

**MINUTES
CITY OF ST. CHARLES
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, APRIL 2, 2018**

1. Call to Order

The meeting was convened by Chairman Bancroft at 7:24 pm

2. Roll Call

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

Absent: Vitek

3. Omnibus Vote – None

4. Administrative

- a. Video Gaming Statistics – Information Only

5. Police Department

- a. **Recommendation to approve a Street Closure for the Annual Farmers Market taking place June, 2018 through October, 2018.**

Chief Keegan: As the Council knows this is an annual event on 4th Street adjacent to the Baker Memorial Church. I'd be happy to answer any questions.

Motion by Ald. Stellato, second by Silkaitis to recommend approval a Street Closure for the Annual Market taking place June, 2018 through October, 2018.

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

- b. **Recommendation to Approve Use of Langum Park for the 2018 Train the Trooper Event.**

Chief Keegan: Kim Malay is here if you have any questions. The information is identified in your packet. It will take place Saturday, April 28. They are asking for use of the park adjacent to Public Works from 9 am – 5 pm.

Motion by Ald. Stellato, second by Ald. Lemke to recommend approval of the Use of Langum Park for the 2018 Train the Trooper Event.

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

6. Information Systems

- a. **Recommendation to approve an Agreement with Sentinel Technologies to Provide Network Assessment and Design Services for a fixed cost of \$66,335.**

Steve Weishaar: The foundation of this project is the City's computer network, the collection of all computers, laptops, servers, firewalls, switches, routers, wireless access points, telephones, and the fiber that connects the City buildings. It's how we communicate with each other and exchange information; as a result the City's network is essential to business operations. The meet the needs for an updated network we release a request for qualifications (RFQ) to identify assessment design service consultants that met the required experience and qualifications. We received 3 responses. Two of those vendors were selected to receive the request for proposal (RFP). The scope of the project is outlined in the RFP, including the following:

1. The assessment piece – to document the current state of our network
2. The design piece – developing a comprehensive and updated design utilizing industry best practices.
3. Developing a bill of materials for future RFP used to procure the hardware and professional services needed to actually implement that design.
4. Evaluating the City's data center requirements and capabilities.

We received 2 responses from the RFP. The City's evaluation team which was comprised of staff from the IS department as well as public works electric division, reviewed and evaluated the proposals. Based on the top rank score and lowest cost the staff is recommending approval of an agreement with Sentinel Technologies to provide network assessment and design services for a fixed cost of \$66,335.

Ald. Gaugel: What was the cost of the other proposal received? The way I read this; they weren't the lowest but they were the highest weighted for the cost.

Steve Weishaar: The actual proposal cost was \$57,200.

Ald. Gaugel: What were the compensating factors why this vendor was chosen over the other, what were the things that were deficient in the other proposal?

Steve Weishaar: We had a number of evaluators looking at this. Sentinel received the higher evaluation score. We have worked with Sentinel Technologies in the past, they are a local company with very good local references, municipal referenced, have worked on assessment design services in the past. They're networking capabilities and certifications and engineers are at a higher level than what we received from the other vendor.

Motion by Ald. Turner, second by Lemke to recommend approval of an Agreement with Sentinel Technologies to Provide Network Assessment and Design Services for a fixed cost of \$66,335.

Chair. Bancroft: This looks like a proposal specifically for a redesign and update of the network. I assume within all of this you have subsets of security.

Steve Weishaar: This will tie in very nicely with the security program that we've developed. It will bring a lot of security enhancements.

Chair. Bancroft: Is that something specifically enumerated in the RFP?

Steve Weishaar: Not necessarily. There are pieces to security that are not in scope for this project. I did mention, any Council is probably aware, we are undergoing a security program development and we're in the final stages. There is going to be a lot of mediation steps needed. This network redesign is going to fix a lot of those issues.

Ald. Lemke: Would you segment the utility billing off from other parts of the network?

Steve Weishaar: There is a lot of segmentation we can do from a network standpoint.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Bancroft did not vote as Chair.

Motion Carried.

7. Finance Department

a. Recommendation to approve the Service Agreement and Funding for the Downtown St. Charles Partnership for FY 2018/2019.

Chris Minick: Included in your packet tonight is the formalized service and funding agreement for the Downtown St. Charles Partnership (DSCP) for funding year 2018/2019, in the amount of \$245,000 from SSA 1B proceeds as well as an additional \$7,000 reimbursement for the holiday advertising program.

The DSCP made its annual funding presentation earlier this year in February; we're bringing back the formalized documents for your consideration.

