING OF THE CITY COUNCIL
COMMITTEE OF THE WHOLE & FINANCE ADVISORY COMMITTEE
AUGUST 17, 2020

The City Council of DeKalb and its Finance Advisory Committee held a special joint Committee of the Whole meeting on August 17, 2020, in the Yusunas Room of DeKalb Public Library, 309 Oak Street, DeKalb, Illinois.

A. CALL TO ORDER AND ROLL CALL

Mayor Jerry Smith called the City Council meeting to order at 6:00 p.m. and announced City Clerk Lynn Fazekas was attending remotely.

City Clerk Fazekas 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.

Mayor Smith then asked for roll call of Finance Advisory Committee (FAC) members.

Clerk Fazekas called the roll, and the following members of the FAC were present: Bob Higgerson, Lance McGill, Ron Partch, Sheela Prahlad, Tom Tereskinski, and Chair Lynn Neeley.

FAC Member Dytania Washington was absent.

Also present were: City Manager Bill Nicklas.

Mayor Smith and FAC Chair Neeley made opening remarks. Mayor Smith observed the City had surpassed its targeted 25% in reserve funding last year, in part with staff reductions, but in the context of the COVID-19 pandemic he said he foresees difficulties ahead. Chair Neeley complimented the labor unions represented at the meeting and remarked on the City’s strong organization, collaboration, and possible shared sacrifices.

B. APPROVAL OF THE AGENDA

Mayor Smith asked if any Council or FAC member wished to make changes to the agenda. None were offered. The mayor then asked for a motion to approve the agenda.

MOTION
Alderman Perkins moved to approve the agenda. Alderman Morris seconded.

VOTE

MOTION
FAC Chair Neeley moved to approve the agenda. FAC Member Partch seconded.

VOTE

C. PUBLIC PARTICIPATION

Mayor Smith read a comment submitted by Bessie Chronopoulos. Ms. Chronopoulos opined that the budget is the most important function of Council, and said she does not understand why the FAC has not been more involved. She said she felt the FAC was not being allowed to function independently and she questioned why no one caught the improprieties revealed by the TIF forensic audit and problems with the annual audit.

D. CONSIDERATIONS

1. Consideration of Basic Assumptions Behind the Fiscal Year 2021 City Budget.

City Manager Nicklas introduced the new assistant city manager, Josh Holdt; the new account manager, Dan Prombo, whom he said had replaced Bob Miller; and the new acting police chief, Bob Redel.

City Manager Nicklas said there is much uncertainty about the upcoming budget year, with the key to the City’s prospects tied to whether federal money comes in. Addressing the General Fund first, he highlighted the following facts and assumptions:

- There is a certain level of Equalized Assessed Value (EAV) the City can count on, though numbers now are only estimated until finalized in late October.
- None of the City’s property taxes are used for general operations.
- The City will need to produce about $1.1 million from its General Fund to cover the difference between pension obligations and the property tax levy.
- New EAV will be generated by the Plaza DeKalb and Home2Suites developments, but the City will not benefit from the Ferrara development until the following year.
• City manager is recommending paying only a portion of the library’s general obligation bond.

• The City is projecting an overall 14% decline in sales and use taxes.

• With interest rates low, the City is exploring the possibility of developing a proposal for re-amortization of debt.

• Having already cut management positions, the City has been talking to union locals, but the situation is such that further cuts to personnel would mean cutting services.

City Manager Nicklas explained that local reimbursement through the federal CARES Act will be distributed by the state via the Local Government Distributive Fund. He said the City expects reimbursements for forgiven restaurant and bar taxes but the state has to take action through the Department of Commerce and Economic Opportunity (DCEO).

The city manager then gave an overview of capital projects and revenues. He said adding local motor fuel taxes (MFT) to the state allocation helps the City avoid falling further behind in street maintenance. He also spoke in favor of leasing vehicles and perhaps expanding the leasing somewhat, saying it allows the City to do just-in-time repairs and helps cash flow.

FAC Chair Neeley suggested a short recess at 7:14 p.m.

MOTION
Alderman Finucane moved to recess. Alderman Faivre seconded.

VOTE

MOTION
FAC Member Teresinski moved to recess. FAC Member Prahlad seconded.

VOTE

Mayor Smith declared a recess until 7:20 p.m.

Mayor Smith called the group to order at 7:22 p.m. and asked for roll calls.
City Clerk Fazekas called the roll for Council, and the following members were present: Morris, Finucane, Smith, Perkins, McAdams, Verbic, Faivre, and Mayor Smith.

City Clerk Fazekas called the roll for FAC, and the following members were present: Higgerson, McGill, Partch, Prahlad, Teresinski, and Chair Neeley.

FAC Member Prahlad asked about the statewide pension-merging situation. The city manager answered the state is still moving along with it. He said the hope is some savings in terms of lowering of overhead and costs, but COVID-19 has created obstacles.

Alderman Morris asked FAC members for their thoughts on tax increment financing (TIF) going forward as it relates to budgetary decisions and in light of the TIF forensic audit. FAC Member Teresinski said he was in support of the establishment of the new TIF District 3, given the limits of capital capabilities generally, and that in terms of the audit and what transpired, it has a positive impact in that EAV is coming back on the tax rolls.

Alderman Morris then asked the group whether anyone thinks Council should add guidelines and best practices or make other changes in the way it guides the TIF program. Chair Neeley answered that it was her understanding that procedures added last year would help prevent recurrence of past issues.

Alderman Morris asked the city manager if the City was considering reimbursement to other taxing bodies for what happened in the past. The city manager responded that TIF transfers out have been eliminated, and the tax increment is decreasing from $7.3 million to $350,000 per year, which means there no longer is a surplus. City Manager Nicklas added he is in touch with the other taxing bodies, including exchanges of emails with the attorney for the school district.

Discussion ensued regarding the role of the annual audit and whether the TIF transfers should have been questioned by the auditors. Response from the city manager and FAC chair was that the forensic audit found no laws were broken and “no felonious” activity occurred. Alderman Verbic pointed out that discussions about weaning off the transfers were public, and City leaders felt they had legally leveraged them at the time. City Manager Nicklas said any compromise would involve a proposition for Council to consider.

The group briefly discussed and confirmed the budget meeting schedule before adjourning.

F. ADJOURNMENT
MOTION
Alderman Finucane moved to adjourn the meeting at 7:53 p.m. Alderman Faivre seconded.

VOTE

MOTION
FAC Member Higgerson moved to adjourn, and FAC Member Prahlad seconded.

VOTE

Mayor Smith declared the meeting adjourned at 7:54 p.m.

LYNN A. FAZEKAS, City Clerk

Approved by the City Council on September 28, 2020.
Approved by the Finance Advisory Committee on October 19, 2020.