

**MINUTES
CITY OF ST. CHARLES, IL
CITY COUNCIL MID-YEAR RETREAT
SATURDAY, JUNE 3, 2017**

1. Call to Order.

2. Roll Call

Members Present: Ald. Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Gaugel, Vitek, Bessner, Lewis

Absent: None

Others Present: Mayor Rogina, Mark Koenen, Jenn McMahan, Larry Gunderson, Chris Minick, Peter Suhr, Rita Tungare, Chief Jim Keegan, Chief Joe Schelstreet, and Atty. John McGuirk, (Department Directors/Chief's joined the meeting as noted)

As a welcome to Ald. Vitek; Mayor Rogina conducted a brief ice-breaker activity with the members of the City Council. The Directors joined the meeting at 9:45am.

Mayor Rogina: I'd like to make a few comments; we are going to be working together for several years. We grapple with issues, we take votes, and votes are finalized. We get behind each other regardless of what side we're on. The theme I'd like to encourage us to think about moving forward the next 4 years is; speak your mind, say what you want to say, don't be afraid. I would never tell anyone how to vote or push anyone on anything. Let's get behind each other.

The other thing I want to say; you're legislators, there is no reason why any alderman here in the course of their term can't gather a majority vote and sponsor something. I think sometimes you lose sight of that. I think the fall retreat before the budget process starts would be a good melding pot to have a session to talk about these kinds of things.

Mayor Rogina: I'm going to suggest some things I'm going to sponsor. I got an email from an individual that lives in St. Charles, used to be an employee of the school district, now retired. He asked if I was going to put my name on the Mayor's list in opposition of President Trump on the Paris treaty. My City Council says we are going to stay out of national politics, keep it local, or on this issue do we want to get involved. Our electric, we have wind and coal. The question is what are we signing on to? Do you want to get into this arena or not? Thoughts?

Ald. Lemke: We have agreed to taking a solar farm. I don't know of any other city in Illinois doing that. I don't think that states should make foreign treaties. I don't see how you can do that.

Ald. Gaugel: It's not something we should be involved with. You're taking a political stand and it's a referendum on Trump.

Ald. Stellato: The good thing about being an alderman in St. Charles is you are only dealing with issues in St. Charles. We're not about social issues. I think your comment

is very good that we stand on our own record on how we feel about energy in our community. To go a step further and get involved with that, like Steve said, I want no part of it.

Mayor Rogina: That's not a bad point to indicate that we have taken several green initiatives.

Ald. Turner: I agree with Steve, we should stay out of national issues, you should write her back and say this is what we're doing on our own.

Ald. Lewis: You have, in our America in Bloom Evaluation report, an entire chapter about what this City is doing with our environmental efforts. I think we'll do that regardless of what the federal government decides. We as a collective community has decided that this is how we behave here and it has nothing to do with who is president of the United States.

Ald. Bancroft: I don't think we have the resources to fully vet the issue, and I don't think it would be a good expenditure of funds for the City of St. Charles.

Mayor Rogina: I think you'd give me a backup plan to say the City is green, going green, take more initiatives, etc.

Ald. Bessner: The next time we do the resident survey there might be a way to get that information without being political.

Mayor Rogina: You've given me excellent direction. I appreciate that.

Next item is bees. We have on the table a 5/4 committee vote to deny the ordinance as it was printed. I have the 7 key provisions that are put into the nuisance abatement ordinance: Owner occupied, registration with the State of Illinois Department of Agriculture, hives screened by fencing, signage, water source, 2 hives per property, and no hives on rooftops or balconies. Those are the 7 additional items. To complicate the matter, Ald. Bancroft isn't going to be present; he was on the side that rejected the ordinance. That makes it 5/4 in favor of the ordinance. Someone could easily make a motion to postpone for a couple weeks until Alderman Bancroft resumes his seat, except for this, I would vote to support it and break the tie. Trying to find a 7/3 or 8/2 vote, would anyone think about perhaps modifying their position if we were to pull what I think is the big hang-up in this, and that is: Hives shall be screened from neighborhood properties by fencing or vegetation 6 ft. in height. I realize that for the no votes here, the issue is regulation. Is there a way to for us to find a yes vote on this and take something out?

Ald. Turner: I agree with what you said about the 6 ft., but I want the present beekeepers grandfathered in.

Mayor Rogina: That would include Napolitano, who is a party to the controversy.

Ald. Turner: The 2 things that the neighbors are complaining about are bee stings and swarms.

Mayor Rogina: I agree. We can't stop bees from stinging people.

Ald. Bancroft: My no vote on the regulation is based on that I think private parties can resolve things between themselves. That's what the court system is for. Let a judge decide. That's why I voted no. With that said, I would vote yes for this regulation if the fencing was removed, because at that point it starts to feel more like a zoning thing to me. The only thing that's really to beekeeping in general is to make sure they have water, and that would be more like an animal cruelty issue. Make sure there's water, be a responsible beekeeper.

Mayor Rogina: I liked the setback that was debated just to get it off the property line. I think that was an issue with Napolitano. I think the 20 ft. was to accommodate just about every lot in St. Charles.

Ald. Bancroft: That would have changed my vote.

Ald. Payleitner: I talked to Tom Lupino and asked him as Chairman, if he felt like all the current known beekeepers already abide by that. That was huge, no need to grandfather. The fencing, I agree, even Bob Vann had said if there's a lilac bush planted at 3 ft. would that count. He said yes because the intention is to protect and to buffer. I'm already a yes, but if I was to change something it would be okay to take out a fence, but still having something.

Ald. Lewis: I'm concerned that once we start going down this road; how we will deal people who have dogs and make sure they are being properly cared for. We are going to be writing ordinances for all kinds of hobbies and pets to regulate.

Mayor Rogina: I like some of the regulations here.

Ald. Stellato: We have to get this behind us. I have no problem with the compromise at all. Ron and I are the 2 most impacted by this. We need to get something, and to Maureen's point, I agree, and I also agree with Rita. This all started when Bob Vann asked what do I do if I get this call? Listening to the beekeepers, one gentleman from Wayne stated that all we have to do is follow the national guidelines for beekeepers. A lot of that information ended up in this. I was given the indication that the beekeepers are okay with this. If the fence is an issue for those on the Council, eliminate the fence, at least get something out there.

Mayor Rogina: If we took #3 out, hive shall be screened from neighborhood properties by fencing or vegetation no less than 6 ft. in height. How many would vote to support the ordinance.

Ald. Payleitner: Take out the no less than 6 ft., I'd be okay with that. I still want the buffer.

Ald. Lemke: I had a separate discussion and we were looking at fences. We have had other issues about the height of the fence at the bottom. There are people who take offence at 6 ft. screening type fences, even if it's just around the hive. I would let it go.

Mayor Rogina: You as the chairman of the committee could make the motion, leaving #3 in, but say hives shall be screened from neighboring properties by fencing or vegetation. No 6 ft. height stipulation.

Ald. Bancroft: That wouldn't work for me. Now Bob Vann has to go out and measure these things. Just take it out.

Mayor Rogina: If #3 was taken out entirely and the remainder of the items were there how many would support that?

It appears half of you would support this.

Ald. Payleitner: I still want there to be a buffer.

Mayor Rogina: Normally the chairman would make the motion; I need a minority person to make the motion to deny the ordinance.

Ald. Stellato: Am I a minority on this?

Mayor Rogina: No. You are not a negative vote.

Mayor Rogina: Someone with a negative vote has to make the motion and it has to be seconded. That will vote down 4/5. Four will vote yes, five will vote no, and we have someone absent. That's all Robert's Rules, majority rule; we've done this many times before. I'm trying to find middle ground here.

Ald. Bessner: I have no issue with removing the fence, but I do think there should be a buffer. If there isn't, I don't have an issue with that, but I don't know what's left, other than denying the whole thing. What's left to control if we don't have a restriction like a fence or buffer? We can't find out what bee stung who, it goes back to either not doing this at all or denying it.

Mayor Rogina: Deny it completely, and we're back where we started, or have some rules that Bob Vann can use in the case of a dispute. We have the beekeepers in support of this ordinance they thought this was a win for them.

