

**MINUTES
CITY OF ST. CHARLES, IL
SPECIAL CITY COUNCIL WORKSHOP
MONDAY, OCTOBER 15, 2018**

1. CALL TO ORDER

The meeting was convened by Mayor Rogina at 6:00pm

2. ROLL CALL

Members Present: Stellato, Silkaitis, Payleitner, Lemke, Turner, Gaugel, Vitek, and Bessner

Absent: Lewis, Lemke, and Bancroft

Others Present: Mark Koenen, Peter Suhr, Chris Minick, Ajay Jain, Chris Adesso, Ken Jay, Monica Hawk, Chief Schelstreet, Jo Krieger and Tracey Conti

3. SPECIAL CITY COUNCIL WORKSHOP – 7th Avenue Creek IEPA Section 319 Grant Presentation and Discussion.

Mark Koenen: Tonight the conversation is meant to be a workshop. You don't have to vote or make a decision. It's meant to give you background information because you will be seeing this again one week from tonight at the Government Services Committee meeting. It's a weighty decision, it's an improvement that's long overdue in St. Charles, and it's an expensive project that has budget implications. We've talked about it at recent retreats and have made some gigantic strides to improve the flooding in the neighborhood of 7th Avenue Creek. This is a time to have a conversation about where we go forward. The Public Works Department will go through a presentation. It has very good information about what the project buys and you're going to find out what the project costs.

Peter Suhr: We've been working on this project for over a decade. I think it's important to take a step back and determine where we've been on this project and get an understanding of how we got to where we are. At this point I will talk mainly about the 7th Avenue Creek Master Plan. The dialogue tonight will focus mainly on Phase 1 of the project. We will talk about the cost, and the IEPA grant received that has some project obligations attached. We want to make sure you know what that means and get you ready for Government Services next Monday.

After the presentation we would like to get your feedback.

The Public Works Department has been seeking grant opportunities and funding to mitigate the overall project costs. In 2017 one of the grants the City applied for was an Illinois Environmental Protection Agency (IEPA) Section 319 Grant which helps fund greenway attributes of a project like this. It's a federal grant that supports water quality improvements in creeks. The IEPA let us know recently that we were accepted for the grant and we were awarded

\$1,210,599 to apply to the first phase of the project. We understand that this is one of the largest grants awarded in 2018. We feel very proud of this grant and fortunate to have received it.

How much does this grant cover? We had defined a \$5.8M project. If you remove the \$1.2M for the grant the City is responsible for \$4.6M. That \$4.6M would be needed over the next four years. That's the timeframe it will take to design, permit and construct Phase 1.

The IEPA is looking for an answer from us as to whether we accept the grant or not by November, 2018. That is why you will be seeing this at the Government Services Committee meeting next Monday.

Peter Suhr took a moment to introduce the guests and staff present at the meeting.

There is history of this project beyond 2008, but 2008 is a good starting point for this discussion. If you recall that was one of the worst recent flooding events in St. Charles. It was one of the floods that prompted this project. In September of 2008, St. Charles experienced a 50-year flood event that caused much damage in St. Charles especially along 7th Avenue Creek. The next similar event was in 2013. We have not had a significant event in St. Charles since that time.

FEMA, around this same time, started to revise the overall Floodplain/Floodway Maps, also referred to as Flood Insurance Rate Maps (FIRM). Today those same FIRM maps that were being created in 2008 are ready for publication. We anticipate that will happen in 2019. The new FIRM maps have resulted in 118 parcels, plots of land without structures, that are going to be impacted along 7th Avenue Creek. Seventy brick and mortar structures are also going to be contained within the floodplain/floodway. These numbers are much larger than the FIRM maps we had in 2008.

In response the City undertook a master plan development project and has been working on it for the last decade. That was complete in 2017; we presented the final master plan at that time. It was a mix between a greenway and engineered solutions, a hybrid of the two. It was estimated at a total cost of \$18M at that time. That has been our guiding document for the grants we've applied for and some of the decisions that have been made. For example; we have acquired and demolished 13 residents based on that guiding document.

The 7th Avenue Creek Master Plan starts at the north at Tyler Road, heads south to the convergence of the north tributary. The tributary is a portion of the creek that crosses Main Street from the north and joins in with the 7th Avenue Creek Project. The entire creek then flows past the Public Works Department to the south and into the Fox River. This has always been the scope of the overall 7th Avenue Creek model.

I'd like to identify that Phase 1 is really the project we are going to get into more detail about tonight. That is the center portion of the creek. The most logical next step, Phase 2, is the downstream portion of the creek. The next logical portion, Phase 3, the commercial corridor section behind the car dealerships on Main Street.

