

MINUTES
THE CITY OF ST. CHARLES
GOVERNMENT OPERATIONS COMMITTEE
ALD. RON SILKAITIS, CHAIR
MONDAY, OCTOBER 3, 2022

1. Call to Order

The meeting was called to order by Chair Silkaitis at 7:15 pm.

2. Roll Call

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

Absent: None

3. Police Department

- a. Recommendation to Approve an Amplification Permit and a City Parking Lot Closure for the 3rd Street Dance & Theatre Academy Performance.

Chief Keegan advised the Committee that the event is scheduled on Saturday, October 29 from 12:30 – 4:30 pm. The parking lot is adjacent to the dance studio.

Motion by Ald. Wirball, second by Ald. Weber to recommend the approval of an Amplification Permit and a City Parking Lot Closure for the 3rd Street Dance & Theatre Academy Performance.

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

- b. Recommendation to Approve a City Parking Lot and Street Closure for the Baker Memorial United Methodist Church Trunk or Treat Event.

Chief Keegan advised that the event will be held on Sunday October 23 from 3:00 – 4:30 pm. The parking lot closure would be from 9:00 am to 5:00 pm to allow for set up.

Motion by Ald. Kalamaris, second by Ald. Payleitner to recommend the approval of a City Parking Lot and Street Closure for the Baker Memorial United Methodist Church Trunk or Treat Event.

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

- c. Recommendation to Approve St. Charles Business Alliance Request for Amplification and to Partially Close 1st Street to Host Lighting of Lights on the 1st Street Plaza.

Motion by Ald. Pietryla, second by Ald. Bessner to recommend the approval of a St. Charles Business Alliance Request for Amplification and to Partially Close 1st Street to Host Lighting of Lights on the 1st Street Plaza.

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

- d. Recommendation to Approve Amplification and a Resolution for the Closure of Routes 64 and 31 for the Holiday Homecoming Electric Christmas Parade.

Chief Keegan shared that this event is scheduled for Saturday, November 26. Additional costs will cover enhanced security.

Motion by Ald. Weber, second by Ald. Kalamaris to recommend the approval of Amplification and a Resolution for the Closure of Routes 64 and 31 for the Holiday Homecoming Electric Christmas Parade.

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

4. Finance Department

- a. Recommendation to accept the financial and other reports for the fiscal year ending April 30, 2022, including the Annual Comprehensive Financial Report, Independent Auditor's Report Pursuant to Uniform Guidance, Board Communication, Pension Fund Reports, TIF Compliance Reports, and Sales Tax Revenue Bond Compliance Report.

Bill Hannah introduced Jim Savio of Sikich, 1415 West Diehl, Naperville. Sikich has conducted the City's audits for the last several years. Jim shared that the audit process has gone exceptionally well with all documentation provided and questions answered. Jim offered some highlights of the Annual Comprehensive Financial Report.

- Introductory, Financial, and Statistical sections are included, with focus on the Financial section and financial statements, covering short and long-term measurement focuses.
- Independent Auditors Report includes – some new standards were adopted, and opinions are shown at the beginning of this section. This year an “unmodified opinion” was again issued to St. Charles, which is the highest level of assurance that can be provided to the City on the financials.
- Management Discussion and Analysis is a great overview of the City’s financial position, changes in the financial position, and trends.
- General Fund Balance Sheet shows the unassigned fund balance amount is ~\$25 million, up from ~\$19 million in the prior year, due mainly to favorable operational results, and elimination of the \$3.4 million assigned for subsequent year’s budget since a deficit budget was not adopted for FY 2022-23 and is about a 7-month reserve.
- Income Statement shows an excess of revenues over expenditures (before transfers in/out of ~\$11 million, up from ~\$9 million in the prior year.)
- Board Communication Report is the auditors’ communication to the Mayor and City Council. This years’ report reflects routine issues, and there were no audit adjustments, which reflects the good work of the City’s finance team. The management letter indicates that no material weaknesses were identified, and no significant deficiencies.
- Several TIF reports were issued, and police and fire pension fund reports.

Bill Hannah shared several pertinent points.

- Sales tax revenue was strong last year, up ~20%, which was a \$3.9 million increase over the prior year. That trend of positive year-over-year monthly increases appears to be continuing as illustrated in the monthly Finance and Treasurer reports.
- \$3.4 million was transferred to the capital projects fund, which allowed the City to fund this year’s capital projects without issuing new bonds.
- TIF fund progress was made, and some negative fund balances were reduced.
 - In response to a question about the 1st Street TIF, Bill explained that TIF expires in 4-5 years, and there is still outstanding debt related to that project.
- Actuarial valuations for the police and fire pension funds measured as of April 30, 2022 reflect a small increase in the City’s required police and fire pension fund contributions for next year.
- Utility funds showed positive overall net income for the year.

