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**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, MARCH 19, 2012**

1. Opening of Meeting

The meeting was convened by Chair. Martin at 7:17 p.m.

2. Roll Call

Members Present: Chair. Martin, Ald. Stellato, Monken, Carrignan, Payleitner, Turner, Rogina, Krieger, and Bessner

Members Absent: Lewis

Others Present: Brian Townsend, Chris Aiston, Chris Minick, Chief Mullen, Peggy Forster, Mark Koenen, Rita Tungare and Deputy Chief Huffman

3. Omnibus Vote

None

4. Electric Department

a. Recommendation to approve a Resolution to Name Representative Director to IMEA.

Mark Koenen: As many of you know Glynn Amburgey is retiring from the City of St. Charles. He is presently our manager for electric and communications for the City. When he retires there is a position which is open that the City needs to fill on the Illinois Municipal Electric Association Agency Board to represent the City of St. Charles of our interests and I would like to propose that Tom Bruhl will be replacing Mr. Amburgey in that capacity and be appointed to represent the City of St. Charles.

Motion by Ald. Stellato second by Monken to recommend approval of a Resolution to Name Representative Director to IMEA.

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

5. Engineering Department

a. Recommendation to approve a contract extension with Meade Electric for annual traffic signal maintenance for a period not to exceed three years.

Jim Bernahl: This item is relative to our traffic signal maintenance agreement. As you recall a few years ago we entered into a multi-year agreement with Meade Electric and they

have done a good job for us. We are running into a situation here where it is time to renew that contract, but as you are aware on IL Rt. 64 there is going to be a lot of reconstruction taking place. For that matter the contractor that was awarded the contract will be taking over responsibility of maintenance for many of the traffic signals along that corridor that are scheduled to be replaced and updated. For that reason, staff is suggesting at this time, that we waive the bidding process and move into a multi-year agreement. We're indicating three years but will play it by ear on how fast IDOT finishes up that project. Meade currently does the traffic signal maintenance for IDOT as well, so they are a good fit for the job. Once that work has been completed, many of those signals will actually be transferred from maintenance completely to IDOT and at that time we can rework our contract to specify those specific signals. Meade Electric has agreed to maintain their prices for this year based on the economy which is a good thing. So for that reason staff is recommending that we waive the bidding process and stay with Meade for an additional multi-year 3-year contract and at such time we will re-evaluate it as we move forward with the work.

Motion by Ald. Krieger, second by Stellato to recommend approval of a contract extension with Meade Electric for annual traffic signal maintenance for a period not to exceed three years.

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

6. Fire Department

a. Recommendation to approve the Tri-City Ambulance Association budget in the capacity as lead agency for TCA.

Chief Mullen: The item before you relates to the annual adoption of the Tri-City Ambulance budget as lead agency for the Intergovernmental Agreement that typically comes before the Council. Earlier this month on March 9, the board of Tri-City Ambulance approved their budget. There are three significant parts: 1) the actual contractual service fee with Paramedic Services Inc. that is anticipated in this particular budget of \$2,357,880 is the third year they kept this amount at that number, 2) the contributions for each committee have been revised as per the change in the Intergovernmental Agreement which went before you and approved earlier this month. Previously we had contributed about 41-42% of expenses minus revenues; with the intergovernmental agreement that fee is now down about 35%, so this is a considerable decrease in the amount we would contribute to that annually, and 3) this year only, there is a one-time spend down of excess reserves. Our actual activity throughout the system was about 8% higher than anticipated and the revenue collections outpace that so there is a spend down of about \$500K that also contributes to the decrease in the amount that is assess to each community.

Motion by Ald. Carrignan, second by Stellato recommend approval of the Tri-City Ambulance Association budget in the capacity as lead agency for TCA.

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

7. Police Department

a. Recommendation to approve road closures for the Prairie State Cycling Series on July 29, 2012.

Deputy Police Chief Huffman: Before you is a Special Events application for a bicycle race to be held on July 29, 2012 which is Sunday from 10:00 a.m. to 6:30 p.m. The race is put on through Prairie State Cycling Series and sponsored by Sammy Cycling Club, which is a not-for-profit organization. The race route will include Riverside Avenue on the east, Illinois Street on the north, 1st Street on the west, and Prairie Street on the south. The city streets would need to be closed from 9:00 a.m. until 9:00 p.m. to allow for set up and take down. Extra duty police officers and EMA personnel would be used to manage the route for the day and barricades would be provided by Public Works. Also an ambulance and paramedics would be needed for approximately 9-1/2 hours each. At the direction of the Special Events Committee, the event sponsors had made contact with residents and businesses adjacent or over the race route. The committee is being asked to approve street and parking lot closures for the race route as outlined in your packet. Loudspeaker amplification permit is being requested for the duration of the event. The PW barricade cost estimate is \$3,376, the Fire Department EMA cost estimate is \$3,096, and the Police Department estimate cost is \$4,899 for a total of \$11,371. I would note that the sponsor, although he is a not-for-profit, which by city policy he may be eligible for a 50% reduction of city cost, the funds for this has not been budgeted for the 12/13 budget by any of the City departments. Hans Vandelft, one of the event organizers, is here to answer any questions.

