

**Minutes**  
**2021 City Council Winter Retreat**  
**Special Meeting of the City Council**  
**February 27, 2021 – 8:00 AM**

**1. Call to Order.**

The meeting was called to order by Mayor Rogina at 8:00am.

**2. Roll Call**

**Present:** Ald. Stellato, Ald. Silkaitis, Ald. Payleitner, Ald. Lemke (8:04am), Ald. Gruber, Ald. Vitek, Ald. Pietryla, Ald. Bessner, Ald. Lewis.

**Others Present:** Mark Koenen, Chris Minick, Jenn McMahon, Rita Tungare, Peter Suhr, Jim Keegan, Scott Swanson, Larry Gunderson, Penny Lancor, Tracey Conti

**Absent:** Ald. Bancroft

**3. Welcome Remarks.**

Mayor Rogina reminded the attendees of the following:

- a. The minutes for the meeting will be summarized.
- b. The meeting is being held via Zoom as well as in person.
- c. Public comments will be accepted at the end of the meeting.
- d. Practice good social distancing skills and wear masks.

Mark reminded everyone of the City Council Retreat that took place in February, 2020 and the discussion regarding the FY 2020-21 budget. COVID wasn't yet part of the landscape, and there was a structural budget deficit due to changes in the business community. This was caused in part by the closing of Pheasant Run, Binny's leaving St. Charles, and the growth in the cost of pensions. The comment from Council, at that time, was to take the next 12 months, and decide what to do. That didn't happen because of COVID.

At that meeting in February, 2020, there was also a discussion about policy regarding economic development. The Council Members were asked if the City should lead by providing infrastructure for water, sewer, stormwater, and electric, providing the foundational basis for economic development, or wait for development to come to St. Charles, and respond when it does. It was suggested by staff, that we prepare and let economic development lead, allowing for growth, and the Council agreed.

Mark provided examples of what's happened over the last 12 months, in spite of the pandemic.

1. Offered an incentive on the Pheasant Run property, and included money for sanitary sewer, water main, electric, and infrastructure on the site to allow for future growth.
2. Provided incentive for the Audi Dealership allowing for the extension of Woodward Drive to Randall Road, and adding a traffic signal there.

Mark mentioned that aging infrastructure is a concern, upgrades are needed in the drinking water and wastewater area, and that it's all included in the budget.

Mark reviewed what would be discussed during the meeting:

1. A recommendation to balance the budget with reserves.

2. A recommendation to raise the drinking water, and sanitary sewer rate, for residents based on use. Electric will see no rate increase.
3. Information about the structural and COVID deficits.
4. Some of the comments received from the resident survey to give perspective as we look at the FY 2021/2022 budget: Value in services received and utilities provided, value in property taxes and fees paid, street conditions, and traffic management.
5. The General Fund, and the Utility Funds.

Additionally, the budget will be presented to the public at the Government Operations Committee meeting on March 15, 2021, and a Public Hearing on the budget will be held on April 6, 2021. The budget must be approved by May 1, 2021.

#### **4. Proposed Budget- FY 2021-2022 for consideration and discussion**

City of St. Charles FY 2021-2022 Budget  
Highlights and Discussion  
Chris Minick, Finance Director



Retreat Pres-CM  
FINAL DRAFT numbr

When the FY 2020-2021 Budget was passed it wasn't clear what revenue streams would be impacted by COVID, the length of time, or the extent of the impacts. It was decided to go with a phased approach to budget adjustments. The budget was passed in April, 2020. In May, 2020, adjustments were made of \$2.5 million to prepare for the impending impacts of COVID. The status and fiscal results were continuously monitored in response to the pandemic. The Hotel/Motel Tax, Sales Tax, Alcohol Tax, Fuel Tax, and Video Gaming Tax were all affected. Some to a higher degree than others.

There was a bright spot, due to some favorable legislation, developments at the State level, and the prevalence of internet sales, the Use Taxes distributed by the State of Illinois was higher.

At this particular point in time we do not anticipate having to use reserves to balance the FY 2020-2021 budget. The impacts of COVID were not as bad as anticipated. The General Fund, exclusive of the CARES Act funding, is projected to have a slight deficit of \$350,000. Revenue Streams have been lower, but lower expenditures (due to COVID) have offset this. Consumption patterns have declined as economic activity has slowed.

