

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, MARCH 21, 2016**

1. Opening of Meeting

The meeting was convened by Chairman Stellato at 7:05 p.m.

2. Roll Call

Members Present: Chairman Stellato, Ald. Silkaitis, Payleitner, Lemke, Turner, Bancroft, Krieger, Gaugel, Bessner

Absent: Ald. Lewis

3. Omnibus Vote - None

4. Police Department

a. Recommendation to approve a Massage Establishment license LeVisage Spa LLC, located at 475 Dunham Road, Ste. 2A, St. Charles.

Chief Keegan: This item is to approve a massage establishment LeVisage Spa LLC, located at 457 Dunham Road, Ste. 2A, St. Charles. Elizabeth Feltes is here tonight and is the owner/operator of this business. Earlier this evening this agenda item was in front of the Liquor Control Commission where it received a favorable recommendation to move forward here tonight. As is customary procedure pursuant to our ordinance, the detectives of the Police Department worked with the applicant to look at her site, business model, and we're happy to report a recommendation to approve this as presented.

Elizabeth Feltes, 475 Dunham Road, Ste. 2A, St. Charles – introduced herself.

Ald. Silkaitis: After reading what was in the paper last week with two other massage parlors, how are you going to prevent that from happening as I have concerns?

Chief Keegan: We've taken some action to be pro-active as a city to pass the ordinances and we take that ordinance and the laws that are passed by the City Council very seriously. This has been passed and in place, we hold the businesses accountable and this applicant along with all the other businesses in town can expect a vigorous inspection and compliance check process on behalf of the Police Department. This is a three-prong approach. On the front end we've passed the ordinance and done all we can through the due diligence phase of the applicant. Once it's passed we hold them accountable with license inspections and compliance checks, and then if there are violations, it goes in front of the Liquor Control Commission and hope the penalties are swift in nature. After this is passed and the applicant is awarded the license, we'll make sure that she, along with the rest of the businesses in town, are held to that standard.

Ald. Silkaitis: I appreciate what you did with the sting, don't get me wrong. I guess what my concern is this is part of the problem with prostitution, you can't predict that, but when these businesses hire people without a license – that's concerns me. The business owner should not of hired those people, that's what concerns me.

Chief Keegan: Yes sir, and on behalf of the Police Department, we are going to do all we can with each and every business along with the patrons that patronize those establishments that they are following the laws established by both the State and City Council. I've had some off-line conversation with this applicant and am very impressed with her business model and she'll be an upstanding business person.

Ald. Payleitner: Thank you again, you had a very thorough packet that you put together and I understand that massage is just complementing your other services you have at your business. I've done my homework, researched your place, and heard from other people who are your customers and it's straight up legit. The issues we had that Ald. Silkaitis referred to is the reason they're doing this is to protect you. Thank you and welcome to town and continued success.

Mayor Rogina: The Liquor Commission has the obligation to oversee not only liquor but tobacco and massage. Today at the Liquor Commission meeting we had a long standing business here in town where one of their employees made a mistake and sold tobacco to a minor and we went into executive session and that business will be penalized. No difference between that and what's going to happen here and that will happen after due process takes place.

Motion by Ald. Tuner, second by Bancroft to recommend approval of a Massage Establishment license LeVisage Spa LLC, located at 475 Dunham Road, Ste. 2A, St. Charles.

Roll Call: Ayes: Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel, Bessner; Nays: Krieger; Absent: Lewis. Chrmn. Stellato did not vote as Chair. **Motion carried.**

Chrmn. Stellato: I've had a request that we first go off the agenda a bit. We have an executive session tonight to discuss Collective Bargaining. We'll then come back and finish up with the rest of the agenda

Motion by Ald. Lemke, second by Krieger to move into Executive Session at 7:15 p.m. to discuss collective bargaining as permitted by ILCS 120/2(c)(1).

Roll Call: Ayes: Silkaitis, Payleitner, Lemke, Turner, Bancroft, Krieger, Gaugel, Bessner; Nays: None; Absent: Lewis. Chrmn. Stellato did not vote as Chair. **Motion carried.**

Motion by Ald. Lemke, second by Krieger to return from Executive Session at 7:26 p.m.

