

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, OCTOBER 1, 2012**

1. Opening of Meeting

The meeting was convened by Chair. Martin at 7:10 p.m.

2. Roll Call

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

Members Absent:

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

3. Omnibus Vote

Budget Revisions – August 2012

Motion by Ald. Krieger, second by Bessner to approve the omnibus vote as presented.

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

4. Finance Department

- a. Recommendation to approve the low Illinois State contract bid for rock salt at \$59.87/ton from Cargill Salt (North Olmsted, Ohio).**

Mike Shortall: We are seeking approval for the acceptance of the new winter season rock salt agreement. This is the same agreement conducted through the State of Illinois Bid Program and much is the same parameters as last year. This bid was awarded to Cargill Salt and if accepted we will be obligated for 3000 tons.

Ald. Turner: Are we buying as much as we bought last year or do we have leftovers?

Mike: No last year, with the winter season that we had, I bumped it down by a 1000 ton, so we are obligated for 1000 less.

Motion by Ald. Carrignan, second by Turner to recommend approval of the low Illinois State contract bid for rock salt at \$59.87/ton from Cargill Salt (North Olmsted, Ohio).

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

- b. Recommendation to approve Ordinances Amending Title 3 “Revenue and Finance,” Title 8 “Health and Safety,” and Title 13 “Public Utilities” by adding Section 13.08.183 “Convenience Fee for Phone Payments” of the St. Charles Municipal Code.**

Julie Herr: We are here tonight to seek approval of a \$7.50 convenience fee for utility payments that are taken over the phone. Currently we do accept check payments over the phone, however, this is a manual process that has a number of disadvantages including the fact there is time involved, utility billing staff to process those payments as well as there is the potential for miscommunication between the resident and utility billing staff as far as account information. In addition we also key this information into a system so there is a potential for data entry errors; both of which could cause a check to be returned with incorrect account information. To give you an idea, in 2011 we processed an average of 87 by phone payments per month and in 2010 that number was 65. So the number does keep growing. There are other options available to our residents that would meet their needs that are less labor intensive and are less likely to result in data entry errors. These include our on-line payment system as well as our direct debit program. We would like to implement this fee beginning December 1. This would give us enough time to let our customers know about this fee and to ensure that they are set up for the on-line billing system.

Ald. Rogina: Is there any particular age group that does this particular method of payment?

Julie: I don't know if we can say what age group. I think there are consistent people that do this each and every month that call on their specific due date. Those days are crazy enough with people coming in to make payments; and these payments over the phone does cause a burden on our utility billing staff.

Ald. Rogina: They are ordering you on the phone to deduct the bill from their checking account?

Julie: Correct, but there is a process they have to go through. The resident is giving us their account information, we're writing it down and entering it into a system, we're creating a payment and then we have to apply that payment to their utility billing account. We would prefer that the resident use the on-line program, that way they are entering their information themselves and there is less chance for miscommunication or data entry errors, plus the less bank account information we have on our end is less preferable.

Ald. Rogina: The only reason I ask is that I am thinking of my 89-year old father who does not have a computer and would probably mail it in or do this and I am just wondering if we are putting a burden particularly on seniors. I see the point of why we're doing this but that is my concern and why I ask these questions.

Julie: We do have the direct debit program which I know some people are concerned about having money taken out of their account each month, but it is the most convenient way to pay a utility bill.

Ald. Bessner: If a payment is late, what is the late fee?

Julie: It's 10%.

Ald. Bessner: So does the service fee outweigh the measure of the late fee?

Julie: Part of the problem is that there's still that time involve by the utility billing staff to do this. If they're late we have to send notices and if they're real late we have to make phone calls. Again, if we could just have people automatically set up to have their payments made either through the on-line program or direct debit program, it definitely would make things more efficient, not only for us but there is also cost savings involved as well. Ultimately the resident will find the benefit to this as well. They can still pay by mail, come in personally, and pay by credit card. There are a number of options for them. We are not doing away with this service. If people are adamant to want to continue doing it this way, there is a fee for that.

Ald. Lewis: How did you come up with the \$7.50 fee vs. \$5 or some other number?

Julie: That was the fee that was recommended by our Utility Billing Division Manager based on her past experience and information that she has gathered. For instance, Public Waste charges fees if you want to pay over the phone. There isn't any magic number. We felt this would cover approximately the cost that is involved in having to process those payments.

Motion by Ald. Carrigan, second by Stellato to recommend approval of Ordinances Amending Title 3 "Revenue and Finance," Title 8 "Health and Safety," and Title 13 "Public Utilities" by adding Section 13.08.183 "Convenience Fee for Phone Payments" of the St. Charles Municipal Code.

