MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, JUNE 4, 2012

1. Opening of Meeting
The meeting was convened by Chair. Martin at 7:30 p.m.

2. Roll Call
Members Present: Chair. Martin, Ald. Stellato, Monken, Carrignan, Payleitner, Turner, Rogina, Krieger

Members Absent: Ald. Bessner & Lewis

Others Present: Brian Townsend, Chris Aiston, Chris Minick, Chief Mullen, Peggy Forster, Kathy Livernois, and Chief Lamkin

3. Omnibus Vote
None

4. Human Resources
a. Recommend approval of a proposal from CCMSI in the amount of $23,539 for third party administration services for worker's compensation for FY12/13.

Kathy Livernois: As you know we are self-insured for Worker's Compensation here at the City and CCMSI is our third-party provider. They are the one who administers our claims and we work very closely with them. As noted in the summary they have been our provider since 2008; however, we will be doing an RFP next year to make sure we get the best provider we can. Also please notice that their prices have stayed the same and we are happy to report that we have decreased our savings in worker's comp by a significant amount since being with CCMSI and working together. We had almost $1.8M in claims and at this point we are less than $340K. I would also like to take this opportunity to thank our department heads whose departments have worked very hard, specifically PW, Police and Fire, to ensure our cost in worker's comp decreased and our employees are safe.

Ald. Stellato: What does CCMSI stand for?

Kathy: It's a combination of the owners' personal names or something like that. I don't know it off the top of my head.

Motion by Ald. Stellato, second by Turner to recommend approval of a proposal from CCMSI in the amount of $23,539 for third party administration services for worker's compensation for FY12/13.

Voice vote: unanimous; Nays: None; Absent: Bessner, Lewis. Chair. Martin did not vote as Chair. **Motion carried.**

5. Finance Department

a. Recommend approval of the Visitors Cultural Commission funding allocations for FY12/13.

Ald. Stellato recused himself from this item due to Steel Beam rents space from the company that he works for and he can't vote on this issue.

Chris Minick: Each year the Council has directed that staff set aside some money for promotion of arts and cultural activities from the hotel/motel revenue tax stream and the City Council further charters the Visitors Cultural Commission with the task of soliciting applications for funding on an annual basis and making recommendations for the allocations of those funds. The Visitors Cultural Commission has gone through that process for FY12/13. They have $89,400 budgeted and there are some recommended allocations that were enclosed in the packet.

Dr. Anne Becker is the Chair of the Visitor's Cultural Commission and is here tonight and will outline the process they have gone through for the funding allocations for this fiscal year.

Anne Becker: I would like to introduce one of the recipients over the past few years, Lynn Caldwell, Director of the Fine Line.

Lynn Caldwell: I am thrill to be here tonight. Fine Line is grateful for receiving support funds from the Cultural Arts Commission. This has allowed us to expand our programming which this year includes instructors from Belgium, Oregon, Washington State, and California. The California gentlemen, Bob Burge, who is coming in – we didn't have enough space at Fine Line so we are having the workshop at Hilton Gardens where many of the people will be staying. These workshops bring people in from all over the country. They enjoy getting to learn new things at the Fine Line and get an artistic point of view. While they are here they are able to enjoy St. Charles with all of its many exciting features including all the restaurants and shopping. Over the last few years Fine Line has extended its curriculum to include a teacher's institute day for area teachers to come and learn new things for their art programs in the public schools. We also have high school art enrichment field trips, and we've open our doors to high school students to help them continue their art education in the summer time and when they are not in school.

Two years ago we spent a lot of time with Kane County in their Zoning Department. If you've ever been to Fine Line, while our address is Crane Road, our property doesn't touch Crane Road. It's always been a challenge for people to find out where we are. We're at the end of Twin Silo Drive. People drive up and down Crane Road looking for us. Because of these things we are zoned residential but are there by special use. We have gone through all the County zoning processes and purchased property and our new entrance will be across from the Primrose soccer field on Bolcum Road. We'll actually have an address that matches our driveway and we get signage. This process we've been fundraising for the past year now. It's going ahead and we need to raise more money but once we break ground we get to use our new special use and we're real excited to bring all this to the St. Charles area.

Anne: You all have handouts of an overview or analysis of how the money is used and how it affects our impact for the City of St. Charles. The form we used last year is different from the form being used now. We amended it. We hope to have a meeting with Mayor DeWitte this summer and go over the changes we've made and the impact we are seeing from the different people who are recipients.

