

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY APRIL 17, 2017**

1. Opening of Meeting

The meeting was convened by Chairman Stellato at 8:12 p.m.

2. Roll Call

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

Absent:

3. Omnibus Vote

a. Budget Revisions – March 2017

Motion by Ald. Turner, second by Krieger to approve omnibus items as presented.

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

Mayor Rogina: I delivered this message to Aldermen Turner and Bancroft and would like to say the same to you that being a Chairman is very important and requires a lot extra leg work beyond the scope of this committee and the last two years you have been chair of this committee and have done yeomen's work and it would be remiss on my part if I did not come forward and say thank you and appreciate that very much.

4. Police Department

a. Recommendation to approve a proposal for a new Class B liquor license for DRM Deli Inc. to be located at 610 E Main Street, St. Charles.

Chief Keegan: This deli is a sustained business on the near east side of St. Charles at 6th and East Main. We did advance this forward from the Liquor Control Commission earlier this evening and the petitioner was not present for this meeting. The site and business plans are attached in the packet. He would like to offer liquor service; the hours of operation are also noted in your packet. There was some discussion at the Liquor Commission meeting pertaining to his outdoor patio.

Daniel Migo, DRM, 726 Foxbend Drive, St. Charles.

Ald. Payleitner: It was discussed at the Liquor Control Commission in your absence; outside seating, do you have that currently or not?

Mr. Migo: That was something that was put forth with the land owner and its just in discussion right now to put up three or four table tops.

Ald. Payleitner: That was my question that you clearing it before you can use it. Thank you.

Motion by Ald. Turner, second by Bancroft to recommend approval of a proposal for a new Class B liquor license for DRM Deli Inc. to be located at 610 E Main Street, St. Charles.

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

b. Recommendation to approve a proposal for a Class B liquor license application for new owners to take over Taste of Himalayas located at 110 N 3rd Street, St. Charles.

Chief Keegan: The petition is not present tonight. These folks did not appear at the Liquor Control Commission earlier this evening; we did call between meetings and left a message. Would the committee like to postpone this?

Motion by Ald. Lewis, second Payleitner to postpone this item to the May 15, 2017 Liquor Control Commission meeting for a recommendation to approve a proposal for a Class B liquor license application for new owners to take over Taste of Himalayas located at 110 N 3rd Street, St. Charles.

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

c. Recommendation to approve an outdoor patio permit for Vintage 53 located at 162 S 1st Street, Unit C.

Chief Keegan: This is a recommendation to approve an outdoor patio permit for Vintage 53 located at 162 S 1st Street, Unit C. This request is before the committee for one reason; when we typically approve a liquor license the associated floor plan and business plan is approved at the same time. This applicant, because his business adjoins to city property right of way, the City would have to approve the patio. This is not an uncommon occurrence; the 1st Street Plaza has ZaZa's, McNally's, Puebla and Pizzeria Neo where we've had some of these uses approve for outside consumption with appropriate parameters of seating being barricaded and roped off.

Mario Grado, 450 S 1st Street, Unit 404.

Ald. Lewis: I'm all for what you want to do but I'm concerned about the width of that sidewalk and depth that you want to use for your tables and chairs. Before it comes to Council for approval I would like to have some actual size of the tables instead of seeing what kind of fits or doesn't. It doesn't look like there is going to be room and people will have to walk around a light pole to get down the street. If you could have more specifics on the size of that I would

appreciate it; perhaps the fenced in area. I hate to see the pedestrians pushed out into a narrow corridor, so I would like to see how this would work for everyone.

Mr. Grado: The full width of the sidewalk is 13 feet, there is over 9 feet from my wall to the light pole and with 5 feet taken out for that would leave what I thought would be adequate. I wouldn't be using the 5 feet on the sidewalk because I read somewhere that it was required to have 5 feet of pedestrian walkway.

Ald. Lewis: That is my concern and this goes the whole width of your building/store front?

