

**MINUTES  
CITY OF ST. CHARLES, IL  
CITY COUNCIL FALL RETREAT  
SATURDAY, SEPTEMBER 16, 2017  
CLARKE HEADQUARTERS – SIDWELL DRIVE, ST. CHARLES**

**1. Call to Order**

**2. Roll Call**

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

**Absent:** Ald. Turner

**Others Present:** Mayor Rogina, Mark Koenen, Jenn McMahon, Larry Gunderson, Chris Minick, Peter Suhr, Rita Tungare, Chief Jim Keegan, Chief Joe Schelstreet, and Atty. John McGuirk

**Mayor Rogina:** Today we should recognize this as a safe zone. We're a team and there is no reason that your views shouldn't be expressed and respected. Through the course of the day there are going to be some issues discussed that need a black or white clear cut decision. There is a lot of material to digest particularly from our director of finance. We are going to try to clearly define certain issues, but in some respects we won't be able to define them clearly.

The theme for the day, two things, Mark, in some of his notes to you, proposed a question: What do we want to afford? My theme is to take a step toward finding the answer for: This is who we are in St. Charles. The reason we're here in September as opposed to the normal time is to start talking about you as the legislators, if you want to sponsor something, bring that up today.

The LED lights are mine, it's a green initiative, and something I think would benefit the City. There are several financial things that we really have to stick to and ask questions about, whether we can afford things or not afford things. I have to commend Chris. He's built some assumptions into the material that are huge. He went to the highest end to give us a chance to decide if we want to go that far, back off a bit, whatever the case may be. Staff wants to know to what extent are you tied into the major projects. What are your priorities? At the end of the day, we're trying to understand where the Council is going.

**BUDGET**

**Chris Minick:** We've talked about how our operations continue to be funded well and we've been able to cover those costs. Routine capital projects, maintenance type of items we've had to open the bond market for, and we've been very successful at managing. Recently we've been discussing 3 significant capital projects that all have somewhere between a \$15M and \$20M price tag, and would come out of the General Fund. The three I'm speaking of, because of the scope and scale, are the Police Department, 7<sup>th</sup> Avenue Creek Project, and the Active River Project.

We are going to discuss in a bit more detail today how these three major capital projects impact the operation of the General Fund, and more importantly the financial health of the General Fund as we move forward and start to implement some of these projects, based on the schedules as they have been developed today.

The conclusion I'm going to come to and try to support is that if we're going to undertake these three big projects; we're going to have to change the financial model of the General Fund. We're either going to

have to come up with some additional resources or reduce services/expenditures in some way to make that work. Once all three of the projects get up and running and all bonds have been issued, we have a gap in the general fund of \$1.2M – \$1.3M annually. That's the hole we're going to need to fill. I've gone out and looked fiscal year ends 2017 – 2045, during a 10 – 12 year period of the projection period we do run that gap.

The models you see today assume the current financial model of the General Fund, plus the debt service of those 3 major capital projects. I have not programmed any significant changes we may talk about or may want to investigate here today into those models. What the models assume is keeping everything the same as today adding the 3 capital projects and what the numbers would look like going forward.

I'm going to give you a brief history of where we've been the past 10 fiscal years. Then I will discuss where we're going based on some of the analysis that's been done.

The City Council has previously indicated a desire to proceed with the three major projects, Police Department, 7<sup>th</sup> Avenue Creek, and Active River. If we proceed as quickly as the logistics will allow us, we will need to change the financial models.

1. Do we still wish to go as quickly as we can on all three of the capital projects?
2. As we go through the list, are there additional revenue sources, or others that we don't talk about that the Council thinks would be good sources of revenue to investigate, or are there some you just don't want to entertain?

In terms of the financial model there are two components; we can either increase revenues or reduce services/expenditures. If there is some combination, or service reduction that needs to happen, let's talk about it. What the Department Directors would request is the flexibility to bring you back a menu of choices to bridge the gap on the expenditures.

### **Chris Discussed his Presentation and Charts:**

#### **COSC General Fund Financial Performance History and Projections**

- We entered into the recession, fiscal years 2009- 2010, we weathered the great recession and the related recovery period better than most municipalities.
- Revenues dropped until FY 2013 and we were very successful in matching our expenditure levels to those revenue levels, and posted decent surpluses, with exception of 2011 which was a breakeven year.
- Revenues have rebounded since 2013, we're still a bit lower in 2017 than we were in 2008, but our expenditures are about \$2.1M lower than in 2008. The reason for that is in the first two years there was a significant budget reduction initiative. When we entered into the Great Recession there was an 8% budget reduction across the board during 2008-2009.
- Slowly things have been returning to normal, and revenues have been going up.
- We've covered operational needs in the General Fund well. We've been able to handle the routine capital projects. We've had some surplus, and been able to increase reserve levels.
- In 2016 our actual surplus in the General Fund was roughly \$1.8M. Staff came to Council as part of the audit process to discuss the Police Station Project.
- Staff requested and Council granted permission to take \$1M out of the surplus and move it to the capital projects fund for the Police Station. That will be used to pay for a significant portion of the closing on the property, and remainder will be used for engineering, etc.

- Fiscal year 2017, April 30<sup>th</sup> amounts; the auditors are done with their field work. The report is not final, but we're going to post roughly a \$2M surplus based on revenues of \$42.5M, and expenditures of \$40.5.
- After the audit is complete, similar to last year, we're going to request \$1.5 M of that surplus be transferred into capital fund for the Downtown Improvement TIF No. 7. There are some streetscape, hardscape and Plaza improvements the City is obligated to perform as part of the Redevelopment Agreement for 1<sup>st</sup> Street. About \$1.5M of those projects are not funded. We would like to utilize the surplus to accomplish this.

