

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT SERVICES COMMITTEE MEETING
MONDAY, SEPTEMBER 25, 2017, 7:00 P.M.**

Members Present: Chairman Payleitner, Aldr. Stellato, Aldr. Silkaitis, Aldr. Lemke, Aldr. Turner, Aldr. Gaugel, Aldr. Vitek, Aldr. Bessner, Aldr. Lewis

Members Absent: Aldr. Bancroft

Others Present: Ray Rogina, Mayor; Mark Koenen, City Administrator; Peter Suhr, Director of Public Works; Chris Adesso, Asst. Director of Public Works - Operations; Karen Young, Asst. Director of Public Works – Engineering; Tom Bruhl, Electric Manager; AJ Reineking, Public Works Manager; Jim Keegan, Police Chief; Joe Schelstreet, Fire Chief; Chris Minick, Director of Finance

1. Meeting called to order at 7:00 p.m.

2. Roll Call

K. Dobbs:

Stellato: Present

Silkaitis: Present

Payleitner: Present

Lemke: Present

Turner: Present

Bancroft: Absent

Gaugel: Present

Vitek: Present

Bessner: Present

Lewis: Present

3.a. Electric Reliability Report – Information only.

3.b. Active River Project Update – Information only.

3.c. Tree Commission Minutes – Information only.

4.a. Consideration to approve Franchise Agreement and Pole Attachment Agreement with Metronet to Provide Fiber Optic Communication Services, including High-Speed Fiber Internet, Phone and IPTV to St. Charles.

Tom Bruhl presented. At the February Government Services Committee Meeting, Kathy Scheller of MetroNet talked to you about their company from Edwardsville, IN and the services they provide with respect to fiber based high speed data and cable tv. At that time, the Committee stated they were interested and directed staff to pursue this. We have done such, and have worked diligently with MetroNet to develop both a Franchise Agreement and a Pole Attachment Agreement to allow them to bring the services to St. Charles residents.

The Franchise Agreement was modeled by our Comcast Agreement with some slight changes and the Pole Attachment Agreement was modeled by our Wide Open West Agreement that was completed three years ago. The consideration of awarding the Franchise Agreement would be based on the benefit it would offer for those residents and businesses to provide a competitor to Comcast and AT&T. The Pole Attachment Agreement does include a small amount of revenue (\$10,000) to the Electric Utility.

Aldr. Turner: If they get to areas where everything is underground, are they going to run it underground too?

Mr. Bruhl: Yes.

Aldr. Lewis: Will it always be overhead? If there are areas where we go underground, will they need to go underground too?

Mr. Bruhl: One of the enhancements from the previous agreement is that they will participate in beautification and undergrounding in the event the City decides we are going to get rid of poles.

Aldr. Silkaitis: What is the time frame for completion?

Mr. Bruhl: They have a commitment to build out the area they show in the exhibit within two years and they have told me they will be able to get that done.

Aldr. Silkaitis: So when will do you think they will be operational?

Kathy Scheller: We will come in with our feeder lines initially and we will light up areas as they become available, so within 2 ½ years we anticipate the entire Exhibit A to be lit with fiber optics.

Aldr. Silkaitis: So late 2019?

Ms. Scheller: Yes, for completion, but as soon as the fiber optics are connected, we anticipate lighting those neighborhoods up accordingly.

Aldr. Silkaitis: So some neighborhoods could be quicker?

Ms. Scheller: Yes, we will just keep rolling. We don't wait for an entire city to be covered with fiber optics, we just keep rolling.

Aldr. Lewis: There is a section that refers to going under the Red Gate Bridge. Will that be in addition to cables that are already there? I don't want people to notice that something has been added.

Mr. Bruhl: No, it will be tucked up in the cross braces, so no one will see it. We were sensitive to that.

Chairman Payleitner: Can I get a motion to approve the Franchise Agreement and the Pole Attachment Agreement with MetroNet.

No further discussion.