When the pandemic started, and states were shutting down, Congress passed the CARES Act. This allowed disbursements to agencies of governments to assist with the impacts of the pandemic. The City of St. Charles was not able to apply directly for the CARES Act funding, however both Kane and DuPage Counties applied and decided to share the funds they received with municipalities in their jurisdiction, based on population. We received \$1.9 million from Kane County, and \$32,000 from DuPage County. The funds were to reimburse the City for the public safety salaries that were incurred during the height of the pandemic. When the funds were added it allowed for a surplus for FY 2020-2021.

#### **Fiscal Year 21-22 Budget**

When the pandemic occurred, there wasn't clarity on the extent or financially what the impact of the downturn would have on our revenues. As the end of the pandemic approaches it isn't clear what recovery will look like,

how long will it take, and to what extent things will recover. A lot of the concepts used to develop and monitor the FY 2020-2021 Budget will apply as we enter FY 2021-2022 to monitor the conditions.

The General Fund is in a deficit position of approximately \$3.2 million. The two major elements contributing to that are the continuing impacts of the pandemic, and structural impacts and changes. It's not at a crisis point, and we have the ability to deal with these factors, but will need to make sure to put a plan in place to enable us to continue to sustain positive financial results.

Several deferrals were put in place to alleviate the impact of these factors, staffing replacement, service initiatives, and projects in the General Fund. We have \$67 million in capital projects. Our critical utility infrastructure is proceeding as planned, about \$56 million in utility projects will be taking place over the next several years. Many of which will begin soon.

### **COVID Deficit**

There has been a temporary reduction in many of the revenue sources. The Hotel/Motel Tax, Alcohol Tax, and Sales Tax, but essentially all revenue sources have been impacted because of the economic impact of COVID, and the slowing down of economic activity. To quantify, in FY 2020- 2021, the revenue stream is forecasted at \$46 million, a \$2.1 million decline in revenues related to COVID.

The FY 2021-2022 revenue projection is \$47 million which is still below normalized revenue for the General Fund. Normalized revenues for FY 2021-2022 are expected to approximate at \$49.25 million. The COVID deficit is projected at \$2.25 million.

The COVID deficit will most likely be self-correcting, and as economic activity increases things will improve. It will require a tactical approach to bridge the gap. Conditions will be monitored because we don't know how quickly the economy will recover. The COVID deficit will be addressed with some one time, short term, funding sources. There may be some additional funding coming from the Federal Government, and the limited use of reserves will assist to bridge the gap.

### **Structural Deficit**

A structural deficit is a longer term situation when revenues and expenditures fall out of alignment over time. Currently the structural deficit the City is experiencing is estimated between \$2 and \$3 million. This is something that has been discussed for several years, and steps have been taken over time to address some of the elements of the structural deficit. It's necessary that we continue, and possibly step up those efforts. A strategic approach is required to mitigate the structural deficit properly. It will take a combination of many small changes.

#### Challenges Contributing to the Structural Deficit

- Mature Community • Service Level Demands • Loss of Significant Revenue Generators • Pension Cost Increases
- Infrastructure Needs (significant technology infrastructure needs)

#### Successes

- Cannabis industry – potential for continual revenue generation • Pheasant Run Redevelopment – Auto dealership under construction, and potential other use • Audi dealership under construction • Reinvigoration of downtown – Arcada renovations and expansion and East Riverbank redevelopment, First Street development project

#### Upcoming Opportunities

- Charlestowne Mall and East Side • Current McGrath Site

Ald. Bessner asked about the possible federal funding, and if it's realistic that the City would receive \$2 million. If so would it be for expenses related to COVID, or could it go towards reserves? Chris stated that there are a lot of variables, and it's hard to predict how much will be received. Chris said that he hasn't seen the conditions that would go along with the funds, and assuming we have eligible expenditures, it would help us bridge the COVID gap and the negative impacts related to COVID.

Ald. Bessner asked if we utilize the reserves if it delays the problem. Chris said that what is being proposed, in addition to utilizing reserves, is to look at the revenue and expenditure streams, and review what we fund and how it's financed. Then we will determine if we want to continue with services programs and projects in our plan, if so, how to finance, and if that financing source is sustainable. Utilizing reserves to finance a small deficit can't be continued forever. The structural deficit needs to be dealt with, and revenue and expenditure structures need to match.

Ald. Silkaitis asked about the capital expenditures, and how much of it is mandated by the state/federal Government? Chris stated that he's not sure if there are federal mandates associated with all projects, and offered to provide the information at a later time.