**Ald. Bancroft:** When you say we need to change things; are you already counting surplus?

**Chris:** I'm already counting surplus.

**Ald. Bessner:** Are expenditures optimum to where they should be? Is there anything left to really cut (I'm not suggesting we do); has everything been looked at?

**Chris:** We can always make reductions, but it's a tradeoff of service levels. If significant cuts were directed, there would be things residents would notice.

**Ald. Lemke:** By cutting the budget are we saying we would forgo things such as street service and maintenance? Something like deferring maintenance.

**Chris:** Those would be the type of programs we look at and I think there would be some feedback from residents. There is never enough money to go around for those types of maintenance projects. I think we've done a decent job, but I've heard some feedback that we need to be a little more aggressive with some of those projects and maintaining.

### **COSC General Fund Financial Projections Police Station Project Only**

- I projected what the finances of the City would look like if we only undertake the Police Station project. Assuming 1% growth in our revenue and expenditure models on average each year; it shows we can easily take care of normal cost increases, continue to fund operations, all the debt service for the Police Station Project and continue to add to the reserve.
- This represents the 2017 numbers trended forward at 1%, there are some changes factored in to the revenue structure for items reflected in the State's FY 2018 budget. The home rule sales tax – the State is taking 2% of revenues collected on sales tax. That impacts our revenue stream by \$100,000- \$120,000 per year. It's been included in the projections.
- The State has implemented a one year 10% reduction in the Local Governmental Distributed Fund on the income tax revenues we receive. That has been factored in to our fiscal years 2018 & 2019 because of the timing difference between our fiscal year and the State's fiscal year.
- The debt service for the Police Station was added as a new expenditure for the City. This \$1.2M on an annual basis assumes the \$16M bond issue based on current bond market conditions over 20 years.
- My projection is that in 2019 we will start making those payments and will still post a smaller surplus to be able to add to the reserve account. Currently the reserve sits at 41%, as you recall we do have a 25% requirement for our reserve level as compared to our expenditure level in the General fund.

**COSC General Fund Projections – Total Project Debt Services Estimates -  
August 2017**

- What do the projections and debt service look like if we add not only the Police Station Project, but include the 7<sup>th</sup> Avenue Creek and Active River Projects?
- Currently the City has a policy that our debt service expenditures will not exceed 10% of our total expenditures for the General Fund. We are sitting at about 7.84% right now. If we took on all 3 projects the debt service would increase to the 13.50% range.
- This is in excess of the policy, however, I think that policy may be slightly conservative, but that would not be a reason to not proceed with the projects. I think the policy could be set aside on a temporary basis acknowledging that these are one-time types of projects, and that we've committed to making sure the financial model works for the General Fund.
- This could be done by passing some type of resolution acknowledging that while these projects are active our debt service ratio doesn't exceed 15%.
- I think you can set aside the policy on a one time basis with the projects being taken on, and pass a resolution that the debt service doesn't exceed 17%.

**Ald. Lemke:** That's just the Police Station that brings us up to the 13%?

**Chris:** No, it's if we take on all three projects that we get to the 13%.

**Ald. Bancroft:** On the revenue assumptions you carried the 1% through. What is the revenue component of the projects?

**Chris:** It should be accounted for, but it's tough to say what that might be. We don't actually get to 1.2M gap for another 7 or 8 years.

**Ald. Silkaitis:** Our credit rating is pretty good. Our policy says a debt reserve of 10%. That's going to be looked at, right?

**Chris:** Bond agencies are looking for the policy and that there is a plan in place to meet obligations. If we temporarily increase the debt service based on these three large projects to 15%, and we implement a new revenue source, we've done expenditure reduction, or a combination of both, to show this is how we are going to afford these projects; I don't think there would be a tremendous negative impact.

**Mayor Rogina:** All your projections assume the maximum possible expenditure in three areas. It doesn't take into account any grant money, additional revenues, or cuts in expenditures at all.

**Chris:** Correct. I put this together to look at the trends over time, and seeing what the lines on the graphs look like if we don't make changes.

**Ald. Silkaitis:** With the assumption that the economy is going up, are we taking into account it going down?

**Chris:** In a way yes, if you look at the last five years, revenues have increased by about 1.8%, and expenditures have increased by about 1.6%. Those have all been positive years, but by trending them out at a little lower percentage, 1%, I'm allowing for some temporary reductions. The 1% doesn't mean it goes up each and every year over time. It means it averages 1% over that period. I tried to build it in using averages and projections without being able to know.

**Ald. Bessner:** Is the assumption for the Active River Project also based upon the fact that we're taking this project on ourselves as a city?

**Chris:** I jumped ahead. I'd like to go back. I haven't talked about any of the assumptions on any of the projects.

### **General Fund Projections – Police Station and Active River Debt Service Projections - August 2017**

- The Police Station we've talked about; \$16M, 20 years, pretty recent or imminent bond issue starting in 2019. The numbers represent the debt service and projection schedule we talked about previously.
- For the Active River Project, I made the basic assumption that the City's contribution to the project would be about \$5M, of the \$20M estimated total cost. I anticipated that there would be about \$1M of bond issue that would be needed for seed money (for engineering, design, etc.), the debt service is about \$82,000 beginning roughly in 2019.
- Additionally, a couple years down the road we may could be looking at another \$4M for the construction phase, with the debt service being in the \$290,000 - \$300,000 range.

