

MINUTES
CITY OF ST. CHARLES
GOVERNMENT OPERATIONS COMMITTEE
ALD. RON SILKAITIS, CHAIR
MONDAY, NOVEMBER 8, 2021

1. Call to Order

The meeting was called to order by Chairman Silkaitis at 7:36 pm.

2. Roll Call

Present: Ald. Pietryla, Ald. Wirball, Ald. Bessner, Ald. Weber, Ald. Balla, Ald. Payleitner, Ald. Bongard, Ald. Bancroft, Ald. Lencioni.

Absent: None

3. Finance Department

a. Recommendation to approve the Preliminary Estimate of 2021 Property Tax Levy in the amount of \$24,576,475.

This is a continuation of the discussion at the Government Operations Committee meeting on November 1, 2021. Heather McGuire reminded the committee that the proposal is to increase the levy amount by 4.99%, which is the Truth in Taxation limit. Heather acknowledged the challenge in reviewing this issue separate from the City budget timeline. This year's recommendation is partially based on last year's budget and due to some of the shortfalls and reductions that occurred, and that we anticipate happening again in the future.

From the City Administrator's viewpoint, this change allows the City to diversify revenue sources and create a more stable revenue stream which is not dependent on the same influences as other taxes. Budget numbers have risen by \$2-3 million annually for the last several years. This is largely due to pension obligations and union contract salary commitments. Debt service payments will be increased and this levy will allow us to undertake some necessary projects without issuing bonds, and paying interest on those, to fund them.

Each department head presented financial impacts and rationale.

- Peter Suhr presented Public Works information. Last year the Public Works budget was reduced by \$1.5 million. The LED street light replacement project, with 10-year return on investment, was put on hold. The State Street Creek storm improvement project on west side has not yet started the design phase. 7th Avenue Creek project phase 1 was started, and phase 2 was put on hold. Street rating process is normally done every five years and is now going on 7-years. A new bike and pedestrian plan has been pushed for 3-5 years. Capital projects are usually funded through bonds, and the items include Indiana Street pedestrian bridge replacement, Red Gate bridge guardrail painting, and Peck and Campton Hills permanent traffic signal (temporary light since 2002.) General Fund/Operational budget items affected are road salt, snow and ice removal services (affecting cul de sacs), increased need for landscaping maintenance in downtown,

street repairs (currently on 55-year replacement cycle and would like to be on a 25-30-year cycle,) sewer and water utilities. Klinkhamer parking deck repairs have not been funded since the structure was built.

- Jennifer McMahon discussed Human Resources department budget initiatives which have been suspended or unfunded. We are looking to retain our “destination employer” status in order to provide top tier service to residents. We would like to develop marketing for our brand as an employer and need outside assistance. Tight labor market causes candidates to look beyond salary to understand what else is offered. Police, Firefighter/Paramedic, Building & Code employees, Water/Wastewater, and Linemen positions are most affected. St. Charles’ compensation and benefits are currently comparable and we would like to explore caregiving benefits to provide competitive edge for City as employer. Legal and legislative changes cost impacts such as administrative leave need to be researched and developed. Need to keep pace with costs that are thrust upon us.
- Chief Swanson represented the Fire Department budget items, which focus on deferred capital projects. Station 1 was downsized by 25% (one bay) when it was built in 2009, and the compensatory space was planned to be added to Station 4 which has been deferred for the last 10+ years. Equipment is therefore stored outside and possibly not ready to respond as quickly as desired. Fire Stations on east and west sides are more than 30-years old. Ongoing repairs have been done but no upgrades. Training tower is 40-years old, and needed replacement has been deferred from budget for the last 5 years. One position’s staffing remains unfunded.
- Larry Gunderson represented the Information Systems. Deferring infrastructure projects for many years causes us to not adhere to best practices for retiring/replacing systems and hardware. An upcoming key project is to replace the City website and related technology, including streaming public meetings live.
- Chief Keegan discussed Police Department staffing, and shared that the plan to increase sworn peace officers from 58 to 60 was deferred. Several additional part-time positions have not been filled. Tri-Com dispatches 24/7 and our police records department is not currently staffed 24/7. The equipment replacement fund has not been funded for the last 3 years. “Find Money” is no longer sufficient to fund squad cars as it has done in the past 2 years. Travel and training budgets have been cut. Body cameras, an unfunded State of Illinois mandate, take effect in 2025. While the department seeks grants, the City needs to start planning for this requirement.
- Heather McGuire advises the committee that half of the proposed tax increase will go toward operations and half toward pension obligations. We intend to continue to provide a high level of quality services for local residents and businesses.