### **General Fund Revenues**

Chris reviewed the General Fund Revenues and explained that increases in revenue are being driven by Sales and Use Taxes. This stems from cannabis revenue, two new car dealerships, and a slow general economic increase as things begin to recover. Distribution of Income Tax from the State of Illinois is expected to increase. A note regarding the Income Tax (LGDF); the State of Illinois is considering a reduction the distribution of Income Tax to municipalities as one of their budgetary fixes. It hasn't been built into our projections because it hasn't been implemented, but there is a possibility that there will be a 10% reduction.

Chris talked about the Hotel Tax which has declined by \$1.5 million. This would go a long way to chip away at the deficit with its return. Will need to monitor and see how we can respond to that.

### **General Fund Expenditures**

Chris talked about the General Fund Expenditures, and mentioned to keep in mind that this reflects \$2.5 million budget adjustments done in June, 2020; additionally it represents COVID level of activity in expenditures in the General Fund primarily in the contractual services line item. A lot of the services that we would normally provide were not performed due to industries being shut down, or working slower, because of COVID. This artificially depresses our expenditures.

We expect a full normal year of activity in the General Fund for FY 2021-2022, which explains the higher expenditures going forward. One thing to note is that personal services are increasing, and \$1 million of that is due to an increase in pension expenses.

In June, 2020, one of the things eliminated from the budget was funding for the motor vehicle replacement reserve. This totals just under \$1.5 million, and has been added back into the budget for FY 2021-2022; this explains the increase in the Other Operating Expenses line.

Based on the revenues of \$46 million, and the expenditures of \$46.4 million a deficit of \$367,000 is being projected at April 30, 2021. The CARES Act funding was not included in the revenue stream because it skews the analysis.

### **General Fund Reserves**

Assuming that we end the year with the \$1.5 million surplus, 2021 will end with a reserve level of \$19.4 million, representing approximately 42% of our expenditures and transfers out of the General Fund for FY 2021 moving forward. If nothing changes, and we utilize reserves to absorb the entire amount of the deficit currently budgeted, our reserve level will be \$16.2 at the end of FY 2022, representing a reserve level of 32% in the General Fund. If we took no action, and didn't address any structural issues, at the end of 2025 we would have a reserve level of \$7.2 million, approximately 14%.

### **General Fund Revenues and Expenditures FY 2009 – 2025, and Pension Expenses**

The graph representing General Fund revenues and expenditures was explained. It's a historical perspective, going back to 2009, of the financial performance of the General Fund over time. We've done a good job to keep things in balance. However, it's anticipated, due to lingering COVID impacts and some of the structural issues it is becoming unbalanced. A strategic analysis of our service models and revenue streams will need to be undertaken.

The pension expenses going back to FY 2015 were reviewed. The amount hovers around the \$1.3 million – \$1.6 million, until you look at the FY 2021-2022, and the contributions increase significantly. The City doesn't have control over what happens with pension expenses. The pension plans are dictated by Springfield, and subject to State Law. The City is responsible to pay for the pension; we don't have a lot of input on the benefit levels, or how the plans are structured.

### **Proposed Adjustments FY 2022**

Jenn McMahon, Human Resources Director

Jenn presented the market and merit adjustments for non-union employees in FY 2022. It was explained that the City Council has committed to a compensation philosophy of paying above the market, at the 75<sup>th</sup> percentile of our comparable communities. There are 18 communities and every year data is collected. The data is yielding a 2.5% increase. That's not the only data points looked at; internal groups (market adjustment) including IBEW (3%), Teamsters (2%), Police (2.75%) and Fire (2.25%) are also reviewed. The CPI for the area in December (.09%), and the Bloomberg BNA First Year Negotiated Wage Increases for State and Government Employees (2.5%) are also taken into account. Based on the different data points, a 2.5% market adjustment is recommended for nonunion employees.

It's a bit harder to collect data for merit. The Mercer Survey (2.4%), The Economic Research Institute Survey (2.4%), and HR Source Survey (2%) projections are reviewed. The merit being recommended is 1.5%; it's not aligned with the data, that's because of the budget challenges being experienced, and the sensitivity to that.