### **Seventh Avenue Creek Project Debt Service Projections - August 2017**

- This is the phasing schedule that Karen Young and I have discussed, right now we have a \$17.5M Project, we talked about phasing it out over an 8 year period, looked at the debt service, and pieces of the project we think logically could be completed from an engineering perspective. This schedule represents the results of those discussions and phasing out over a period of 7 – 8 years.
- About \$1.2M (debt service) when all bonds are active. Then we start to pay them off slowly over time.
- This doesn't take into account any kind of other funding sources we may get, such as grants, etc.

**Peter:** We're looking at a \$1.2M grant, and potentially will hear about in February.

**Chris:** Based on the grants the phasing's might change or some of the individual amounts within the individual years might change. If we get that grant, it might change the funding schedules and ultimately would boil into the debt service.

**Ald. Lewis:** We've been buying all those properties.

**Chris:** The properties are about \$1.7M.

### **Financial Projections All 3 Projects**

- Instead of the \$1.2 M for just the police station; I took a look at the total debt service expenditures, and started trending those items forward.
- The adjusted expenditures incorporate the higher debt service expenditure amounts, and it starts to generate some deficits in the first few years. You see the effect those deficits have on the reserve account.
- Eventually we consume the entire reserve account and stay in that position for about 5 years until we start paying off the debt. We then start to rebound.

- This schedule is the basis for the premise that if we don't make changes based on where we are today, granted some things could change over time; we need to change the financial model of the General Fund.

**Ald. Vitek:** How do we build in a buffer for other projects that may come up?

**Chris:** I've tried to incorporate that by not removing out bonds as they're coming off. Most of what you see here on the debt service schedule is where individual bonds start to come off, and they are no longer expenditure. We have some bonds now that handle routing of several projects. I've left them in assuming they will roll over and become new bonds issued for projects moving forward.

**Ald. Lewis:** This is what it costs to build the projects? What does it cost to maintain? Does that increase every year on top of what we have to pay?

**Chris:** We would need to maintain the projects. The police station will probably be cheaper than the building we have now. That's not going to have a tremendous impact. We would need to maintain anything we put in regarding 7<sup>th</sup> Avenue Creek and Active River. In terms of Active River there may be some division of labor with the Park District. We simply don't know what the model is going to look like yet.

**Ald. Lewis:** Will we require more staff?

**Mark:** We don't have the answers to those questions just yet. Council has directed that we talk about the Active River project from a finance perspective, and also a "how do we get it built" perspective. The discussions are ongoing. There is a general recognition that there is a maintenance element that is undefined. We can't define it, because we don't know what is going to be built. We know someone has to maintain it, and how we maintain it is the question as well as who pays for it. We just can't quantify that yet.

**Ald. Lewis:** The budget will have to increase to pay for that.

**Ald. Stellato:** Remember when we set the reserve at 25%? That was so far ahead of other communities and it got us through this bad time. The key number here is the reserve percentage. I want to point out it doesn't happen for about 11 years. We have 11 years of time to figure out how to generate more revenue.

Who in the Tri-Cities has reserve balances like this? No one that I know of, relax, we have 11 years. We are talking about doing this in the worst state of Illinois economy ever. If our constituents ask why we decided to take on this debt? It's because we maintain our reserve percentage.

**Ald. Lemke:** If we put off until we got the pieces to align on the Police Department we could have spent this money 3 years ago and not got the right answer. I think the reserve is part of recognizing we have these things on the horizon.

**Ald. Bancroft:** We're in this position because past councils and staff did what they had to do during 2008; over that 10 year period you show ½ percent decline in our operations and revenue. You're showing a 1% increase; to me you already built in some bumps in the road.

## Alternative Revenue Sources

- What are some of the alternative revenue sources we could phase in:
  - Property Tax increase
    - Freeze the tax rate rather than the dollar amount of the levy.
  - 0.25% Increase in Home Rule Sales Tax
    - The smallest increment we can increase the Home Rule sales tax is .25%. For each .25% in play would be about \$1.3 M on an annual basis.
  - Prepared Food Tax
    - There was a prepared food tax in the city early 2000's. For each 1% put into effect there would be about \$800,000 of revenue.
  - Increase Alcohol Tax
    - If we increase the alcohol tax from 2% to 3% that would generate about \$550,000.
  - Utility Tax – Gas
    - We have no utility tax for natural gas. If we were to put that in place each 1% would generate \$150,000.
    -
  - Franchise Fee Electric
    - If we increase the franchise fee on the electric by 1% we would generate about \$600,000.
  - Franchise Fee – Water/Sewer
    - If we were to implement a franchise fee on the water/sewer utility we would generate about \$140,000 - \$150,000.
  - Admissions Tax
    - For each 1% it would be roughly \$60,000. This would be a ticket tax on live performances and movies within the City.
  - Telecommunications Tax
    - If we decide to go this route we should talk about the weaknesses in the telecom tax and the way it's defined.
  - Local Gasoline Tax
    - For each penny put on a gallon of gas it would increase revenues by about \$270,000.
  - Storm Water Utility - Estimated Revenue
    - We examined a few years ago the concept of a storm water utility, at that time we estimated the revenue from that would be \$850,000. If we decide to go this route we should do an update to this study.