Ald. Bancroft: The reason removing the fencing vote is I was trying to get this ordinance back to more of a zoning kind of ordinance, with set-back and really the only measure that deals with beekeeping its self is maintaining the water. Maintaining the water is a good thing, less likely for swarming. I don't believe the screening protects anyone. If you're 20 ft. off of a lot line to me you've materially complied with what we're trying to accomplish. I don't think fencing is going to protect anyone.

Ald. Stellato: Let's go back to the beginning. We had a neighbor dispute, but we also had a beekeeper that took it a step further, by moving the hives to the property line, neglecting the hives, the queen left and went to the neighbor's yard. When I got the video of all the bees swarming that's when it all happened. Unlike when a dog gets out of a yard, we have a right to go after that person. The dog left the yard it's now affected a neighbor. Two of the bigger concerns I have besides registering as a beekeeper and following the national rule, is the distance of the lot line. Second, is the number of hives, this man tried to buy more hives. This is a case where we want to stop someone from being a bad beekeeper. Those are the most critical, the distance and number of hives.

Mayor Rogina: I'm going to ask one more time, if we took out item #3 completely how many would vote to support the ordinance.

Ald. Gaugel: I'd rather have it that way.

Mayor Rogina: there are 5 votes to adopt it the way it is. I think there was a concession being offered here, but if that's not the case, we'll go with it as is. Remember, someone on the minority side has to make this motion, and it has to be seconded. You are voting to deny the ordinance.

Ald. Payleitner: What is the vote that will be called on Monday? Just that?

Mayor Rogina: Yes. There are 2 ordinances. You would vote consistently on both.

Jenn McMahon and Chris Minick joined the group.

Mark: At the November retreat we spent some time talking about non-union compensation. As you recall there was a workgroup set up that included the Mayor, Ald. Bancroft, and Ald. Turner. We have met 3 times since the retreat and have some information to share. We have included it on iNet and there is a section in your binder that includes the report that was generated for efforts completed to date on non-union compensation. Sikich was the selected firm. We have a guest with us today, Julie Strahl who is representing Sikich. She's going to assist us with presenting information that relates to this conversation. There are 2 or 3 things we would like to receive your guidance on. With that information we would be able to move on to the next step of the compensation analysis. Does anyone on the workgroup have any additional comments to offer as an introduction?

Mayor Rogina: These comments were made over and over during the 3 meetings we had; everybody seems to like the ideas and thought we were making significant progress towards the next step with this presentation today. I for one thought it was outstanding the way we put the meetings together and what we came up with. There is more to do as you suggested.

Ald. Payleitner: I think our conversation in November was about the comparable communities.

Mark: We're going to talk about comparable communities in particular, but there is more to this conversation that we uncovered as a result of our efforts.

Ald. Turner: That's one thing I wanted to stress, get it out of your mind about staying to just a local area. When you really get down to the numbers it's a totally different thing. In a lot of ways you really can't compare us to who's next door. When you see some of these names don't react that we're too far away, that's not the point at all.

Jenn McMahon: Last fall we did contract with Sikich to do a compensation study and analysis. At the fall retreat I reported the status of that study, which was feedback from the stakeholder groups interviewed by Julie which included employees, all of you, and our department directors. Just a reminder, when we talk about compensation, we're talking about competition for our talent. Retaining and securing the best, and rewarding and motivating high performance.

Slide 1 – Project Phases

What we want to talk about today is what we have done in the second phase of the study. First phase was evaluating our current philosophy looking at what people's feelings are about our current philosophy. We're in phase two which is developing the comparable community criteria, which leads to developing a new list of comparable communities. Just as a reminder as part of the workgroup it was: Mayor Rogina, Ald. Bancroft, Ald. Turner, Chris Minick, Mark Koenen, and me, and we worked with Julie Strahl to develop this new criteria.

Slide 2 – New Criteria = New List

The characteristics were weighted with points. This was something the workgroup discussed. The characteristics that were more significant got a higher level of points and those that weren't as significant got less points. The bottom three characteristics were for information only. The list is 18 communities and includes communities that are contiguous to the City as well as communities that scored within the range. I'll breakdown the process:

Slide 3 – Benefits Empirical, Manageable, Rooted in BMPs, Justified

Our existing criteria is about 20 years old. We did some research and discussed things internally and weren't actually sure how that criteria was developed. It's important for us to explain how we get to the criteria we use to show our comparable communities.

Empirical - Something that is verifiable through observation and experience, not just theory or pure logic.

Manageable – We don't want to be calling 50, 60, 70 communities to collect data to establish our compensation plan. Sikich recommends between 15 and 20. When you start going over 20 you're collecting data that's not making a difference to the bottom line.

Best Management Practices – We wanted something based in best management practices. That’s why we brought in an outside consultant for the expertise on how compensation plans are developed.

Justifiable – Justifiable to our constituents, residents, and employees, it’s used in negotiations. Something we can explain.

Slide 4 – Who is Included?

The first thing we had to do was set an area. Our existing radius was 20 miles and in the workgroup we decided we wanted to look a little broader than the 20 mile radius. There are communities out there that we think are comparable and would be benchmarks for us. We looked at 25 miles, and 30 miles, and realized that when we got to the 30 miles it was kind-of far out there, really urban on the east side including communities like Chicago, which is not going to be at all comparable, and really rural on the west side bringing in communities that wouldn’t be comparable. We settled on a 25 mile radius. In that 25 mile radius was 144 communities. We needed to have a system to bring that amount down. That’s where the criteria comes in.

Slide 5 – Criteria: Resources & Demands

This came from what Sikich recommended. This is the methodology they use with other employers. We started there and talked about the different points and if they were of value to us. If they were of more value they were assigned a value of 10 points. If they didn’t seem to make as strong of an impact we assigned them 5 points. When we talked about what utility services were provided; we thought it was valuable in terms of information but didn’t assign any points to that. We ended up with this points system and asked Julie to score all 144 communities in that 25 mile radius.

What’s important about this criteria that I want to point out, and is probably different from our current criteria, is this is criteria that is reflective of a community’s service level demands and resources. That’s what we wanted, the communities that share some of the same service level demands that we have and are able to draw some of the same resources.

If you look at municipal fire department, our community expects that from the City, but the communities we’re looking at is that something that’s expected, or is there a fire district and it’s not expected.

Home Rule status is a reflection of resources. If you’re a Home Rule community you can probably establish some revenue sources that non Home Rule communities can’t. Do we have the same set of tools a comparable community has.

Slide 6 – How To Apply Criteria

1. Do you have a municipal fire department? Yes, gets the full amount of points. No, gets no points.

2. Are you home rule status? Yes, gets the full amount of points. No, gets no points. These are yes, no questions and are easy points to assign. When you start talking about some of those other criteria like population, full time employees, and sales tax revenue, how are we going to apply that? If a value was within plus or minus 25% of city of St. Charles it got the full 10 points. If it was between 26% - 50% it got 6.6 points and so on. If you're looking at a community that had a population of 15,000, that's around 45% of the City of St. Charles, that would only be assigned 6.6 points.

Slide 7 – Example: Batavia

We'll go through an example. I'll use Batavia.

Municipal Fire Department, yes, full 10 points, same with the home rule status. If you look at full time employees they have 149. They got 6.6 because it falls within 26% to 50%. You can see that happens in a couple different spots. They totaled 78.5 points.

Sikich charted all the total scores for all the 144 communities and what was identified was the natural break

Slide 8 – Natural Break

We found a natural break where the scores start to decline at a little bit of a steeper rate. It ended up right after the fifteenth community, if you recall we're looking for between 15 & 20. We're at 15 communities, but our new list has 18 communities. Where did those other 3 come from? Those are our contiguous communities. One of the other thing that comes from our expert consultant is we should include in our comparable communities list our contiguous communities because they are competitors for talent. When we think about our contiguous communities we have West Chicago, South Elgin, Geneva, Campton Hills and Wayne. Of course Campton Hills and Wayne are a lot smaller. We decided that if a community that is smaller than us plus or minus 50% of our population we wouldn't include them. Wayne and Campton Hills dropped off the list. We were left with West Chicago, South Elgin and Geneva.