Jenn explained that she wanted to provide some information about health insurance to give the Council Members a heads up for what could be coming soon. Currently the City follows a self-insured health insurance model. The City pays for the claims of employees and their dependents, up to a certain point, which is \$100,000. Another potential model is fully insured, and this would not be beneficial for the City financially. Another option would be to pool with other local governments. The Human Resources and Finance departments are looking at the later option for FY 2022/2023. The name of the Cooperative is, Intergovernmental Personnel Benefit Cooperative (IPBC). Several of the staff members have had experience with the IPBC. The rationale for the change is to be strategic in making decisions, and planning for what is happening in the health insurance market. From an employee perspective plan designs would remain the same. If this were to be recommended by staff, City Council would receive a proposal for approval.

## **Utilities**

Chris Minick, Director of Finance

*Electric Fund* – There has been a small reduction in revenue, stability in operations, and not a lot of capital projects planned, which is reflected in the numbers. There is approximately \$65 million in Electric Fund revenues budgeted for FY 2021/2022. There are capital projects of \$6.1 million budgeted for FY 2021/2022, which are mainly maintenance projects. There is a small surplus representing no change to the Electric Fund rate structure for FY 2021/2022, rates will remain the same.

*Water Fund* – Because of the policy decisions made, typically in terms of operating revenue, the water utility is a \$7 million - \$ 8 million fund annually. Because of the level of projects being undertaken we are in the \$20 million range for the next couple of years. The rate increases are being carried forward. There is a small deficit budgeted in the water fund for FY 2021/2022.

*Sewer Fund* – A significant level of capital projects are budgeted. Rate increases are proposed, and it's not as great as projected a year ago for FY 2021-22. It will be monitored as we move forward. We are increasing the IEPA mandate fee in response to the past infrastructure needs complying with phosphorus standards.

## **Proposed Utility Rate Adjustments**

A comparison of the rate proposal for February, 2020 and January, 2021 was presented. The combined projections in 2020 were approximately 4.3% or \$3,030.37 annually for residents. What has actually been proposed for June 1, 2021 combined is 2.63% or \$2,982.12 annually. This lowers the annual billings for all residential customers; and the revenue stream for the electric and wastewater utilities by \$510,000 in total.

## **Annual Billings – Residential**

Chris explained the annual residential charges for electric, water and wastewater. Electric will remain the same, water and wastewater is expected to increase. The increase for a typical residential customer annually would be approximately \$76.45.

Ald. Lemke asked if there will be a discussion about capital as it pertains to the Water Fund. Chris said that the projects projected and placed in the Water Fund are the projects talked about at the Budget Retreat last year. The plan is to continue forward with what was discussed at that time.

*Break 9:35 am*

*Return 9:51 am*

## **Major Capital Initiatives – General Infrastructure**

The 7<sup>th</sup> Avenue Creek improvements will be continuing, resurfacing of Production Drive, repairs and improvements to West Main, Walnut, and 14<sup>th</sup> Avenue, Prairie Bridge guardrail repairs, Kane County improvement fee for the proposed Randall Rd. and Woodward Ave. (Audi Dealership) intersection , a fire ladder truck will be delivered in the next fiscal year, and the annual street resurfacing program.

Information Systems Infrastructure improvements include: Network storage enhancements, public engagement platform, and looking at city-wide improvements to the enterprise application software (financial, community development, work order packages). This will be a multi-year initiative. The implementation of this will begin FY 2021/2022. There will be Improvements to the audio visual in the Council Chambers to allow for Zoom meetings.

### **Major capital initiatives - Utilities**

A lot of these projects are continuing based on conversations at the Budget Retreat last year. They are now in the development/implementation phase. The software used for utility billing is decades old and is in serious need of replacement, Pheasant Run redevelopment, a new 35kv line for the east side, and electric utility maintenance improvements. We will be continuing with, water well development engineering services, Well 7 – Well 13 water line and iron treatment, the Riverside Lift Station replacement, IL Rt. 31 and Roosevelt sewer line, Country Club Road Lift Station replacement, West Side Treatment Plant expansion, and initial development work on the east side sewer trunk main. All are included in the budget.

### **Civic Contributions**

Chris reminded the Council of the funding presentations recently given by outside agencies, and the amount budgeted for each organization. Total contribution for this is \$571,600, we budgeted \$750,000 from Hotel/Motel Tax revenues leaving \$178,400 to the general fund for FY 2021/2022. Typically hotel revenues are closer to \$2.2 million; we did not see the \$1.5 million - \$1.7 million for the General Fund as we have had traditionally. The St. Charles Business Alliance is requesting the SSA 1 proceeds for a total contribution of \$698,600.

### **Weathering the Storm**

How do we start moving forward to deal with the COVID deficit and the structural deficit, acknowledging that we'll need a strategic approach for the future?