Motioned by Aldr. Silkaitis, seconded by Aldr. Lemke. Approved unanimously by voice vote. **Motion carried**

4.b. Recommendation to reject all Bids for Substation Recloser.

Tom Bruhl presented. We went out for bid for Substation Reclosers. Two firms provided bids, unfortunately one did not meet the specifications in terms of size and the other one provided an incomplete bid. We are asking to reject those bids and then we are going to rewrite the specifications and rebid.

No further discussion.

Motioned by Aldr. Bessner, seconded by Aldr. Gaugel. Approved unanimously by voice vote. **Motion carried**

4.c. Recommendation to award RFP for Renaux Manor Storm Sewer Design Engineering.

AJ Reineking presented. We have a unique situation in the storm sewers in the Renaux Manor Subdivision. This area, particularly the western edge of this subdivision, has a high groundwater table which contains high concentrations of dissolved bedrock. That water is entering the public storm sewer, presumably through residential sump pumps and infiltration, and the minerals are solidifying into a hard substance in the pipes.

The public storm sewer in Renaux Manor, like many areas throughout the community, is made of reinforced concrete. The porous concrete surface and the frequent joints within the pipe are combining to allow the minerals to calcify and form a rock-hard buildup within the storm sewer, in some cases restricting flows 40 – 50%.

These buildups are impacting approximately 2,800 feet of pipe ranging from 10” to 42” diameter. Over the last several years we’ve tried to clean the lines to restore capacity. Mechanical cleaning achieved some success, but it was very time consuming and costly, and the buildup came back very quickly. This last year we tried a chemical cleaning and saw no results.

Our last resort is to take a complex issue and approach it very simply. We are looking at mechanically cleaning the small diameter pipe where practical, and line the pipe immediately to remove porous surfaces and then remove the large diameter pipe and replace it with a non-porous PVC material to eliminate the potential for buildup. During our investigation, we identified that the buildup was occurring on the residential sump lines, but the material was very easily removed because those sump lines were PVC.

The City issued an RFP with a scope to include a review of the existing conditions and testing data and confirm the course of action; identify the best routing for any new storm sewer to be installed, and develop a set of plans and specifications for the bidding and construction of the sewer replacement.

The City received 8 responses to the RFP with Gerald L. Heinz & Associates, Inc. of East Dundee, IL being identified as the most responsive, responsible proposer. Gerald L. Heinz has performed similar sewer projects in the past and has provided a list of very favorable references.

It is my recommendation to execute an agreement with Gerald L. Heinz & Associates, Inc. for design engineering services for the Renaux Manor Storm Sewer Replacement Project in an amount not to exceed \$36,100.

Aldr. Turner: Is this coming out of your budget or is it going to be charged to the SSA?

Mr. Minick: It is coming out of the budget but we certainly have the option to utilize the SSA.

Aldr. Lemke: Is it worthwhile looking into what the source of the ground water is? My assumption is there are natural springs?

Mr. Reineking: We are finding the residents in that area have sump pumps that are running constantly, so there is some type of natural spring or elevated ground water.

Aldr. Gaugel: You disqualified one bidder for lack of understanding of the scope. Are you confident that the potential award recipient understands the scope? Do we have a

clearly defined scope so that when it is issued, he isn't going to be coming back asking for more?

Mr. Reineking: I met with Mr. Heinz and he has a very good understanding of what we are looking for.

Aldr. Lewis: This is not that old of a subdivision; is that normal for pipes to deteriorate within 15 years?

Mr. Reineking: The pipe itself is in good shape, it's the substance building up inside the pipe that is of concern. This is a unique situation, I can't think of anywhere else in the City that has a build up like this.

Aldr. Lewis: Is this a permanent situation?

Mr. Reineking: We anticipate that once we get a smooth pipe in there with a routine cleaning schedule we won't have any problems.

Aldr. Turner: There are many sources of water back there; it used to be a river bed of the Fox.