**Mayor Rogina:** Are any of you interested in pushing new revenue?

**Chris:** Because we're so far in front of this. One of the things we can do is to take the same approach as we did with the utility. The council directed staff to lengthen the time frame and analyze on an annual basis where we are, were, and what needs to be done to start to cover the costs. We entered into that in 2011 the results seen over the last several fiscal years. We're only going to see rate increases for incremental operating costs. I view this process the same. Take a look at revenue sources, where we are, the changing conditions, and I think we have time to address and implement things over time, if needed.

**Ald. Lewis:** The food and sales tax increases, will the State take any of that?

**Chris:** The state would take 2% of the Home Rule state tax, around \$20,000.

**Ald. Lemke:** The property tax increase. Is that over a period of time or would it be in a future year?

**Chris:** It presumes we hold the rate of the levy consistent rather than the amount of the operating revenue. The last two complete levy years that we have information on; levy year 2016 represents revenue received by the City. Levy year 2016 represents the amount of property tax money we're currently receiving and the residents have paid during calendar year 2017. This is what happened to the taxable value of the City between the years 2015 (tax base of about \$1.3 billion), 2016 (tax base of about \$1.37 billion), that represents 3.5% increase.

**Mayor Rogina:** You could freeze the rate. It could be done every other year.

It would be good for staff to know from Council if any or all of these sources of revenue are acceptable.

**Mark:** Gas tax is not in St. Charles today. Batavia does have it, and most recently Schaumburg has increased theirs. The thought is that the local gas tax isn't necessarily paid for by residents, but people passing through. It becomes a new opportunity, like the sales tax, we're a hub for entertainment and shopping, it's not just the residents paying.

**Ald. Stellato:** I don't think we need to do any of these, but if we did do one thing, local gasoline tax is probably the only one I'm the least not in favor of.

**Ald. Vitek:** I agree with Dan. We're undertaking a lot. There is going to be some feedback on residents.

**Ald. Lemke:** Folks come from elsewhere and use Meijer, it benefits us. I'm concerned about sales tax as a source. Fuel tax is likely to stay.

**Ald. Gaugel:** I'm not a fan of any of these. I think we would have the biggest fallback from the property tax increase. On the first page, there were three questions that were proposed; what's the priority? It's very difficult to prioritize. The Police Department is a must, 7<sup>th</sup> Avenue creek is a problem that we're dealing with; it's a must in my opinion and has to be done, the Active River is the one project that will have an effect on the bottom line. Chris was right to include those assumptions on what the impact might be. If you look at projects such as the Active River you're going to see that revenue stream increase, property value going up, more retail, downtown and in city. It will have a tremendous impact on the bottom line. I agree with Dan, relax. There is no priority, it's a package, and we have to move forward.

**Chris:** I'd like to address the property value. The only way it has an impact on the property tax revenue is if we don't levy the dollar amount.



**Ald. Gaugel:** The way we view Active River, I get a general feeling from the council members that this is a huge expense. I challenge everyone to look at it as an investment in St. Charles, something that will be here for generations to come, not just an expense.

**Ald. Silkaitis:** With the three priority projects, police station and 7<sup>th</sup> Avenue Creek we've already started, we can't stop. I'm not sold on Active River. I need to information on how it will affect the rest of the town. At this moment Active River is not a priority for me. I can't see raising taxes.

**Ald. Bancroft:** If we did something like a gas tax you'd come pretty close to paying for half the investment in the Active River Project before you get to the point of thinking about it. I would rather have a greater pool of people pay than just our residents. I think you have room for the alcohol tax as well. I would do something now.

**Ald. Payleitner:** There are arguments against all of them, with the exception of the alcohol and gas tax. Everything else, I think we're in growing mode. For example the admissions tax, seems like we're taxing others, but at the same time we're probably hurting businesses that are trying to expand right now. Those are the two I would be in favor of.

**Ald. Lewis:** We're probably all on the same page here. I think it would be hard pressed to have property tax, but as I look at the numbers, not sure what kind of money we're looking for. If we really want impact to the budget, we could probably put in the Home Rule sales tax. I would go with the one that impacts the budget the most.

**Chris:** The gas tax allows for it to be built up over a number of years. As far as building up the fund and using it for Active River, it would work the same as the Red Gate Bridge project.

**Ald. Lewis:** I would be opposed to the gas tax. I agree with the Police Department, 7<sup>th</sup> Avenue Creek; with Active River, I'm not opposed to the project.

**Ald. Lewis:** The Park District takes in a broader tax base a lot of the people that may be using this. If we take the lead, it's just St. Charles residents facing the brunt of it. One other thing I thought we could do for income is raise the price of a tear down.

**Mark:** We will be reviewing all building permit fees between now and January.

**Ald. Bessner:** I'd be open to the gasoline tax. In regards to the levy adjustment; I would be interested to see, based on the adjusted rate, what that would be per home owner.

**Chris:** I did do the impact for one year. It would be \$35.00 per year on the City portion based on an individual with a \$350,000 property. If their property was \$250,000 it would be about \$24.00 and \$1M would be \$100.

**Ald. Bessner:** I'd be open to that. My concern with the Active River Project isn't the project itself, but who is expected to take the lead on that?

**Ald. Stellato:** I have a concern with Active River Project, it's not really a project it's a development. A development is putting money into something that generates revenue back. Project sounds as if we're investing money in and getting nothing in return. If we start calling it the River Corridor Development, which is what it is, it gives the sense of a return on the investment.

