

**MINUTES FOR THE MEETING OF THE ST. CHARLES CITY COUNCIL
MONDAY AUGUST 6, 2018 – 7:00 P.M.
CITY COUNCIL CHAMBER, CITY OF ST. CHARLES
2 E. MAIN STREET, ST. CHARLES, IL 60174
CITY COUNCIL CHAMBERS**

1. **Call to Order** 7pm by Mayor Rogina
2. **Roll Call**
Present – Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel, Vitek, Bessner, Lewis
Absent – None
3. **Invocation** by Ald. Payleitner
4. **Pledge of Allegiance.**
 - Presentation of the Colors from Boy Scout Troop 113.
5. **Presentations**
 - Proclamation Honoring Special Olympian David Lawrence Kelly.
 - Swearing in of Emergency Management Coordinator, Mark Chmura to the St. Charles Emergency Management Agency (EMA).
6. **Omnibus Vote. Items with an asterisk (*)** are considered to be routine matters and will be enacted by one motion. There will be no separate discussion on these items unless a council member/citizen so requests, in which event the item will be removed from the consent agenda and considered in normal sequence on the agenda.
- *7. Motion by Ald. Stellato and seconded by Ald. Silkaitis to accept and place on file minutes of the regular City Council meeting held July 16, 2018.

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis
NAY: 0
ABSENT: NONE
ABSTAIN: NONE

- *8. Motion by Ald. Stellato and seconded by Ald. Silkaitis to approve and authorize issuance of vouchers from the Expenditure Approval List for the period of 7/2/2018 – 7/15/2018 the amount of \$7,464,800.75

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis
NAY: 0
ABSENT: NONE
ABSTAIN: NONE

I. New Business

- A. Recommendation by Ald. Lemke and seconded by Ald. Bessner to accept a **Resolution 2018-100** Accepting a Donation of “The Key” Sculpture from the St. Charles Arts Council to the City of St. Charles.

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis

NAY: 0

ABSENT: NONE

ABSTAIN: NONE

II. Committee Reports

A. Government Operations

1. Motion by Ald. Gaugel and seconded by Ald. Lemke to deny an Ordinance Amending Title 3, “Revenue and Finance” of the St. Charles Municipal Code by Adding Chapter 3.54, “Local Fuel Tax”.

Mayor Rogina: I need a motion by someone.

Ald. Gaugel: Motion to approve the denial.

Ald. Lemke: Second

Mayor Rogina: Okay, let’s make this very clear on the roll call. If you vote yes, you are voting to deny the ordinance that means you are voting, in simple language you are voting to deny an increase in the motor fuel tax. A vote of no means that you are not supporting that proposition. Are there any questions? I want to make sure that is very clear.

Ald. Turner: For clarification, it is not an increase in the motor fuel tax; it is imposition of a fuel tax.

Mayor Rogina: That’s correct, thank you. I stand corrected on that, you’re right. There is no current fuel tax and this would be the imposition of a two-cent fuel tax, which the proposition is to deny. A vote of yes means you deny it.

Ald. Lewis: To be perfectly clear, if I vote yes, that means I’m opposed to the fuel tax?

Mayor Rogina: Correct, I think that is a very good and simple way to put it.

Ald. Payleitner: May I ask a question? Right now there is a state portion of the tax? Correct? I suppose Director Minick is the best to answer that. We get money to maintain the roads from our state fuel tax.

Dir. Minick: That is correct; the state imposes a motor fuel tax on every gallon of fuel sold. Off the top of my head I don't know the rate but we do get roughly \$900,000 to \$1,000,000 a year depending on their collections.

Ald. Payleitner: Does the state of Illinois charge us to collect that?

Dir. Minick: That tax is not subject to the administrative fee.

Ald. Payleitner: Third question, the money the state collects for us goes directly to our roads, correct?

Dir. Minick: That is correct, it is limited by statute and I believe we need to receive IDOT's approval on an annual basis for the expenditure of those funds. They conduct audits to make sure that we do extend the funds according to law and programs we promised.

Ald. Payleitner: We put forth our two-cent tax, can we do whatever we want or is that directed right not to where?

Dir. Minick: We have ear marked it for transportation and transportation types of improvements.

Ald. Lewis: Is this money just going into the general fund?

Dir. Minick: It is but it is earmarked for roadway and roadway types of improvements, transportation network improvements.

Ald. Lewis: Strictly roadway?

Dir. Minick: Yes, well yes roadway maintenance and construction, intersection improvements and things of that nature.

Ald. Lewis: Throughout the city or just main road?