No further discussion.

Chairman Payleitner: Kristi, please call a roll.

K. Dobbs:

Bessner: Yes

Lewis: Yes

Stellato: Yes

Silkaitis: Yes

Lemke: Yes

Turner: Yes

Bancroft: Absent

Gaugel: Yes

Vitek: Yes

Motioned by Aldr. Gaugel, seconded by Aldr. Vitek. Approved unanimously by roll call vote. **Motion carried**

4.d. Update Presentation for the New Police Facility – Information only.

Peter Suhr presented. A couple weeks ago, City Council unanimously approved the recommendation to build the new police station on the former Valley Shopping Center site. Now that we have passed that significant milestone, staff is focused on the next step of the project including finalizing the purchase of the Valley Shopping Center land and also engaging with our architectural team to design the facility.

Since our most recent initiative has been about selecting the site, it's been since January that we've had an opportunity to provide you with an update on all the other aspects of this project. We thought this was an opportune time to revisit some of the work that has already been accomplished and give you a preview of what is come in the next three years with this project.

In January 2017, we awarded a contract to FGM Architects for professional services related to the police facility. That action was a cap stone of nearly five years of due diligence including existing conditions reports, master plan studies, space need studies, floor plan layouts, testing, cost estimates, land appraisals, environmental studies and contract negotiations just to name a few. FGM has been part of our team for the past two years and has already delivered on their reputation of being the best police station architects in the region.

There is much more to do, and our team has to grow to accomplish our goal of delivering a new police station that we can be proud of for the next 50 years. We are currently soliciting proposals for Construction Management Services and will be back to you in November for approval of the contract.

We have identified an internal Executive Team who will be involved with all aspects of the project on a day to day basis from start to end and it includes Chief Keegan, Commander Mahan, Chris Minick, Peter Suhr and Chris Adesso. One of our first goals is to review proposals from the construction manager and get that element of our team in place. However, we want to recognize this project is going to involve more than the five of us; there is a large group of people from the entire City who will be involved, as well as our entire professional staff led by FGM Architects.

Presentation by Peter Suhr.

Aldr. Gaugel: The Construction Manager is a critical role; can you go into detail on the selection process? Do you have preset selection criteria of exactly what it is you are looking for?

Mr. Suhr: The RFP has been out for a week and it is on our website in its entirety if you want to see it. It is similar to how we secure professional services; the RFP is comprehensive so we have asked all the standard questions – who are they, what is their experience; examples of projects, how familiar are they with a site that requires

remediation and demolition. We also have a requirement that they have built several police stations before; the positive part about that is this area is littered with really good construction management firms that have done this work. At that stage, we have an evaluation process which is also identified in the RFP; the five Executive Team members will review the written proposals and score them. We will invite three to five back for interviews. The interviews will be scored as well and then the combined score will be the proposal that we will recommend to City Council for approval.

Aldr. Gaugel: Sounds like a great plan. So you have the construction document phase which is scheduled to be complete in June 2018 and then you have the bid phase which is August 2018. What is the two month lapse for?

Mr. Suhr: June to August is the two months needed to bid the phase. We anticipate being completed with the bid phase and digging a hole in the ground by this time next year.

No further discussion.

5.a. Recommendation to approve the Purchase of Replacement Self Contained Breathing Apparatus for the Fire Department from MSA.

Chairman Payleitner: Chief Schelstreet, I would like to offer congratulations on behalf of my colleagues and me on your CFO designation.

Chief Schelstreet presented. Thank you very much. Tonight I am asking for approval to purchase new air packs; they are the tanks you see firemen wearing into structural fires or anywhere there is an atmosphere where it is not safe to breathe. We have anticipated the end of life of our current units for some time; approximately five years ago we discussed with the Finance Department the dollars that we anticipated we would need when these current units become obsolete and could no longer be certified by the National Fire Protection Association.

