

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, AUGUST 1, 2016**

1. Opening of Meeting

The meeting was convened by Chairman Stellato at 7:06 p.m.

2. Roll Call

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

Absent: Gangel

3. Omnibus Vote

- Motion to accept new liquor license application and staff to proceed accordingly with use of said application.

Chrmn. Stellato: Chief is here to answer any questions. I commend the Chief, Liquor Commissioner, and the Liquor Commission for putting together a good form. Good job.

Ald. Silkaitis: One of the questions on the application is: The dollar amount inventory of their establishment. Why do you need to know what their inventory is?

Chief Keegan: As you know if you have a liquor license and you dispense alcohol for consumption on premise you have to go through a licensed distributor. That's more of a State regulation so the Liquor Control Commission from the State knows your distributors and what you have on hand as far as you inventory.

No motion needed.

4. Police Department

- a. Recommendation to approve an Ordinance Amending Title 5 "Business Licenses and Regulation", Chapter 5.08 "Alcoholic Beverages", Section 5.08.100 "License Fees; Late Night Permit Fees; Fees Established", and Section 5.08.130 "License – Hours of Sale" of the St. Charles Municipal Code.**

Chief Keegan: This is a recommendation to approve an Ordinance Amending Title 5 "Business Licenses and Regulation", Chapter 5.08 "Alcoholic Beverages", Section 5.08.100 "License Fees; Late Night Permit Fees; Fees Established", and Section 5.08.130 "License – Hours of Sale" of the St. Charles Municipal Code.

As you know we pride ourselves in the Police Department and the City of St. Charles on being business friendly. This modification comes at the request of a local business. Abby's is a

breakfast and lunch place in downtown St. Charles. They approached us regarding some of our regulations on Sundays. The consumption hours of a restaurant are 7:00 am – 10:00 pm, Monday – Saturday. On Sunday's the consumption hours don't start until 10:00 am. That creates problems on some of the national holidays. Abby's approached us and asked us to take a look. We looked at the entire code and how we stipulate hours of sales both in the restaurants and taverns which are Class B & C licenses, and in packaged liquor goods stores which is License Class A. We looked at some models from adjoining municipalities. Talked to some of the business owners, and put a modification proposal in place, took that to the July Liquor Control Commission, received favorable recommendation to move forward to this evenings Government Operations Committee, and with that I'll answer any questions that the Committee might have.

Motion by Ald. Silkaitis, second by Bancroft to recommend approval of an Ordinance Amending Title 5 "Business Licenses and Regulation", Chapter 5.08 "Alcoholic Beverages", Section 5.08.100 "License Fees; Late Night Permit Fees; Fees Established", and Section 5.08.130 "License – Hours of Sale" of the St. Charles Municipal Code.

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

Mayor Rogina: Going back to the previous item, the liquor application. Kudos to three people, Chief Keegan, Tina Nilles and Sara Cass, who are the dominant authors of said document.

b. Recommendation to approve amplification equipment and parking lot and street closures for the 2016 Arcada 90th anniversary celebration.

Chief Keegan: This is a recommendation to approve amplification equipment and parking lot and street closures for the 2016 Arcada 90th anniversary celebration.

With us this evening is Nick from the Arcada Theater. We would like to propose this evening for approval of the Council to not only close Riverside Avenue, but also provide for some amplification. The Arcada Theater turns 90 this year and on the date in question, which is Monday, September 5 they would like to do a small procession. They are expecting about 130 participants and they want to stage anywhere from a half dozen to a dozen older vehicles to proceed north on First Street, east on E. Main, to Second Street, go south to Walnut Street, and come to Riverside Avenue. The event hours are 5:00 pm – 8:00 pm. Once again they are expecting about 130 participants and we should have about a dozen vehicles. Nick is here if you have any questions, and of course I can answer any questions the Committee may have.

Motion by Ald. Turner, second by Ald. Bessner to approve amplification equipment and parking lot and street closures for the 2016 Arcada 90th anniversary celebration.

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

5. Finance Department

a. Presentation of the Convention and Visitor's Bureau and consideration of funding request of \$526,500 for Fiscal Year 2016/17.