Ald. Krieger: I'm curious what the response was from the businesses on 1st Street, the Blue Goose, Arcadium, etc.

Hans Vandelft, 41W155 Oak Hills Ct, Campton Hills: I've been in the area for 25 years and I've been involved with the promoting of this event in trying to get this organized as an inaugural event. We've spoken to all the businesses that would be affected, Bistro One, Arcadium, Blue Goose. The businesses that are mostly impacted are at the old factory, Indiana Avenue would be partially closed. Also spoke to the wine store. The businesses from one end said fine, go ahead – no issues to the other businesses who were a little concern about lack of access in and out of the parking lot, but did not have a major objection to it. During the event, both with volunteers as well as the police, the customers can cross the street but the public parking that is east of Blue Goose will be available for the patrons of the businesses or for the local residents at the Brownstone homes. We also contacted the Brownstone homes and Limestone houses and so far we've had no objections from those residents.

Ald. Carrigan: I guess my concern is the \$11,371 worth of a non-budgeted item. For the organizer, the City will usually work with people on a 50% off, are you looking for us to

cover the entire \$11K or are you going to cover your half \$5,600 that is going to be left over?

Hans: Since this is an inaugural event our plan is to hold a multiple year event and also with multiple cities and St. Charles is more or less the anchor, the final piece. We would really appreciate any assistance from the City during the inaugural event. We've asked promoters to obtain funds and we can absolutely assure you in future years the organizer will pay for the cost associated with the event, but since this is an inaugural event, we are asking the Council for support to the best of your ability.

Ald. Carrignan: I would just like to know where the money will be coming from?

Ald. Monken: I would like to say that this is the kind of event we've looked for in the City. We've talked about different applications that we've had and I think as a family community and with the recent award and the Visitor's Convention Bureau, etc., I think it would be a really good exposure to bring this kind of activity to the City and would want to support it.

Ald. Rogina: How large would the field be, how many bikers are we anticipating?

Hans: We are anticipating between 400-500 racers during the day. As a first year event we anticipate a 1-5,000 spectators. I can compare this to a similar race series in Wisconsin that was brought up in the same way and by the third year they had approximately 10K to 12K spectators participating and it becomes quite a big event for the local businesses.

Ald. Rogina: Any idea on the number of cyclists you mentioned, how many percentage-wise would be from out of the city, out of the area?

Hans: We would anticipate around 50-60% around the area, especially for the amateurs; and at the end of the evening with the final event is when we have the pros racing and then we anticipate racers from across and around the world. Some racers are from Australia to China to European riders who come to participate in these races. Normally the field would be a maximum of 75 to 120 racers at the pro level. The amateurs mainly come from around the areas. If you look at one of the things that cycling has become, it is very popular. About 65 to 80 million people doing it and it's the faster growing area; and also here in the St. Charles' area, just by looking at last weekend, the number of people who are going out and taking advantage of the area is just a fun event for it.

Last, but not least, we are also working with the Park District and have given them a 40-minute segment to set up a fun and family event between the races so that the family with the younger kids can go do a special event and take advantage of the close circuit where a parent and child can ride on it. The Park District is organizing this and we are trying to provide some gifts for the kids.

Ald. Carrignan: I'm sure the Park District will help your sponsorship too. Mr. Townsend, I know this is a FY12/13 budget item, but do we have any allocated funds from the SSA in 2011/12 that would be applicable?

Brian Townsend: I don't believe so. I think all the funds for this current fiscal year have been committed for SSA 1B. FY12/13 is still in the formative stages and we'll hear a presentation from Chris tonight about the General Fund. So pending the outcome of the conversation, we could make that adjustment on what the Council decides.

Ald. Rogina: Are you suggesting that the money is viable or doable that it could come from the SSA?

