IIB22

MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT SERVICES COMMITTEE MEETING
MONDAY, APRIL 9, 2012, 7:05 P.M.

Members Present: **Chairman Stellato, Vice-Chairman Turner, Aldr. Monken, Aldr. Carrignan, Aldr. Payleitner, Aldr. Rogina, Aldr. Martin, Aldr. Krieger, Aldr. Bessner, Aldr. Lewis,**

Also Present: **Mayor DeWitte, B. Townsend, M. Koenen, R. Gallas, J. Lamb, P. Suhr, G. Amburgey, T. Bruhl, Chris Minick**

1. **Meeting called to order at 9:05 p.m.**

2. **Roll Call**

M. Moreira:

Stellato: Present
Monken: Present
Carrignan: Present
Payleitner: Present
Turner: Present
Rogina: Present
Martin: Present
Krieger: Present
Bessner: Present
Lewis: Present

3.a. Recommendation to approve a Resolution authorizing the Mayor and City Clerk to Execute a Contract Amendment with Veolia and budget amendment for 2012 Spring Clean Up.

John Lamb presented. Staff was directed to contact Veolia to obtain pricing for a one time Spring Clean Up event; the result is an amount of $90,000. The attached proposal is for up to 300 tons of material and $75 for every ton over 300. This event would take place on two Saturdays, April 28 and May 5. Due to the first Saturday being on April 28, staff is requesting a budget addition of $45,000 for this current fiscal year. That amount would then be deducted from the upcoming fiscal year budget.

Chairman Stellato: To clarify, April 28 is the east side and May 5 is west side?

Mr. Lamb: Correct.

Aldr. Krieger: That's just barely over two weeks. Could we go May 5 and May 19?

Aldr. Carrignan: I concur. This is short notice. Can we do something to push this out?

Aldr. Martin: I concur.

Mr. Lamb: We could do that. There was some concern about having it on Mother's Day weekend.

Aldr. Carrignan: Do they have to go on consecutive weekends?

Mr. Lamb: No, they don't have to be consecutive. We were trying to avoid Mother's Day weekend and Memorial Day weekend. We thought that would be a concern with both you and residents about having the debris on the curb over those weekends.

Aldr. Carrignan: I would like to ask if we can go May 5 and May 19.

Mr. Lamb: Yes, that can be an alternative.

Chairman Stellato: Except for the date, is everyone okay with the concept and how we are going to pay for it? Obviously then it would all be in one budget year.

Mr. Lamb: Correct. There would be no need for a budget amendment. I just need to confirm the dates with Veolia. I don't think it will be a problem.

Aldr. Carrignan: I move for approval under the condition that the dates be the 5^{th} and the 19^{th} of May.

Aldr. Monken: Second.

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Monken. Approved unanimously by voice vote. **Motion carried.**

3.b. Presentation of Current EAB Policy and recommendation to direct staff regarding funding for FY 12/13 Budget.

Peter Suhr presented. Tonight we are here to continue the EAB policy and funding conversation from about six weeks ago at the February Government Services. At that time, we reviewed the current EAB Policy and also the EAB impact to date. Briefly, we have 5,400 ash trees that we own. Over half of those are confirmed with EAB to date. 30% of them have been removed already and 25% have been replaced. The total budget cost of the EAB to date has been about $1,000,000. We also reviewed the EAB projections and anticipated costs which are on the rise in the next three years. We also looked at future considerations and discussed a new interpretation from the IL Dept. of Labor about prevailing wages which is certainly going to impact the cost of this program moving forward.

What we heard from this Committee was to focus on removals and potentially extend the planting schedule if it makes fiscal sense to do so. We also heard you were not in preference in having the citizens pay for the planting program and also did not prefer planting smaller trees in lieu of the 2 ½ inch trees that we plant today. You also asked that we consider funding options and particular bonding options for these conditions.

Tonight staff has prepared three separate options for you to consider. Two of which have been discussed before and you should be familiar with.