Dir. Minick: It is your prerogative as to what roads you would expend. I would anticipate that much like the MFT Program, we would come forward with a series of recommended streets that we would look at based on the engineering work that comes from Public Works. They do an assessment of all the roads and the condition they are in. It would be my intent that we would have a program and we would follow that just like the MFT Program for the state monies that Ald. Payleitner was referring to a moment ago.

Mayor Rogina: As a footnote, correct me if I'm wrong but, I think the executive summery clearly spells this out, each cent is about \$200,000 so we are looking at roughly a \$400,000 to the revenue stream and earmarked for transportation.

Dir. Minick: Yes, roughly \$400,000 for transportation.

Mayor Rogina: Any further questions for any staff member? Is the question clear? You're voting to deny, so yes vote to deny, Clerk Amenta call the roll.

ROLL CALL VOTE: AYE: Gaugel, Lewis, Silkaitis, Lemke
NAY: Bancroft, Vitek, Bessner, Stellato, Payleitner, Turner
ABSENT: NONE
ABSTAIN: NONE

MOTION FAILS

Mayor Rogina: The motion fails 4-6, the floor is open.

Ald. Stellato: Can we make a subsequent move now to approve that?

Mayor Rogina: At your pleasure

Ald. Stellato: Then I will do so; I make a motion to approve the imposition of the two-cent sales tax.

Mayor Rogina: So the motion is to accept an ordinance, I would put it in the affirmative and I'll read from the sheet here.

Ald. Stellato: I just said sales tax and I meant fuel tax, so I want to make sure that it's recorded and entered correctly. I meant fuel tax.

Mayor Rogina: A motion to approve an ordinance amending Title 3, "Revenue and Finance" of the St. Charles Municipal Code by Adding Chapter 3.54, "Local Fuel Tax". Does staff or council have any opposition to how that is phrased? Just substituting the word approved as opposed to deny. Moved by Stellato.

Ald. Vitek: Second.

Mayor Rogina: Seconded by Vitek. Any further discussion?

Ald. Payleitner: If I may, your Honor, why I feel comfortable with this and why I wanted clarification from Dir. Minick was, in a way this is a user tax as well. Anyone who uses our roads is there for being taxed and I think that is fair specially when people come through our town, or people who live in our town don't necessary.

Mayor Rogina: That last point you just made, I'm in support with you on that. That last point you made is very clear. It does hit the visitors as well as those here in town that uses the roads.

Ald. Silkaitis: I'd like to give an opposing view only because we're talking about increasing two other taxes tonight, I just think three in one night, that's too much in one shot. I'd rather do it and see how it goes the first year then revisit it next year. I'm going to be on the losing end of that and I accept that but I'm offering my reason why I think we're doing too much too quick.

Mayor Rogina: If I may counter your counter, my counter would be that-I'm only voting if it gets to 5-5 but my counter would be that I think people sometimes, the public, are happy to see if its going to happen that it's happening all at once as opposed to picking here and there through a

series of events and all of a sudden this is up here, then this is up here, then this. I think we've used the word bundling before and I like that term and I'll just counter your counter just for the sake.

Ald. Lemke: We were told, maybe by our bonding agency, that somehow we needed a plethora, a menu of taxes and that the state agency that gets the lowest rate is Illinois Toll-way and they get 1 source of revenue, for the record.

Ald. Lewis: I'm curious to know if there is any way if the comment is made that it is a user tax that the visitors who come here and use our gas. Is there any way you know that or are you just assuming? I go to Geneva, I never buy gas in Geneva, I go to Batavia and I never buy gas in Batavia. I buy my gas locally, the only time I buy gas is when I'm 50 or 200 miles from town and I need to fill my tank up again. I am not going anywhere else buying gas. I buy my gas here.

Mayor Rogina: My response and any member of the staff and council can opine as well, my opinion on that is, certainly our residents are going to be paying, those who live in St. Charles and want to shop in St. Charles but, I'd like to think and you too, that we are a town that does attract visitors and those visitors will fill their gas tanks. What the percentage is, I don't know. It is hard to figure that out but we can say with a degree of confidence that visitors on this tax, are contributing to the pot, if you will. How much, I'm not sure.

Ald. Lewis: In my opinion it would be very little. I think the majority of the taxes are going to come from your residents, that's just my opinion.

Ald. Turner: I would have to disagree with that, I'm just looking at Costco and each and every day of the year that they are open, every hour they are open, those pumps, all 12 are pumping gas. There aren't that many people in St. Charles to fill up there that much in a day let alone 7 days a week. They are all coming from the west, there's no gas stations out there that are anywhere near the pricing they have, I mean look at those other stations out there.