Considering the master plan we start to identify goals to solve the problem. If you recall there are 118 parcels that will be affected by the new FIRM maps. The goal of the overall project, spending \$18M on all phases, is to reduce that number to 36. There are 15 commercial structures currently in the new FIRM maps; the overall goal of the project is to get that number to zero. There are 55 residential structures in the FIRM map, and the overall goal is to get that number to zero. We show there are 6 left over, those 6 are along the Fox River and therefore it's outside the scope of this. We accomplished getting those 6 properties out of the 7th Avenue Creek Project, but we didn't solve it for the Fox River Project. The overall arching goal of the project was to get commercial and residential projects out of the floodplain/floodway.

Phase 1

Phase 1 of the project starts at South 10th Avenue to the north, heads south along the existing creek to Washington Avenue and 7th Avenue. We think we were successful in achieving the IEPA grant for this section of the creek because it's perfect for a greenway solution. This particular grant covers a lot of the attributes of a greenway solution. That's right from the master plan we approved in 2017. This is the perfect area for a natural park-like setting. There are opportunities for walking paths, pocket parks, and natural planted areas that help to improve water quality. The plan allows for the existing creek to be meandering and more natural. It also contemplates removing south 9th Avenue in its entirety at the convergence of the north tributary.

Other project benefits are that we continue to remove homes from this overall project; thirteen in particular for this phase. We have reduced flood risk due to reduction in soil erosion. The creek will no longer overtop South Avenue by the way of a 100-year flood event and it will stop to overtop Illinois and Indiana at a 50-year flood event.

Phase 1 improvements are required if the City wants to eventually do upstream improvements in the commercial area. We have to do this step before we consider any of the improvements in the commercial, upstream area. This is a stand-alone project that will provide a positive benefit in this area and positive water quality improvements downstream. For example after 4-years if it's decided by the Council to stop and not proceed forward we can do that and it's still a benefit to the community in this particular area.

Phase 2

I think it's important to address what happens if we move forward with a future phase. The next logical step would be phase 2. We identified that phase 1 is about \$5.8M. Phase 2 is the least expensive at \$2.5 - \$4M. That's primarily because that phase is an engineered solution, upsizing culverts and things of that nature. It continues to remove residential structures in phase 2. At the end of phase 1, about 4 years from now, we still have about 29 residential structures in the FIRM Maps. If we complete phase 2 that number reduces to 11, Ajay said it could even get to single digits.

Phase 3 in the commercial area is the largest and most expensive.

Budget Information

In FY 18/19 it starts with design engineering that was budgeted for about \$95,000, to continue that work. Design engineering would carry over into FY 19/20. We would then start permitting and constructing the project at the end of 2021, finishing construction in 21/22. In FY 19/20 I do need to mention that we focus on more land acquisition to make room for construction.

The approximate totals are as follows:

FY18/19 – \$95,000

FY 19/20 - \$350,000

FY 20/21 - \$1.5M

FY 21/22 - \$3.5M

Remove the \$1.2 grant money and the City is left with \$4.6M

What would be the debt service impact on the project? Chris Minick provided the following numbers:

FY 19/20 - \$75,000

FY 21/22 - \$180,000

This would continue for other 20-years at about that rate?

Chris Minick: The first bond costs \$75,000; the next bond is \$105,000; the last is \$180,000 for a cumulative total of \$360,000. That continues for 20-years at \$360,000 per year.

IEPA Agreement

We have been awarded a grant from the IEPA and they are requesting decision on the grant very soon. City staff will be seeking a recommendation from the City Council to proceed with the acceptance of the IEPA 319 Grant and Phase 1 of the 7th Avenue Creek Project. That suggests that we're committed to the total project cost of about \$5.8M over the next 4-years with at least \$1.2M of that being reimbursed back to the City. At this point if we don't achieve any other grants, which we are continuing to apply for, the total amount would be \$4.6M as the city share to this particular phase of the project.

Ald. Bessner: You talked about the current floodplain and the homes and parcels that have been demolished/absorbed; with the new plan coming out the goal post seems to be getting moved, will it be moved again? The numbers seemed a lot larger.

Peter Suhr: Those numbers were identified in 2017. For the new FIRM Map.

Ald. Bessner: Okay, so it matches up. Also, Phase 1, is that actually the center? What do you call what we've done up until this time?