Slide 9 – What Does This Look Like?

Some dropped off the list some stayed and we have some new. That's how we got to the eighteen.

Ald. Turner: I was concerned with Buffalo Grove and places like that. But when it comes down to it, we are a very mobile society, people are going to move to a place that has better opportunities. Buffalo Grove is a good location to go to, just as St. Charles is a good location to go to. You're not going to have people saying I don't want to move that far they will move that far in this society.

Ald. Bessner: I've been struggling with the way I look at comparable communities. In my eyes it would be something like Glen Ellyn, why wouldn't there be a heavier weight put on the prosperity of a community, the amount of taxes they pay, a more affluent

community? In my eyes for us to measure against West Chicago, I look at it more of a culture of how we are and I don't see West Chicago as being comparable to St. Charles.

Jenn McMahon: West Chicago wasn't necessarily comparable to St. Charles in terms of scoring. It's brought in because it's a contiguous community it would be considered a competitor. That is something that was recommended. That's the only way West Chicago makes the list.

Ald. Bessner: Is St. Charles like Hinsdale, Lake Forest, Oak Brook, those communities seem to be a bit more prosperous, or is that a completely unrealistic way to look at it?

Julie Strahl: Oak Brook did score 60. When you look at all the demographic pieces and you're looking to establish a grouping of organizations similar to you according to the criteria established this is giving a nice gauge for the market in terms of budget size, community size, granted some are culturally different but that's really hard to measure. When you think of it as who you are competing with in the market place, who you should keep tabs on, the first place to start it is the communities that are closest. In terms of being able to wrap your arms around some analytics and show the communities that we most closely mirror according to the criteria.

Mayor Rogina: You mentioned Oak Brook, Hinsdale, and Lake Forest. Would it be fair to have those 3 included? Their tax base, resources, I don't think it would be fair. If they were in here I think some would say it's not fair. They aren't comparable. It would be nice to have some of their commercial in particular.

Chris Minick: Looking at the spreadsheet Hinsdale has an EAV that's about \$200M higher than St. Charles, and half the population. Oak Brook is even more pronounced.

Ald. Bancroft: The point of where we are right now is twofold, transparency and oversight; oversight by a professional as opposed to staff overseeing it. The process we went through from a professional compensation consultant standpoint what is the right way to go about doing this. The first thing was a radius restriction. What the consultant told us is to have a 20-25 mile radius around St. Charles to draw the information. The other problem, were we competitive with Geneva and people around us, and who's most like us. From a radius standpoint we have to manage what we think our market is and it's somewhat artificial. It could have been 20 or 30, 25 seemed to be the right spot for us. We could easily go to Iowa, Indiana, and Wisconsin and find communities like ours that may not be competitive to ours and see how they do things. It starts with the 25 mile radius as a best practice.

Ald. Bessner: I agree with that.

Jenn McMahon: What I appreciate about this criteria and methodology is going back to the word empirical. This criteria provides data that we can observe and experience. Like you said it feels we're more comparable to these communities, and they feel there is more prosperity there and we have some criteria that might reflect some of that. We're looking at EAV, sales tax revenue, and to Chris' point, the resources in Hinsdale and Oak Brook vs. their service demands based on their population density, the ratio is way off from

what it is here. They feel same, but if we can apply the standard criteria then we can put data to it and be able to say why Oak Brook isn't a comparable and West Chicago is.

Ald. Payleitner: Such high points for municipal fire department? I'm curious about that. Why did you pick municipal fire department and give it such a high score?

Mark Koenen: Part of the reason for that is we looked at broad impact the fire department has on an organization. Also, they impact human resources and finance. Negotiating a union contract with the fire department is very different than teamsters. They have a different process of how we pay them.

Ald. Payleitner: Just the fact that we have one it's not an expectation or being offered that extra service.

Mark Koenen: How it impacts us organizationally.

Ald. Bancroft: I go back to transparency. It's completely empirical. One is oversight and development of the plan, what's happening now, and probably the administration of the plan. I don't know if we've got to that point yet, but we may on an annual basis saying you are administering your compensation plan in accordance with the plan that was developed. The nice thing is we can go back to our constituents and say we as a Council are empowered. We have a consultant, we're getting best practices, and it gets reviewed.

Slide 10 – Next Steps

Jenn McMahon: The next steps in the study, after some policy decisions you all would be asked to make, and I want to remind you it doesn't mean we're done with this analysis we contracted for; once the comparable community list has been approved and established Sikich is going to go out and collect data from all those communities. Some of the things they are going to look at are:

- Compensation Philosophies
- Compensation Pay Plan Architecture
- Performance Appraisal Process; Merit vs. Market
- Progress through Pay Plan
- Unique Compensation Elements
- Is St. Charles Comparable?
- Turnover Rates
- Compression Rates

What do they do? That will be put into a final report with some recommendations for all of you to review and make some additional policy decisions.

Slide 11 – Policy Decisions

These are the three policy decisions that we would be looking at City Council to make perhaps we can get some consensus on that today:

1. Reaffirm that the City's compensation philosophy is to lead the market at the 75th percentile.
2. Approve the new comparable community criteria.
3. Review the compensation philosophy and comparable community criteria every 3 years.

Its best management practices to take a look at your compensation plan, philosophy and all those components periodically. Things change internally and things change externally in the organization.

Ald. Stellato: 75th percentile; I was around when this was created. Today if you ask me the question am I okay with the 75th percentile. I don't know what that is based on comparable communities today. If you were say should it be 70, 80 or 75, I just don't know. I don't want to put the cart before the horse. My hesitation on 75th percentile is I'd like to see the comparable communities, apply the formulas, do all the work and see how it impacts St. Charles. Then I think I could make a decision.

Jenn McMahon: That makes a lot of sense.

Ald. Lemke: Thinking of a bell shaped curve, the idea is you want to be at the top of the curve if you want good employees and to compensate them accordingly. We certainly want to consider compensation benefits, I'm not sure how but I leave that to a future step in the process.

Ald. Bancroft: If we've signed off on the process and we have a consultant telling us the best practices, you fall within a range of what we would determine our best practices are with criteria and weighting with your radius. That's your comparable set. There is nothing to wait for, those are our competitors and we want to be at the 75th percentile of that comp set. I would have comfort in opining on the first position with one exception, , that is at some point we have to see the numbers. If we want to lead the market in compensation and our competitors are paying more, we need to start paying more too. From a concept standpoint I would focus less on 75th percentile.

Mayor Rogina: Let's say for the sake of conversation, not saying it will happen, the majority of this group reaffirms the 75th percentile. Sikich is going to bring in the data from the comparable communities and tell us you're in the 80th percentile, you can back off if you want to stay at the 75th, or if you're comfortable there, fine. The non-union employees in particular who choose to go down the merit/market route, how many of these communities have merit only? How many have merit and market? How many pay their non-union employees market rate and no merit? I think you're right, we can still reaffirm, or not, that 75th percentile and Sikich gives us the data.

Ald. Lewis: I wonder if we can put in benefits, that's not a comparable at this point?

Jenn McMahon: That's not at all part of this study. That would be a very labor intensive thing to do, but we could certainly do a separate study.

Ald. Lewis: That seems to be part of a benefit package. Some people prefer the days off for the health care to a lower salary, other people want the salary. Some may take jobs because they are looking for benefits. I would think it would be important.

Ald. Bancroft: That would be a question for Sikich. When you do your survey, one pays for health care one doesn't, do you an appraisal with adjustments for what they do? How do you do that?

Julie Strahl: When we do a benefits study and that's a separate large study, we get into the weeds quite a bit, in looking at the various benefits packages. They are all over the board. There is no way to do a clear comparison. We can list it out to show what's available with each community. Some communities even cost them out to show what a benefit package is worth. That could be a comparative figure which would be helpful. There also may be some things we haven't thought about that these communities are offering. It's a nice analysis to do, it really opens your eyes from a global standpoint, but it's really hard to do that type of empirical analysis.