Motion by Ald. Turner, second by Stellato to recommend approval of the Service Agreement and Funding for the Downtown St. Charles Partnership for FY 2018/2019.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Bancroft did not vote as Chair.

Motion Carried.

b. Recommendation to approve the Service Agreement and Funding for the Greater St. Charles Convention and Visitors Bureau for FY 2018/2019.

Chris Minick: The second item is similar to what was just presented. It's for the Greater St. Charles Convention and Visitors Bureau and their amount of funding is \$503,382 for fiscal year 18/19. I believe they presented at the March 12, 2018 Planning & Development Committee.

Ald. Payleitner: What was that amount?

Chris Minick: \$503,382.

Motion by Ald. Stellato, second by Gaugel to recommend approval of the Service Agreement and Funding for the Greater St. Charles Convention and Visitors Bureau for FY 2018/2019.

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

c. Recommendation to approve the Service Agreement and Funding for the St. Charles History Museum for FY 2018/2019.

Chris Minick: Also this evening the service agreement and funding agreement for the St. Charles History Museum is included for fiscal year 18/19. A request was made 2 weeks ago at the Government Operation Committee meeting for them to come forward and make a brief presentation.

Dianna Brown: 1436 S. Third Street, St. Charles. I'm speaking on behalf of the Museum Board. We appreciate the amount you've included in the proposed budget. I respectfully request that you give further consideration to increasing the amount to \$42,000 that was requested in an earlier presentation. I understand that the City can't commit to future years funding.

The Museum has made remarkable progress in the last few years. We've received grants and gifts to improve our exhibit hall giving it more flexibility and more technology. We've received over \$40,000 in estate requests. We've expanded our community outreach and programs, developed partnership with local groups and we've greatly improved our retail shop. We feel we need the \$42,000 to really sustain this momentum and the level of excellence. Even with 64,000 fundraising hours per year our staff can't fully focus on their responsibilities. Most of the time goes into fundraising.

The City's strategic plan recognizes the importance of heritage and community and our History Museum has a tangible connection to our shared paths that supports our sense of community.

Chris Minick: Staff would be seeking direction as to what level of funding would be appropriate for the Committee. We have included \$35,000 in the proposed draft budget for fiscal year 18/19, and I believe they are requesting \$42,000.

Ald. Bessner: I have no issue allotting them \$42,000. As was stated heritage, history is part of St. Charles. We just talked about a budget in which we have other big projects in the works, but I think for the amount of money they are looking for I would be willing to fund the difference.

Motion by Ald. Bessner, second by Lemke to recommend funding of \$42,000 for FY 18/19 and to approve the Service Agreement for the St. Charles History Museum.

Ald. Silkaitis: I like the idea but keep in mind we're adding \$7,000 to the budget that has to be balanced. I'm in favor of this.

Ald. Turner: If the gas tax would come to pass could that money be used to fill this gap?

Chris Minick: We would provide funding from another source to cover this based on the fact that the gas tax would be included. Right now we're proposing the gas tax be used for roadway improvements.

Ald. Stellato: I'm in favor of this.

Ald. Lewis: This would come from the hotel/motel tax normally, but not this year. Or can we use some of that if it wasn't designated to the CVB?

Chris Minick: The funding request is less than it has been in prior years. We have adjusted the budget to reflect that. There isn't an overage there.

Ald. Lewis: Is there a possibility of ever raising the hotel/motel tax to help fund these organizations?

Chris Minick: That's something we could take a look at.

Roll Call: Ayes: Silkaitis, Payleitner, Lemke, Turner, Gaugel, Bessner, Lewis, Stellato; Nays: None. Chrmn. Bancroft did not vote as Chair. **Motion Carried.**

d. Seeking Direction and a Recommendation on the Implementation of a Locally Administered Gasoline Tax at the rate of \$.02 per Gallon

Chris Minick: Two weeks ago we came forward, as part of the budget draft, a proposal for a municipal fuel tax. At that point the Government Operations Committee indicated that they weren't comfortable moving forward and asked for more discussion. Tonight I'll make a brief presentation and we'll be seeking your feedback.

We suggested an implementation of a tax of \$.02 per gallon of fuel sold within the city limits. We talked about a November, 2018 implementation date which equates to roughly half of our fiscal year. Tonight we're seeking your feedback as to whether this is an acceptable concept and is something you would like to explore further, or if at this point this isn't something that you're interested in implementing. If this is an acceptable concept and you would like to evaluate it more we would consider bringing back a formal enabling ordinance along with some additional analysis at a committee meeting in June, 2018.