Ald. Lewis: I'm just going to have to agree to disagree.

Ald. Turner: That's fine, I just know that Costco, there's no way that the people of St. Charles buy that much gas at Costco.

Ald. Payleitner: When I said user tax, I meant to say citizens using, not just exclusively visitors. This is how we pay for our roads and we need, we've had Ms. Young come multiple times how she would love to expand our roads program and I'm always hearing from a constituent, why wasn't my road done this year? I have to say, you have to wait, and you're not on the list. If this brings more money to get more roads done, then I'm all about it and it's only the people who use the roads, citizens or visitors or whoever.

Mayor Rogina: I think, to your point, Dir. Minick outlined the proposal they've used in the past that staff presents a series of projects for the year and you, as a council and as aldermen are in a position to supply input to them regarding your ward, areas that need attention or whatever the case may be. I'm in agreement on that. For the record, I do support this.

Ald. Silkaitis: I know this is going to pass but I'd like to see, like we do with video gaming statistics every month, I'd like to see what the gas tax receipts are every month. Is that possible?

Dir. Minick: We can split that out and make that a separate line item in the financial report or we could issue a separate report.

Ald. Silkaitis: It doesn't matter; I'd just like to see the number.

Mayor Rogina: The motion on the table is to accept an ordinance as read before. Chuck, call the roll.

2. Motion by Ald. Bancroft and seconded by Ald. Turner to approve an **Ordinance 2018-M-30** Amending Title 3, "Revenue and Finance" of the St. Charles Municipal Code by Adding Chapter 3.54, "Local Fuel Tax".

ROLL CALL VOTE: AYE: Bancroft, Vitek, Bessner, Stellato, Payleitner, Turner

NAY: Gaugel, Lewis, Silkaitis, Lemke

ABSENT: NONE

ABSTAIN: NONE

MOTION PASSES

3. Motion by Ald. Bancroft and seconded by Ald. Turner to approve an **Ordinance 2018-M-31** amending the Alcohol Tax Rate to 3% for the City of St. Charles.

Mayor Rogina: Any discussion on this point?

Ald. Gaugel: We've heard from our businesses downtown and I think that part of our responsibility, as a council is to support our businesses and help them prosper. Of the myriad of arguments we've heard against this, the one that was most compelling to me was that this is going to cut into their price, right? If you add another 3%, or another 1% on, they aren't going to change their pricing, its going to come out of their profits and it will come out of the way they run their business and the things they, the revenue they need to run their business properly. There is no question in my mind that we're doing the opposite of helping them be successful, so for that most compelling reason I will be voting no to this.

Ald. Lewis: I'd like some clarification on that way of, that explanation because when I've gone to many of the restaurants, they are not absorbing any of that tax. I get a separate line item on my bill that says alcohol tax 2%, so it is not coming out of the price of the drink that I pay and I would think that if they are absorbing the price, it would be in the price of the drink, there is a separate line that says 2% alcohol tax and then a separate tax. So I'm confused when they say they can't absorb the price because they are not absorbing it now. They are passing it right on to the consumer with a separate line item. Is that correct? I've seen it on my bill.

Dir. Minick: Some do split it out, I don't know with certainty that 100% do but I do know that there are some that do.

Mayor Rogina: For example, to be fair, I agree. I've been to many St. Charles restaurants, here's the 2% tax sitting there on the bill. On the other side of the coin, when I go to establishment X and order a beer and pay \$6, included in that \$6 is the alcohol tax, ok. In some cases the tax is built in to the charge of the item, in this case a beer, or a gin and tonic, or a glass of wine. I also agree with you, in different situations it works differently. My point would be simple, I think 1% I won't ID the alderman but I do agree with this person, 1% on a bottle of

beer-I know that it's dynamic pricing, do you go from \$6 for the beer or \$6.10 or \$6.15 whatever the number is, no but that is a business model approach that I think the business has to take. You're right; they can pass along to the consumer.

Ald. Lewis: I think that is what the package liquor stores do, they just put a separate line-here's your tax, here's your food tax, here's this tax and that tax. Then you pay the whole bill. I don't know about that issue that they have to absorb it because I don't think they do.

