

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, MARCH 6, 2017**

1. Opening of Meeting

The meeting was convened by Chairman Stellato at 8:25 p.m.

2. Roll Call

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

Absent:

3. Omnibus Vote – None

a. Budget Revisions – February 2017

Motion by Ald. Bessner, second by Payleitner to approve the omnibus item as presented.

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

4. Administrative

a. Video Gaming Statistics – Information Only

5. Finance Department

a. Recommendation to approve funding request for POTF Festival of the Fox 2017 in the amount of \$27,000.

Ald. Bessner abstained from this item.

Chris Minick: Each and every year we have requirements for groups that receive more than \$25K in funding from the City to come forward and give a brief recap of the efforts that were undertaken with the funding that they received from the City as well as preview and outline the event or how they expect to expend a funding request that's coming up in a subsequent fiscal year. Tonight Festival of the Fox is present to give a brief recap of their 2016 event as well as outline some of the highlights of their 2017 proposed event. They are requesting funds in the amount of \$27K that's consistent with the level of funding they have received over the last few fiscal years. This particular funding stream comes from the hotel/motel tax that is collected in the city and is called out in one of the purposes for which the hotel/motel tax is to be used per city code. I will turn this over to representatives of Festive of the Fox for their presentation.

Vanessa Bell LaSota, 1610 Howard Street, St. Charles: The City of St. Charles invested \$15,500 as a titled sponsor and tasked us with several milestones to define our success: 1) to pay off the outstanding balances owed to vendors from previous years with revenues from the 2016

festival; 2) to create a virtually weather proof event so we would incur no new losses and to preserve the 25 year old tradition of the Dragon Boat races as well as to provide family fun activities within budget. Our mission was to rebrand and refocus the event to set a new course; to support heritage by building a St. Charles experience. We endeavored as a board to redirect the event to bring it back to St. Charles and strengthen the community presence with local vendors, local entertainment, to embrace the service aspect of the City's mission by forging new bonds with local non-profit organizations; to provide opportunity to local volunteers and other groups that may not of been involved before to become involve.

All outstanding balances have been paid with three exceptions; two invoices for technical accounting and supplies and one invoice for an amount currently being negotiated with a third provider. These bills will be carried into future events and be paid from proceeds. We paid off over \$14,400 in outstanding bills from the revenues generated by the event. We provided two days of activity within budget and paid our vendors promptly and in full. We established a small event footprint that can easily grow in successive years. We took radical measures to reduce the footprint of the event and selected activities that we could execute with our resources and ended with a positive cash balance. We rebranded the event to "Festival of the Fox". Our Dragon Boat races had the most participants ever and we could not accommodate any more entries.

We had to strengthen our finances and re-evaluate our financial formula. We reduce the administrative costs by using more qualified volunteers at all levels of the festival. We closely monitored budgeted amounts for current and future festivals. Each sponsor we had provided a free activity so we were not outlaying much at all for activities beyond the water ski show and the Dragon Boat races. We also initiated a "rainy day reserve fund". Our goal is to have at least a 50% coverage for festival expenses in the bank. We are seeking out many new venues and community partners who will embrace with us the new focus. So we've retired Riverfest and Pride of the Fox as names for the festival. Our new name "Festival of the Fox" allows us to emphasize river events such as the water ski show and Dragon Boat races; and in 2016 we're introducing St. Charles Rowing Club. We are added a St. Charles Day in Baker Memorial Park with the help of the History Museum.

We are supporting the local community by encouraging new participation and local businesses and vendors and entertainers. We offer free space for advertising of local organizations. This year we had a fund raiser with the sale of fleece dragon logo blankets that we created that are going for 100% over cost to support Project Mobility. We offer residents an expanded opportunity to participate in a safe, fun, summer event. We are very grateful for the past support and consideration of the revision of this event. We have accepted and achieve the task that was set before us last year. We plan to continue to grow this event in a responsible manner. We ask the City to continue to support the Festival of the Fox helping to ensure that future generations will get a chance to celebrate St. Charles.

Ald. Gaugel: The event last year was great, I attended it, was at the movie night with my kids. It was a success and the weather cooperated. Can you give us more detail on the three outstanding invoices on what happen and why are they still outstanding?