Chris Minick: Each year, as the Committee is aware of, we allocate a portion of our hotel/motel tax revenues to various external organizations for the purpose of promotion of the City, and for various purposes including the Arts and Culture. Included in those groups is the Convention and Visitors Bureau. Each year they come before the Committee and do a presentation outlining their goals and objectives for the upcoming fiscal year as part of the request for funding. They will come back mid-way through the year and give us an update on how they are doing on those goals and objectives as well as reviewing the activity they undertook during the previous fiscal year. This year we have Lula Cassidy presenting to the Committee. She is the newly named Executive Director of the Convention and Visitors Bureau. She will be making a brief presentation to the Committee outlining their plan for the upcoming year, as I mentioned. Due to an oversight, the service agreement and the hotel tax history were omitted from the packet. They are in front of you in hard copy this evening.

Lula Cassidy: Executive Director of the Greater St. Charles CVB. I come before you to thank you for the support the City of St. Charles has provided to the bureau since its founding in 1983. In the past 33 years your city's tourism bureau has been dedicated to the mission of bringing visitors to St. Charles for meetings, family fun, sporting events, and leisure destination experiences. My team and I come before the Committee to officially request the funding of \$526,500.00 for the fiscal year of 2016/17. This financial amount does reflect the same financial support the tourism bureau received from the City of St. Charles this past fiscal year.

Chrmn. Stellato: Before you go on I want to let you know that we do have questions. As you're going please try to pause once in a while and if anybody has a question they'll jump in.

Lula Cassidy: The following reports were provided in advance: A funding request letter, 2016 full marketing plan, 2016/17 budget, a Scarecrow Fest survey, leisure talk report on our talk markets, fiscal year accomplishments, as well as our estimated economic impact last year.

This evening I will be presenting a small glimpse into our 2016/17 marketing plan with some of the exciting things we have going on. You should have the packets that were handed out. In those packets is our new Visitor Guide. Also, something pretty exciting, as part of our support that's going on with the Illinois Travel Office of Tourism, we are the featured city for "Travel Illinois". On the left hand side of the packet are some of the social marketing and things going on. Just this past week we were the number 1 city in small cities and you'll find that information as well.

Ald. Payleitner: Who finances the book?

Lula Cassidy: It's in our budget.

Ald. Payleitner: My concern is I see there are non-St. Charles businesses, I don't care about

events, but when I see that there is competition for our businesses, from Elburn or Campton Hills, I'm wondering if they pay for their advertising in there?

Lula Cassidy: It's my understanding that we are the Greater St. Charles Convention and Visitors Bureau, so we support businesses.

Ald. Payleitner: Are the other towns also contributing to their mention in the Greater St. Charles Visitors Guide.

Lula Cassidy: They do not have hotels so there is no hotel occupancy tax to support that.

Ald. Payleitner: Right, do you see my concern? You open the book and you see restaurants in Campton Hills that are in direct competition with ours. That seems like a slap in the face.

Lula Cassidy: I do see your concerns and I think there is something really interesting as we come into the marketing plan. Some of the things we are doing provide cooperative marketing opportunities, so we can actually get our tourism partners to be kicking in some of those funds cooperatively, so we're not funding those things on our own when we get into different programs.

Ald. Payleitner: As of now they aren't though.

Lula Cassidy: As of now they are not.

Ald. Payleitner: I want to go officially on the record that this bothers me.

Lula Cassidy: I understand.

Ald. Silkaitis: Why are they in there and who determines what goes in that brochure? What is the criteria?

Lula Cassidy: Tourism partners are in our Tourism Visitor Guide. We support any partner that falls under the area of a tourism partner. Anything that a visitor might find interesting, shopping, restaurants, etc., that adds dollars into our economy.

Ald. Silkaitis: Accept when they're not in St. Charles; they don't add dollars to our economy. How do they get in the book? Under what direction do they follow to be put in there? How can one business be in there and not another in Campton Hills? What's the criteria to determine an in?

Lula Cassidy: The criteria is that they're a tourism partner. I can look into that for you, but in general throughout the history of the Convention and Visitors Bureau when you have a particular area that you encompass, you include all tourism partners in your guide. If changes need to be made, that's something that's open to discussion.

Ald. Stellato: In Lula's defense she is new. Lula you're hearing concerns, comments that you

can look into and we could use your help with that.

Lula Cassidy: We listed our top 5 competitors. Those groups are Schaumburg, Rockford, Galena, Madison and St. Charles, MO; we face St. Charles, MO a lot because they are a historical town and they come up when people do searches.