Some of the common things we looked at this year are namely the residents who are affected from St. Charles and the residents who are affected that are not St. Charles residents; which means they would be staying here and all of these things impact the hotel/motel tax which is where the money is coming from. So we are trying to show a direct correlation between the people coming in to see the arts vs. how much money they are bringing in. Certain things, such as the arts, do not have a monetary value; however they are run by that and I don't know if there is a balance. So basically you have our proposal and the suggestions we are making for the recipients.

Ald. Krieger: I was at the Fine Line several times last fall and it is very well run and managed and it had some beautiful paintings.

Anne: The Fine Line hosted a Next Gallery in January which is one of the pop-up galleries the Arts Council has been coordinating. They work closely with many other groups in the City and that is one of the things we are going to be looking at in our analysis. You'll notice that there is a lot of collaboration between the groups. I feel the people we award grants to are just fabulous people and add to the enrichment to the members of our community. Thank you for your contributions.

Ald. Turner: My wife and I as well as many others here have attended the St. Charles Singers concert and in December Mayor DeWitte asked how many people in the crowd were not from St. Charles and there was quite a big response.

Anne: Yes, I noted that in your packet and the analysis of how many people were from St. Charles and how many were not; and the Candle Light draws a lot of people from out of town as well.

Motion to by Ald. Carrignan, second by Monken to recommend approval of the Visitors Cultural Commission funding allocations for FY12/13.

Voice vote: unanimous; Nays: None; Absent: Bessner, Lewis; Abstain: Stellato. Chair. Martin did not vote as Chair. **Motion carried.**

b. Recommend approval of an Ordinance Authorizing Acceptance and Execution of an Intergovernmental Agreement with the State of Illinois Office of the Comptroller Regarding Access to the Comptroller's Local Debt Recovery Program.

Julie Herr: A new state law went into effect January 1 which authorizes the Illinois Comptroller's office to enter into governmental agreements with the government to collect unpaid debt, such as, parking tickets, fines, fees, utility bills, and other types of debt on behalf of those local governments. This program which was created by this law, is referred to as the Local Debt Recovery Program. Under this program local governments can submit their unpaid debt to the state through an electronic file process. The state will then take this data and match it against their accounting system, and prior to any checks being issued for things such as state tax refunds, lottery winnings, vendor payments, any matches will be withheld and notification will be sent to the debtor that this debt is outstanding. If there is a match a written notice is sent to the individual and they have 60 days to file an appeal. If they do not want to appeal than the money is turned over to the City. There is an administrative fee cost, not to the City, but to the debtor. The City is seeking recommendation to the Council to enter into this intergovernmental agreement with the Comptroller's office so that we can facilitate this program and hopefully get some money on some debt that has been owed to us.

Ald. Rogina: So a resident of Illinois living in St. Charles who has a refund coming from the State of Illinois, but they have a $200 unpaid utility bill here, which in effect is a lien against that refund after we agree to enter into this agreement?

Julie: Correct, we will submit through electronic file process, the outstanding debt and it will sit on this share file system until a match is made. So it could stay on there for eternity, but hopefully we will see some returns on this program.

Ald. Turner: How much debt do we have approximately?

Julie: We are still in the process of compiling that information. We are taking not only some unpaid parking tickets, but some other municipal services that we've billed for that we have not received payment for. We are still in the process. We can go back up to seven years and submit debt. So it's not debt that you'll see on the books of the City of Chicago, but it's definitely a worthwhile endeavor to see what money we can collect.

Ald. Carrignan: It doesn't cost us anything?

Julie: Correct, just time and resources and once we get this up and running into a smooth process, but we do have to work things out with IRS to get the old technology part going.

Motion by Ald. Carrignan, second by Turner to recommend approval of an Ordinance Authorizing Acceptance and Execution of an Intergovernmental Agreement with the State of Illinois Office of the Comptroller Regarding Access to the Comptroller's Local Debt Recovery Program.

Voice vote: unanimous; Nays: None; Absent: Bessner, Lewis. Chair. Martin did not vote as Chair. **Motion carried.**

c. **Recommend approval of an Ordinance Ascertaining Prevailing Wages in the City of St. Charles for Kane and DuPage Counties.**

Julie Herr: This is just a housekeeping item. Every year we must set wage rates for public construction projects within the City. This ordinance adopts the prevailing wage rates that are set by the Department of Labor. Any updates or changes to these rates by the Department of Labor will automatically be adopted as set forth in this ordinance and we are seeking recommendation for approval to City Council.