Roll Call: Ayes: Silkaitis, Payleitner, Lemke, Turner, Bancroft, Krieger, Gaugel, Bessner; Nays: None; Absent: Lewis. Chrmn. Stellato did not vote as Chair. **Motion carried.**

5. Inventory Control Division

- a. Recommendation to approve a Resolution Authorizing the Mayor and City Clerk of the City of St. Charles to Approve Award of 2016/17 Stone/Gravel Bid to C. H. Hager Excavating, Inc. (Two (2) Base Bid Types of Stone and Gravel and Nine (9) Alternate Types); award contingent on approval of budget.**

Mike Shortall: These first three items are contractual items that I bring forward every year and are bid items. This is for stone and gravel and bids were opened on February 23, 2016 and on behalf of the Public Services Department, I'm seeking approval to accept the low bid for stone and gravel to C.H. Hager Excavating for 2016 construction season.

Motion by Ald. Turner, second by Bancroft to recommend approval of a Resolution Authorizing the Mayor and City Clerk of the City of St. Charles to Approve Award of 2016/17 Stone/Gravel Bid to C. H. Hager Excavating, Inc. (Two (2) Base Bid Types of Stone and Gravel and Nine (9) Alternate Types); award contingent on approval of budget.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

- b. Recommendation to approve a Resolution Authorizing the Mayor and City Clerk of St. Charles to Approve Award of 2016/17 Hauling Bid to S. Schroeder Trucking, Inc.; award contingent on approval of budget.**

Mike Shortall: This item is for hauling and on behalf of the Public Service Department I'm seeking approval to accept the low bid for hauling contract to be awarded to S. Schroeder Trucking for the 2016 construction season.

Motion by Ald. Bancroft, second by Krieger to recommend approval of a Resolution Authorizing the Mayor and City Clerk of St. Charles to Approve Award of 2016/17 Hauling Bid to S. Schroeder Trucking, Inc.; award contingent on approval of budget.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

- c. Recommendation to approve a Resolution Authorizing the Mayor and City Clerk to Approve Award of 2016/17 Concrete Reclamation Bid to Ozinga Ready Mix Concrete, Inc.; award contingent on approval of budget.**

Mike Shortall: On behalf of the Public Service Department I'm seeking approval to accept the low bid for purchase of raw concrete materials to be awarded to Ozinga Ready Mix for the 2016 construction season.

Motion by Ald. Silkaitis, second by Krieger to recommend approval of a Resolution Authorizing the Mayor and City Clerk to Approve Award of 2016/17 Concrete Reclamation Bid to Ozinga Ready Mix Concrete, Inc.; award contingent on approval of budget.

Ald. Silkaitis: Over the years we have lost several concrete companies, is this the only left around here?

Mike: Yes, it's the only one around here that is local. We try to get local companies.

Ald. Silkaitis: I understand, so this could be a yearly thing where we only get one bid?

Mike: Yes.

Ald. Gaugel: Do we ever verify the price they're charging us against other competitive markets? How do we know what their charging is fair and reasonable – a good price? Do we have a process to do this?

Mike: That's a good question and I do not have a process in place.

Chrmn. Stellato: Going forward we should implement that especially if we have the issue that we're talking about – maybe an industry standard or check with other communities.

Mike: Next to going toward the city – I can do that in the future.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

d. Recommendation to waive the bid procedure and approve a Resolution Authorizing the Mayor and City Clerk to Accept the Blanket Cable Quote from Anixter, Inc. for Okonite Cable for Fiscal Year 2016/17; award contingent on approval of budget.

Mike Shortall: I'm seeking approval to allow the purchasing manager to purchase Okonite cable and wire from Anixter, Inc. This blanket agreement has been a result of negotiating pricing and is a standard cable that the St. Charles Electric Department uses and they are already set up with tooling, etc. for this cabling. I ask that you please authorize this agreement and accept the blanket quote for Anixter, Inc.

Motion by Ald. Turner, second by Bancroft to recommend waiving the bid procedure and approve a Resolution Authorizing the Mayor and City Clerk to Accept the Blanket Cable Quote from Anixter, Inc. for Okonite Cable for Fiscal Year 2016/17; award contingent on approval of budget.

Ald. Turner: Is this wire strong enough to hold up trees, Peter?

Peter Suhr: Yes.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

- e. Recommendation to approve a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a Hydraulic Telescopic Articulating Aerial Device to Altec Industries, Inc., and Approve the Trade-In of Replaced 2005 IHC 4300 Vehicle #1924.**

Mike Shortall: On behalf of the St. Charles Electric Department I am seeking approval to accept the low bid for the purchase of a 2016 Articulating Aerial Device from Altec Industries, Inc. This vehicle has been passed through budget and passed through the City Fleet Committee and additionally I'm seeking approval to trade in the replaced vehicle #1924 for the said negotiated price.