Vanessa: One invoice is from JC Olson Associates, a former board member for accounting services in the amount of \$1,000. The second invoice is from Kevin Call who provided a website and technical assistance in the amount of \$2,800. The third is being requested by Julie Farris and that is in the amount of \$24,700 which is per no written contract agreement. We had some legal expenses this year because we were contacted by Ms. Farris and we asked to work out a repayment agreement and we do plan on honoring some sort of payment process with her; although we are not obligated, we do want that good faith effort. Those three add up to \$31,000.

Ald. Gaugel: The one with Julie Farris, are you actively pursuing a settlement or are you agreeing to the \$24K?

Vanessa: We did attempt a settlement but got no response; so we hired an attorney to investigate and represent us and make those overtures towards her and to also examine our financials and find what we are obligated to. He established there was no obligation, there was no contract beyond what she already has been paid; however we in did offer in good faith to make some sort of repayment plan.

Ald. Payleitner: To Ald. Gaugel's question, I understand Julie but the other two, it seems a little inappropriate to me that money is owed to board and former board members?

Vanessa: John Olson and Kevin Call both agreed that they weren't expecting a payment until we worked out things with Ms. Farris and got on that repayment plan. If we were to pay one of those and not have a formula for paying here there is some kind of issue with that. So we're waiting for a response from her and her legal counsel.

Ald. Payleitner: That's my question that you are paying board members and that seems like a conflict to me.

Vanessa: That was for rental of tents that he paid out of pocket for our website; it's for his services we used for three years which is the info telephone, the website, and tent; and it was accounting services for Mr. Olson.

Ald. Gaugel: So getting back to the items that are being paid for, they're strictly line items so we have the invoice of what he expended and what we're reimbursing for that – there's no additional profit built in?

Vanessa: Yes.

Ald. Lewis: One the expenses side it says outstanding invoice is \$17K – is that what we're talking about here?

Vanessa: On is a sound company contract from 2015 and a \$500 amount with an advertising contract – Chronicle, and we took care of that.

Ald. Lewis: My concern is this \$27K which I think is a greater amount than I'm comfortable

with and see there is still a \$17K outstanding bill from previous years.

Steve Gibson, 243 Valley View Drive, St. Charles: The outstanding \$27K is part of the things we want to pay off and what we're looking at there is a portion of \$27K; that's not the entire \$27K. If we get the revenue that we expect to have come in, we'll have X amount of dollars left over. So we took that amount of money and split that between a payment towards the outstanding invoices and the reserve.

Ald. Lewis: I understand that but if we approve \$17K you'd be \$10K short.

Steve: And we would pay \$10K less on those outstanding invoices. The plan is a multi-year payback and if the negotiations go in a different way it might not even be that amount of money. It's a place holder item in terms of if that money was less, more would go into reserves. That number is not fixed for the payoff.

Ald. Bancroft: What is the basis for her claim?

Vanessa: An oral agreement of some sort. There's no accounting for the hours so we don't have any evidence of it. We could not find it nor could her attorney provide us any evidence. It's an oral agreement that the amount to be paid to her was to be raised. That is her contention over the course of three years – 2013, 2014, 2015. We have no evidence of that in the budget – nothing to go by. She submitted us with a bill before her resignation. We are not making any payments out of city sponsorship; but only out of revenues generated by the event.

Ald. Silkaitis: I'm a little confused by this Julie Farris issue, we have no written contract. Our attorney, John, could you give us some basics on oral contracts? Are they legally binding or not?

Atty. McGuirk: An oral contract can be legally binding. They performed the work under it, maybe she has some right to compensation but we don't know any of the facts of this and should not be a part of this.

Vanessa: As a board we don't know the facts of it either. It wasn't in any discussion with any of the board members.

Motion by Ald. Lemke, second by Turner to recommend approval of funding request for POTF Festival of the Fox 2017 in the amount of \$27,000.

Ald. Gaugel: To be clear on what was just said, no funds that the City provides would be used in any of these settlements?

Vanessa: Correct, that was the agreement last year and continues to remain.

Ald. Gaugel: Could we amend the current motion as it stands to make that stipulation?

Ald. Lemke: I would agree to the amendment, second by Turner that funding of \$27K for the

Festival of the Fox and no money is to be used for the settlements.

Steve Gibson: That is why we specifically split those two line items out so we could use those. The reserve fund being is for a rainy day fund so we don't have to come back at some other point and say we lost \$10K because we had rain on Sunday. We want to make sure to take care of that. The second line item for the outstanding invoices is the one that's flexible because of the fact we'll make more money or less money and be able to pay more or less for those outstanding invoices, but everything else is fixed.