Option A is one that we've reviewed in the past and suggests we stay the course. The course is that we confirm an EAB tree and that ends up being a purple dot on the tree. Eventually when that tree is ready to be removed, the purple dot changes to a pink dot and the resident is notified. The tree is removed and replaced in that same season. That is our current policy, and what we have been practicing over the past three years. Based on our projections and continuing that policy, we are anticipating that this would be a three year program continuing forward.

Power point presentation by Peter Suhr.

Option B is also an option that we've looked at before. This is called a limited funding policy which basically means maintain our current funding at $364,000 this year and as that increases 3% through the year, we don't fund this program in any other way. What that suggests in staying focused on removals first is that for the first four years we would be utilizing all of our urban forestry money to deal with removal of these trees. Starting in years five through eight, we would then start to replant the canopy. Obviously this is an eight year program that can extend even further than that. One of staff's major concerns with this plan is we have no urban forestry money budgeted for routine maintenance for trees, i.e., trimming, etc. in this plan. One alternative is to increase some of the urban forestry money, but that would suggest that this schedule goes even further; eight to ten years, ten to twelve years – however far we want to go. The other problem with this is our residents are waiting four to eight years to get a replacement tree. We have accounted for 3% inflation per year, but I want to warn you that trying to predict prices eight years out is challenging. We did not look at a financing option for Option B.

Option C is a focus on removals and extend the planting schedule. This is a suggestion that Committee gave us last time to look at something in between Options A & B. This is a six year program where we focus on the removals to start with in years one, two and three and we extend the replacement schedule to six years, hopefully getting to a better fiscal plan. The nuance of this is that some of our residents would have to wait up to three years to get their tree planted. One-third of our residents would be waiting two years for a tree and one-sixth of our residents would wait three years to receive a tree. The total funds required over six years are $2.6 million which is about $200,000 higher than Option A. If we were to look at FY 12/13, staff would be asking for an additional $307,000 to add to the current budget to make this plan work for us.

Similar to Option A, we analyzed the full program bond for Option C as well. The truth of the matter is that program costs were very similar to Option A, within $100,000 of each other. It didn't make sense for us to present Option C with a full bond if we could, for the same amount of money get the problem taken care of in three years as opposed to six years.

Chairman Stellato: The urban forestry program; just to clarify – that's all the remaining trees, aside from ash trees, the normal maintenance that is required every year. That's $150,000 rough estimate?

Mr. Suhr: That includes emergencies, Christmas trees and special event trees, some of that is built into that budget as well.

Aldr. Bessner: I have a question about the options. Why can't there be an option where you have 500 trees one year removed and then 500 trees the next year planted, over the course of eight or ten years?

Mr. Suhr: There certainly could be. I think the option that we took to extend the cycle was Option B.

Aldr. Bessner: I know the cost in the long term might still add up, but wouldn't that keep it more consistent with what we need every year for our budget?

Mr. Suhr: We talked a little bit last time about our projections. We are projecting that in two years from now we would have most of our ash trees confirmed with EAB so we've got a safety concern out there as well and that's why I think this Committee directed us to move forward with removals to start with. We took that direction and that's how we built these options. For every option we create here, there is an infinite amount of other options that we can certainly look at. These are three that we've given a different range and hopefully from there we can build on that. If we need to tweek one of these options, we can certainly do so.

Before I wrap up, we do want to suggest some other considerations. This plan and every plan that we've shown tonight is dealing with 85% of our trees. 15% of our ash trees remain after these programs are complete. We are still treating 250 trees. We've got a treatment program and we are hoping all of these ash trees are not going to be confirmed, so maybe we'll get lucky and some of these trees will survive. We've got the prevailing wage changes that are in effect. This is something that came up 60 days ago and that's going to be a discussion over the next three years for the positive or the negative, but it's out there and it's not something we can zone in on yet. There certainly can be increases; not only inflation, but we talked about the competitive market last time. Other communities will start dealing with the same issues we are; therefore affecting costs later on as programs evolve. We certainly want to reevaluate our program each year and adjust accordingly. The pay as you go programs are easy to adjust on an annual basis, but the bonding solutions are more fixed.