Motion by Ald. Pietryla, second by Ald. Wirball to recommend the acceptance of the financial and other reports for the fiscal year ending April 30, 2022, including the

Annual Comprehensive Financial Report, Independent Auditor's Report Pursuant to Uniform Guidance, Board Communication, Pension Fund Reports, TIF Compliance Reports, and Sales Tax Revenue Bond Compliance Report.

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

- b. Recommendation to Discuss and Approve a **Resolution** Adopting a Debt Issuance and Management Policy.

Bill Hannah reminded the Committee that in 2021 the City refunded ~\$28 million in existing debt and issued ~7.4 million new debt to fund capital projects and take advantage of low interest rates. The City's credit 2021 rating was Aa1, which is the second highest rating possible. One of the post-issuance / credit rating recommendations was for the City to adopt a formal comprehensive debt issuance and management policy.

As of April 30, 2022, the City had \$108 million general obligation bonds and ~\$46 million in outstanding IEPA loans. Because of project commitments, the IEPA loan amount is expected to increase to ~\$75 million over the next few years. Currently the City does not have any debt refunding or debt issuance plans. Comparing to other comparable communities including other communities with electric utility operations, St. Charles ranks highest in terms of total outstanding debt and loans based on information as of 2021. As a home rule municipality, St. Charles doesn't have a debt limitation like non-home rule communities do.

The City's five current debt practices are:

- Confine long-term borrowing to a time period not to exceed the useful life of the asset. This is also incorporated into the new policy.
- The City will fully disclose information in financial reports and statements.
- Make sure bond covenants are met.
- Debt service should not exceed 10% of the operating expenditures of the general fund and 15% of the enterprise fund. The new policy for the General Fund is similar. The new policy for Enterprise Funds incorporates a debt service coverage ratio instead of a percentage.
- Capital expenditures of less than \$500,000 will not be financed. This is also incorporated into the new policy.

Some new items added to the debt policy are:

- Debt will not be issued to finance operating expenses or operating deficits
- Alternatives to debt financing will be considered such as pay-as-you ongoing

- revenues, loans, etc.
- Credit rating impacts will be considered when considering the impact of the issuance of debt or other financial decisions.
- Capital projects costing less than \$500,000 will be funded using ongoing revenues or resources on hand. Utility rates will be adjusted to fund projects costing less than \$500,000.
- Repayment terms no longer than 20 years.
- Bank qualification will be considered.
- Call provisions to be 10 years or less.
- Variable rate debt will be no more than 10% of the total outstanding debt. The City currently does not have any variable rate debt.
- Ratio of governmental funds debt service shall be reduced and maintained to be no more than 10% of revenues. The City is currently at 12% and 10% is achievable in the next few years.
- Each enterprise utility fund shall maintain debt service coverage ratio of 1.0. After operating revenue/expense there should be enough funds on hand to pay the debt service in each utility fund. Water and sewer fund metrics will be improved over time.
- TIF financing assistance per the City's Economic Incentive Policy is pay-as-you-go. If TIF-related bonds are considered for some reason, the policy provides that current actual or projected debt service coverage would be at least 120%. These parameters will provide guidance in a case where the City decides to make an exception to the pay-go policy. After discussion it was said that this language will be reviewed to potentially add limits or narrow this prior to Council approval. Staff cannot anticipate all future scenarios to be considered.

Committee members expressed concerns about the current level of debt, and would like to establish what is a reasonable maximum level of debt for a City of our size and age. Rather than create a red line, the debt policy intends to create an overall philosophy to use in decision making going forward when it comes to debt issuance and capital funding. All decisions or exceptions are still ultimately made by the City Council.

Bill recommends that debt policy should be reviewed every one to two years to see if any changes should be proposed. This item will be non-omnibus for City Council decision.

Motion by Ald. Payleitner, second by Ald. Pietryla to recommend the approval of a Resolution Adopting a Debt Issuance and Management Policy, subject to language review and possible changes regarding TIF-related debt provisions.

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

- c. Recommendation to Approve an **Ordinance** Terminating the Designation of the Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area (The Lexington Club), and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area.