**Ald. Silkaitis:** All the contemplated tax increases are for the projects. Why don't we have a capital improvement tax, with a sunset clause? Just tell people what the money is for and this is what you get for what you pay for.

**Ald. Stellato:** Didn't we do that for Red Gate Bridge, was it a nickel?

**Chris:** There was a nickel assessed for a period of 8 years. I think we can get there. The only caveat is that if it's to be on the property tax, we need to fit it with the framework for property tax.

**Ald. Lemke:** The reason the Park District and St. Charles was chosen through Swim USA, is their ability to schedule events like this has been proven. The Swim USA people don't see any reason it won't continue. My problem with Greenville is that it's a park.

**Ald. Payleitner:** Are we going to be discussing 7<sup>th</sup> Avenue Creek. I'm still looking to see if there is some other financing we can do for 7<sup>th</sup> Avenue Creek that has buy in from the area improving it; SSA.

**Mark:** If that's the direction that Council would like to go; we're going to start that conversation.

**Ald. Vitek:** What about all the commercial opportunities for restaurants, business, and store fronts? I think we need to change the way we talk about it.

**Mayor Rogina:** One thing that has not been said about the river particularly, and after talking with people I think it's true, we'll get community support. There will be naysayers, and as leaders we need promote that this is huge. I'm in support.  
As far as the property tax; I have no problem with that.

**BREAK – 9:45am MEETING RESUMED – 10:00am**

### **DOWNTOWN DEVELOPMENT VISION**

**Mayor Rogina:** What areas downtown are potential areas for development, including that there will be some direction to staff from the Council as to the current Police Station Site. We are going to talk about George's and the Arcada; what's transpired as of today and what's on the horizon.

### **2013 Comprehensive Plan – Downtown Catalyst Development Sites**

**Mark:** This should be familiar to all of you. It comes from our Comprehensive Plan. We begin to identify Catalyst Development Sites, meaning opportunities for the future.

1<sup>st</sup> street is just about finished. The last building of Phase III is going to start construction in the spring. Building 2, the last building, immediately north of the ALE building, was presented at the Historic Preservation Commission meeting and received recommendation to advance the project forward. It's going to Plan Commission on October 3, and I expect you'll see it at the P & D Committee the following Monday. I would think all the approvals should be done before the end of the calendar year giving ample time for the beginning of construction in spring 2018.

We have three lots to finish after that. Lot 6, 7b, and 8. Those are the last three phases. You directed us to receive RFPs from developers to finish those parcels. We will show that at the workshop.

Let's talk about the Manor property, the Mayor and I have a meeting scheduled later this month with Joe Salas, and Keith Kotche. As a result of that conversation I'm hoping we can at least begin to have a discussion about that site, and if there is any opportunity including the Manor and opportunity for Joe Salas to bring a Tech company to St. Charles.

### **Potential Future Redevelopment Areas**

**The Uniform Store Block:** It's owned by Rehm Family. There has been some conversation with them about their future plans for the site; they really don't have any plans.

**The East Riverfront:** We own a piece of property where the "L" shaped parking lot is behind the old Chord on Blues building. BMO Bank owns a piece of that parking lot, and owns the parking lot across the street on the south side of Illinois Avenue; another opportunity for river front development which may compliment the Active River Development. Regarding the Baker Church Parcel, the Community Development Department and I had a discussion with the church, they see an opportunity in raising those structures and another opportunity in redeveloping the parking lot directly north for some sort of underground parking with ground level retail in a multistory building.

**Northwest Quadrant:** The Salerno's property. The City of St. Charles owns the parking lot south of Salerno's.

**Police Station Site:** We are moving the Police Station. We're talking about the building being completed and being moved in by the 1<sup>st</sup> quarter of 2020. At that time the current police station site will be available. If we start talking today about where we're going with the police station site we will be ready for redevelopment in the first quarter of 2020. It will take that long to determine the plan and how to recalibrate that site. The conversation this morning was very rich because we talked about the Active River Development and how this site could play into that.

What would your vision be for the block of the Police Station, recognizing there is a well present; there are some flood plain and utility issues, as well as some utility and ComEd underground and overhead utilities along N. Riverside Avenue.

**Mayor Rogina:** You don't have to be specific, but just try to give the staff some idea, because as Mark said as the project moves along there is going to need to be some discussion as to the entire strip along the river.

**Ald. Lewis:** What are the possibilities as we move forward? We have time; we don't have to decide now. I like the idea of free flowing ideas and come back another item to make a decision.

**Ald. Bancroft:** Compared to a project he worked on in Chicago just off Michigan Ave. Before the project nothing residential was built south of the River. The reason the project was a success is because people believed Millennium Park was going in. There was enough concept out there to make it real for people. It will be very important to understand the potential for the Active River Development before you market that property.

**Ald. Stellato:** Roughly ¼ of the property is going to be effected by the well, the setback, the river walk, the River Corridor Development. If we want to give ourselves enough room to allow that to merge into a private development we need to shift that. I agree if everything is in place and we can show the developer. I think it's a prime spot for hotels, residential, restaurants.

**Ald. Gaugel:** I envision it as residential, hotel, something that has the majority of it as residential. The 108 State Avenue property has been for sale for years. The 211 and the 215 on 2<sup>nd</sup> Avenue are all rentals, 116 has been vacant for a while.

**Ald. Lewis:** One thing to keep in mind is what happens with the railroad trestle; I wouldn't like to see it go too close to the trestle.