Ald. Lewis: Are you saying as your rainy day fund goes up and these outstanding bills, in two years you won't need so much money from the City anymore?

Vanessa: As we rebuild and expand the event, the footprint will grow but be controlled so there may be events that we offer that do draw from that sponsorship that are an asset to the event. We can't say what it's going to look like next year, we do have projections about a footprint for next year but I don't know that we can speak to that.

Ald. Lewis: You don't ever see the amount going down then, only going up?

Vanessa: If sponsorships are robust and we have self-sustaining activities we would like to encourage the City to continue unless that's a call to action for us to develop another kind of formula, we're willing to work on that.

Ald. Lemke: I think this motion stands on its own and doesn't commit a future Council to any course of action.

Ald. Lewis: I'm just struggling with the dollar amount - \$27K.

Vanessa: The costs of our two main events are expensive – Dragon Boat races and water ski show just up their price for next year and we check out other water ski companies and couldn't come up with anything less.

Ald. Krieger: The money comes out of the hotel/motel tax.

Chris: In terms of the hotel/motel tax and how it works; the amounts that we fund the individual groups for are fixed in the city code and any residual amount over and above of the outside funding revert to the General Fund of the City and then we utilize it to offset our general operating expenses in the General Fund. So it doesn't short the other groups. The only thing that would be impacted would be the city operations via the General Fund depending on our hotel/ motel tax collections.

Ald. Bancroft: This is a much easier approval if the budget doesn't reflect settlement payments to someone who we don't even know whether we agree if there was an oral contract. We don't have the benefit of legal counsel.

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

b. Presentation Update regarding City's Preliminary Financial Results for 3rd Quarter ending January 31, 2017 – Information Only.

Chris Minick: Quickly I can say the results are not materially different than we've been projecting all through the fiscal year. There is surplus in the General, Electric, and Water funds and a small deficit in Wastewater.

6. Police Department

a. Recommendation to approve a Resolution Authorizing the Mayor and City Clerk of the City of St. Charles to Execute a Contract and Lease Agreement with Association for Individual Development (AID) Contingent on FY17/18 Budget Approval for One Year Beginning May 1, 2017 – April 30, 2018.

Chief Keegan: This is the third year that we've utilized AID. This commenced upon my hiring as the Police Chief. Last year we went through a 20-hour office program where we had a social worker in the station. Through the first nine months of this fiscal year we helped 198 folks and individual clients were over 400. That's up significantly from years past. We've seen great success with the program. The social worker we have is bi-lingual and we had free services of an intern that AID has given us. There is a lease and contract in the packet for your review for consideration.

Motion by Ald., Krieger, seconding by Silkiatis to recommend approval of a Resolution Authorizing the Mayor and City Clerk of the City of St. Charles to Execute a Contract and Lease Agreement with Association for Individual Development (AID) Contingent on FY17/18 Budget Approval for One Year Beginning May 1, 2017 – April 30, 2018.

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

7. City Administrator Office

a. Presentation of the 2016 Resident Survey Results – Information Only.

Mark: In terms of doing justice to the survey results, I suggest we roll it over to another meeting. Lisa Garhan has done a lot of work on this. We are posting this information on-line tomorrow so it will be available to the public.

Motion by Ald. Bessner, second by Lemke to enter into Executive Session at 8:57 to discuss Contract Negotiations.

Ald. Lewis left the meeting @ 8:57.

Roll Call: Ayes: Lemke, Turner, Bancroft, Gaugel, Bessner, Silkaitis, Payleitner, Krieger; Nays:

None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

Motion by Ald. Bancroft, second by Bessner to return from Executive Session at 9:03

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

6. Executive Session – None.

- Personnel 5 ILCS 120/2(c)(2), 5 ILCS 120/2(c)(5)
- Pending Litigation 5 ILCS 120/2(c)(4)
- Probable or Imminent Litigation 5 ILCS 120/2(c)(4)
- Property Acquisition 5 ILCS 120/2(c)(3)
- Collective Bargaining 5 ILCS 120/2(c)(1)
- Review of Minutes of Executive Sessions 5 ILCS 120/2(c)(14)

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

8. Adjournment

Motion by Ald. Silkaitis, second by Ald. Bessner to adjourn meeting at 9:03 p.m.

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

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