Peter Suhr: I don't know that we created a true phase that we feel we've completed. We've accomplished a lot. We purchased 13 properties and demolished all of them. We've done some culvert work; we received 3 or 4 grants already.

Ald. Bessner: Outside of having a 100-year flood we don't know for sure that what we've done so far is a huge benefit. I'm not saying it isn't, just that we don't know.

Peter Suhr: We have not taken any steps forward in regards of construction to solving the flooding problems and concerns on 7th Avenue Creek. We focused our energy on removing homes so they don't flood. We don't have a solution yet to help reduce the floodway.

Ald. Bessner: You mentioned that some of the streets/roads have not been flooding.

Peter Suhr: Since 2013 we haven't had a significant rain event and haven't had much concern.

Mayor Rogina: In 2013 I watched the roaring creek, and heard the concerns and issues with the neighbors. With that particular event the parking lot was flooded here at City Hall. Last year the banks overflowed in to the grassy area here by City Hall, but the creek was pretty calm. My perception is that the creek is contained a bit.

Peter Suhr: I think it is a perception. The recent flooding events, last year and before has been flooding from the north of us from the Fox River. The type of flooding that happens here on 7th Avenue Creek is what we get in St. Charles, when we the deluge that creek floods. We haven't had that since 2013. That's the difference, and again we've made some progress, but we have not solved any creek problems except for eliminating homes.

Ald. Payleitner: Is there a figure that shows the lost tax revenue from the residential structures?

Chris Minick: Since we've had the consistent dollar amount on the levy we haven't lost any property tax revenue. I don't have that figure, but can get it.

Ald. Payleitner: I'm always looking for ways of paying for it. Congratulations on the grant. Is there any possibility that the Park District would be interested in helping us maintain the greenspace?

Peter Suhr: I think that would be a fine decision to have a partnership with the Park District. We always want to maintain access in case work needs to be done.

Ald. Payleitner: Maybe we couldn't sell it to them, but have them help with maintenance after the fact. Has there been any discussion, we are 100% responsible for eliminating the flooding, but the beautifying part is what I'm looking for help with.

Ald. Turner: Do we have to purchase any more homes to move forward with phase 1?

Peter Suhr: Yes. It's identified as \$621,000 for three homes in FY 19/20.

Ald. Turner: Do you know if they are going to sell?

Peter Suhr: We have talked with all of them. I think they do want to sell.

Ald. Stellato: What if we don't take the grant? Has anyone had any experience with turning down money from a state government agency?

Mark Koenen: We have not been in that position. We've accepted a lot of State and Federal money over the years. I would say it would cause a black mark behind our name. The IEPA would also have to go through the steps again of figuring out where to use the money. If they don't use the money they get dinged by the folks in Washington, DC. They wouldn't be pleased with us.

We have made some improvements that have made a difference because we purchased these properties. We don't get the calls from the property owners when the water gets high. Mr. and Mrs. Hothchild called every time they were nervous it was going to rain, not because of damage. We bought their property. We created some additional stormwater management up by Tyler Road. That has made a difference. It's part of the solution. Peter is correct when he says there is a master plan that hasn't been implemented. This is a piece of it, but not the solution.

Ald. Stellato: Regarding the Phase 1, 2, and 3 map showing the commercial. When we are at phase 3, there is a TIF, the old Al Piemonte TIF, now Chrysler, Dodge, Jeep, which only half is done; the project rose up to the level of the street. Is that in the floodplain now? Is that going to show up in the new FIMA Maps?

Mark Koenen: I'm pretty sure it is. If you go to the west of that where the Honda Dealership is, that's in the floodplain.

Ald. Stellato: One of the hesitations redeveloping the remainder of that TIF is that property would need to be raised up 22 ft. If it's in the floodplain on top of that, how do you get financing for something like that? If we get all the way to phase 3 there is the ability to generate TIF revenue and create a new source of income for the project if we get that far. That's at the very end of the project.

Ald. Silkaitis: I think we should proceed at least with phase 1. If we can't do 2 or 3 at least phase 1 is done. I'm not saying to commit to 2 and 3. To stop now and not accept the grant I think we would set ourselves up in the future for some issues.

Ald. Turner: Haven't we also had meetings and sent out mailers telling people this is what we're going to do? How do you pull that back?

You're going after complete bonding of this; I assume most of this is going to be bonded.

Chris Minick: Yes, that's what is planned for right now in the preliminary plan.