**Mayor Rogina:** Mark and I will be having a meeting with Union Pacific railroad representative. They are willing to work with us to get grant money to do the project. It's a great point about the trestle and how it plays in to the whole path.

**Ald. Lewis:** I think you can always sell the property, it will become more valuable. I don't think there is an urgency.

**Ald. Stellato:** We want to set boundaries. There are a lot of people assuming that the railway is going to become a bike path.

**Mark:** Additional information is the park district is very interested in the cross town bike trail. The UP railway will get people down into the 7<sup>th</sup> Avenue Creek area. You would be able to go from Sycamore all the way through St. Charles, to Tyler Road.

**Mayor Rogina:** Mark and I have had conversations with the Park District and they are interested in being an active partner with us.

**Ald. Lemke:** The concern is that on Main St. with on and off traffic that it would mix bikes in unnecessarily.

**Mayor Rogina:** From LeRoy Oakes to Randall, the forest preserve is getting that piece. That's a big plus to get bikes off of Main St.

**Ald. Lemke:** It takes big money to take down right-of-ways, and you end up losing, in our case, Hwy. 31 grade separation. I would be against that, and I think there is good reason. Secondly, this was missing from the feasibility of the moving the Dam project, is another bridge between Rt. 64 and the trestle. If you have two levels of bridge on the trestle, why would you put something without any underpinnings to try and cross the river half way in between? This bridge satisfies that, we'd like that to stay.

**Ald. Silkaitis:** Once we move into the new police station we have to tear down immediately. I think we should tear it down, keep the parking lot and make it a park. Something we can use until we sell it.

**Mark:** I think the suggestion by Ald. Silkaitis has some validity. By 2020 we can know what we want to do with the property, take the buildings down and start simultaneously.

**Ald. Silkaitis:** That's without any utilities.

**Mark:** What I hear is this site becoming a redevelopment project that enhances the downtown and to potentially fan in the success of the Active River Development.

**Ald. Bancroft:** Right now we have the gift of time. If 2020 is really the mark we can spend a few years talking about what should go there, bringing in experts to find out what the right plan is for the site, and correcting problems. We should take time to educate ourselves.

**Ald. Lewis:** We haven't even heard from the community. We're talking about brokers and developers, what about the people? What do they want for their town? I'd like input there.

**Mayor Rogina:** One of the first emails I received after the Police Station was announced was congratulations on taking out the Police Station and putting into one of our empty strip malls. He went on to say to do the same thing for City Hall. Retro fit the building and make all kinds of money.

**Ald. Vitek:** I can't just look at that property. I think with all the open space here we have to look at the big picture, something cohesive to the experience. If we're not thinking cohesively it could jeopardize the entire project.

**Rita T.:** There are catalyst sites that were identified in the Comprehensive Plan. As many of you here know we went through an extensive process then to completely redo the Plan. Fast-forward to 2017, we know a lot more about our downtown than we did. I've heard several comments, we acknowledge that we have the luxury of time, but we all know time goes by very fast. We started the process for 1<sup>st</sup> Street in 1997, here we are in 2017. I think Alderman Vitek makes a good point. Within the next 9 – 12 months we will hopefully know more about the Quad, 1<sup>st</sup> street will be in the last phases, and we will know more about the Active River Project. What I foresee is that summer/fall 2018 might be a good time for us to update Comprehensive Plan update for downtown.

**Ald. Lewis:** What is the process to update the plan?

**Rita T.:** By State law the Plan Commission has to make a recommendation, then City Council, of course. We would then create a City task force made up from some community members, individuals from the Plan Commission and Housing Commission, council, and staff. The group would have to know it's an update. If you really want to do this efficiently, and what I would recommend is to pose the process to our planners.

**Ald. Lewis:** Would we need to hire a consultant?

**Rita T.:** We could hire a consultant for some components on a limited basis, we have three qualified planners on staff; I think we have the expertise, but could get an outside perspective.

**Ald. Stellato:** I like the assurance. It allows everyone to come in and discuss. It's open to the public. If you want to get true public opinion this is a good process.

**Mayor Rogina:** Let's move our attention to George's and Arcada.

We seem to all be on the same page to front money for air conditioning for the Arcada Theater with a reimbursement. We have been working on an agreement between Ron Onesti, Scott Price, and the City of St. Charles to advance forward with the air conditioning incentive to make that project happen. Scott Price is included because Ron Onesti asked us to make sure he's involved.

Where are we with George's Sport? We put together a draft estimate for a creating a "vanilla box". The incentive we're talking about is for a lease of the same nature. We contacted a local contractor, Fred Schramm. This is what we found:

**Environmental Assessment:** \$60,000 – \$70,000 to get rid of lead based paint and asbestos.

**Roof Repairs:** At this point we don't know how to fix the roof. It can't be seen from either side.

We talked with Mr. Schramm about the cost to remove the Ceiling from the second level to expose the roof and assess what needs to be done.

**Ald. Lewis:** I think they need more than air conditioning. I agree that it's not about Scott Price and it's about Onesti Entertainment. There are other things happening downtown besides Onesti Entertainment. He's now taken the name Arcada out to Pheasant Run. The Arcada is part of the identity of St. Charles.

**Ald. Gaugel:** The cross access between Arcada and Georges, we've talked about that before and I don't think it's something the City should be pushing. I think that's an agreement he needs to make with Scott Price. My main concern is to get Ron into the George's facility.