Mr. Grado: We would be using a side entrance and wouldn't be going out onto the sidewalk.

Ald. Lewis: I can see down the road that maybe the Brunch Café would like to have some tables outside and pretty soon we don't have any sidewalk left for our pedestrians to be walking on. I'll come down and talk to you about this.

Ald. Lemke: It seems a little tight in looking at the drawing at the point where there are a couple of tree grates etc.

Chrmn. Stellato: Could you put tape on the ground so folks in the Council could stop by and take a look at it?

Mr. Grado: Yes.

Motion by Ald. Turner, second by Silkaitis contingent upon final council approval of taking a look at this site to recommend approval of an outdoor patio permit for Vintage 53 located at 162 S 1st Street, Unit C.

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

5. Finance Department

a. Recommendation to approve a Resolution of Official Intent Regarding Capital Expenditures to be Reimbursed from Proceeds of an Obligation to be Issued by the City of St. Charles, Kane and DuPage Counties, Illinois.

Chris Minick: Tonight there is a recommendation to approve a Resolution of Official Intent Regarding Capital Expenditures to be Reimbursed from Proceeds of an Obligation to be Issued by the City of St. Charles, Kane and DuPage Counties, Illinois. Each time we issue bonds we typically have some preliminary expenses that precede the issuance or the receipt of the proceeds of the bond. What the passing of this resolution allows us to do is to reimburse ourselves for any of those initial types of expenses out of the proceeds of the bond issue. It's a requirement to maintain the tax exemption on the interest for the bonds and it's a standard procedure when we undertake a bond issue and typically there is a period of time that lapses between the approval of the budget and the issuance of the bonds and we anticipate that will be the case again this year.

So to maintain the maximum flexibility for us to reimburse ourselves out of the proceeds we recommend approval of this resolution.

Motion by Ald. Gaugel, second by Krieger to recommend approval of a Resolution of Official Intent Regarding Capital Expenditures to be Reimbursed from Proceeds of an Obligation to be Issued by the City of St. Charles, Kane and DuPage Counties, Illinois.

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

b. Recommendation to approve a Resolution Authorizing an Amendment to the Reserve Policy of the City of St Charles.

Chris Minick: There is a motion in your packet that amends the City's reserve policy for the General Fund and Enterprise Funds and recently the City Council directed staff to evaluate the City's reserved policy primarily as it related to Enterprise Funds. Reserves are essentially "rainy day" funds and provide a financial cushion in case we have a major system failure or a major component of a utility system were to fail and need repairs, or some sort of natural disaster were to strike the City. The Reserves would allow us to maintain our operations and pay for any fixed costs we would have in the utility until such time that we were able to generate the revenue again as a result of whatever situation were to arise. The current Reserve policy, actually the General Fund and Enterprise Funds are combined into one policy to maintain available fund balance which is defined as working capital of at least 25% of the operating expenditures for the General Corporate Fund and 25% to 50% for Enterprise Funds. As we discussed at the City Council meeting where the request was made, there are two weaknesses that were identified with regard to the current policy as it stands for the Enterprise Funds. The range of 25% to 50% of operating expenses for Enterprise Funds raises confusion of what the optimal level of the Reserve policy is. Is it 25% minimal threshold, is it 50% maximum threshold or is it somewhere in the middle? Additionally we have restricted assets frequently that we have within our Enterprise Funds and utilities that are not available for operations and those items are included in the working capital ratio. However they should not be counted as reserves because they cannot be expended on operations. They represent bond proceeds that the City has taken out with regards to a certain project and those bond proceeds simply have not been expended as of April 30th of each year. Additionally a weakness with the current practice and this relates more specifically to the General Fund, the policy does not address our current practice of including operating transfers out as expenditures when calculating the reserve level of the General Fund. We have a significant amount of transfers out within the General Fund that are utilized for that service payment and capital expenditures. Including the transfers out in the expenditure level when we calculate the reserve level it is a more conservative measure and more reflective of the financial activity for the General Fund.