Ald. Turner: Peter mentioned “wants” and “needs”. I think this has turned into a “need” because we've told the public, we've acquired all this property, we should at least finish Phase 1. Whatever money we have sitting in the budget that is basically a “want” at this point. I think there are 2 “wants” in our budget going forward. One is the Active River, and the other is 1 West Main Street. We don't need those, we might want them, but we don't need them. I think we ought to be taking some of that cash and throwing it at projects like this. I'm concerned, given our credit rating and how much we're borrowing, how long we will keep that credit rating. In the atmosphere we're in, rising rates and rising inflation.

Chris Minick: Bonding is going to be more expensive as we go along as the FED keeps raising rates. That is one of the things that Moody's has indicated in their credit report, the last time we did a bond issue, was that significant additional borrowings could have downward pressure on our bond rating. However, one of the things we didn't have the last time we received a credit rating report were the revenue enhancements that we just enacted. That will be a positive. You're point is still valid. We need to be careful as we move forward with the level of borrowing we undertake.

Ald. Turner: You got that \$1.2M, which at this point, putting it in the context of this year's budget; we have a \$2M one time infusion. We're still technically \$800,000 short if we want to do the same budget next year. It's going to have to come from the property tax. If the property tax does make up a portion of that \$2M we won't have next year then you can say its additional revenue.

Chris Minick: Yes.

Mayor Rogina: I've had conversations with 4 or 5 aldermen, and I'm going to be talking with all 10. If you look at this project, the Active River Project, and 1 West Main, we have to take a strong look. It's going to be coming as early as the first meeting in November, 2018, preliminary, and the first meeting in December a public hearing on the levy. I will explain to all of you what I understand via the Finance Department and the City Administrator what we can do to perhaps enhance some funds. To me it's a pretty reasonable approach.

Ald. Turner: I was talking more about the bonding, but if there is some cash out there that's really targeted towards a “want” vs. a “need”, I think we should cash some of it out. Get the bonding down.

Ald. Stellato: Does this project tie in at all to the UPRR project? Can we tie pieces of this to that?

Mark Koenen: Yes. I've had the conversation with the Park District and they like the approach. We haven't talked about who will pay for it or build it. Conceptually we are on the same page.

Ald. Stellato: The Park District gets a lot of grants. If they could get some grants to tie into this project as well.

Ald. Gaugel: How comfortable are we with the \$5.8M figure?

Peter Suhr: We're fairly confident with that. It's a fairly conservative number. We're also just going into design. We have a lot of control from the beginning of design to the end.

Ajay Jain: Based on the level of information we have right now, and the level of engineering we have done, we've used a number representative of work done on similar projects. We've also built in a 25% contingency. Because the construction is supposed to happen in 2021 we also used an escalation of 5%. We've included those things but construction costs can vary. As we go through the design process we'll monitor those costs. And use the controls we have to refine the design or use some strategies to get the project on track.

Ald. Gaugel: Is the IEPA a portion, if we spend only \$1M do we still get the \$1.2M?

Ajay Jain: We calculate that there is about \$2.2M that would be eligible for that type of grant. Meaning that \$2.2M is the type of improvements that we could propose for water quality benefits. If we start taking off elements that go towards the water quality, they won't give it to us.

Ald. Turner: You don't think that this amount of bonding will affect our credit rating?

Chris Minick: No.

Ald. Vitek: You're suggesting we tie everything together. The pocket park, walking paths, we could look at additional opportunities with naming along the path. We can still do some of the "wants" if we try to incorporate this concept.

Peter Suhr: This particular 319 grant could be applied for phase 3 of the project as well. We're going to continue to look at grants.

Ald. Stellato: If this were built tomorrow what development opportunities, commercial sites, we have this beautiful greenway running through town, what happens to some of the neighborhoods. Will they want to be redeveloped? We haven't even discussed that. The Active River Project I consider to be the beginning of a development project.

Ald. Silkaitis: If we do it will raise our property value and increase the tax revenue.

Mayor Rogina: Work off of the EAV.

4. EXECUTIVE SESSION

- Personnel –5 ILCS 120/2(c)(1)

- **Pending Litigation – 5 ILCS 120/2(c)(11)**
- **Probable or Imminent Litigation – 5 ILCS 120/2(c)(11)**
- **Property Acquisition – 5 ILCS 120/2(c)(5)**
- **Collective Bargaining – 5 ILCS 120/2(c)(2)**
- **Review of Executive Session Minutes – 5 ILCS 120/2(c)(21)**

5. ADDITIONAL ITEMS FROM MAYOR, COUNCIL, STAFF OR CITIZENS

6. ADJOURNMENT

Motion by Ald. Turner, second by Stellato to adjourn the meeting at 7:51pm.

:tc