Ald. Lewis: And we have car allowances, do the other communities have car allowances?

Mark: When people come to the City of St. Charles, they come because we have a really great reputation, we're in a location where they want to live or they'd like to move, and we pay competitively, and yes we have benefits. Every place else they interview probably has health insurance, dental, paid vacation, holiday's off. I don't think people come here because we have health insurance. Every municipal government in our market probably has health insurance.

Ald. Lewis: At different levels.

Mark: I don't think anyone even explores the health insurance program when they are considering a job. I've never had anyone ask that question or even ask to see the program.

Ald. Lewis: The other point I want to make is when we come to the end of this and it does possibly jump up to the 80th percentile, we have to pay for it. Are we willing to raise taxes in this community to continue to pay, and if that happens how can we do it without raising taxes?

Ald. Turner: We're discussing non-union employees at this point, correct? There is an undercurrent which we've discussed; we've got a union salary range that is in the background. If the union is getting that by contract, why should I get this? When you start talking about the whole compensation package for non-union employees there is a solid base under there that we have to start from and that's the union contracts.

Mayor Rogina: When you go to the negotiation table and say the City Council is committed to the 75th percentile; that does help management's side quite a bit in the negotiation.

Ald. Bancroft: The way I interpret #1 is much more about leading the market than it is about an artificial number (75, 80, 85, 65). Is our philosophy that we want to be a market leader to attract the best people? That's the one thing, in my opinion, that's worked the last 20 years, or however long the 75th percentile has been in place. We have really good people working for our city. I would be really surprised if we did our comp set analysis, looked at the 75th percentile and it was a budget blower compared to what we have here. With all of the factors we're taking into consideration; I don't think that will be the case. We do have to look at the actual number.

Ald. Lemke: A feather in the hat to the Sikich Group, and to Jenn for summarizing this for us. It says to me, as others have said, if you're in a negotiating position, it's a lot easier to sell. We didn't pick a community, we did the whole sphere, and we did it without preference.

Ald. Turner: The 75th percentile for attracting the best people, it really does make a difference.

Ald. Bancroft: The other thing that came of our discussion relates to a couple of projects, one in particular that we are about to embark on, and that is the police station. I will tell you that for a \$25M project the company I work for would have a team who would build it and get it to stabilization. I would have a bonus structure in place for that team that would incentivize them to do an on time, on budget, or under budget, and efficient project. I really think it would be an interesting framework to figure out if we can layer it in. In a municipal context I understand there are challenges. It would be all the directors. They are all going to have a role. How can we do that to encourage the deal be put together on time, on budget, and efficiently?

Ald. Stellato: I brought this concept up for economic development. We had mentioned this at another retreat; if there's a development out there, a group working with a developer to build a mall, what's that worth to us to get retail there? Is there an incentive for the directors to be out there working? It touches every one of the departments. I agree.

Ald. Bancroft: I have no idea how to do it, but I really think it's important.

Jenn McMahon: Sikich will collect that data.

Ald. Gaugel: I absolutely love that idea. It can't work with tax dollars. The perception out there will be you padded the budget to give a bonus. Regardless if we do it legitimately, and I'm sure that's the way it would be done, it would be so difficult to implement.

Mayor Rogina: #2 – Approve the new comparable community criteria. Is there anyone who is opposed to approving this? I think the majority of you have seen what was done here and like it.

All were in agreement for #2

Mayor Rogina: #3 – Philosophy, that we review the information every three years.

All were in agreement for #3

Mayor Rogina: #1 – You heard the conversation. This is a bit more detailed. The 75th percentile, we'll get the data back. We may be over the 75th percentile, we may be under. How do you feel about that?

Ald. Payleitner: This is setting the mark for our report.

Mayor Rogina: Exactly. Is anybody uncomfortable with setting the 75th percentile as the mark for Sikich to come back with the data?

Ald. Gaugel: I'm not uncomfortable with it. I'm uncomfortable with the potential repercussions of it being positive or negative. I think it's fine we do that, but we have to be mindful of what that implication is after everything.

Mayor Rogina: I agree with you, but Todd made a good point earlier. He used the word transparent. We have to find this information out.

Ald. Lewis: Do we need to make a decision?

Ald. Bancroft: Maybe we should approach it as: Our current philosophy is the 75th percentile. With the information we have to date does anyone think we should abandon that? If the answer is no, we get the comp set data in and if it needs to be reconsidered then we do that.

All were in agreement with Ald. Bancroft's approach

Jenn McMahon: I will actually bring it before you at an official meeting so we do have it on record. One of the hurdles we've had is determining how we got here. There wasn't a lot of clear record.

Mark Koenen: You'll see this at a Government Operations Committee meeting so it will be documented for the record.

Break – Meeting reconvened at 9:45am.

Rita Tungare, Peter Suhr, Larry Gunderson, Chief Joe Schelstreet, Chief Jim Keegan, and Atty. John McGuirk joined the group.

Mayor Rogina: We're going to go to executive session in about 5 min. Before we do that I would like to tell you about someone who visited me.

Last week 2 members of the American Cancer Society visited with me. The purpose of the visit was simple. They wanted to know if the City of St. Charles will consider raising the age to purchase tobacco products from 18 to 21. I know the argument for both sides. Most council members understand the arguments on both sides as well.

I asked some questions: What communities have done this? Chicago, Naperville, Oak Park, Deerfield, Highland Park, and Lincolnshire are considering it. In the valley, they started with us, where are they going next? They are going to talk Elgin and Batavia, Geneva is out because they aren't home rule.

Chief Keegan: One of the things I mentioned that they only want us to prohibit sales and not possession. With all the communities surrounding us having a different law on the books it would make the jobs of the law enforcement officers very challenging. We would turn a blind eye to the possession and go after the merchants for the sale. That's a bit conflicting in nature.

Mayor Rogina: If we did pass this it would cause an enforcement issue. I mentioned I would ask the Council if they want to entertain the conversation, they would come before the Liquor Control Commission to present, and it would then advance to council committee. Do you want to entertain the discussion or not? If the thought is you want too, we'll have it.

Ald. Silkaitis: I think we should always put anything up for discussion. If we don't it may look like we don't want to take on the issue. We can discuss and see how the conversation goes.

Mayor Rogina: They implied that the City Council was unanimous at the other towns; if that's true or not, I don't know.

Ald. Vitek: I'd like to make a note about Naperville. I think that was initiated at the DuPage County Health Department, they had done a study. I would say that unless Kane County Health Department wants to get involved and have a study. DuPage County is going for all the DuPage County cities because of the study their county specifically did.

Mayor Rogina: I will ask if they can bring us data from the Kane County Health Department then we will have a conversation.

All were in agreement with asking for data from the Kane County Health Department prior to having the conversation regarding raising the age to purchase tobacco to 21.

Executive Session

Motion by Ald. Lemke, second by Payleitner to move into Executive Session to discuss land acquisition at 9:53 am.

Roll Call: Ayes: Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Krieger, Gaugel, Bessner, and Lewis; Nays: None. Motion Carried.

Regular meeting resumed at 10:07 am.

Video Gaming

Mayor Rogina: Our video gaming ordinance is to expire April 30, 2018. It was created under the theory of giving a 3 year sunset clause. The night the gaming ordinance was passed there were contingencies placed on the ordinance. 9 months passed before our gaming ordinance actually went into place. It's left the sunset clause to really be 2 years and 3 months. If the intent of the ordinance was 3 years, should it be 3 years? If so, that would require action on our part to extend the sunset clause 9 months. If you extend the ordinance by 9 months that takes us to January, 2019. If you approve that.

As you know the gaming licenses are renewed every fiscal year. If it came to the end of January, 2019 and the Council chose to approve an extension, it would be an administrative nightmare.

Mark Koenen: If we're going to extend video gaming, I would suggest we extend it to the end of a fiscal year because we will be issuing licenses every May 1 for the year. It would be much easier administratively.

Mayor Rogina: The third option would be to get rid of the sunset clause. Understanding clearly the Council can at any time they want, with a majority vote, can get rid of video gaming. There are 3 options on the table for consideration. If a majority of you go along with one of those we'll move it forward. If not we'll leave it as it is.