COVID Impacts – Bridge the Gap between the downturn and the recovery. This will include the following:

- One time funding measures such as the CARES Act, and future stimulus
- Allow time for recovery to take hold,
- Defer hiring and projects as is possible
- Utilize reserves on a prudent basis

### **Structural Deficit**

Will large revenue generating entities, such as malls, auto dealers, and big-box retailers be counted on for generating revenue in the future? Over the next 12-15 months revenue streams, expenditures and service delivery will need to be examined. We may be looking at new sustainable revenue streams, rate increases to current revenue streams, and the possibility that productivity will increase through technology investments.

The service delivery process model will need to be examined. What is provided, how it's provided, how it's funded, and how to deal with the mounting infrastructure needs? There is a listing of deferred projects, and the listing gets longer every year. Some of these deferrals are going to have to be addressed. There was a property tax freeze for 9 fiscal years. The levy is now unfrozen, and the levy increases is adjusted by the amount of CPI consistently. However, the effects of the property tax freeze are still being seen in the revenue stream, and in the ability to handle the mounting infrastructure needs. Expect an analysis to be done in FY 2021/2022, with implementation during FY 2022/2023.

One of the measures we will take during the FY 2021/2022 Budget is to defer, and not replace the following positions:

- Replacement police officer • Replacement firefighter-paramedic • Replacement PT Accounting Clerk
- Replacement of City Administration Intern • Replacement of Human resources Intern

Two positions that were anticipated to be added for FY 2021/2022 are being deferred:

- Assistant City Administrator • Police Officer

As the financial performance is evaluated, and with the possibility of the economy improving, there might be potential for some positions to find their way back into the FY 2021/2022 budget, or they would be deferred and added to the FY 2022/2023 budget going forward.

Chris highlighted some of the initiatives that were deferred from the FY 2021/2022 Budget.

- Staffing the police administration records department 24/7
- Spring Clean Up Program
- Body camera funding escrow
- Fire training tower rehabilitation
- GIS utility data migration project
- Street rating evaluation
- Citywide bike plan
- Parking lot improvements
- Stormwater Management Planning

Recently staff was given direction to look at options for additional COVID relief measures to residents and businesses in St. Charles. Some have already been implemented to provide some relief:

- Utility late payment penalties have been waived, there have been no service terminations for nonpayment, and deposits have not been requested. This totals \$229,000 in penalties waived at the end of 2020.
- The City Council ratified an Executive Order from Mayor Rogina to waive the renewal fee for certain classes of liquor licenses in FY 2021/2022, equating to \$120,000 savings to liquor license holders.
- Penalties for late Alcohol Tax receipts have been waived.
- Lower utility rate increases are being proposed.

It's estimated that residential, commercial, and industrial customers will retain more disposable income in the amount of \$1.27 million with lower utility rate increases.

Additional COVID relief measures for Council consideration include the following options:

- Electric bill credit \$20/account, roughly the equivalent to freezing the property tax levy - \$320,000.
- Donation to Neighbors in Need Program for funding relieve for individuals needing assistance. The City Council can decide to make a donation to that program. The City does not determine the eligibility of this program. We work with several entities that determine eligibility.
- Hybrid approach- Combination of billing credit and donation to a need based fund (Neighbors in Need).

Ald. Lewis asked how many people have been served by the program. Chris said it's probably in the range of 20 people.

Ald. Vitek wanted to know if individuals can ask for their \$20.00 to be donated to Neighbors in Need. Chris agreed that this could be done.

Mayor Rogina noted that several business in town have donated to the Neighbors in Need program over the years.

The Mayor indicated that he likes the Neighbors in Need program and the financial assistance for all electric utility customers as it reaches all residents.

Ald. Lemke asked if someone wanted to pay, or defer their credit to Neighbors in Need, if the software is able to do that. Chris answered that it will have to be looked at; however, currently donations can be made to Neighbors in Need through the software, so it should be able to be done.

Ald. Pietryla stated he likes the hybrid approach, and offering the option for the residents to return their reimbursement for the Neighbors in Need program. He asked about a PR campaign to let the residents know.

Ald. Vitek agreed, and said that public awareness is the key to alert people they can help.

Ald. Payleitner agreed and said that it's a great opportunity to have a shared benevolence.

Ald. Silkaitis said it's a good way to start a process to help residents.