Motion by Ald. Stellato, second by Monken to recommend approval of an Ordinance Ascertaining Prevailing Wages in the City of St. Charles for Kane and DuPage Counties.

Voice vote: unanimous; Nays: None; Absent: Bessner, Lewis. Chair. Martin did not vote as Chair. **Motion carried.**

d. **Recommend approval to authorize the City Administrator and Finance Director to execute an agreement with Automated Merchant Systems to provide credit card processing services to the City.**

Chris Minick: Enclosed in your packets is an agreement to provide credit card processing services to the City of St. Charles with Automated Merchant Systems. Over the last several months we've evaluated a number of proposals who provide these services for our utility billing function and collection function within the City.

Automated Merchant Systems did offer us the lowest cost and best terms overall within the contract. It is anticipated to affect this function we would accept credit cards at the counter and also through our on-line billing portal. There is one caveat. An individual would not be able to pay through the on-line portal if they were in a disconnect status. If a disconnect notice has been issued for this account, they cannot pay with a credit card on-line. They would still, however, have the option to come into the Utility Billing Services Department and could pay with a credit card over the counter if they presented an ID. The reason is that we run the risk of non-collection if they later dispute the charge and we cannot prove that the person is who they said they were at the time of the payment. The fees on the transactions would vary and there is an analysis enclosed

within the materials this evening. On average they would be approximately 1%. One of the reasons we get such an attractive fee wrt the transaction cost is because Visa and Mastercard are making a concerted effort at this current point in time to enter into this marketplace and to be able to have credit cards accepted with more utilities. So, we actually get a fixed cost transaction fee different than most merchants whose transaction fee is based on the percentage of the actual retail sale.

We do estimate if we had approximately 10% of our customers using credit cards that we expend approximately $22,600 on an annual basis. The contract is for a 3-year term and we have budgeted funds within the current fiscal year 12/13 to handle this expenditure and staff is recommending approval.

Ald. Carrignan: During that 3-year term is that price locked in for three years or is it renewable during those 3 years?

Chris: It is adjustable with a 30-day notice.

Ald. Carrignan: Okay, because when someone is going to enter into a market they are going to keep their prices relatively low to enter the market and once established in the market the price will increase.

Chris: Correct, that is through a Visa/Mastercard that is not through Automated Merchant Systems. So Visa/Mastercard would have to change that transaction.

Ald. Rogina: Are we spending $22K to provide a convenience to our residents? Is that basically it?

Chris: Yes we are expending $22,600 for convenience but the City also gains some benefits as well.

Ald. Rogina: One would be if they put it on the credit card then the risk is passed out of our hands to the credit card company and we are going to get that money less the 1%.

Chris: Yes, that is the biggest benefit.

Ald. Carrignan: You will get a lot of small transactions, especially if you get those under $100 to flip to the credit card, than we don't have to handle all those transactions.

Chris: What we worry about mostly in terms of collectability is an NSF check and the credit card removes that from the table. There is the possibility that someone could dispute the charge, but again I don't think we are going to see as much of that as we are with NSF checks.

Ald. Monken: What percentage of NSF checks do we get?

Chris: I am not sure but somewhere between 10 to 15 a month.

Ald. Rogina: Do we have a policy of when we go after a customer? How long does their debt have to be to the City for us to actually turn them over to a collection agency?

Chris: Absolutely, typically because we are a utility what we try first is a disconnect notice. For accounts that are greater than $50 that have been outstanding for 45-50 days, we will send out a disconnect notice and will disconnect the service to the service address if the bill is unpaid. If, however, the customer has moved out of the City, we will send those items to a collection agency.

Motion by Ald. Carrignan, second by Rogina to recommend approval to authorize the City Administrator and Finance Director to execute an agreement with Automated Merchant Systems to provide credit card processing services to the City.

Voice vote: unanimous; Nays: None; Absent: Bessner, Lewis. Chair. Martin did not vote as Chair. Motion carried.

6. Additional Items
None.

7. Adjournment

Motion by Stellato second by Turner to adjourn meeting at 7:50 p.m.

Voice vote: unanimous; Nays: None; Absent: Bessner, Lewis. Chair. Martin did not vote as Chair. Motion carried.

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