Bill Hannah reminded the Committee that the Lexington Club TIF District was established in 2013 as a planned development of single-family homes and townhomes. The development did not get started, and minimal increment has been deposited in the fund. State law requires the TIF district be terminated if development has not been started within seven years. The Ordinance would be effective in October 2022.

The City had been working with the developer of Lexington Club. Cleanup work was to be done as part of the project, and since the project did not proceed, there may be code violations at the property. Community Development can revisit that with the property owner now that the TIF district is being terminated.

Motion by Ald. Payleitner, second by Ald. Wirball to recommend the approval of an Ordinance Terminating the Designation of the Redevelopment Project Area as Created by the City of St. Charles as a Tax Increment Financing Redevelopment Project Area (The Lexington Club), and Dissolving the Special Tax Increment Allocation Fund for Said Redevelopment Project Area.

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

5. Community Development

- a. Recommendation to approve amendments to City Code Section 12.04.102 "Outdoor cafes and food carts in public places" regarding Winter Season Outdoor Cafés on the First Street Plaza.

Russ Colby reminded the Committee that the outdoor café requirements were last updated in March 2022 to allow for expanded use of the 1st Street Plaza during summer months. The current provisions allow for use of the space until October 31, and two businesses have asked staff for limited use of the public space over the winter. The central portion of the plaza would remain open.

The code change proposes use of the space from November 1 through April 14 (with summer use period restarting April 15). Permits (cost ~\$2000-3000 each) would be issued for use through March 1, due to the expectation that construction may happen on the plaza starting in March. If the next phase of plaza construction does not begin as expected, the permits could be extended through April 14.

Ken Hendricks of Alter Brewing addressed the Committee, expressing enthusiasm about having the unique globes again during the winter months.

It was requested that the Committee review this issue again in Spring 2023, including uniformity of design and permit fees.

Motion by Ald. Wirball, second by Ald. Pietryla to recommend the approval of amendments to City Code Section 12.04.102 “Outdoor cafes and food carts in public places” regarding Winter Season Outdoor Cafés on the First Street Plaza.

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

- b. Recommendation to approve a Right of Way License Agreement with STC Idlehour, LLC for an Accessibility Ramp located in Public Sidewalk at 7 S. 2nd Ave.

Russ Colby explained that ADA access is required for the theatre to open. No parking spots will be lost. Construction could start as soon as the corrections are made to the plan, and the finalized engineering drawing is submitted. Approval by City Council is needed.

Motion by Ald. Payleitner, second by Ald. Wirball to recommend the approval of a Right of Way License Agreement with STC Idlehour, LLC for an Accessibility Ramp located in Public Sidewalk at 7 S. 2nd Ave.

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

- c. Plan Commission Recommendation to approve an Amendment to Special Use for a Recycling Center for InterPlastics, 3645-3655 Illinois Ave.

Russ Colby shared that InterPlastics plans to expand their building into the adjacent vacant lot. The Plan Commission recommends approval of this request.

Motion by Ald. Bancroft, second by Ald. Wirball to recommend the approval of an Amendment to Special Use for a Recycling Center for InterPlastics, 3645-3655 Illinois Ave.

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

6. City Administration

- a. Recommendation to approve an **Ordinance** Amending Title 3, Entitled “Revenue and Administration,” of the St. Charles Municipal Code with Regard to the Imposition of a Municipal Push Tax on Plays of Video Gaming Terminals.

Heather McGuire reminded the Council of the previous decision by City Council to delay the implementation of the push tax until existing lawsuits are resolved. Since those are not yet resolved, Staff recommends that the implementation be again deferred, now to May 1, 2023. This action allows the City’s right to collect the tax, if Council decides to do so.

Motion by Ald. Payleitner, second by Ald. Wirball to recommend approval of an Ordinance Amending Title 3, Entitled “Revenue and Administration,” of the St. Charles Municipal Code with Regard to the Imposition of a Municipal Push Tax on Plays of Video Gaming Terminals.

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

7. Public Comment - None

8. Additional Items from Mayor, Council, or Staff - None

9. Executive Session

Motion by Ald. Bessner, second by Ald. Pietryla to enter executive session at 8:26 pm for Pending Litigation – 5 ILCS 120/2(c)(11).

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

Ald. Lencioni left the Zoom channel and connected by phone at 8:26 pm.

10. Reconvene Regular Session

The meeting was reconvened at 8:37 pm.

11. Adjournment

Motion by Ald. Pietryla, second by Ald. Bancroft to adjourn the meeting at 8:38 pm.

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

:sb