Ald. Lewis stressed that she wants to do this, and it's imperative that the residents know they can pay this back.

The Mayor said that the direction suggested is for staff to bring back the hybrid option. Council agreed.

Mark asked for guidance on how much the Council would like to set aside for the hybrid program. The Mayor asked Ald. Pietryla if he agrees with the \$320,000 which is approximately equal to the freeze on the levy.

Ald. Pietryla agreed that this equates to the freeze, he likes the idea of \$320,000.

Ald. Bessner asked if residents would have the choice to give back all or a part of the \$20.00 credit.

Larry Gunderson stated that some analysis will have to be done to see if that is a possibility.

Ald. Payleitner said the number was decided based on Ald. Pietryla's suggestion correlating it to the property tax freeze, there is purpose for the number, and that's important for the PR.

Chris summarized the FY 2021/2022 presentation, and offered the following key points:

- Important City priorities are continuing while respecting economic conditions.
- Services levels are not materially diminished.
- Critical utility projects are moving forward
- Prioritizing economic development
- Prudent use of reserves, and onetime funding sources
- Certain staffing positions non critical projects are being deferred
- An analysis of future service delivery model will be conducted

Next steps will include:

- Incorporate feedback received from Council
- Continue to reduce the deficit in the General Fund
- Present the Budget publicly at the Government Operations Committee meeting on March 15, 2021.
- Proceed with the analysis of revenue and service delivery in FY 2021/2022

### **Questions, Comments, Feedback from Council Members**

Mayor Rogina explained that straw polls can be taken with the purpose to direct staff, but no formal votes will be taken, that will happen when voting on the final budget.

Ald. Lemke asked if the Capital Program is included, or if it will be talked about separately. Chris answered that the Capital Program was addressed in a handout to the Council Members, and a discussion wasn't planned.

Ald. Lemke said he didn't dispute the information, but was surprised regarding roadway maintenance for Aintree Rd (grind and overlay), that it would cost only \$5000. Chris explained that this is the initial cost for design for the project. In this particular budget draft, only the projects pertinent to FY 2021/2022 have been included. The draft has a 4-year look forward for all capital projects; regarding the Aintree Rd. project it would most likely be engineered in year 1, and construction in year 2.

Ald. Lemke asked about roadway lighting, and what it means specifically. Chris said it refers to street lights, not traffic signals, and replacing street fixtures with new LED fixtures. Peter Suhr agreed with Chris regarding both projects, and gave a more detailed explanation of the projects.

Ald. Pietryla wanted to know more about the City Bike Plan, and what the cost is for that plan? Chris answered that the cost is \$75,000. Ald. Pietryla asked if we actively seek out grants to assist with plans like this. Peter Suhr stated that the City applied for 2 grants and was unsuccessful. Peter stated that it would be nice to get a bike and pedestrian plan, it's on the top of the list, but is an easy plan to defer in situations like this.

Ald. Payleitner asked if the Spring Clean Up Program is determined by the previous usage. Peter Suhr explained that we're charged by the tonnage. Ald. Payleitner asked if there is a way to put this off, possibly get a deal with Lakeshore Recycling, if residents would like to pay for this on their own. Peter answered that there is opportunity in the contract for residents to work directly with the vendor to have extra refuse removal.

Ald. Stellato complimented staff on the great job they have done in light of the challenges. He commented that he's never seen the reserve funding not drop in a 5-year period, but we always seem to make it through and keep the reserve funding above 25%. He said he's very confident and comfortable, and there is no need to be nervous because we've always done well due to good fiscal responsibility.

The Mayor agreed with Ald. Stellato with respect to the number dropping. He stated that this body has made sure we held firm on the reserve and to keep it at 25%.

Ald. Bessner asked if Chris thinks, in the next few years, the increase in utility rates will taper off. Chris answered it won't happen in the near future. There was a Rate Study completed a little over a year ago. The results and discussions had been predicated upon the inclusion of the capital projects. The rate structure called for high increases initially, then lower increases over time. The City has followed a procedure that allows for a consistent percentage over time, rather than sporadic increases. If there were ever any grant revenue we would be able to utilize that to mitigate the rate increases.

Ald. Bessner stated that he'd like to see if there is a way, possibly the levy (property tax), to fund these major projects down the road without doubling the costs to residents. Chris answered that there was a policy decision made that the utilities should be self-supporting based on user revenues. This policy matter can be addressed. If the City Council directs the use of property tax revenue one time, or regularly, to subsidize or finance the operation of the utilities it can be investigated.