After the presentations, the committee made comments and asked questions. Several aldermen expressed support for the 4.99% levy, stating that the City has been fiscally responsible, and have maintained level for several years. Now there are projects that need to get done. The information from staff is helpful and appreciated. A question about passing the levy at a different time than the budget was answered by stating that this is the same schedule we have historically used, due to required timelines for the separate processes. Heather agrees that the recession in 2009 was the right time to freeze tax rates, and believes that it would have been advantageous to resurrect the increases when the property tax EAVs started to rise again.

It was expressed that the levy/budget discussion should be an ongoing dialog between council and staff, rather than an event. Debt has increased by \$1 million/year over the last 9-10 years and doubled the pension obligation, underfunded vehicle replacements, and added a TIF funded at interest-only level. Monies were able to be placed in reserves because of the many approved projects that were not undertaken. It is fiscally responsible to enact this levy and get trends moving in a more positive direction. We want to remain an attractive community for new development and residential services.

Two aldermen stated that they would like to wait on the levy increase. The American Rescue Plan Ac grant will be applied for in July, and the City hopes to receive over \$4 million. This item will be discussed in February when the budget is developed. We cannot use grant funding to repair ongoing budget deficiencies. Build Back America Fund is another issue for which we will have more information later.

Colleen Lavery met with multiple aldermen to help them understand the City's fiscal situation, and several attendees expressed gratitude for her efforts.

Heather McGuire would like to see the City self-fund smaller projects rather than issuing bonds to pay for those.

Mayor Vitek commends the Council for making this difficult decision and considering short and long term strategic planning. It's noted the time invested and support of directors and staff.

Motion by Ald. Lencioni, second by Ald. Weber to approve the Preliminary Estimate of 2021 Property Tax Levy in the amount of \$24,576,475.

Roll Call Vote: Ayes: Ald. Bessner, Ald. Weber, Ald. Balla, Ald. Payleitner, Ald. Bongard, Ald. Bancroft, Ald. Lencioni; Nays: Ald. Pietryla, Ald. Wirball; Absent: None. Chairman Silkaitis did not vote as Chair. **Motion Carried.**

b. Recommendation to approve an Ordinance Terminating the Designation of the Foundry Business Park Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area, and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area.

Collen Lavery shared that this TIF was created in 1997. There were blighted areas around Moline Foundry and numerous dilapidated building in the area. Redevelopment included addition of a business park, light manufacturing facilities, and commercial offices. The City improved infrastructure by improving roadways, sewage infrastructure, and utilities. This is one of the most lucrative TIFs that the City has undertaken. Additional funds may be requested to be committed this year to be spent next year, as is allowed in the protocols. Since the TIF has reached its expiration timeframe of 23 years, it's is requested to be terminated.

Motion by Ald. Wirball, second by Ald. Bessner to approve an Ordinance Terminating the Designation of the Foundry Business Park Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area, and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area.

Voice Vote: Ayes: All; Nays: None; Absent: Ald. Bancroft. Chairman Silkaitis did not vote as Chair. **Motion Carried.**

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

There were no additional items offered.

5. Executive Session

There was no executive session.

6. Adjournment

Motion by Ald. Lencioni, second by Ald. Bancroft to adjourn the meeting at 8:27 pm.

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

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