Motion by Ald. Bancroft, second by Bessner to recommend approval of a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a Hydraulic Telescopic Articulating Aerial Device to Altec Industries, Inc., and Approve the Trade-In of Replaced 2005 IHC 4300 Vehicle #1924.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

- f. Recommendation to approve a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2017 Freightliner 114SD 6x4 66k Chassis, With Sewer Cleaning Equipment, to E J Equipment, Inc., and Approve Trade-in of Replaced 2012 Vactor 2112 ,Vehicle #1859.**

Mike Shortall: On behalf of the Environmental Services Division I'm seeking approval to purchase a 2017 Freightline chassis with the said listed sewer equipment to be installed on this chassis. Quotes were taken through the cooperative Joint Purchasing Program. This vehicle has passed through City budget and the City Fleet Committee. Additionally I'm seeking approval to trade in the replaced vehicle #1859 for the said negotiated price.

Ald. Turner: Are we going to use the equipment on the present chassis now and move it to the new one or are we getting all new vacuum equipment?

Mike: The company we awarded to, this is a new type of equipment? They're using Deere equipment on the new piece of equipment which means the truck will drive off of the chassis engine and the equipment will be on a separate engine. With the other company's standard equipment, they do not offer that. This is something we thought would be beneficial to the City and probably less maintenance. This will be something that will come out of the wash and see how that goes.

Ald. Gaugel: I may be missing it in the note you had there about the trade value under the recommendation and suggested action. I don't see the trade value stated there, but I think we're below on their quote they have with that trade value included. So what they quoted is what we're asking for in terms of the trade?

Mike: Yes, EJ had quoted a trade of \$146,500 and Standard quoted \$148,500 and ultimately EJ comes in cheaper with the dual engines and we felt that was a good thing.

Ald. Gaugel: So the net is \$272,688 – correct?

Mike: EJ is \$272,688.

Motion by Ald. Turner, second by Bessner to recommend approval of a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2017 Freightliner 114SD 6x4 66k Chassis, With Sewer Cleaning Equipment, to E J Equipment, Inc., and Approve Trade-in of Replaced 2012 Vactor 2112 ,Vehicle #1859.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

- g. Recommendation to approve a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2016 International 7400 SFA 6x4 to Rush Truck Centers and Sell Replaced 1998 International 49004x2 Vehicle #1808.**

Mike Shortall: On behalf of the St. Charles Environmental Services Division I'm seeking approval to purchase a 2016 International truck with a 15-foot dump body. This vehicle has been quoted through State of Illinois Joint Purchasing Program, has passed the City budget and City Fleet Committee. Additionally I'm seeking approval to sell the replacement vehicle #1808 via the city online auction service – publicservice.com.

Motion by Ald. Turner, second Krieger to recommend approval of a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2016 International 7400 SFA 6x4 to Rush Truck Centers and Sell Replaced 1998 International 49004x2 Vehicle #1808.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

- h. Recommendation to approve a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2016 Ford F-250 Pick Up, With Snow Plow, to Currie Motors Fleet and Sell Replaced 2004 Ford F-350 SD Vehicle #1804.**

Mike Shortall: On behalf of Public Services Department, I'm seeking approval to purchase a 2016 Ford F250 pickup and plow from Currie Motors. Two quotes were taken. One local – Zimmerman Ford, the other through the Suburban Purchasing Cooperative Program – Currie Motors. This vehicle passed the City budget and Fleet Committee and additionally I'm seeking approval to sell the replacement vehicle #1804 via on line auction service – publicservice.com.

Motion by Ald. Bessner, second by Gaugel to recommend approval of a Resolution Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2016 Ford F-250 Pick Up, With Snow Plow, to Currie Motors Fleet and Sell Replaced 2004 Ford F-350 SD Vehicle #1804.

Ald. Turner: Mark, we've bought a lot of trucks in the last year and going forward into this year. Is this because of the recession that we got behind or what? We've bought some really big ticket trucks over the last couple of years which, to me, is unusual.

Mark: Actually the mechanism for buying trucks is based on need and we also have an analysis where we look at engine life in terms of hours of operation and also miles on the road. We have a fund that is set aside every year in our budget as terms of a rental fee, so when a truck comes due that is a lemon or its time to replace it because the maintenance is too high on it, we have the money to replace it. We're in a position the last of couple of years that we've just seen vehicles that need to be replaced because it's that time, as opposed to the results of economic times.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

6. Finance Department

a. Recommendation to approve an Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bond Issues and Related Matters.