Roll Call: Ayes: Stellato, Monken, Carrigan, Payleitner, Turner, Krieger, Bessner; Nays: Rogina and Lewis. Chair. Martin did not vote as Chair. **Motion carried.**

c. Monthly Update regarding City's Financial Results for July 2012 – Information Only.

Chris Minick: Enclosed in the packet is the monthly summary of the interim report of July 31, 2012. You will notice that the format is dramatically changed since the last few monthly reports that were done. The reason is with the new implementation of the account software system that was put in place 9 months ago, we're able to extract the data in a much more efficient manner and manipulate it into this type of a format with a lot less manual intervention and a lot less person time in the Finance Department; so we can compile this report on a much more timely basis. The new monthly report takes two quarterly reports and the old monthly report and rolls that altogether into one report that will be presented on a monthly basis going forward.

The format still contains the same narrative summary that you are used to seeing. The second section is broken down into some accounting spreadsheets and financial reports for the four main operating funds of the City; those being the General Fund, Electric Fund, Water Fund, and Wastewater Fund. And, the last section of the report presents some charts/bar graphs that you can utilize in comparisons of some key financial statistics and results of operation as compared to budget of the prior year. So with that bit of background, unless there are some questions on the format of the report, I'll move onto the General Fund.

The revenues for the General Fund are essentially aligned with budget as of July 31. July 31, by the way, is our first quarter end for our fiscal year. We also are noticing that the revenues in our General Fund are 7% higher than they were last year. We are noticing, however, in a little bit of a negative way, that the sales taxes are running lower than budget, but still substantially higher than they were at July 31, 2011. They are about 6.7% higher than last year at this time.

On the other side, our income tax revenue, hotel tax revenue, telecommunications tax revenue, and alcohol tax revenue are up compared to the prior year and are also trending higher than the budget at this particular time.

Our expenses are trending about 2.2% lower than expected. That equates to about a million dollars. At this particular point in time less than we anticipate; and we are projecting at the first quarter end a \$416K deficit for the General Fund; however, when the budget was compiled in April, originally we anticipated a \$725K deficit. So even though we are in a deficit position in the General Fund, it's not as quite substantial as we anticipated in April.

Electric Fund – with the hot dry summer we just experienced, it had a significant impact on the results of the Electric Fund. Our user charges are about \$1.1M higher at the end of July 2012 than they were at the end of July 2011, and they are currently trending approximately 4.3% above budget for the fiscal year. Our expenditures are also trending higher by 2.2% in total. That is almost entirely due to the additional cost for the wholesale purchase power that we purchased from IMEA in the contractual line that you see under the expense column in the spreadsheet. All of our other expense categories for the Electric Fund are trending lower than budget and we do anticipate a smaller deficit in the Electric Fund as well as compared to the initial budget.

Water Fund – our revenues are up significantly almost 62% from the prior year to date or the amount of July 31, 2011; and they are also trending 8.4% higher than anticipated. Expenditures are currently trending about 1.9% below budget for the water fund and we do have a \$975 deficit forecast that is slightly better than the \$1.7M deficit that we had budget initially in April 2012.

The Wastewater Fund is right on budget. There is nothing really remarkable of its financial performance. It's performing exactly as we anticipated it would.

Ald. Carrigan: You say we are ahead on revenue and behind on expenses; so we are moving forward in a fiscally sound manner. Nice job.

d. Recommendation to approve a Resolution Approving a Bond Record-Keeping Policy for the City of St. Charles, Kane and DuPage Counties, Illinois.

Chris Minick: Enclosed in you packet is a Bond Record Retention Policy. This is a recommended practice. Chapman & Cutler are our legal counsel for our bond issues and recommends that we implement this. The IRS is actually focusing some efforts on enforcement of tax exempt and some examinations of tax exempt debt issuances. Implementation of this policy would be a very good way to maintain our compliance with our IRS tax exemption requirements for our bond issues. The policy discusses the records that we need to obtain such as tax returns, official statements that we distribute when we issue bonds and other issuance documents as well as spells out the calculations we need to perform on an annual basis to assure that we continue to meet our qualifications for tax exemption on our bond issues. It also recommends various reviews and reports as well as arbitrage monitoring and expense allocations proceeds that we allocate out to the various expenditures. It also calls for an establishment of a compliance officer and staff is recommending that the Finance Director be designated as the compliance officer for this particular policy. It is worthy to note that we already follow many of these policies and procedures on an informal basis. This kind of formalizes the process that we go through and the analysis that we go through on an annual basis and demonstrates our ongoing commitment to compliance to tax exemption recommendations.

Motion by Ald. Carrigan, second by Turner to recommend approval of a Resolution Approving a Bond Record-Keeping Policy for the City of St. Charles, Kane and DuPage Counties, Illinois.

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

5. Additional Items

None.

6. Adjournment

Motion by Stellato second by Monken to adjourn meeting at 7:25 p.m.

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

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