This year we take on quite a few different segments that we haven't in the past. We haven't done marketing with St. Charles to travel agents. We are taking on international for the first time. We are working on political, every 4 years with the mayoral election. We want to make sure we get as many debates, conferences and meetings that may have something to do with the political market segment with St. Charles.

Voluntourism is something new where different groups are coming into the area to have meetings. We're adding health and wellness and that comes off of the sport market segment. There are about 1 million conferences in the Midwest that go on and we'd like to tap into that.

Leisure and Transient; we're adding hometown tourists and staycations, we've identified that we need to capture more of the Chicago folks coming to our area, and get more people in Illinois to stay in Illinois, so we're also supporting the Illinois Campaign.

Corporate and Association; when we look at this area and working with our hotel partners we find that we can do a 300% increase rapidly just working with all the different groups and corporations that we have. Comparing 2012 to 2015 conferences I wasn't finding as many repeat conferences as I would like. In every city you want to have conferences you're known for, every year they come in and you can count on that revenue. Our sales team is constantly working to gain that new business over and over again. We're working on a strategy for multi-year agreements.

Ald. Payleitner: 675 rooms give an economic estimated impact of \$417,825 how does that come? That seems like a lot of money for 675 rooms.

Lula Cassidy: It's based off a calculation that the area is using based one person per room, what their average spend would be, what the average restaurant ticket would be and it's calculated. Each segment is a bit different in its calculation. We can provide the calculation by segment anytime.

Ald. Payleitner: In group tours you have 148 rooms. That comes down to \$370 dollars each room night. That's a lot of money to be spent.

Lula Cassidy: It comes up a little bit different because you only have the room night, two people in a room; you also have the food spend behind that. They take a little different approach because they will tend to spend retail dollar. They may go shopping, do something artistic or they're here to visit the theater.

Ald. Payleitner: But \$430 a night is a lot of spending. So the number you use isn't unique to

St. Charles. It's an area number.

Lula Cassidy: It is an area number and it's something that the different local CVBs in the Fox Valley area utilize. That number is from 2006 so we're actually under predicting.

Ald. Payleitner: It was a different economy in 2006.

Lula Cassidy: Yes. Lots of things have happened since 2006, but in our industry we're seeing much better times. The most recent study in the Fox Valley area, those are the numbers we're using, and I'd be happy to share how we break that down by segment.

Ald. Payleitner: It seems like a lot of money. I guess when we're talking big picture to justify \$526,000. I see where you can justify it, but I'm still kind of fuzzy. I didn't mean to interrupt, please go on.

Lula Cassidy: Group tour; we realize we have the groups come in, a lot are day trips, and they are utilizing our restaurants and the theater. We're going to utilize our Motor Coach Database of information we've gathered over the years rather than spending additional money to do tradeshow and that sort of thing. We're going to cut back on expenses, focus on what we already have and focus on day trips.

Travel agents; that's one of my specialties, I will be focusing on the \$1B and over users. Those are the travel agents that produce the high revenue and utilize destinations for corporate meetings, association meetings, as well as leisure. In the full marketing plan I listed all the agents I'll be focusing on.

Sports; we have been visiting each one of our tourism venues in the area asking how we can work with them. We're getting an incredible response about tournaments and areas during our weaker times occupancy wise, that October – April time period, how we can gain more occupancy to pick up more revenue.

Ald. Payleitner: In here you have it at \$450 per room per night for sports. My kids wouldn't be in traveling sports if that's what we were spending. It's not like you're taking these kids out for expensive dinners or shopping for artwork, so I'm wondering where this comes from?

Lula Cassidy: We have something called Info Track. It helps us to know what the rate is, the group rate; estimated rate is going to be. We have to look at what type of sports we're working with. Different expenses with different sports. I will share that and how it's calculated by segment.

Ald. Payleitner: Really once they get here there isn't a whole lot of expense. If you're here for a softball tournament, you bring everything you need. That \$450 per room, per night, I just don't see it.

Lula Cassidy: Are you expressing as far as the room rate?

Ald. Payleitner: Is the \$450 part of that room rate?

Lula Cassidy: When we predict the estimated economic impact we include the room rate, meals...

Ald. Payleitner: I understand that. I'm wondering how realistic these numbers are?

Lula Cassidy: We've met with the Olympic wrestling team, we've met with the hockey team, and the hockey had a predicted spend of \$475.

Ald. Payleitner: Probably because they have to rent ice time, but we don't have any ice in St. Charles.