Why are we discussing the local fuel tax? What is making this proposal come forward as a potential revenue enhancement? We talked about the slow growth in our revenue streams. Operational costs are continuing to climb. We're seeing increased pension costs, also undertaking some significant capital projects and are having some debt service costs that are increasing related to that. These two phenomena are coming together and creating a shortage of capital funds. This is not a new concept; we've known this was coming.

At a city council retreat in June, 2014 we started talking about the fact that we had limited capital projects expenditures historically. We continued to see that a lack of increase in operating revenues would squeeze out our ability to fund capital projects. We also talked about the extent of roadway and other projects anticipated undertaking through the end of this fiscal year. Since this discussion in June, 2014, substantially at all of our retreats and budget discussions this concept has been discussed in some way. We've been aware it's coming, however its implementation is starting to be a necessity; primarily because of those increased pension cost and projects.

Why a local fuel tax now? Roadway improvements compete with our other capital needs. We mentioned that \$45.2M stream of revenues and expenditures that comes out of the General Fund; that funds a myriad of things the City undertakes. It funds all our general governmental operations, our debt service cost, a substantial portion of our capital improvements, as well as roadway and drainage system improvements. Each year we have to defer, cut, or bond projects. Not just roadway, but all manner of capital projects. A fuel tax would provide a dedicated funding source for those roadway improvements in the amount of about \$450,000 a year.

When we talk about bonding our projects, we're actually going into the bond market to price some bonds tomorrow. We had a ratings call with Moody's a week ago, and they are beginning to caution about the rising city debt levels in the most recent analysis report. It's something they are going to be keeping an eye on going forward. Our AA rating was maintained, however it was brought up as something to keep an eye on going forward.

Because of all those funding sources that the General Fund's revenue streams finance it's not likely to get better in the future without some action. What we're looking to do with the implementation of the gas tax or other alternative revenue sources is to try to pull our revenue up towards our expenditures.

Some other reasons we're considering the local fuel tax, it's relatively minor in scope, it's a user tax, if you don't drive, you don't incur the cost. If you consume 20 gallons of fuel per week that equates to approximately a \$21 impact assuming a \$.02 tax rate per gallon sold. It applies to residents and non-residents. There are many communities in the area that have implemented a municipal fuel tax.

How does the revenue break down? Each penny of tax would likely generate somewhere between \$210,000 - \$270,000 annually. I've had some informal discussions with some area finance directors, and some others throughout the state, based on their experiences that's the range we would likely be. We've estimated the revenue to be about \$212,500 per penny on an annual basis. Those are initial and preliminary estimates. The precise amount of the tax is very hard to calculate before it's implemented because no one tracks the number of gallons sold by municipality. Once the tax is up and running you have your own experience you can rely on. We anticipate we'll get probably somewhere between \$425,000 - \$500,000 annually based on the conversations I've had.

I spoke with the Finance Director in Batavia and was provided with some information that allowed me to start to develop that range. Based on Batavia's experience when they're fuel tax was \$.02 per gallon, it's now \$.04 per gallon, they used to take in about \$35,000 in revenue per month from all 7 of their stations, meaning that each station generated on average \$5,000. If you divide the \$5,000 in tax revenue by the tax rate each station accounts for about 250,000 gallons of fuel sold on a monthly basis in Batavia.

In St. Charles there are currently 9 fueling stations, if we assume that each one has the same experience as Batavia, that would equate to about 2,250,000 gallons sold on a monthly basis, multiplied by a \$.01 tax, for perspective, that would generate about \$22,500 monthly, if the tax were at a \$.01 rate., or about \$270,000 on an annual basis. This is just one potential set of numbers. If we are going to move forward with the concept; I'd like the opportunity to refine

this estimate.

If we were to move forward with the concept when would we like to implement the tax? We talked about November 1, 2018, please keep in mind it's not as simple as deciding we want the tax and passing the ordinance. There are issues, because it's locally administered tax, we have to develop our own tax return and make them available to the filling stations. We would have to make sure we develop payment and verification policies and procedures in place, and also allow the filling stations time to make software changes and develop their own reporting system to provide information to the City.

If the concept is acceptable we would anticipate further discussion in about 60 days. There would be additional analysis, refine the revenue estimate and bring it back and enabling ordinance for the Committee's consideration. In the meantime we would work on developing our tax return and policy's. We would begin the process of notifying station management to keep them apprised of meetings happening, send FAQ's, and keep communication open.

We are seeking your comments and feedback on the concept of the local fuel tax, and again ultimately should we bring back that ordinance and have a future discussion in June?