**BREAK – 11:01am MEETING RESUMED – 11:15am**

**Mayor Rogina:** I'd like to get some ideas out, some direction in some cases, on a number of topics in this last hour. I'd like to start with the Quad. I reached out Ron Kraus and asked him to come out with Chuck May to discuss what's happening at the Quad. Members of staff, me, Ald. Payleitner and Ald. Bancroft are going to have a meeting with Ron Kraus for a discussion. I'll let the staff fill you in a bit more. Maybe you could give staff direction as well.

**Mark:** I called Chuck May a few weeks ago asking what's going on. He told me it was because they are negotiating a letter of intent with a national residential developer to do a residential development much like what we have seen in the concept plan. He wouldn't tell me who the firm is, and they are still working on the letter of intent, but they're close. They would want to develop the project with an incentive. That incentive would deal with re-grading the site, utility relocations and the demolition.

**Mayor Rogina:** What we're seeking from you is to find out if you're ready, or not ready, for this to happen.

**Ald. Stellato:** The comment about the incentive, they have a lot of internal work to do.

**Ald. Lemke:** We've already given them an incentive for original utility improvements, parking improvements.

**Rita T.:** It hasn't been triggered.

**Mayor Rogina:** We can let them know we have an aggravated Council right now, Council has been behind this 100%, and this is our east gateway we want this to succeed. All we have after three years is Cooper's Hawk.

**Mayor Rogina:** Let's discuss 7<sup>th</sup> Avenue Creek funding.

**Mark:** The basis of how we fund 7<sup>th</sup> Avenue Creek is to look at SSA. The basis of an SSA is who derives benefit from the improvement.

**Chris:** Based on discussions we've had, we've put together a map of the 7<sup>th</sup> Avenue creek water shed. Ground zero for the watershed is where the northerly and westerly drainage come together, and then exit into the Fox River by the southern border. This is a very large area. All the properties would benefit from the 7<sup>th</sup> Avenue Creek improvement. The EAV of the City overall is about \$1.37 billion. This is roughly 25% - 30% of the total EAV of the City.

These numbers correspond to the debt service from the projections we talked about this morning of roughly \$1.2M once all the projects become active. That generates a SSA rate of about \$0.30 per \$100 of EAV for the SSA. I calculated the total tax rate for the SSA in that portion of the City and we would be at approximately \$1.18, based on generally a 1% increase in the value of property over time. It would be a 33% increase in the tax bill for the effected properties, \$145.00 annually to pay for the SSA.

We also discussed what the impact would be if we decided that 50% of the expense should be funded as though it will be a public benefit to the City, and the other 50% coming from an SSA. If we assume that the public benefit is ½ then the impact would be cut in half, the tax rate would go down to about 16.5%. A house with a \$300,000 market value would pay \$145.00 more in taxes annually to fund the SSA.

**Ald. Payleitner:** This is the watershed, right? There are areas in here already paying for SSA?

**Mark:** There are some SSA's here, for maintenance of yards, and retention basin.

**Ald. Payleitner:** I would say that's for this. They're paying not just for lawn mowing.

**Mayor Rogina:** The purpose of this discussion is look at the options, and how to increase revenue to fund the three big projects.

**Mayor Rogina:** Compensation for Council. Not so much the increase in pay for your salary, but basically for expenses, internet allowance, council absence, etc. There is no policy what-so-ever on docking people for absences. With respect to increase in your compensation regarding your expenses Attorney McGuirk has submitted some information.

**Atty. McGuirk:** The statute says you can't increase your salary. It can be increased for the next crew coming on, but needs to be done at least 180 days before. The question is if you have a lump sum reimbursement, can it be paid every month. There is a case in Delaware regarding lump sum reimbursement, and the court said you can't change that during your term. It's different than expense reimbursement. I think we have that as well. Do we have two policies Chris?

**Chris:** I've never seen a policy for reimbursement of expenses. Our practice has been, for those various types of expenses, we would reimburse with a copy of the mileage voucher, receipt, etc.

**Atty. McGuirk:** The lump sum component that we apparently have for the internet can't be changed during a term.

**Mayor Rogina:** Another request was the idea of City council being paid for committee meetings. That would be an increase in pay as well.

**Atty. McGuirk:** Yes.

**Mayor Rogina:** I would suggest that in 2019, there is a vote 180 days before so that half the council would benefit. We would have until 2021 make adjustments for that election period. I think the Mayor is underpaid and the Council is underpaid. We have some time to review the policies for the purpose of having something in place for 2021 election cycle.

**Atty. McGuirk:** I think what we have is two programs; we have a lump sum for internet and reimbursement for seminars, etc. Based on what Art is saying, I don't think you can get reimbursed more for the internet during your term. I think that's what the lump sum policy is for, internet.

**Ald. Lemke:** You can't undo the lump sum and convert to actual.

**Atty. McGuirk:** Not during your term.

**Ald. Lewis:** I think we get paid 1 hour at the \$175, and at the beginning of every month there is a reimbursement for internet. Two years ago it went from \$30 to \$35.

**Atty. McGuirk:** That had to do with an audit.

**Ald. Gaugel:** If none of us were on City Council we would still have internet at home. I agree the Mayor is underpaid, but not the Council, and the internet.

**Mayor Rogina:** Is anyone interested in moving this forward for 2021? Are there any objections?

**Ald. Payleitner:** I'm not breaking even on this job. I did bump up my internet to compensate. I do use my cell phone more now. There are a lot of expenses. I'm not talking about per-meeting stipend. I'm talking about the other expenses.