Ald. Payleitner: The reason for the sunset clause was a trial period.

Mayor Rogina: Yes, the trial period was defined as 3 years, and it didn't start for 9 months. This actually ties to the second piece of this, us creating the Huntley ordinance which bans video cafés. I didn't think that video gaming would create a mini Las Vegas in St. Charles. I don't think you'd know video gaming exists today unless you were to go into an establishment that has it. The market also has spoken. We've had, in the last couple weeks, machines taken away due to inactivity. For those machines that remain; I feel that's business friendly people, and the City is making some money.

Huntley came out with no gaming cafés. A gaming café looks almost like a casino, you know what's in there. We should take a stand against those.

Ald. Payleitner: When it was presented, I thought that having to maintain a liquor license for 1 year took care of that.

Mayor Rogina: Someone could say that they've been in St. Charles for a year, have a liquor license, and have proven they can manage; now they want to open a video gaming parlor. The only way to stop any controversy, or have to go to court over it, would be to have an ordinance that stating you can't.

Ald. Payleitner: I can't imagine that would be the case. It's so clear in our ordinance that you have to have a business plan with a license attached for 1 year.

John McGuirk: You have to be in business for 1 year. Ray, you're saying they could transfer that to another location?

Mayor Rogina: Correct me if I'm wrong. The ordinance says they have to be in good standing with a liquor license for 1 year. If someone who has held a liquor license for 1 year, in good standing, and feels they have proven they can handle liquor wants to open a gaming café.

John McGuirk: They would need a new liquor license.

Mayor Rogina: For that gaming café?

Dan Stellato: What if they took out everything in their current location except for the gaming.

Mayor Rogina: That's theoretically possible.

Ald. Payleitner: The license is attached to a business plan.

Mayor Rogina: Rita, if you feel confident with that. We don't have to create that ordinance.

Ald. Payleitner: I don't think it's necessary.

Mark Koenen: Stella's has called here wanting to open a place and we stated the criteria, they didn't want to do that.

Ald. Bancroft: My bigger issue is our prohibition against signs. I think it's questionable.

Ald. Payleitner: I think that's what keeps it from being Vegas like.

Mayor Rogina: It is, but you know, it could probably be challenged by the 1st amendment. Every licensee in this town knew that was to find middle ground. No one has protested that. I suppose when the day comes that a licensee wants to put in signs, I think 6 votes would come that would prohibit gaming in this town.

Ald. Lewis: I think the bars agreed to that in public at the meeting.

Mayor Rogina: If we get a new licensee coming in they could challenge.

Ald. Lewis: They could, but it was part of the grand plan.

Ald. Turner: Then we don't give them a license.

Ald. Silkaitis: If we have a business owner in business for year, has a liquor and gaming license and is in good standing with the City. What happens if he stops selling liquor and just had the games.

Mayor Rogina: He can't.

Ald. Bessner: You have to have a state liquor license to get a state gaming license.

Ald. Silkaitis: Yes but what if they decide to stop selling liquor?

Mayor Rogina: That's why I want to get it out there that we prohibit gaming cafés.

Ald. Payleitner: This came about because they had already opened that door and it was getting out of control. That's why the ordinance was put into place. It wasn't to stop it initially, it was to curb it.

Mayor Rogina: I'm in agreement with you on the image issue and that's why I'd rather codify it in our ordinance and say no gaming cafés.

Ald. Payleitner: I think it's already clear.

Ald. Lewis: I'd like to address the sunset clause. I'm comfortable where it is. In my opinion we don't have a budget and it shouldn't have even started. The state doesn't have a budget.

Mayor Rogina: They did have a temporary budget. That's what triggered the ordinance.

Ald. Lewis: I think we need to stay with 2018.

Mayor Rogina: I'm just asking the question of whether or not we have votes to extend the sunset clause.

Ald. Payleitner: Why can't we address that in 2018? Why do we have to do that now? Why can't we get to the sunset clause and then extend?

Mark Koenen: We don't have to, but we do have to do it sometime before April 30, 2018.

Mayor Rogina: Being proactive as opposed to waiting to the last minute. If I know where the Council is on this, I'm at ease to be able to move forward and tell licensee's accordingly.

Ald. Payleitner: The whole reason for this is to collect more data, allow businesses more time to see if this is working for them. Is that correct?

Mayor Rogina: We haven't even gone through 1 year of revenues.

Ald. Payleitner: Why would you recommend we push out the sunset clause? Is it to gather more information?

Mayor Rogina: That and to gather more revenue.

Ald. Payleitner: Is this is a business friendly move for folks, or not? What business are we friendly too? I contend we're more business friendly to gaming machine companies than we are to our establishments in St. Charles. The chart the Chief provides us that shows how much money is taken in. The business don't get that money. Each one has an individual contract with a gaming machine company that is at last 50%.

Mark Koenen: I thought the State of Illinois dictated how much the businesses get.

Ald. Payleitner: It's by contract that's why it's not public information. The whole point is we don't know what the businesses really make on that. If the ordinance is supposed to be business friendly, is it really business friendly? I don't want to be business friendly to gaming machine companies. I want to be business friendly to our establishments.

Mayor Rogina: We do know that some businesses have not delivered and their machines have been removed.

Ald. Payleitner: By the gaming companies.

Mayor Rogina: They are making money above and beyond what their bottom line is.

Ald. Payleitner: My point is if we are doing this to be business friendly; I want to make sure we are being business friendly.

Mayor Rogina: I'd like to be proactive and define the trial period. I think the trial period should be 3 years. I'm wondering if a majority agree with me or not?

Ald. Turner: I think you should extend it. If the gaming company isn't being business friendly that's not our fault.

Mayor Rogina: I thought we've been very diligent on a couple points. The Beehive changed hands we told them to get the machines out for 1 year per the ordinance. You're not doing the job, the machines go out. I think our licensees have been very cooperative. Having said that, let them know what they've got, and at the 3 year mark this Council will make a decision on the future of video gaming in St. Charles.

Ald. Silkaitis: The last vote was tied and you broke the tie. I do believe that everybody still has the same feeling as they did 2 years ago. The only person I don't know is our newest member. I think if you want to bring it up; let's have a vote.

Mayor Rogina: I'd rather not waste our time.

Ald. Silkaitis: I think you would have the votes to get your extension.

Ald. Bancroft: I believe you'd get the votes.

Ald. Silkaitis: We vote on it, and we move on.

Ald. Lemke: When the machines came in there was a sort of understanding by the firms bringing them that they'd get 3. I don't think whether the State passed a budget is really the issue why we mentioned that. It was to make sure there was revenue sharing, and the revenue sharing is there. As long as the revenue sharing is there I don't have any problems. We offered 3 years, make it 3 years.

Mayor Rogina: Is there any interest at all in creating an Ordinance regarding the Video Gaming Cafés?

Ald. Bessner: If we're going to extend the sunset clause, let's revisit it after the sunset clause.

Ald. Lewis: Next year will this be in the budget, or just go into the general fund?

Mayor Rogina: This body can designate any and all of those revenues to go wherever they want.

Chris Minick: Right now it's segregated for capital projects in the 17/18 budget, the current budget year we're in. I think we mentioned in the budget meetings it's not designated for a specific project, but it is being designated in the capital projects fund.

Ald. Lewis: It's not going for salaries?

Chris Minick: It's not going in the general fund.

Mayor Rogina: We will now go to gas stations, breweries, Sunday/Saturday hours all related to liquor sales.

Chief Keegan: I'd like to talk about Sunday hours. You have a spreadsheet. We've been approached by a couple of breakfast restaurants, Brunch Café, Alexanders, Abby's, about Sunday hours. Currently alcohol sales are prohibited for consumption on site and up until 10:00 am. Saturday they are allowed to sell from 7:00 am on. Paul Lencioni has mentioned that people who want to come in and purchase things for tailgating early in the morning are going to South Elgin because they can't sell liquor. I asked Sara Cass to do a survey with the secretarial group. We received about 15 responses. Some communities do what we do and have the Sunday modifications. The other's make all 7 days the same, consumption hours and package liquor sale hours.