Chris Minick: This is a recommendation to approve an Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bonds. Each year the City is allocated a \$100 per capita for private activity bonds, that's per IRS regulations. Private activity bonds allow developers of certain industrial facilities to tap into the City's tax exempt financing mechanism to allow them to borrow lower costs. We have approximately \$3.3M of allocated volume cap for fiscal year 2016. We either have to do an affirmative action to reserve that volume cap or it will automatically remand back to the state later on in this particular year. We currently have no plans to reutilize that volume cap or any of those private activities bonds; however, occasionally we are approached by other municipalities or developers later in the year and we do traditionally reserve this volume cap each and every year. In the event we are approached by other municipalities, we have been successful from time to time, to actually sell that volume cap to other entities who may have use for it. With that, I would recommend approval of this item and can answer any questions.

Motion by Ald. Bancroft, second by Krieger to recommend approval of an Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bond Issues and Related Matters.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

b. Presentation of fiscal year 2016-2017 budget – information only.

Chris Minick: Tonight we'll discuss the 2016/17 budget. This process began back in November with the entry of the department budgets into the computerized system. Since that time we've had a series of meetings and discussions to bring forward the balance budget proposal that you'll be reviewing tonight. The purpose of tonight's meeting is to review the highlights of the proposed budget, answer any questions you may have and receive any comments you may have related to the budget proposal as well. Subsequent to this evening, we will be distributing the budget books later on this week; and in conjunction with that we'll be having a Public Hearing prior the City Council meeting on April 4. Assuming there are no significant outstanding items on the night of the Public Hearing, we'll bring it forward for formal adoption of the budget at the April 4 City Council meeting. Under the Budget Act and the State statutes we do have to have a budget approved and in place prior to May 1, 2016 which is the beginning of our fiscal year. (This presentation can be found on the City's website under the Finance Department).

Slide #1: Tonight I'll be reviewing the financial trends and the positive impact they have on the City's financial performance, talk over highlights of the General Fund, Utility Fund, go over significant capital projects, discuss our staffing level, and answer any questions you may have.

Slides #3 & 4: As discussed in the past and as we've gone through the recession years afterwards, the prudent financial decisions we've made during that time period have resulted in a fiscally responsible St. Charles. You'll hear me talking a lot about the structural sound operations and results that we've been able to achieve as a result of that. We've gone through a period of the great recession, we've gone through the period of immediate recovery, we've increased economic activity to the City and this has had a very significant, positive impact on our financial operations. Our operational revenue streams have recovered. They are rising and going up as a result of that increased economic activity; however at the same time our operational expenditures have remained low when compared historically with other operating expenditures levels and more importantly they have remained in line or below those revenue levels. These two factors have resulted in a series of surpluses that has led to a healthy reserve level primarily in the General Fund but also in the utilities. One factor on the horizon that may be a bit of a challenge or an opportunity for us and a factor that's going to impact our financial performance is the significant level of capital expenditures that we anticipated. We've also seen a significantly improved Utility Fund performance. We've had a series of operating deficits in the 80's – mid-2000's. We undertook a rate study and the Council directed a slow, steady approach to implementing the recommendations and stabilizing the rate structures within those utility structures. We are getting to the point now that we are starting to see those rates stabilized primarily in the Electric and Water utilities. We've eliminated the operating deficits within the utilities and all the utility reserves are in the positive position.

Slide #5: The City's budget is BALANCED!!! No tax increases are proposed.

Slide #6: What's Ahead? Potential Challenges are State budget, pension reform, property tax freeze and capital projects, such as, aging of municipal infrastructure.

Slide #7: Showed summary of all funds (excludes transfers) for revenues and expenditures for FY14/15 Actual, FY15/17 Forecast, FY16/17 Proposed.

Slide #9: General Fund Highlights – revenue streams continue to recover. Property tax levy remains frozen and we increased economic activity with our sales taxes, hotel taxes, income tax shared with state, and alcohol tax revenue.

Slide #10: General Fund Revenues and Expenditures 2011-2017 line graph showing 2011-2015 amounts are from the City’s Comprehensive Annual Financial Report for the fiscal year ended April 30 as indicated. Also showed 2016 amounts based on January 2016 projections and 2017 amounts reflect proposed budget totals.

Slide #11: General Fund showing revenues, operating expenditures, surplus (deficit), end of year reserves, and reserved percentages with was 40% for FY2015/16 and 39% for FY2016/17.

Slide #12: General Fund Revenues FY16/17 Budget Pie Chart.

Slide #13: General Fund Expenditures by Function FY16/17 Budget Pie Chart – total budgeted expenditures - \$43,398,010.

Slide #15: A quick look back: ongoing challenges in financial performance with revenues not covering expenses; operating deficits of consumption levels declining, wholesale power cost increase, Federal and State mandated improvements; and Council directed long-term corrective action.