Mayor Rogina: To Ald. Gaugel's point and I know he wants the floor again, and I'll give it to him, we had a meeting with several of the establishment owners and it was a very good meeting. City Administrator Koenen and I met with them and they're a very engaging, thoughtful, respective group of people. I think we made some of our points and what we need to do as a city and they made their counters, to Ald. Gaugel's point about, I'm going to try and it may sound like a left handed compliment here to the representatives here tonight, I would say this as for competition is concerned, Geneva or Batavia, if the word gets down the River, fine with me, they don't hold a candle to us. We'll stay strong and I believe that and I believe that the Chief and I, with the City Administrator and the council and all of us as a group will work hard to make sure we are forming an entertainment district here and not a wild bar district. I think the licensees have bought into that and we're on the same page. It's costs some money to do, let's not deny that. Ald. Gaugel, the floor is yours.

Ald. Gaugel: A clarifier to address that, so it is the downtown establishments, the bars and the establishments downtown that are going to feel the biggest pinch from this. If they price a drink at \$4 it's still going to be \$4 but they are going to have to back out the tax from the final sale price and they are not going to charge \$4.15 and give you a fist full of change at the counter. They are going to have to absorb that or they will have to go up to whatever the next reasonable increment is fifty cents or a dollar whatever it is to be more profitable. They price it at what's a) convenient and what you can conduct an easy transaction for across the counter. So they are backing this out, they are not going to change their business model for this so it will come out of their revenue, that's my point. You go to Binny's and the \$.37 will be on the end but at the downtown establishments, that's not the case.

Ald. Lewis: May I have a friendly response with my colleague here?

Mayor Rogina: Then Ald. Turner is next.

Ald. Lewis: Let him go first.

Ald. Turner: If they are worried about recouping their costs, about 14 years ago we had a dining tax. It did bring the alcohol tax and food and that is how you recouped your taxes then. I would have no problem in the future just going to a straight 3% dining tax including the alcohol tax and then you can recoup everything right there. One way or another, something is going to get done here to get more revenue into this city because we can't go on the way we are just keep slamming people on property taxes, again this is a user tax and we had a 5% dining tax before that and we took in a lot of money and it didn't really seem to change the dynamic of people not wanting to dine here. I'm not suggesting 5% but maybe if you are so worried about collecting money in the future, then we'll go to a 3% dining tax, thank you your Honor.

Mayor Rogina: To that point, the city council-you all know this, you can revoke this any time you want and or change it to something else. To Ald. Silkaitis's point before, this is very dynamic, it is.

Ald. Payleitner: I just have a question then as far as absorbing the extra costs, with our costs going up to deliver services to these establishments, for example this year we voted to raise the patrolman's salary. Who should absorb that? Should we as a city or should we share the pain in that?

Mayor Rogina: That gets lost in all of this many times. For the sake of being, this is a compliment to you sir, we have held the line for almost a decade now and about every tax we have. That says a lot and no one seems to want to give any credit for that, raise a tax here or there now or three as proposed, and all of a sudden the sky is falling. I'm sorry I don't buy that.

Ald. Turner: Another point, we have a city here in our area that decided that it was going to against the general accounting accepted accounting principals and against those having reserves at 90% they are going to put them down at 60 just to keep their residences bills down. Then another that probably isn't putting any money into their pensions, you think they might be saving their people money but in the long run, they are going to have to pay those pensions and it will be more expensive in the future than it is now. They are going to have to put money back into their reserves or their bond rating is going to go down, I think if we're being really upfront with our residents and our businesses and it costs money to run this city. We've been squeezing and squeezing and we can't squeeze it anymore and people keep demanding more. We cannot give more, more police, more fire and just say we're going to hold the tax the same. This revenue has got to come from somewhere, if you want public safety and you want roads built, and you want general services that the city provides you, it's got a cost. Thank you.

Ald. Lewis: Correct me if I misunderstood this but, I thought this tax was going to be used in the downtown area to do capital projects. I have a little trouble with that because in the 5th Ward, we don't have any downtown businesses, we do have packaged liquor stores that do bring in quite a bit of that sales tax and I'm going to see these businesses who I haven't heard a word from be supporting the capital projects in the downtown area.

Mayor Rogina: Let me just say this, and I think that Dir. Minick said very clearly before, the ball is in our court up here, you as we move toward next budget year, as a member of the council you can work with your colleagues and you can propose that the amount of money collected here can go wherever. Staff just recommends, you make the decision.

Ald. Lewis: We need capital improvements in neighborhoods also, not just downtown.

Mayor Rogina: I am not disagreeing with that, I think Ald. Turner was very clear when he said a lot of services are being demanded in a lot of places in this community, period. Said very well.

Dir. Minick: The way the tax is structured, this tax is not limited to expenditure in the downtown. Although I will say that even if we did utilize these tax proceeds specifically in the downtown, the way the general fund is structured, that would free up a corresponding amount of revenues that are currently going to over to downtown capital projects to be expended on other areas of the city. Number 1, there is no restriction as to the geographical location of the expenditure of these tax proceeds, but even if there was it would still provide additional

resources that would free up other funds on operations, capital improvements, again as the Mayor indicated, essentially any council priority in any particular budget year.