We did modify the code about a year ago to allow for some of the national holidays, Mother's Day, Easter, but just holidays.

Ald. Lemke: What hours would be the same every day? Are we trying to match some other city?

Ald. Payleitner: 7 days to keep it the same. Whatever the hours are now, extend it to Sunday.

Mayor Rogina: In St. Charles you can start selling at 7:00 am, Geneva is 6:00 am.

Ald. Bessner: 7:00 am until what time?

Mark Koenen: Until 10:00 pm (packaged goods)

Ald. Bessner: That's fine.

Mayor Rogina: Restaurants can go to midnight or extended license until 1:00 am or 2:00 am with a late night permit.

Chief Keegan: Package liquor stores can go until 10:00 pm, all restaurants go until midnight, unless there is a late night permit.

Ald. Lewis: I'm fine with keeping it the way it is. I'm comfortable with some buffers. No hours will ever be good enough.

Mayor Rogina: The issue here is we have contiguous communities doing different things and they are getting the advantage over us in a competitive market.

Ald. Lewis: I doubt it's that much.

Mayor Rogina: Do we have a majority view to make it consistent for 7 days a week? Looks as if we do?

Mayor Rogina: Consensus is 7:00 am 7 days a week.

Chief Keegan: We have been approached by proprietors wanting to open up 1 of 2 different concepts:

1. Penrose Brewery Concept – store front concept. Folks go in and get growlers (large mugs of beer brewed onsite) from the distillery on site. There are some tastings, but it's not a restaurant.
2. Emmet's Brewery Concept – restaurant/brewery with distillery/brewery operations taking place onsite. That dovetails another point I need to bring up; even though it's a restaurant/bar they also would want some sort of component to sell (like a Cooper's Hawk model) in a retail area.

We have also been approached by Abby's and El Puente because they both manufacture their own drinks. Abby's has a Bloody Mary, and El Puente has a Margarita. Both are selling just the mixes right now, but have asked for a carry out operation in addition to their consumption on site license. They would have prepackaged items for sale at the counter away from the service area.

Ald. Silkaitis: You mentioned brewery and distillery. Does this apply for breweries, not whisky?

Chief Keegan: breweries.

Ald. Silkaitis: If we do this, why not put distillery? There is one in Geneva.

Ald. Bancroft: The question at hand is if we want the Liquor Commission to look at it and give us some advice. I don't think there's a downside to that.

Mayor Rogina: Roll that out starting at the Liquor Commission, advance to council committee.

Chief Keegan: The Pride gas station at Rt. 38 and Bricher, they own a couple of locations in Batavia. Batavia does allow gas stations to sell alcohol. We do not. The Pride owns the strip mall next to the car wash. There is an Urban Counter and a Pride Liquor Store; they've asked us for cross-access. They also mentioned that they are looking to expand their gas stations in St. Charles and would like to have liquor sales like Batavia.

Mayor Rogina: I think you're right on target. They would want to have liquor sales. The Pride also went through a long explanation describing how Mayor Schielke in Batavia changed his mind on this subject.

Ald. Lewis: I don't know if I look at it as a new source of revenue. You get a lot of kids walking into 7-11, convenience stores, and gas stations. I think we have a lot of places you can purchase liquor. Because one person has asked for it I'm not sure we need to go down that road.

Ald. Bessner: I will add that lately gas stations have been coming back with licenses a lot. I couldn't tell you which county, but I've seen it in my day-to-day activities. Not only are they bringing alcohol back, they're bringing single serve type items back. You see it around here now.

Chief Keegan: What started the discussion with the Pride is he actually purchased an elaborate growler station for the Pride Store on Rt. 38. Binny's found out about it. The station was very nice, but the State liquor code has some language that's it's not allowed. He's out a lot of money. He's asked us for cross access between the Pride and Urban Counter.

Right now Club Arcada and the Arcada has two liquor licenses in the same building. We don't allow them cross access. Urban Counter and the Pride Liquor store also have two licenses. Both Ron Onesti and the ownership of Pride have asked for cross access.

Ald. Payleitner: What does cross access mean for the Pride?

Chief Keegan: The building has one set of bathrooms and it joins all three businesses. He was looking at putting in an Italian Deli in the 3rd store front and he wanted folks from the Urban Counter side or Deli side to be able to walk into the Pride and be able to purchase liquor from either the draft/growler or craft beer or wine.

Ald. Payleitner: It's a different thing than the Arcada cross access.

Chief Keegan: Yes, to build on it a little bit more, in our liquor code if you are a freestanding liquor store you have to be 2000 sq. ft. To get a liquor license in a Walgreens, Jewel, CVS or any larger operation you have to be 10,000 sq. ft.

Ald. Stellato: I don't have a problem with the gas station.

Mayor Rogina: Bring it to Liquor Commission so you get a chance to look at the detail.

All were in agreement to bring to Liquor Commission.

Break – Meeting reconvened at 10:58 am.

Alderman Bancroft left the meeting during the break.

Mayor Rogina: Capital projects: Active River, Arcada, George's, Revenue Streams. Regarding revenue streams it was in the Daily Herald that Schaumburg is considering \$0.03 per gallon gas tax. I checked with Chris Minick as to what kind of additional revenue that may bring to the City.

Chris Minick: It's approximately \$270,000 based on what we've seen so far. This is a very back of the envelope calculation. If we were to get serious about moving forward with this I'd like the opportunity to refine the numbers. Based on what we've seen so far, we actually called Batavia, who has a gas tax, and based on their experience we translated that to the number of gas stations in St. Charles and did a basic analysis.

Mayor Rogina: Another topic, today's Daily Herald, Elgin talks naming rights. They might want to name some golf courses and allow people to buy naming rights. My point from all of this is municipalities are looking for additional revenue streams.

Mark Koenen: Note the background on what our future looks like for capital projects. We've mentioned Active River, the Police Station, Arcada, and 7th Avenue Creek. These are all projects that are ahead of us. They're all good projects. How do you fund all that? Traditionally we bonded projects. I'll use the Police Department as a case in point. We're going to be in there for at least 50 years, it will be paid off in 20 years. It makes all the sense in the world to bond that project. Right now given the bond rates it makes even more sense. We also have a debt policy and we do not want to exceed this more than 10% of our operating expenses in the corporate fund. If you take a look at our budget (handout C) you will note looking ahead to FY 18/19 and the following 2 years we begin to go above that 10% policy.

We pride ourselves through our finance department putting together a budget that's balanced and meets City policy. If we can't do that we point it out to you. It's explained very clearly what that means and what the plan is to bring us back within policy. I'm bringing it to your attention because when you think about these projects and you look at the projects on that capital list there are some significant projects there. The police department cap starts out at \$21.5M, there is another for \$10.6M for 7th Avenue Creek, and I think that's only for half of the project. I haven't mentioned Active River. FYI – the Active River Project proof of concept study is about finished. They are going to present at the Government Services Committee meeting at the end of June. I'm sure they

are going to tell us the project can be built and will work. The next question will be how much can you fund? We don't have any money budgeted for that project to the tune they're looking for. We have a little money in the budget, but I think they may ask us for \$1M.

I put out some considerations for future revenue enhancements. I'm not saying we have to be limited to another percent or ¼ percent on the alcohol tax. I'm not saying we have to look at how we bill on property tax for the City of St. Charles, rather than tying it to a fixed amount as Chris Minick has led us for the last 8 years. What's the number Chris?

Chris Minick: \$12,055,117.00.

Mark Koenen: If we were to change the property tax from a fixed amount and tie it to a rate, look at the trend and see our EAV come back up, and use that increment to put towards capital projects. We may have an opportunity to enhance the revenue stream to be able to do some of these projects. Two things:

1. With this opportunity of wonderful projects, what's most important?
2. How interested are we in creating new revenue and what is it?