Ald. Carrignan: I am just thinking out loud. I believe the 50% rule should stand, so this is approximately a \$5,700 expenditure. We are in the budget process now of a \$40M budget and if we can take \$5,700 from somewhere; I think to John's point an activity that makes St. Charles a destination, that's one of the things we are looking for. So for \$5,700 we'll see if we can find it somewhere of which bucket it comes out of – that would be my recommendation.

Chrmn. Martin: What is the purpose of this policy that we established that events had to pay the cost of the event because we are tired of having it come out of the city pocket to fund all these things. Then we adjusted so that the not-for-profits could have a break of 50%, so now are we going to give that up too? Can the Scarecrow Festival come back and ask for the City to relinquish the 50% claim? I think if they want to put this event on, they should at least come up with the 50%.

Brian: This would be in compliance with our current policy.

Ald. Carrignan: That is what I'm saying. Doing the math is about \$5,700. My comment is the promoter will be responsible for his half and going into the new budget, which has not yet been finalized, we should be able to find \$5,700 somewhere in the budget.

Michael Mertes, Economic Development Department, St. Charles: I just wanted to chime in and appreciate the consideration of the 50% because they are a registered not-for-profit, but also a good portion of the \$5,700 will be made up not only to the sales tax that will be generated from the people and participants downtown; but also the fact that there will be an international contingent that will undoubtedly be staying in our hotels that will help to make up that cost as well – just wanted to clarify that.

Ald. Carrignan: To Chrmn. Martin's point that not-for-profit organizations should at least pay their fair share which is 50%.

Motion by Ald. Carrignan, second Stellato to approve the Prairie State Cycling Series on July 29, 2012 with the City of St. Charles' participation no to exceed \$5,700.

Roll Call: Ayes: Stellato, Monken, Carrignan, Payleitner, Turner, Rogina, Krieger, Bessner; Nays: None; Absent: Lewis. Chair. Martin did not vote as Chair. **Motion carried.**

8. City Administrator Office

- a. Follow-up on Red Gate Road discussion from February 27, 2012 Government Services Committee meeting – verbal report for Information Only.**

Mark Koenen: The City Administrator asked if I would cover this item since it deals with the Red Gate Road project. In the conversation we had in the Government Services Committee back in February concerning access into St. Charles North High School; at that meeting city staff was asked to go back and discuss this issue about the existing traffic congestion at the specific intersection of Red Gate Road and the entrance into the high school. That conversation is being had. What I would like to ask for is the Council's indulgence to allow us to extend this conversation to a future date, in particular, focusing on the Government Services Committee at the end of April so that we can hopefully, at that time, present a plan, associated cost, and the City and district's perspective on how we will move ahead with this project. We are encouraged where we are today and would like to continue the dialogue and have something concrete to present at the GSC meeting in April.

9. Finance Department

- a. Presentation of FY12/13 Budget – Information Only**

Chris Minick: Tonight I will give a status update on the General Fund portion of the budget. I will take a quick look back at the economic conditions we were expecting when we entered fiscal year 11/12, take a look at FY11/12 to date, take a look at the forecast where we expect to end this fiscal year, talk about the status of the General Fund budget both for FY 12/13 as well as the three subsequent periods after, talk about the next steps in the process, and then answer any questions you may have.

As I mentioned we are focusing on the General Fund tonight and will bring back the utility funds at a future meeting to give you a status update as to where those stand exactly.

From Last Year's Presentation Slide

At that point in time we did not expect a quick recovery wrt our revenue streams. We saw them remaining flat to very slowly increasing. We estimated our property values would be either flat or declining. However we were able to maintain fiscal health in the General Fund. This was done by controlling our expenditure levels particularly related to personnel and contractual services and commodities; and we looked at some one time revenue sources in maintaining those current reserve levels in the 37-40% in the short term and also maintaining our 25% reserve requirement after FY13/14. As the year progressed, wrt the revenues we found what we expected. The trend is flat overall, but a little bit of a mixed bag as well. We have certain revenue sources and revenue streams such as the hotel tax, income tax, and alcohol tax that outperformed our expectations and have done very well as

fiscal year 11/12 has progressed. Sales tax was very strong out of the gate then slowed down. However we are still seeing an increase over the levels of FY10/11, but they are trending currently lower than we expected. Telecommunications taxes have been underperforming for the last few years. It seems more and more people are finding alternative ways of getting their telecommunications needs met and more and more that trends the internet where that tax does not apply.

In terms of the property tax levy, we froze the operating levy roughly at that \$12M level for FY11/12 and did see declining property values.

On the expenditure side we continue to aggressively manage our expenditures in accordance with the expectations when we entered the fiscal year. Particularly as they relate to personnel services we did have the Voluntary Separation Incentive Program that allowed some people to depart city employment. We have also been very judicious in our spending in commodities and contractual services during the fiscal year.