Ald. Lewis asked if the dollar amount for capital projects is in line with previous years. Chris answered that it's most likely a bit higher per the policy decision made to proceed with capital projects.

Ald. Silkaitis asked if demolishing the old police station property is part of the budget. Chris stated that it's not included in the budget.

*Break 10:50*

*Return 11:00 am*

## **5. Request for Proposal- Municipal property north of the City Hall**

Mark reminded the Council Members of the Request for Proposal (RFP) that was prepared and shared with them nearly 1 year ago for this property. The scope of the proposal included the parking lot outside the Municipal Building, heading north up to the railroad tracks, and did not include the Municipal Center. The RFP was never released due to the pandemic, and the last conversation had with Council, it was indicated that it should be delayed until spring of 2021.

Staff suggests delaying the RFP until summer 2021. Hopefully the economy and pandemic will have improved, and right now the environment isn't right to get the "wow project" we're hoping for. This would also allow for the new City Council to include what they would like in the RFP.

Rita Tungare stated that in June, 2020 it was decided that demolition would not be included in the budget to offer some flexibility to a developer. The Comprehensive Plan direction, the backbone of the RFP, was developed a couple of years ago. Rita suggested that once there is a new council seated having a workshop before the RFP is released, to provide an update to the new Council, and receive feedback.

The Mayor asked Ald. Stellato, who works in the industry, for comments on the market.

Ald. Stellato said that it's a matter of timing, a blend of the Council's vision and a developer's vision, and what the market will dictate. The market can't be forced. Eliminate what is not wanted there, and give the developer some flexibility. Find out if we should keep the building, add parking, etc., and the only way to find out is to do an RFP. Ald. Stellato stated that to be responsible seller, and get the highest and best price, time is needed. The market is not ready. Ald. Stellato's stated that his opinion would be to wait a bit longer.

Ald. Payleitner thanked Ald. Stellato for his expert opinion on the temperature of the market, she stated she's not an expert, but agrees with Ald. Stellato, based upon what she's read about what's going on in the world.

Ald. Lemke stated that the feedback from the citizens was clear. The view of the river is critical. Getting 1<sup>st</sup> Street redeveloped was one of the best things done, but it took a long time. One of the worst things, after what it will cost to develop the Manor site, would be to get rid of parking between the Municipal Building and the Police station, to replace it with a multi-story parking deck. The timing is not right, and it may take a while.

Ald. Silkaitis said that when 1<sup>st</sup> Street was started it was many years until the first building went up, and this seems like a similar situation. He asked Ald. Stellato for his opinion on how long to wait?

Ald. Stellato reviewed the elements of a development that could be proposed:

1. Hotel – not in high demand due to the status of the industry. Could be 2 years.
2. Office Space – Hard to predict, could be a while
3. Retail – no large box stores, could be a while
4. Residential – Probably the best for us at this time.
5. Open Space – There will be an argument to keep it as open space

Ald. Stellato indicated that he thinks we should look at this in 5-6 months.

Ald. Payleitner said she thinks if this were to be delayed further, our next move would be to demolish the building, for safety and appearance, possibly a visual development.

The Mayor stated that he supports the idea to defer until a new Council, Mayor, and City Administrator are in place, and having a workshop to bring everyone up to speed so they are better able to determine what should be done with the site.

Ald. Silkaitis asked how much it will cost to demolish the building. Mark answered that it was originally budgeted at \$350,000. However, because of the water well, and electric, Pete Suhr has indicated that it will

most likely be double that amount. Ald. Silkaitis asked if it includes the Phase 1 Environmental Study. Mark said it does not.

## **6. Additional Items from Mayor, Council Staff, or Citizens**

Mark explained that 2 requests have been made for copies of the Zoom recording for public meetings. Mark told the Council Members that the Zoom recordings will be posted to our YouTube page starting May 1, 2021.

Ald. Payleitner asked if this would be done in addition to minutes. Mark answered that it would.

Mark explained that the IS Department is working on a public engagement platform that would allow for taping of the meetings, and having minutes available as well.

Ald. Payleitner stated that the School District does this. Ald. Payleitner stated that she doesn't like the Zoom option for recordings. She would prefer it be recorded as a public meeting not a Zoom meeting, using one camera, similar to how it's done at the School District.

Mark indicated there is an opportunity to use PEG funding, streaming tax, to fund this project.