**Ald. Lewis:** There are some expenses, and there are some things when we go to Illinois Municipal League (IML), or different things, and there is no money in the budget.

**Mark:** We reimburse for IML.

**Ald. Lewis:** I feel there should be some money in the budget for council to do some things besides a legislative lunch. Alderman represent the City. Put some money in the budget, if we don't use it, then it's a surplus.

**Mayor Rogina:** I have no problem with that. Staff members put it in the budget for seminars. Council needs to go out and experience things, and get other ideas.

**Mark:** If there is something you want to attend send it to the Mayor or me and we'll get it in the budget.

**Ald. Bessner:** At one of our last retreats when this came up, if you remember, we were told with the comparable information we were shown, the point I made at that time was; if not now, when? We're talking about 16 years. It's not necessarily for me or us, but to set the bar for the future.

**Ald. Payleitner:** The stipend isn't what I'm concerned with; it's what's coming out of our pockets. There are expenses that go along with this job. My reason for the comment was not to get a raise, but get reimbursed.

**Mark:** We were recently informed by Sikich that the people working on our project resigned in July. Needless to say we're behind schedule. Sikich has promised information back to us by the end of October. I would suggest that we follow up on compensation and expenses as it relates to City Council and bring it all back and discuss it all at one time. Is there any guidance you want offered on attendance?

**Ald. Stellato:** If we have a problem with excessive attendance issues we can discuss that when it come up.



**Mayor Rogina:** In the years I've been here I would say we're well above 90% in attendance for all meetings.

### **CVB/Downtown Partnership/Chamber**

**Mayor Rogina:** Mark and I believe there is a lot of benefit to the community in general if we could get these three organizations somehow to work closer.

I heard Lexington mentioned, and First Street. Lexington has been silent, there is a TIF there. We've got 1<sup>st</sup> Street building 6 coming up.

**Ald. Stellato:** Let's talk about 1<sup>st</sup> Street building 7B, the other half of the BMO Harris site. That model fits the profile exactly. It's meant for entry level affordable housing, and it's in a great location. On the Lexington side there is TIF financing. If they add some element of affordable housing we may be able to bridge that gap and get affordable housing. It is important to us to get that property cleaned up.

**Mayor Rogina:** That's certainly an opportunity for us.

**Ald. Bancroft:** Does the gap get bigger if you require more affordable?

**Rita T:** We've not paid anything on that TIF. It has a 23 year life span that started in 2013.

**Chris:** It has as 23 year life, has approximately 20 years left.

**Ald. Lewis:** What else for 1<sup>st</sup> Street building 6, any other ideas?

**Rita T.:** It's been defined as underground parking, retail on the first floor, office on floor 2, and residential on top.

**Mayor Rogina:** It's my understanding from conversation at the Tree Commission there is interest in creating a Natural Resources Commission; it's to be determined if they should be separate, or stay the same. People are asking what the City of St. Charles is doing to go green, what projects are we engaging in. If approved, the Natural Resources commission would work to do that. Having said that, and knowing that several cities are looking towards efficiency in lighting; I'm going to ask Peter to talk about the handout you received on LED lights.

**Peter:** I think you've had the handout for about a week now. I'll highlight a few things. Public Works is geared up and ready to go; we just need to know when you want us to do it. We can get most of the LED streetlight conversions done in 2 years, or fan it out over the 10 years. When a streetlight goes out we currently replace it with an LED light.

The city owns and maintains about 3300 streetlights, 2200 are roadway lights and are the easiest to convert. They also account for about 75% of the power that's out there. The others are decorative and are more expensive to replace, but are only 25% of the energy savings. Our plan would be to do streetlight conversion first and then move on to the decorative pedestrian type lighting as it comes up.

As I mentioned, we have already done some LED conversions. Each one is about \$350, it would be \$770,000. The return on investment is about 7 years, with a 50% reduction in energy cost. The City spends about \$300,000 per year on streetlight power and an additional \$50,000 in maintenance. The

maintenance of an LED light is reduced because they are more efficient. It's really about how fast you want us to get started.

**Mayor Rogina:** You mentioned a 2 year plan, budgeted for FY 18/19 and 19/20 with a price tag of about \$375,000.

**Peter:** Yes that would cover 75% of our lights over a 2 year period.

**Mayor Rogina:** We have a lot of green people in our town. I'd support that, to me it's a positive move that most of the community would embrace.

**Ald. Gaugel:** The sooner we do it the sooner we get the payback. I'd be in favor.

**Ald. Lewis:** I agree and would like to take it further. Could we make it mandatory that new construction have LED lighting?

**Mark:** That would be a change the subdivision code.

**Ald. Lemke:** It bothers me to say we're going to tell other people what style of light. I'm convinced this is good, energy savings and payback.

**Ald. Lewis:** Maybe we could give incentives to people who would put that type of lighting into their plan.

**Ald. Stellato:** I agree with the program. In our industry we are looking at using solar lights in parking lots. I'd like to run down the path of getting possible solar lights out there.

**Ald. Bessner:** Would this come out of the Electric Utility Fund?

**Mark:** It would be a part of the General Fund.

**Mayor Rogina:** This has been a great retreat. The conversation has been lively and free flowing. I commend all of you today and appreciate your participation.

Motion by Ald. Stellato, second by Bessner to adjourn the meeting at 12:29 pm.

**Voice Vote:** Ayes: unanimous; Nays: none. Motion carried.

:tc