Slide #16: Every Pictures Tells a Story... line graph of Utility Funds Performance for fiscal years 2007 – 2016.

Slide #17: Where we are currently: much more positive financial performance, rate structure changes enacted, and capital projected proposed.

Slide: #18: Utility Projections showing proposed budget 2016/17 for revenue, cost of service, surplus/(deficit), and reserves; along with annual billings for “average” residential customer for FY2015/16.

Slide #19: Recommended Rate Structure showing monthly charges and consumption rates for Electric Fund, Water, and Sewer. We will no longer have differential rates for summer vs. winter charges.

Slide #20: EPA Assessment: It will be a fixed monthly charge on the wastewater bill to finance projects necessary for compliance with environmental standards.

Slide #21: Utility Comparison Chart showing average annual utility charges as of February 2016 between St. Charles, Geneva, Batavia, Naperville and ComEd.

Slide #22: Impact of Increases to “Typical” Residential Customer (Monthly) – showed total monthly impact fees increases.

Slide #24: Significant Capital Improvement – Police Facility, Seventh Avenue Creek Project, Rehab of George’s Sports, and 1st Street Phase III Streetscaping Improvement.

Slide #25: Significant Capital Improvement – Cont’d – Stuarts Crossing detention area restoration and roadway improvements for Illinois Street bridge repairs and resurfacing of Kautz Road, Red Gate Road, Riverside Drive and MFT Street Resurfacing Program.

Slide #26: Significant Capital Improvements – Cont’d – On the utility side we have Electric Substation Number 9 work, Work Order, SCADA, and billing software; Digester Improvements (Wastewater) – which is a multi-year project, and Phosphorus removal engineering.

Slide #27: Staffing – this is consistent with FY2015/16 budget of approximately 269 FTE. Staffing costs represents 64% of General Fund expenditures and the City is currently recruiting to fill vacancies.

Slide #28: Showed Staffing Charts for Full Time Equivalent Employees (FTE) of all departments/divisions budgeted for FY16/17 vs. FY15/16.

Slide #29: Conclusion: Improving economic conditions have allowed the City to continue to thrive; outside forces continue to apply pressure, primarily the State’s fiscal crisis and lack of budget, and we have some infrastructure and capital that we’ll need to keep an eye on; so continued vigilance is essential as these things come to work themselves out.

Overall, the City is in a good place. We’ve taken several positive financial steps over the last several fiscal years and I anticipate we’ll be doing fine for some time to come.

Chrmn. Stellato: Good work! This is a lot to absorb but we’ll see this in a more comprehensive report at the budget hearing on April 4.

Ald. Turner: If with leave everything as is going forward, five years from now, we’re going to have \$17M in the General Fund. That’s fine, but we’re going to wind up with \$34M in the utilities. That’s \$50M of taxpayer money basically just sitting there. I know electric is a different animal and we’ve talked about this. Do you have experience in this in maybe combining your reserve fund for sewer and water? You told me other cities have had to do that?

Chris: There are other cities that do combine their water and wastewater operating funds. We could take a look at the reserves.

Ald. Turner: Could you take a look at that? In my experience of 11 years, we’ve only had one big draw on the water fund to replace a well and Mark told me in past history we’ve had one big draw on the electric prior to me. We definitely need reserves but maybe you could look at what do we need and what’s basically just sitting there.

Chris: This policy is yours and we can adjust the rates as we go to throttle that back; so it doesn't have to be \$34M in reserves. We can make conscience decisions that we don't want it to be that high and set it at a different level.

Ald. Turner: I know the City's policy is 25% of the General Fund. What's our policy on the reserves?

Chris: For utilities it's 25-50%.

Ald. Lemke: This Public Hearing starts at 6:45 p.m. on April 4.

7. Executive Session – None.

- Personnel 5 ILCS 120/2(c)(2), 5 ILCS 120/2(c)(5)
- Pending Litigation 5 ILCS 120/2(c)(4)
- Probable or Imminent Litigation 5 ILCS 120/2(c)(4)
- Property Acquisition 5 ILCS 120/2(c)(3)
- Collective Bargaining 5 ILCS 120/2(c)(1)
- Review of Minutes of Executive Sessions 5 ILCS 120/2(c)(14)

8. Additional Items from Mayor, Council, Staff or Citizens.

9. Adjournment

Motion by Ald. Kriger, second by Turner to adjourn meeting at 8:10 p.m.

Voice Vote: Ayes: Unanimous; Nays: None. Vice-Chair Payleitner did not vote as Vice Chairman. **Motion Carried.**

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