We've got the private tree issue as well. Even though our Ordinance is set to enforce removal of nuisance trees on private property, we have not been practicing that policy to date. None of the options that I've presented here today have funds available for private trees.

If Staff can recommend an option, we recommend Option A for several different reasons. First, it's the shortest duration. Its three years compared to Option C which is six years, compared to Option B which is eight or more years. Second, it's the most fiscally responsible option, when considering the pay as you go program. It's pretty close to the most fiscally responsible when compared to Option C, even when you bond the project. The difference between Option A when you bond the full program for ten years and Option C when you do a partial bond for ten years is about $100,000 difference. You have to weigh $100,000 over ten years vs. some of our residents not getting trees for three years. Staff felt that was enough to tip the scale to recommend Option A.

Are there any questions at this point in time?

Aldr. Carrignan: On the treating of the trees, you said you "hope". "Hope" doesn't work in a budget very well. Should we plan for 100% of all the city ash trees to ultimately be affected with EAB?

Mr. Suhr: I think we could, but truthfully I think that even if the treatment does not work it's still going to buy us some time to get over this next three to six years. At that particular time, we are dealing with 400 trees, not 3,000. It will be a lot easier to deal with at that point in time.

Aldr. Carrignan: There are a couple things driving this. The first is public safety, because I believe that is a significant concern. I would recommend that we get the trees down as fast as possible. Looking at Option A and Option C, if $100,000 is the total difference, to your point, and I think it's an outstanding recommendation, to go with Option A and let's get this cleaned up and behind us as quickly as we possibly can.

Chairman Stellato: So you are suggesting bonding the entire project?

Aldr. Carrignan: You handle the costs over the ten years. Is this capital? Does this qualify?

Mr. Minick: Yes. It would be tax exempt and it is considered infrastructure to the extent that it's part of the urban forestry landscape.

Chairman Stellato: To clarify that comment; is there anybody waiting three years for a tree at that point? If we bonded out the ten year full program bond?

Mr. Suhr: No. That is the program, stay the course. Our policy to date has been to replace the tree when it's removed in the next planting cycle.

Aldr. Turner: I agree with that. Let's take Option A.

Aldr. Carrignan: I make a motion Council approve Option A with a ten year full bonding program.

Aldr. Monken: Second.

Aldr. Rogina: Under that plan, the tree is replaced at the next planting cycle.

Aldr. Carrignan: We are going to do it over three years, pay it over ten.

Aldr. Lewis: What size tree?

Mr. Suhr: 2 ½ tree that we are doing now.

Aldr. Krieger: What about private property?

Mr. Suhr: If you have a specific question or should that be opened up for discussion?

Chairman Stellato: Not now due to the lateness of the hour, but I do think we have to address it. Do you want to put it on the next Government Services and we can talk about it then?

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Monken. Approved unanimously by voice vote. **Motion carried.**

3.c. Presentation of Utility Rate scenarios and recommendation to direct staff regarding rates for FY 12/13 Budget.

Chris Minick presented. Over the past few public meetings, we have been giving a series of presentations regarding the FY 12/13 budget process. During those meetings, we have been concentrating primarily on the General Fund. Tonight we are going to talk about the Utility funds and where they stand. Staff will be seeking a recommendation of incorporation of a particular rate structure that staff will propose and outline during the presentation at the conclusion of the presentation this evening. One of the things I ask you keep in mind as we go through this presentation is when we talk about the three Utility funds, the Electric fund, the Water fund and the Sewer fund – these are known as Enterprise funds. They are accounted for as distinct and separate business operations of the city. They are intended to be financed entirely by user fees and charges that are related to the consumption of those particular utilities and those particular utility services.

Power point presentation by Chris Minick.

Chairman Stellato: Chris, first of all, great job. This is very comprehensive. I know it's a tough subject, but you did a great job and you did it all in 20 minutes. Thank you!

Before we get into discussion or questions, there was a question about a non-resident surcharge. We are all in agreement we would like Chris and staff to proceed researching that.

Aldr. Carrignan: Chris, go back to the comparable city slide, please. I'm making the assumption that all these cities are IMEA?