As we go forward for the next 6 weeks and finish off FY11/12, what do you expect? I expect that we'll continue to meet our objectives. Our past efforts are beginning to pay off. For the last few fiscal years we've focused a lot of time and energy into the General Fund stabilizing those operations and matching our expenditure levels to the levels of revenue that we anticipated receiving on annual basis to keep that General Fund balanced and stable. We do expect a \$369K surplus based on the January forecast. We'll be taking a look at those numbers in the next couple of weeks and reporting those. We do expect to continue a strong reserve level which we anticipate around 40% as we finish up FY11/12.

What to expect for 2012/13? When we entered the budget process for this fiscal year, we had a few key things that we tried to achieve as we went through this budget process and devised the budget for the next fiscal year. Key themes are restoration of programs and services that were suspended during the downturn. We also wanted to hold the line on taxes and fees. We also anticipate some completion of long awaited capital projects such as the Red Gate Bridge and East Main Street improvements along with conjunction of IDOT.

Looking ahead to FY12/13 and continuing – the General Fund budget is balanced and we were able to maintain no taxes proposed and no taxes increased. We do have a few small contractual increases related to the Refuse Program that would impact our residents about 70 cents per month. We will reinstate a couple of programs that were previously removed from the General Fund budget. Spring Cleanup is coming back for FY12/13 only at this point. It is anticipated if the budget is passed as it is right now with the Spring Cleanup Program that event would occur subsequent to May 1, 2012. We also reinstated the Façade Improvement Program into the General Fund as well. We do see, in terms of other key themes as we look ahead at the General Fund budget, some subsidies for TIF districts and again we maintain that strong reserve capacity in excess of our 25% policy.

Chris went through the numbers on the General Fund chart (fiscal years) – we are overall trending upward but not at a very steep basis. He also discussed TIF Debt Service Transfer.

He talked about the financing sources that are in place that will offset the TIF transfers to a large degree (Debt Service Reserve and Moline TIF Reimbursement). When you crunch all the numbers and go through all the operating revenues and expenditures, transfers, and financing sources you can see we end up FY15/16 with still about \$14.35M in our reserve account which equates to a reserve level of 32% which meets our threshold of the required 25%.

Ald. Carrignan: Relative to the TIF debt service, the impact is effectively next year going forward and you said a lot of this has to do with 1st Street. Does that have to do with the evaluation before 2008 when the EAV dropped significantly and that is what is affectively impacting that number?

Chris: That's part of it. There are a couple of main factors: 1) the EAV and 2) is the capitalize interest. When we entered into the TIF district, we structured the debt such as there were a couple of years of financing the interest right into the bond deal. That funding has essentially run out. We anticipated that it would stand on its own and the third factor is the delay and that goes hand in hand with the EAV that you mention.

Ald. Carrignan: Could you talk about the impact of the lack of snow and how it has really helped us out?

Chris: We do have some savings essentially related to overtime and some operating types of expenditures. We do have a contract with the State of Illinois in terms of road salt and we are obligated to take a certain amount of salt, but we did see a positive impact to our expenditure level and its actually reflected in the operating surplus number because we did not incur a lot of the overtime and operating expenditures related to snow removal. It was six figures.

Ald. Rogina: Is this budget proposal on the City website prior to us approving it?

Chris: We can put tonight's presentation up and we usually do after its presented to the Committee.

Ald. Carrignan: Did you say you wanted to run the cleanup before May 1?

Chris: No it would be subsequent to May 1.

Chris presented the General Funds Revenues chart for FY12/13 that shows the percentage of where the revenues come from within the General Fund. There are seven main sources: Sales Tax, Property Tax, Electric Franchise Fee, Telecom Tax, Income Tax, Hotel Tax, and Alcohol Tax account for 90% of the General Fund Revenue on an annual basis. We did meet the goals and objectives that we entered into the fiscal year and the budget process with. We were able to restore a couple of programs and services, held the line of taxes and fees, and completion of long anticipated capital projects.

Next steps are the Public Hearing on April 2 and consideration of budget approval on April 16 to have it in place before May 1, 2012.

Ald. Turner: Has the state or county given us a final EAV?

Chris: Not yet, but within the next 2 to 3 weeks. It was right at the end of March last year when we got it. We anticipate it will go down a little bit.

10. Additional Items - None

11. Adjournment

Motion by Stellato second by Monken to adjourn meeting at 7:52 p.m.

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

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