Mayor Rogina: I need to say one more thing to piggy back off of what Ald. Turner said, and also what I've heard in the meeting. I heard comments at the meeting about the need for more parking downtown. City Administrator Koenen did an excellent job of telling the licensees that this city council here has a vision of the next 5 years of a lot of development downtown that is going to make necessary some city costs. Not to mention a \$25 million police station that is being bonded and been met with very solid approval from the community, it is going to cost money. It will give us a better element in that area of public safety.

Ald. Lewis: I'm in favor of the tax, I'm just in favor of seeing a lot of the businesses that are not in the downtown who are packaged liquor stores benefit from them also paying into this 3% tax.

Mayor Rogina: I think that we now established the fact that when we get together to discuss the budget we've changed the dynamic how that is being done and I think that philosophy could then emanate from this body, pure and simple.

Ald. Payleitner: To Ald. Lewis' point, I'm reading from our executive summary, 'proceeds from alcohol tax are credited to the general fund and these proceeds finance general government operations, capital and debt expenditures of the city.' I don't see anything specific to downtown.

Ald. Lewis: That's the point I want to make, that it isn't all going to get poured into the downtown area.

Mayor Rogina: Anything further on the motion?

Ald. Lemke: If I may, now are these all funds that if they are the dining or the alcohol, is that directly go to our general fund or does the state get involved, are we enriching the state on collections?

Dir. Minick: No, this is a locally administered tax. The Finance department has the responsibility for making sure that the returns are filed and that we receive the tax payments from the licensee. The state never collects this part of the tax, it comes directly to the finance department and the state never touches it.

Mayor Rogina: I can assure you Ald. Lemke that on occasion I receive a copy, a note that's sent to the licensee that says your taxes are in arrears. To their credit, we've never had anyone closedown, they make it good. Anything further? The motion is to amend the rate to 3% to the City of St. Charles, Chuck the roll call.

ROLL CALL VOTE: AYE: Bancroft, Vitek, Lewis, Stellato, Silkaitis, Payleitner, Turner
NAY: Gaugel, Lemke
ABSENT: Bessner
ABSTAIN: NONE

MOTION PASSES

4. Motion by Ald. Bancroft and seconded by Ald. Stellato to approve an **Ordinance 2018-M-32** amending the Hotel Operators Occupation Tax Rate to 6% for the City of St. Charles.

ROLL CALL VOTE: AYE: Bancroft, Vitek, Bessner, Lewis, Stellato, Silkaitis, Payleitner, Turner
NAY: Gaugel, Lemke
ABSENT: NONE
ABSTAIN: NONE

MOTION PASSES

- *5. Motion by Ald. Stellato and seconded by Ald. Silkaitis to accept and place on file minutes from the July 2, 2018 Government Operations Committee meeting.

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis
NAY: 0
ABSENT: NONE
ABSTAIN: NONE

- *6. Motion by Ald. Stellato and seconded by Ald. Silkaitis to accept and place on file minutes from the July 16, 2018 Government Operations Committee meeting.

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis
NAY: 0
ABSENT: NONE
ABSTAIN: NONE

B. Government Services

- *1. Motion by Ald. Stellato and seconded by Ald. Silkaitis to approve Amplification (North HS only), Closure of Parking Lot "B" and IDOT **Resolution 2018-101** for the Closure of Main St. (Rt. 64) from 6th Street to 2nd Avenue for Two High School Homecoming Parades on Friday, September 21, 2018 and Friday, October 19, 2018.

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis
NAY: 0
ABSENT: NONE
ABSTAIN: NONE

- *2. Motion by Ald. Stellato and seconded by Ald. Silkaitis to approve Resolution **2018-102** Authorizing the Mayor and City Clerk of the City of St. Charles to award the Bid for the 2018 Asphalt Patching Program.

ROLL CALL VOTE: AYE: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel,
Vitek, Bessner, Lewis
NAY: 0

ABSENT: NONE
ABSTAIN: NONE

C. Planning and Development
None

D. 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)

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

- 11. Adjournment** motion by Ald. Bessner and seconded by Ald. Lewis at 7:48pm
VOICE VOTE: AYE - UNANIMOUS ABSENT: NONE MOTION CARRIED

Charles Amenta, City Clerk

CERTIFIED TO BE A TRUE COPY OF ORIGINAL

Charles Amenta, City Clerk