Mr. Minick: Batavia and Geneva are not IMEA. Naperville is IMEA, South Elgin is Commonwealth Edison and we've also got Commonwealth Edison as a comparison as well. South Elgin is up there primarily for comparison of water and sewer.

Aldr. Carrignan: Going back to the wholesale power costs, and I'm speaking specifically Electric – we saw that start in 2006/2007 timeframe. You mentioned there was a change in power sources at that time. What was that change?

Mr. Minick: We did change from a Commonwealth Edison wholesale contract to an IMEA contract at that particular point in time. I should note, the ComEd contract was a longer term contract and provided a price for wholesale power that simply wasn't available once that long term contract expired in that 2006/2007 time frame.

Aldr. Carrignan: The accuracy of wholesale power cost forecasting has been less than accurate. Is there any remediation for that? We try to have a budget and get underforecasted; is there any way to go?

Mr. Minick: It becomes a very complex equation because of the way we are charged for power. It's not only the total consumption that figures into the charges that IMEA levies. It's also the demand and how that power is consumed. In other words, when we have a month when we have a great variation between our peak electric usage and our average load or average usage, we incur some pretty hefty demand charges to be able to supply power to that peak need in that particular instance. What we've seen is not only a decline in the total consumption of kilowatt hours that we purchase from IMEA, but also an increase in some of the variances in the load factors. That accounts for some of it, the economic conditions and less production at some of our industries in town accounts for some of it. We are hopeful that we will see that begin to remediate now.

Aldr. Turner: We are presently fund the Electric out of general funds. Is there any plan that they pay back the general fund?

Mr. Minick: Absolutely. It's essentially a loan and we anticipate the general fund will be made whole as the electric fund builds up those reserves.

Aldr. Rogina: From the revenue side, can we make the assumption that since that downtown in 2008, the rates we have charged customers here in St. Charles are a smaller percentage than Commonwealth Edison? In other words, have the rate increases that have existed since 2008 to now are less than Commonwealth Edison?

Mr. Minick: I believe that it is the case; however, I will state this with certainty. The cost to the average residential customer is certainly less on an annual basis and substantially less, even under the proposed rates that you see up here. It's approximately $200 less on an annual basis than what ComEd charges.

Chairman Stellato: Are you looking for a motion tonight, Chris?

Mr. Minick: I would request a motion to recommend the rate structure as proposed.

Aldr. Carrignan: I have one more comment. In looking at the out of town customer base, I think a good use of that fund would be to offset some of the rate increases for people on fixed incomes so maybe you can look at finding a way to create a pool of that money. It doesn't have to be all, maybe a percentage to assist seniors on fixed incomes to offset some of that.

Mr. Minick: We do have a program that is a slightly different focus that is called "Neighbors in Need" that is administered through some local charities in town, but we do provide funding for rate relief for people who are temporarily experiencing financial hardships.

Aldr. Carrignan: I think this is something that would be worthwhile to look at, if we take some of that money and put it to help someone who can use it.

Aldr. Martin: Of the non-resident customers, are any of them other than residents? Are there schools involved in that?

Mr. Minick: I believe there is a school district facility; I believe Kane County has some facilities that are located outside of there. I believe it runs the gamut; I think we have some residential, some commercial and some industrial customers. I'll report back on that distribution when I bring it back.

Aldr. Martin: Are we under contract with any of those bodies for rates?

Mr. Minick: No. Most of them allow the city to charge a non-resident rate if it is indeed addressed at all in any agreement that we have with any of these entities, based on the research we've done so far.

Aldr. Carrignan: I move for approval for the adjusted rates for the 2012/2013 budget year.

Aldr. Turner: Second.

No further discussion.

Motioned by Aldr. Carrignan, seconded by Aldr. Turner. Approved unanimously by voice vote. **Motion carried.**

4. Additional Business

None.

5. Adjournment

Meeting adjourned at 10:01 p.m.

Motion by Aldr. Monken, seconded by Aldr. Carrignan. No additional discussion. Approved unanimously by voice vote. **Motion carried.**