Chris Minick: Discussed charts projected on screen. This chart is the general fund financial performance from FY 12 – FY 21 on a projection basis, on what we did and the numbers we projected as we prepared the budget for this year. I have the numbers through March for this year. If we issue bonds and carry through the projects as we've projected, as you can see we started off with a little over \$3M, we've gone up, paid off a bit of debt, and we're now at \$2.5M range. If we undertake those projects, the larger projects, the debt service spikes up quite a bit. In the last couple of budget meetings we've had as we started the individual group meetings one of the comments I make is: operationally we're in great shape, but when we start looking out into the future and projects start coming into fruition capitol is going to be a challenge. That's where I think we are now. We should start a discussion of how we are going to pay for this.

Ald. Lemke: With respect to a gas tax vs. allowing the EAV to increase and apply the same tax rate, which is better? Does the property tax on the larger EAV give us better coverage?

Chris Minick: It depends on what we're talking about in terms of where we set the gas tax, or where we would decide to set a tax rate for the property tax. This particular fiscal year the EAV of the City increased by about 3.5%; because we keep the amount of the levy consistent at that \$12M mark that had the impact of driving the rate down by 3.5%. I'm not recommending we do that, but to put it into context, if we had kept the rate the same and allowed the rate to be \$.91 instead of declining to \$.88 the resulting revenue would have been about \$420,000. Again, that's just to put it into context. I'm not recommending we do that. It just gives you an idea of the kind of numbers we're talking on the property tax.

Ald. Lemke: If I go through Warrenville, they have 2 gas stations, one is a penny more, guess where. If you look at Cook County, Deer Park, there is a lot more soda pop bought in Deer Park than in Cook County. They are scaring away the very thing they thought would balance their budget. I'm very nervous about doing something that people can avoid.

Mayor Rogina: You heard the 2 questions; either or both, please address.

Ald. Lewis: Yes, I am looking at some increases, and the Police Station would be my top priority, followed by 7th Avenue Creek. As far as revenue, I'm wondering what's happened to the Red Gate Bridge tax? Do we still collect that?

Chris Minick: We do. We pay the debt service on the Red Gate Bridge bonds, as well as 6 or 7 smaller capital projects. There is about \$80,000 a year allocated to other capital projects. For the next 2 years it's earmarked to 1st Street, phase 3, streetscape and landscape that are the City's. In year 2020, or 2021 we roll off and would have that roughly \$80,000 to apply to capital projects. I've informally penciled it in to offset the cost of the police station.

Ald. Lewis: Is that something we can increase? What is it?

Chris Minick: It's \$0.05 on the tax rate. We allocate \$0.05 of that \$0.88 to capital projects. We could increase the allocation if we left the dollar amount on the levy the same it would have an impact, it would reduce the dollars allocated to operations, but we could do that. Another thing to keep in mind; as the EAV of the City increases the proportion that the \$0.05 represents will get bigger if we don't increase the \$12M number.

Ald. Lewis: I'd hate to increase the property tax. I'm not sure what that would do to our corporations/businesses. We need good paying jobs in this community and if they are paying tax on their buildings, what would we do end up giving them the tax break and the residents shoulder the burden of the tax hike.

Ald. Turner: Let's just freeze the property tax rate. It's an extra \$420,000 per year.

Chris Minick: It would have been this year.

Ald. Turner: The way things are going you're going to get a 3% bump on that every year. You said 4 -5 years from now when all this new development starts to hit the tax rolls you're going to get a big bump.

Chris Minick: Yes, with EAV going up, if we kept the rate the same, yes.

Ald. Turner: It has a 3% escalator in it ever year. I don't think people are ready to take a tax hike. I think we should let the tax rate sit where it is and budget accordingly. As far as these bonds projects. I don't think we're going to be remodeling George's for \$1.1M are we?

Ald. Stellato: I agree we need to find new sources of revenue. I like the rate idea.

Ald. Silkaitis: The first question people are going to ask is what can be cut. I know we run a lean machine. We need to have an answer to that. I expect we're going to lose something in the end. We're being short changed \$1M by Springfield. We need to make up that money or we need to cut services. I think we need to be prepared for questions on why we're raising taxes.

Chris Minick: One of the points that Mark and I have talked about in the background is, anything we get over and above the \$12,055,000 at least 90% of that would be earmarked directly for capital projects. We know we're going to see some other areas of growth in some of our operating expenses, but when someone asks why taxes when up; tell them we're earmarking that increase to go for capital projects.

Ald. Silkaitis: I agree with the 7th Avenue Creek and the Police Station. George's I'm guessing just tear it down or remodel, I guess we have to spend something on it. The River Project isn't on the top of my list until we can figure out what's happening in Springfield. There are \$2M we have to make up.

Ald. Bessner: I'd be in favor of a revenue stream through gas, and if we're going to go that direction I would say \$0.02 or \$0.03. I don't think it would be obvious to a lot of folks. The levy would be my second choice. The police station would be my priority, 7th Avenue Creek, the water tower on the west side, and George's and the Arcada.

Ald. Gaugel: Ron's point is dead on. If we're going to talk about increasing taxes we have to talk about cutting back. We ask that of the organizations we fund so we have to do the same. In terms of a priority list, the police station and 7th Avenue creek are at the top. My eyes were opened when Ed, Maureen and I talked with Ron Onesti. We really need to look at what our underlying revenue streams are for people who are doing things to make St. Charles and attractive place. This could be the segway into the Arcada. We have to do something there. Can anybody picture our town without the Arcada? What would that do on an evening/weekend basis, the number of hotel rooms, restaurant meals, entertainment dollars spent here? It's an expense, but there is a payoff. I'll couple that with the Active River, it goes to our potential revenue generators, economic development. We can't ignore those.

Ald. Payleitner: I think we need to have 2 lists. Things we have to do, the police station and 7th Avenue creek, and those things that will potentially give back, the Arcada, George's, Active River. Those are economic development potential revenue.

Ald. Lewis: When we said we would have to cut services. We tried that in public works, cutting back on leaf pickup. The people went crazy. I think people will understand that some of those things are expensive and they have to pay for it, and will be willing to pay.

Ald. Silkaitis: We are already lean. We just need to justify what we're doing.

Ald. Lewis: We may be lean in our workforce and operations, but we provide a lot of quality services to the people in this community.

Ald. Stellato: When we talk about revenue source, just keep in mind as a homeowner whatever happens to the property tax can be written off. Gas tax is a little different. That is a way to at least get some of your money back through the Federal Government.

Chris Minick: It's not a dollar for dollar impact. That's a valid point.

Ald. Vitek: Regarding the Active River project. I don't know what the City's role is in working with that group in emphasizing the need or attempt for private dollars to be incorporated. Maybe that applies to the Arcada too.

Mayor Rogina: I support an idea of moving forward on the Active River project, the big question being the dollars. There are some really beautiful projects out there with rivers being used and becoming an enhancement to the community. We have to have between 80% - 90% of the community on board as opposed to putting it out there and having a fight in the community over removal of the dam, building smaller dams, etc. That to me is crucial. That's the responsibility of the Committee and those who support this to get that going.

In my absence a couple of weeks ago you decided to put George's on the market. That's all well and good. Mark and I have received a string of emails from Ron Onesti this past week. I'm not sure that the tone reflects him other than he's upset again. Mark and I have talked about some other factors. When I read some of this don't get offended. We'll discuss.

Email from Onesti:

"My deadline for HVAC and bathrooms has not been met. (Mark and I have no idea what that means). Still dancing with Scott Price, (Scott Price being the owner of the Arcada) who won't put a dime into the place. George's is now out of the picture as you have it for sale. No plan is in place. December 31st will be my last show at the Arcada. I have a month-to-month with Price now. The press release goes out June 15th. In light of my latest reviews; I've worked too hard to have this happen (The reviews talk about the deplorable bathrooms downtown, the place smells of mold, etc.)."

Mark's response:

"Ron,

I received your email regarding AC and bathrooms in the theater. I feel your pain, I believe you, and I feel your frustration. Below is the last email I received from you regarding AC effort and corresponding April 28 email we both received from Scott Price.

Thanks for sending this Ron. Tom of Confident Aire met with the preparer of the report and I expect a proposal by next week. The real question is where do we stand on bathrooms and the use of the courtyard? Thanks – Scott.