Ald. Vitek said that we'll need to consider participation via Zoom, if you're not in person for meetings, to allow everyone to participate.

Ald. Lewis stated that she's always had interest in filming the meetings, and is in favor. Continuing Zoom meetings will depend on the Open Meetings Act. We would have to change the ordinance if the direction comes from the State to allow for this. Mayor Rogina agreed that direction from the Governor will be needed when we enter Phase 5.

The Mayor dismissed the Department Directors for the next part of the discussion. Mark clarified that this is not an executive session, but an open session, and people can choose to stay, or leave and watch on Zoom if they like.

The Mayor said that this is not the subject of an executive session and there is no conversation about personnel of any kind. The Mayor stated that in order to have a smooth and effective transition, it is important, and he and Mark are committed, with respect to the new Mayor, that their roles will be as utilitarian as possible to help with the transition. He further noted that several of the Council Members have expressed the importance of Mark doing what he can do to participate in the process.

The Mayor read what is written in the City Policy: It is the function of the new Mayor to provide to City Council a recommendation for a City Administrator to be ratified by the City Council.

The Mayor suggested that, in his and Mark's opinion, it would be in the best interest that the process starts now to search, both internally and externally, for a City Administrator. The search (solicitation of applications) would extend beyond the election by at least 1 week; to gather a file of would be candidates. The Mayor Elect can handle the choice however she'd like. Whatever the decision is, it's possible that there could be an interim City Administrator.

Mark explained that he contacted Jenn McMahon in terms of recruitment, and the process of getting to selection. Mark asked Jenn to follow-up with GovHR. GovHR has assisted with the hiring for several high profile

positions in the City. Mark pointed out that Jenn does not have a conflict with leading this process; she's not interested in submitting an application for the City Administrator position.

Jenn said she reached out to GovHR, who is working with several communities in the same situation. It's recommend that applications are gathered at least 1-week after the election is over. The election results might make a difference to who would apply. The process when hiring at this level, particularly when there is an election, will take longer. It will be beneficial to have a transition plan in place, and an interim will likely be a part of that. The interim City Administrator would most likely be one of the existing Directors. If we start the process now and close it a week after the election, GovHR thinks someone could potentially be seated July, 2021. It will depend however, on where the person comes from, the notice they have to give, and relocation issues. Jenn indicated that she has a draft proposal from GovHR, but the Council can issue an RFP if they choose. Jenn stated that she's not interested in the position, and would be honored to facilitate the process.

Mayor Rogina asked if there would be a separate posting for interim. Jenn advised against doing that, and stated that the new Mayor, with Mark's feedback, should appoint an interim.

Ald. Lewis said that she thinks it makes sense to do it this way. She was concerned with not having an interim Administrator, and that July might be a stretch unless it's internal person.

Ald. Vitek agreed that it's a good plan. She asked if the Council can review the posting and if input can be provided. Jenn said that it's all fluid in their proposal, and they are very open to input; and she encouraged the Council Members to do that.

The Mayor asked if it's logical that the 2 Mayoral candidates sit with Jenn and give their input. Jenn answered that the owner of GovHR, Heidi Voorhees, would facilitate that, and Jenn would participate.

Ald. Silkaitis said he believes in the system, and starting the process, but doesn't want to be a part of it until after the election, should he be re-elected.

Ald. Lewis asked if there is a job description that she or Lora will be able to refer when they are making their suggestions. Jenn said that they would have a job description they would use. Ald. Lewis asked if this would be done after the election. Jenn said it would be after the election, it takes a lot of time, and starting now allows the review to start after the new Council is seated putting them ahead of the game.

Ald. Stellato thanked Mark and Jenn. He stated that one of the most important jobs of the Council is to hire the right people, and he'd rather start the process sooner than later.

Ald. Bessner asked Jenn if she expects many internal candidates. Jenn answered that she doesn't know. Mark sated that he thinks there will be some internal candidates.

Ald. Pietryla said that he agrees that going with an agency is a great way to go, and he's looking forward to the process.

Jenn explained that Heidi Voorhees (GovHR) used to be a City Administrator, and has extensive connections to identify passive candidates, she brings a lot to the table.

## **7. 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)

**8.** Summary of Activities

**9. Adjournment**

Motion by Ald. Payleitner, second by Ald. Pietryla to adjourn the meeting at 11:50am.

**Voice Vote:** Ayes: Unanimous; Nays: None. Chairman Lewis did not vote as Chairman.

**Motion Carried**

:tc