Chrmn. Bancroft: You can get individual feedback on the concept but really tonight what you're looking for is if we want to move this forward as a motion to direct staff to provide information at the June meeting.

Chris Minick: That's correct.

Ald. Turner: I think we have to do this. The Moody's article you sent us raised a red flag. Any revenue that we can get that takes pressure off the General Fund, which is funded by the property tax, takes the pressure off the property tax. We're going to have to get this money one way or another. We can get it through a user tax, or we can raise the property tax. If this goes forward; it took Batavia 2 months to put this tax in, call them and get the forms.

Ald. Gaugel: I'm not in favor of this. When we're looking at putting new tax in place the 2 things I have to justify to myself are: Are we maximizing our existing revenue sources and are we spending appropriately. We heard testimony earlier from the Mayor in Council about our tax levy and how we've given the residents of St. Charles a tax cut the past 9 years. I'm confident our spending is appropriate. We should always be vigilant when it comes to our expenditures. When it comes to the existing revenue sources I can't say with 100% certainty that we are maximizing what we currently have. Part of our most recent debates with the video gaming, we haven't even let play out to its fullest. We haven't see a true full year with all of the potential establishments that want to have video gaming in place would add to the bottom line. Our estimates were high back at that time. We need to do the things that will enable our existing revenue sources to flourish. Part of that was in the most recent approval of the CVB funding, the Downtown St. Charles Partnership funding we spend this money because we feel it's an investment we will get back. We need to continue to do those things in order to maximize what we currently have out there in place.

For every community that has a gas tax, there are probably 1 if not 2 that don't have a gas tax. Going back to maximizing our revenue sources; if we were to put a gas tax in place we're not

doing anything to help our existing businesses. No one will be driven to the station because we have an additional \$.02 gas tax. If anything it will have the opposite effect. The numbers are rather staggering when you think about a gallon of gas, \$.19 the State of Illinois imposes on a gallon of gas, \$.18.4 federal, and our county is \$.04. Here we are already at \$.42 a gallon, just another \$.02, it's a minimal \$.02, isn't an argument I'm accepting of. I'm not in favor of this.

Ald. Lewis: What would the cost be to implement this program, monitor and maintain?

Chris Minick: There would be some staff time that we would incur. We'd have to follow up with stations not making payments in a timely fashion; additionally we'd have to process the payments. I'd like to be able to at some point work with IS to look at the possibility of having the filing of their returns and payment be online at some point. That would minimize the amount of processing time we have.

Ald. Lewis: Would it require more staff?

Chris Minick: No. I don't think so. Not for 9 stations. If we were to see an explosion in the number of stations, which I don't foresee, I don't think this would impact staffing.

Ald. Lewis: At this point in time I'm opposed to this.

Ald. Silkaitis: I'm still on the fence with this. When I look at the amount of \$500,000 per year, looking at the big picture, that's not much. We need other suggestions. I know you don't want to raise taxes, but how else do we cover the gap? I think we run a very lean machine here, and the State isn't helping the situation at all. We need a comprehensive plan on how we're going to balance the budget in the next 4 years when all these capital projects come due. Some are mandated by either federal or State EPA; we have to spend millions of dollars to improve phosphorus by 2%, being forced to spend this money. We have to pay these bills somehow. I don't know if I want to start with this; but I wouldn't mind doing more research on it.

Ald. Stellato: Thank you for the information you just presented. I'm leaning more towards approving this myself. I feel the impact is low enough, and Ald. Gaugel made some great points, but I believe at some point it may not be sustainable. It's a start, but at some point we have to be faced with the tax levy adjustment. This tax can always be repealed if it doesn't do what it says it does, but I believe we need to start somewhere. I'm most concerned about capital projects; I don't want to take any of those off. We've already cut back on the 7th Avenue Creek project, and I don't want to take away from the River Corridor project, those are things that are important to us. I'm okay with this; I'd like to see staff put together an ordinance for us to look at.

Ald. Lemke: My concern in the last meeting was that especially on the automotive side this doesn't appear to be a good long-term solution because the vehicle fleet is getting more fuel efficient. Given the number of units in town I think it would be unfair to have existing citizens cover with a fuel tax what should have been part of the growth of population. The only concern I have is could this happen sooner than applying a fixed rate to the property tax instead of a fixed dollar amount? Maybe that wouldn't happen as soon, but what we're hearing tonight is that it isn't immediate if we were to implement this gasoline tax.

Chris Minick: Just to remind the Committee; if there were an adjustment to be made to the property tax levy we would begin to see that revenue in approximately 1 year.