Lula Cassidy: As we see the bid there are different numbers that come down. The wrestling team, an Olympic type event, they may need bleachers and would need to go and rent something. There are so many different factors that we have to work with.

Chrmn. Stellato: You'll get information on that as well.

Lula Cassidy: Yes. How we come to that number. All of this economic impact makes revenue and more than anything we want our hotels to generate money and support our restaurants and all of our tourism partners in general.

Health and Wellness; this is a direct sales and marketing effort to companies and associations that are related to that type of industry. We're working with different farms around the area as well so that they can bring that healthy element into this plan. We're building Yoga conferences, Pilate conferences, to come into our area, enjoy our bike paths, the community that's already built and the farms can support that with healthy eating. We're going on our farm to fork campaign that we're initializing.

Hobbies, toys, collectables; This area we're going to see a different trend as we go more historical with it. In the past we've tried to do different hobbies, but this year we'll try to take on the historical spin and try to keep it more in the downtown area.

Ald. Lewis: When you say historical. There has been a lot of effort and many hours spent by Camp Kane. Is that going to be part of your history focus also?

Lula Cassidy: Yes, their historical tours.

Ald. Lewis: You said you're going to focus downtown. Camp Kane is not in the downtown area. That's why I was curious.

Lula Cassidy: Downtown as far as lodging, historical type experience. When I say collectables, it's approaching groups that are looking for that historical experience. We are working with all the outlying areas. I didn't mean to mislead it to just be downtown.

Ald. Lewis: Okay, because they do put on the Civil War enactments. I want to make sure you have that.

Lula Cassidy: Anything like that would fall into that special interest group. That's the type of thing we're working on to attract them to our area.

The political segment; we're working right now to gain debates coming into our area. We've been quite successful with that.

Voluntourism; we are not spending any advertising money, there won't be any marketing promotion going on, it's something we're doing with a direct sales effort. We're getting on the phone and talking to the Salvation Army, American Red Cross, and different organizations in the area, and outside the area that are bringing large groups in the Tri-State. This is the first time we're breaking into this market.

We see international in all of our competitors markets, but this is something that we in the Greater St. Charles area haven't really focused on. This is something with my previous background that I'll take on fully. We have already started to open it up and are welcoming both group and leisure international guests.

Conference service; rather than everyone on the team working conferences, we bring that to one area and Diane will be working on conference service support, being our area expert to help our visitors.

Planned activities; Scarecrow Fest, we'll do press releases, email marketing, social marketing to promote it throughout the Midwest. We're also looking into different ideas and funding with doing promotional items. We have noticed from a tourism standpoint we don't see a lot of fox toys, fox family toys, fox shirts and souvenirs that we could be offering.

Ald. Payleitner: I sit on the Board of the St. Charles History Museum. That's their bread and butter. They have a store and sell fox items and St. Charles items. Are you looking to make money off of this, because they are. They are trying desperately to make money using their fox merchandise.

Lula Cassidy: Being aware of that information; I will go speak with them to see how we can help to promote that, if it already exists in the market. I went out and looked, but I missed that, so knowing that, working with them we'll promote them first.

Our tradeshow have been cut back, but we have our database we can utilize, and also going after past groups.

Monthly e-blasts have been very successful for us, we have one now that's going out promoting holiday already.

Advertising; we found our competitors are in the Sports Illinois Guide, we are not, so we are

taking advantage of that opportunity this year.

I want to thank you all for listening to some of the different things we have going on. Are there any questions?

Chrmn. Stellato: Sounds like you have some research as far as partnerships with other communities. There are certain things we may want to have in there, the Cougars Stadium, the Cougars in general. I think we should talk about business that would conflict with businesses in town that are in another community. That issue needs to be discussed. Also, dollars per guest, we had some concerns there, and including Camp Kane and the historic tours. Any other feedback?

Ald. Silkaitis: This might be for Chris. What is their budget balance at the end of the fiscal year?

Chris: They aren't limited to a reserve in terms of retained earnings. They are limited in terms of cash and they are within that. I did check, we just go through June financial statements and they are within the \$200,000 for the operating account, and within the \$30,000 for the Scarecrow reserve as well.

Ald. Payleitner: The fiscal year 2017 budget shows a loss of \$75,000. Is that right?

Chris: I would have to defer the reasons for that to the CVB staff.