Approximately a year ago we started the evaluation process. We invited four manufacturers to make presentations and submit themselves to field testing by the fire fighters. All four made their presentations and left air packs for us to test and 20 fire fighters participated in the field tests. At the end of the testing, we utilized Survey Monkey and all the fire fighters completed detailed comparisons both in general and then head to head. We also solicited additional comments from each tester so we could construct a valid RFP. We constructed an RFP that went to all four vendors and we received two back. We scored those two proposals and selected MSA as the winning vendor as they received the highest score and were the lowest cost. The other vendor did not provide any warranty information or references and they did not offer the ability to upgrade to a 5500 psi cylinder that we requested.

We contacted the two vendors that did not submit and asked why. The response was that based on the RFP, they didn't believe they could compete with the MSA product. We have reached out to MSA and indicated there were a couple places we believe that they can do better on their pricing.

Staff recommends an approval of an award to MSA for the replacement of the Fire Department Air Packs through Air One Equipment for a price not to exceed \$414,000.

Aldr. Gaugel: This is a solid procurement from my standpoint.

Aldr. Silkaitis: What are you going to do with the old ones?

Chief Schelstreet: Once they hit the 15 year mark, they cannot be certified so we cannot donate them. They will be disposed of appropriately.

Aldr. Lemke: Is the service life of the new units also 15 years?

Chief Schelstreet: Correct.

Aldr. Lewis: Are they all being replaced at once due to their age?

Chief Schelstreet: Yes.

No further discussion.

Chairman Payleitner: Kristi, please call a roll.

K. Dobbs:

Bessner: Yes

Lewis: Yes

Stellato: Yes

Silkaitis: Yes

Lemke: Yes

Turner: Yes

Bancroft: Absent

Gaugel: Yes

Vitek: Yes

Motioned by Aldr. Stellato, seconded by Aldr. Lemke. Approved unanimously by roll call vote. **Motion carried**

6.a. Recommendation to award Utility Rate Study to Burns McDonnell Engineering.

Chris Minick presented. As the Committee will recall, our last rate study was completed in the 2010-2011 time frame. A firm named RW Beck was awarded that contract and performed the Utility Rate Study at that particular time. We had some unique circumstances at the time; we were posting large deficits in all three utilities because revenues were not meeting our operational and capital needs. The rates themselves were not adequate to generate total revenues to be able to cover those costs, but additionally our rate structure had not kept pace with the way in which we were incurring costs, primarily in our electric utility. We had an outdated rate structure based on the fact that our Commonwealth Edison wholesale power purchase contract had expired and that was a fixed rate contract so we needed to update the rate study at that particular point in time.

RW Beck performed the rate study; they devised a fairly aggressive schedule of rate adjustments to address the situation and they incorporated some other philosophical suggestions. They made a presentation to the City Council and the City Council liked a lot of the philosophical suggestions that RW Beck had made, but directed a longer term approach. The City Council directed us to do less impactful rate adjustments over a longer period of time. We are now 6-7 years into that plan and I'm very pleased to stand before you tonight and say that approach has worked. We have returned all three utilities to a state of financial sustainability. The operating results have stabilized in all three of them, but particularly in the electric and water utilities. We need to keep in mind that we have significant capital expenditures that we are working on in the wastewater fund and we will have some related future adjustments that we will need to be diligent with, but we are in a much better place when we completed the last rate study.

Given our conditions have changed and the financial structure and operations have changed within the utilities, we think it's time to update the rate study and have it start to reflect some of the circumstances that we are dealing with today. We sent a Request for Proposal seeking responses. We received four responses that were independently evaluated by a team of four individuals representing the Finance Department and the Public Works Department; team members are Tom Bruhl, Tim Wilson, Julie Herr and I. Once we went through all four responses, we met as a group, compared our scores and came to the conclusion that we would like to recommend the award of the Utility Rate Study contract to Burns McDonnell Engineering in an amount not to exceed \$80,000. That price does reflect a \$5,000 discount for running all three utility rates studies concurrently.