On behalf of the City we don't know what it is you would like to install and the corresponding cost of AC for the theater. Considering the toilet facilities, the City provided you with information about portable units following our last meeting. I know you have met with elected officials regarding you need for theater improvements. Do you believe you have aldermen support for advancing an incentive? I'm available to meet with you."

Ald. Payleitner: When was this?

Mayor Rogina: This was all during the last three days. Ron concludes by saying:

"Yes, I know, I've met with them; simply said, no closer than we were three years ago. Portables won't fit back there. George's is the solution." (Ron's saying he wants the courtyard of George's).

"Put a referendum together to fix the building for what it was purchased for. People will support it. You don't understand the City Council laughing stock with this whole thing. Everybody is so concerned about what the people think, yet look at the time, money, effort and risk of the Arcada closing. Start figuring out how the City Council will explain all of that."

I read that and I don't like that threatening mode. The truth of the matter is, and Mark and I agree, I think Ron Onesti needs to have someone professionally take care of this, put the figures together, work with our staff and come up with something. Furthermore, our staff has so many things going on that Mark and I think that this is of such a magnitude we need somebody devoted entirely to the Arcada.

Mark Koenen: We've gone so far as a staff to actually talk about a concept of fronting the AC costs and he would reimburse the City for 50% of those costs over a period of time through a seat tax in the theater. Conceptually, I think we are comfortable with that. I think Mr. Onesti is comfortable with that. John McGuirk put together a confidentiality agreement so we can get the documentation on the support if that system can work. We gave it to Mr. Onesti back in March. He's never responded. He didn't like the AC proposal Peter and his team put together. It was too pricy. Ron had someone he wanted to look at it, and we never heard anything back.

I feel we are not only going to write a check for building it, we're going to have to write the proposal so we can respond to it.

The Arcada theater is really important to St. Charles. How do we advance this proposal forward, or do we let it go dark? I'm going to take a risk here, if we'd chosen to condemn this building 2 years ago, we might own it today. Are we willing to call Scott Price and say we're ready to make a deal. The Arcada is really important to us and Ron Onesti is really important to the City. We're going to do this for Ron, and how quickly can we make it happen.

Ald. Stellato: I was also included on those emails. My question to you Mark, or us as leaders, what do you need to get this deal done? I'm not sure; I don't know what to do here. I don't know what they want. I don't think they know what they want. We've

broken it down to a couple of elements we think we understand. HVAC and bathrooms, and I don't know how to solve the bathroom problem. You can't do it inside of the existing building, we can't do it with George's gone and bring in portable toilets, apparently that won't work. The landlord won't cooperate and let him build bathrooms inside the former Starbucks. I don't know how to solve the problem. If the RFP for George's does not come through, we haven't met the deadline, we're done with that. Take the RFP off the table and try to go out and find a developer, either knock the building down or renovate. I'd rather take the risk and do something for the Arcada to keep it successful. He needs our help, if we want to help him. It was my suggestion to have him meet with the City Aldermen. You need to see the condition and what he's dealing with.

Ald. Lemke: We still have this lease arrangement, if we put AC and whatever else into the building and Ron walks away, Scott Price ends up getting AC as part of the deal.

Mayor Rogina: I think any deal has to include a long-term agreement with Onesti.

Ald. Lewis: Do we have any idea what he invested in the Club Arcada?

Mayor Rogina: No.

Ald. Bessner: When we met with him I got the same feeling; he didn't know what he wanted plan wise.

Chief Schelstreet: Because I want full disclosure. It's not just the AC. When we did this 3 years ago it was the electric to support the AC. Tom Bruhl did an exceptional job of laying it out. That plan exists. Take the meters and hook it to the power supply.

Mayor Rogina: Let's see if we can do this sooner than later. Maybe we can get something constructive and definitive that we can move forward on.

Ald. Gaugel: I agree. It would be excellent to meet with Ron Onesti. We need concrete plans of what Onesti wants so we can react to it. We don't need the sales pitch, we need something concrete. That has to be very clear. We also have to get Scott Price engaged in this, or get him fully vested in what's going on. I know that's difficult, but we're all smart enough to figure something where he can't walk away. Is he aware of this email?

Mark Koenen: He's not on the email string, but he may be aware of it.

Ald. Gaugel: If that's a valid point I would think Scott Price would start playing along. If the Arcada goes blank he's got nothing.

Mayor Rogina: I've told him that to his face at least twice.

Ald. Payleitner: Mark had given me a heads up on the email. I did have a conversation with Mr. Onesti in passing on Thursday. Ron said he was a little frustrated. I asked what I could do to help. Ron stated that he is really frustrated with the players on his end. That implied Price.

Mark Koenen: Mr. Price has properties in the Chicago metro area. When the Mayor tells him that the Arcada goes dark, the building isn't worth anything, he comes back at me with you won't get any sales tax, the Arcada is driving downtown, and you don't have anything there but the Arcada.

Peter Suhr: George's is a key to this as well. We recognize that staff owes you an update on where we are with the sale of George's. You gave us direction to change gears and take a different approach. I do want to let you know that over the last couple of months we recognized quickly that this is a commercial sale and it's going to need to be more of a grand process. We've retained Murray Commercial and they are putting together a package for us; they are going to share it with you at Government Services Committee.

The one thing I would like to tell you in advance is that we've had about 8 or 9 folks interested in this property. From what I've heard in talking with some of these folks, there are some creative individuals out there, there might be a solution that would revitalize the George's space and also create an opportunity for it to be what I think the City bought it for in the first place, a complement to the Arcada Theater.

That's the direction that Council gave City Staff. I think it still could be valid path, and something that can solve this whole thing. Sell the property to a private investor that can work with Onesti and fix the problems. It's going to take some time.

Ald. Stellato: I think you're going to hear frustration with us turning that over to an RFP. He wanted George's to be under his control. Even if we renovated George's tomorrow with a waiting area for the Arcada, concession area, bigger bathrooms, we say to Scott Price all we need is permission to cut a hole in the building so people can walk between the two. He wouldn't give permission to do that.

Ald. Lemke: Ron seemed to be interested in having the City bring in electric infrastructure.

Ald. Silkaitis: We're going to be spending \$2M- \$3M on this; what are we going to get in the end? We may get nothing. Why not put the \$2M - \$3M to buying or condemning the building? If we do all this and Price gets it in the end with no guarantee we get our money back I have a problem with that.

Mayor Rogina: I would tie it to a long term lease with Onesti with some type of key man life insurance tied into it.

Mayor Rogina: I have one request for your input. We have a rule for the Plan Commission that talks about it being made up a certain amount of people from the east side of town and a certain amount on the west. With 9 people its 5 and 4 one way or the other. We are one town, not east and west. I have a problem being tied into an exact number. I'm requesting the staff bring you a revision of the ordinance that addresses that in some way.

The Plan Commission of the City shall consist of 9 members who shall be appointed by the Mayor with the advice and consent of the City Council. All members of the Plan Commission shall be residents of the City at the time of their appointment and a member who moves outside the City shall no longer be eligible. The Mayor shall not appoint more than 5 members of the Plan Commission residing on one side of the Fox River. This is the current ordinance.

I'm asking for your indulgence to have a revision on this that's fair but not as restrictive. Sometimes you lose a good person because of where they live.

Ald. Gaugel: I would either strike that last sentence or say as a guideline our goal is to have this, if it can't be accomplished then.

Mayor Rogina: Some broad based statement.
Does anybody have anything else they would like to discuss?

Ald. Lewis: Next Wednesday, June 7th, there are going to be some guest bartenders. The America in Bloom Committee is going to help light the Plaza with Piazza lights. We need \$2,000 and the Mayor is going to be bartending.

Mayor Rogina: As well as my wife, Lencioni, Jenna, Ald. Lewis. Stop by, have a cocktail.

Motion by Ald. Bessner, seconded by Silkaitis, to adjourn meeting @ 11:56 am.
Voice Vote: Ayes: unanimous; Nays: none, motion carried.

:tc

Charles Amenta, City Clerk

CERTIFIED TO BE A TRUE COPY OF ORIGINAL

Charles Amenta, City Clerk