DeAnn Wagner: Associate Director, 311 N. Second Street. There are a few items we had to pay for at the end of this fiscal year that fall into the first fiscal quarter, so those are considered prepaid expenses. We have to recognize them as an expense in the next fiscal year even though the cash was paid out at the end of June. That's why the negative is there.

With the LTCB Grant, the requirement of that is the bureau is a regional location so we have to represent our service area which includes Campton Hills, Elburn, as well as the St. Charles Township and Campton Hills.

Ald. Payleitner: I have no problem with you doing that if they are paying for it. My second question; when I'm looking at our return on investment, it costs us \$229 a room, that doesn't seem like a good investment to me. I'm wondering how we move forward with that. The booked rooms divided by 525 comes to \$229 per room.

DeAnn: There is also another report that was provided with the estimated economic impact, we booked corporate rooms and also the estimate for the leisure, it actually comes to just under \$13M for estimated economic impact.

Ald. Payleitner: I'm not talking about that. I'm talking about return on investment for us as the City. Pretty much you guys are "heads in beds", is that correct? We got 2,297 new rooms booked this past year, correct?

DeAnn: That is only group, it's not leisure. It's not the individuals we advertise to in AAA who come in individually and stay in the hotels.

Ald. Payleitner: You wouldn't have anything to do with that would you?

DeAnn: They stayed in the hotels as a result of our advertising.

Ald. Payleitner: Okay.

Motion by Ald. Turner, second by Ald. Lemke to approve the Convention and Visitor's Bureau funding request of \$526,500 for Fiscal Year 2016/17 with the stipulation that the CVB provides answers to the Committee's questions.

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

b. Presentation Update Regarding City's Preliminary Financial Results for 4th Quarter ending April 30, 2016 – Information Only.

Chrmn. Stellato: We have some budget information, its information only. Does anyone have any specific questions?

Chris: This is actually the preliminary results for fiscal year 2015/16. They are unaudited, we're going through the audit right now. The auditors have been here for about 1 week. We will report back to the council, as we always do, when we have a final. Probably within the next 30 to 60 days.

c. Recommendation to approve a Resolution Authorizing a Budget Amendment to the City's FY15/16 Budget and Authorizing the Finance Director and City Treasurer of the City of St. Charles to Transfer Funds Between the General Fund and Capital Projects Fund.

Chris: We're going to have roughly \$1.5M dollars in the General Fund, we'd like to set aside \$1M of that to transfer over to the Capital Improvements Fund to be earmarked for a down payment for the Police Facility that we'll be constructing within the next couple years.

Ald. Lewis: I was wondering what else could come out of Capital Project Funds; it's kind of open ended.

Chris: Basically it's general infrastructure. It is kind of open ended, if it's not specific to the utilities, but it deals with roadways, buildings, and longer life assets. Typically with a cost of over \$25,000 and last a period of years to exceed 5 years would be the capital improvements we utilize. We divide our accounting as such, operations for general governmental come out of the General Fund, and the Capital Improvements, because they vary so much from year to year and it's hard to compare financial results, we take it out of the Capital Improvements Fund. That's

the reason for the division.

Ald. Lewis: The billion dollars, anything over \$25,000 would have to be approved by Council?

Chris: Typically they are. The million dollars that we've set aside and earmarked, we're planning to use for the police facility. That contract will definitely be coming before you because there will be a whole host of approvals we'll need to get that done.

Ald. Lewis: I'd like to know where this \$1M is going.

Chris: We plan to use it as a down payment on the police facility.

Ald. Turner: We can't transfer that into an Enterprise Fund?

Chris: Legally we can. From an accounting standpoint; it's not considered good business practice. The whole emphasis of the enterprise funds is that they're operated as independent business enterprises utilizing user fees, not general tax revenues. That's the general rule of thumb, and the reason you establish them as enterprise funds as compared to utilizing general funds.

Ald. Silkaitis: What about the other .5M? Where is that going to go?

Chris: It will be in the General Fund Reserve. The same as any surplus that we run.

Chrmn. Stellato: The motion would be transfer \$1M dollars out of the General Fund into the Reserve Fund earmarked for the future police station.

Motion by Ald. Krieger, second by Turner Recommendation to approve a Resolution Authorizing a Budget Amendment to the City's FY15/16 Budget and Authorizing the Finance Director and City Treasurer of the City of St. Charles to Transfer Funds Between the General Fund and Capital Projects Fund.

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

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. Turner, second by Bancroft to adjourn meeting at 7:55 p.m.

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

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