Burns McDonnell offered the highest quality product and the best value for the money. They met all the requirements as were outlined in the RFP. The main deliverable is the Rate Study Report. Burns and McDonnell's report is of the highest quality and is the most user friendly and easiest to comprehend.

Additionally, Burns and McDonnell is including a spreadsheet model that will allow the staff to update our cost structure and evaluate various rate structures in off years when we don't perform the utility rate study. This was a key deliverable that we got from the last rate study that RW Beck performed and staff utilizes that tool on an annual basis as a budgeting tool and a rate setting tool when we prepare to present our budget recommendations to you.

Additionally, Burns McDonnell is familiar with the IMEA model; they have done work and rate studies for the City of Naperville. In terms of water and sewer rate studies, Burns McDonnell has performed water and sewer rate studies for the Village of Winnetka, the City of DeKalb, the City of Joliet and the Village of Mt. Prospect as well. The process involves the firm collecting and analyzing various cost and utility consumption data to predict our costs to provide utility services to our residents. Once they have determined those costs, they then design a rate structure to ensure the operating and capital needs of the utilities are met and they will also look at designing a rate study that will allow us to replenish the reserve accounts to the 25% threshold that was approved by City Council earlier this year.

As part of the cost analysis, they also look at the cost structure. The way we incur our costs and which customer classes generate what levels of expense to provide those utility services and they recommend a rate structure that reflects those costs.

After all the data is analyzed and the numbers are crunched, they'll make a presentation to the Committee with recommendations. We anticipate that we would begin the process as soon as the City Council gives final approval assuming a favorable recommendation tonight.

Aldr. Silkaitis: I didn't see RW Beck as one of the groups to submit a proposal.

Mr. Minick: They are no longer in business; they were bought by another firm and the principals that worked on our account are scattered among various firms now.

Aldr. Lemke: Has Baker Tilly done work for us?

Mr. Minick: I believe they have, but it was not during my tenure here so it hasn't been in the last ten years.

Aldr. Lemke: Any reason to think we might need a lot of work in the fresh water area?

Mr. Minick: They will take a look at the capital plans that we have in all of the utilities and help us structure rates so that we have the ability to pay for upgrades either through bond issue or pay as you go program or a combination of both. While we don't anticipate an inordinate amount on any of the utilities, I think it behooves us to make sure that we plan for those capital expenses as they come up in the future.

Aldr. Lemke: Do we have anything on the horizon for additional wells?

Mr. Minick: To my knowledge, there isn't anything planned at this particular point in time.

Aldr. Turner: When it comes to capital projects, we have to give them the information, correct? They're not going to say that our system is deficient and we have to build something, are they?

Mr. Minick: This is not that type of study. However, I would think that if they notice something on our storage, for example, because they will be collecting data on daily pumpage and peak pumpage, that they would make us aware if they saw a need for storage.

Chairman Payleitner: Will it be easy to incorporate the needs from the spreadsheets for our upcoming Water Quality Study?

Mr. Minick: Yes, that is one of the things that the spreadsheet model allows us to do, is to incorporate changing conditions. It allows us to amend in between years when we don't do a rate study.

No further discussion.

Chairman Payleitner: Kristi, please call a roll.

K. Dobbs:

Bessner: Yes

Lewis: Yes

Stellato: Yes

Silkaitis: Yes

Lemke: Yes

Turner: Yes

Bancroft: Absent

Gaugel: Yes

Vitek: Yes

Motioned by Aldr. Stellato, seconded by Aldr. Turner. Approved unanimously by roll call vote. **Motion carried**

7. **Executive Session.**

None.

8. Additional items from Mayor, Council, Staff or Citizens.

None.

9. Move to Adjourn Government Services Committee Meeting.

Motion by Aldr. Stellato, seconded by Aldr. Bessner. No additional discussion. Approved unanimously by voice vote. **Motion carried.**