As a practice when I refer to the reserve level within the General Fund when I make presentations, I do include those operating transfers out in the total expenditures; so we've already taken the most conservative approach that we can but what I'm going to propose tonight in the new policy codifies that practice. Additionally with regard to the reserve levels and what

the optimum reserve levels are, there was a lot of comfort that the Council seem to have during the discussion with the threshold of 25% for the General Fund as well as the 25% threshold for the Enterprise Funds and research that we've performed backs that up. The GFOA Best Practices recommends a baseline 25% reserve level for Enterprise Funds; so we are in compliance with the best practices as recommended by the Government Finance Officers Association. Staff also undertook a survey of area communities to see what their reserve levels were for their various Enterprise Funds. We surveyed 13 of the larger communities within the Chicago Metropolitan area and nine of those 13 communities' surveys place a reserve level at 25% or 30% of operating expenses – so we're right in line with where we are and what we are proposing. Of the remaining four communities, two do not have formal policies, one was lower at a 10% reserve requirement, and one simply had a cash balance requirement that didn't seem to have any kind of a relationship to their operating expenses on an annual basis. So based on all of the research that we did, the Council's comfort with the 25% threshold and discussions that we had, staff proposes to slightly revise the policy and tweak it a little as included in the Resolution in the packet. The new policy would read as follows:

“To maintain available fund balance of at least 25% of operating expenditures and inter-fund transfers out for the General Corporate Fund and networking capital of at least 25% of operating expenses for the Enterprise Funds. Networking capital shall exclude any restrictive current assets prohibited from being expended upon operation.”

So not too much of a substance change in the policy but the tweaking is putting it in line of what we follow of what best practices are in the area. Any questions?

Motion by Ald. Lemke, second by Turner to recommend approval of a Resolution Authorizing an Amendment to the Reserve Policy of the City of St Charles.

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

c. Recommendation to approve an Ordinance authorizing changes in the rate structure for the Electric Utility for the City of St. Charles effective for billings issued after June 1, 2017.

Chris Minick: Items c, d, and e I'll address generically and if the committee has any questions on a specific ordinance, I'll be happy to answer the questions. Essentially items c, d, and e are the ordinances that would enact the utility rate structure changes that were presupposed in the budget that was approved two weeks ago. All of the projects and numbers were predicated on changing the utility structure as is reflected in those three ordinances. Those changes would be effective with the utilities that go out after June 1, 2017.

Chrmn. Stellato: Any questions on 5c – Electric ordinance?

Motion by Ald. Silkaitis, second by Lemke to recommend approval of an Ordinance authorizing changes in the rate structure for the Electric Utility for the City of St. Charles effective for

billings issued after June 1, 2017.

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

Chrmn. Stellato: Any questions on 5d – Water ordinance?

- d. Recommendation to approve Ordinances authorizing changes in the rate structure for the Water Utility for the City of St. Charles effective for billings issued after June 1, 2017.**

Motion by Ald. Bancroft, second by Gaugel to recommend approval of an Ordinances authorizing changes in the rate structure for the Water Utility for the City of St. Charles effective for billings issued after June 1, 2017.

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

Chrmn. Stellato: Any questions on 5e – Sewer ordinance?

- e. Recommendation to approve Ordinances authorizing changes in the rate structure for the Sewer Utility for the City of St. Charles effective for billings issued after June 1, 2017.**

Motion by Ald. Turner, second by Bancroft to recommend approval of an Ordinances authorizing changes in the rate structure for the Sewer Utility for the City of St. Charles effective for billings issued after June 1, 2017.

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

Motion by Ald. Besnner, second by Krieger to enter Executive Session at 8:35 to discuss Land Acquisition and Collective Bargaining.

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

6. Executive Session

- 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)

Motion by Ald. Krieger, second by Besnner to come out of Executive Session at 9:00 p.m.

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

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

8. Adjournment

Motion by Ald. Bessner, second by Turner to adjourn meeting at 9:00 p.m.

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

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