Ald. Payleitner: I'm grateful for the additional information and to my colleagues for this opportunity to have a conversation. In the meantime I was also able to put some feelers out. I found out the impact is minimal. I got more feedback saying it's not that big of a deal, especially if you put this towards road improvements. I think I could support this tax.

Ald. Bessner: I'm on the fence as well. My question is of the municipalities mentioned, can you provide information on how long the tax has been in place, what it started at of the communities that raised the tax. My concern would be that this could become a crutch when we need to raise it. It's minimum, but I don't want it to become one way to keep making adjustments for things we may not have looked at in our budget or revenue over the couple years. If we did have \$400,000 in revenue estimated in a year, if it was already enacted, that basically wipes out the 2% fee that the State charges us.

Chris Minick: The 2% administrative fee is intended to be permanent. I'm aware of legislative efforts to try to get that fee reduced. I don't know how successful they will be. The 10% income tax reduction was only intended to be for one fiscal year; however the Governor in his budget address is already indicated that he intends to request it again. It seem as though these reductions are likely to continue.

Ald. Gaugel: If the State were to wipe out all these funding cuts, and fund everything back to normal levels and we have this gas tax in place; my bet is it isn't going anywhere. One of the conversations we've had and it's been eluded to a couple of times was the levy. Looking at either a tax rate increasing the levy, to me this is one or the other. If this gets put in place we should take that off the table. We need to make sure if this is put in place it covers what we need. I don't think we can do both. That wouldn't be looked at very positively.

Mayor Rogina: Don't bet on the State. We have long-term and short-term solutions here. To your point about one or the other; whether or not you implement a gas tax is a question of if you want to fund this budget with reserves, and I don't like that idea. To your point about percentage vs. a flat amount; we as a city do take in if we do not go to a levy with a flat percentage and allow for the EAV growth, we're leaving money on the table. We're not allowing our growth to fund our future. We can have full conversation about that in the fall prior to the adoption of the levy in December. Some of you are very strong on your beliefs regarding the 7th Avenue Creek Project it's going to have to be bonded. Some are very strong advocates to move along the River Corridor project which is going to have to be bonded. Moody's is not stupid. They'll look at our ratios as see they're higher. I'm not opposed to a meaningful conversation regarding new sources of revenue. The gas tax is one that I don't think really upsets the general public. In my opinion we need to direct staff to come back with an ordinance, which we can discuss further in June.

Ald. Lewis: Are you going to do a comparison between the 2, the gas tax and the EAV?

Chris Minick: Yes we can do those types of comparisons.

Ald. Lewis: We need this money now to balance the budget. It's not going to add as doing new road projects; it's maintaining what we're trying to do. I don't see new things happening because of it, I see it maintaining the status quo. It will have to be raised; it won't ever be enough to bridge the gap. As much as I hate to do that \$200,000 plus from the reserves, I think that's the choice we have to do now and really decide for the long term what will help it along. If possible I'd like to see a comparison as to which would bring us the greater dollar.

Chrmn. Bancroft: The only thing on the floor right now is to discuss if we are going to approve a motion directing staff to bring us back a proposal in June.

Motion by Ald. Stellato, second by Turner to ask staff to prepare an ordinance for Committee to review in June, 2018 and answer questions that were proposed.

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

8. Community Development

a. Recommendation to approve a Corridor Improvement Grant for 423 S. Second Street (Ryan Corcoran – Corcoran Commercial Real Estate)

Rita Tungare: At the March Planning and Development meeting there was a grant request for 423 S. Second Street. It came before you and we were asked to continue this item because the Committee wanted some further clarification and reconfirmation whether the requested items met the eligibility criteria from the program description. Since then we have re-verified that the proposed landscaping improvements do fall within the eligibility criteria of the program description. The property is within SSA-1B and therefore the improvements are eligible for a grant. The City's share of the grant would be \$8,050. I request approval of this grant.

Motion by Ald. Stellato, second by Gaugel to Recommend approval of a Corridor Improvement Grant for 423 S. Second Street (Ryan Corcoran – Corcoran Commercial Real Estate)

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

9. Executive Session

- Personnel – 5 ILCS 120/2(c)(1)
- Pending Litigation – 5 ILCS 120/2(c)(11)
- Probable or Imminent Litigation – 5 ILCS 120/2(c)(11)
- Property Acquisition – 5 ILCS 120/2(c)(5)
- Collective Bargaining – 5 ILCS 120/2(c)(2)
- Review of Executive Session Minutes – 5 ILCS 120/2(c)(21)

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

11. Adjournment

Motion by Ald. Lemke, second by Turner to adjourn the meeting at 8:12 pm.

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