

**MINUTES FROM THE PUBLIC HEARING OF THE ST. CHARLES CITY
COUNCIL
HELD ON MONDAY, APRIL 15, 2013 – 6:55 P.M.
CITY COUNCIL CHAMBERS, IN THE CITY COUNCIL CHAMBERS
2 E. MAIN STREET ST. CHARLES, IL 60174**

1. **Call To Order By Mayor Donald DeWitte At 6:55 P.M.**
2. **Roll Call.**
Present: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
Absent: None
3. **Public Hearing concerning passage of the Proposed Annual City Budget for Fiscal Year 2013/2014.**

Mayor DeWitte

This public hearing concerns the City's proposed budget for the Fiscal Year 2013-2014. In accordance with state statute a notice of this hearing was published in the Kane County Chronicle on April 4, 2013 and the budget was made available for public inspection as of that date. A presentation on the Fiscal Year 2013-2014 Budget will be given. Afterwards there will be an opportunity for public comment and City Council questions regarding the approval of the proposed budget.

Chris Minick, Finance Director

As mentioned the date of the hearing and the budget has been made available for the public. With this hearing we have done all things necessary to adopt the proposed budget for 2013/2014 FY for the City. There is a resolution up for vote for the City Council agenda. Mr. Minick presented the following information:

1. Agenda
 - A. Economic Trends
 - B. Highlights
 - C. Summary of All Funds
 - D. Summary of General Fund
 - i General Fund Revenue
 - ii General Fund Expenditures
 - E. Significant Operational Initiatives • Significant Capital Projects
 - F. Summary of Utility Funds
 - G. Next Steps
 - H. Questions/Comments
2. Economic Trends
 - A. • Generally Improving – but slowly:
 - i Income levels increasing
 - ii Sales increasing initially, then moderating

- iii Interest rates remain near historic lows
 - B. However problems remain:
 - i Property Values continuing to decline (5.8%) – “Jobless recovery”
 - ii State fiscal and pension woes
 - iii Interest rates remain near historic lows
 - iv Sequestration’s impact?
- 3. Maintaining strong fiscal position
 - i Live within our means
 - ii Maintain strong reserve levels
 - iii Positive, proactive reaction to changing conditions
 - iv Hold the line on taxes and fees
 - v Maintain programs and services
 - vi Complete long-anticipated capital projects
- 4. Highlights
 - A. General Fund budget is balanced
 - B. No new taxes proposed
 - C. No tax increases
 - D. Programs and services enhanced
 - E. No new positions budgeted
 - i 279.3 Full-Time Equivalent (FTEs)
 - ii Reduction of 1.6 FTE from FY12-13
 - F. Reserves well in excess of 25% policy
- 5. Summary of all Funds (Excludes Transfers)
- 6. The General Fund by the Numbers
- 7. General Fund Revenues and Expenditures Fiscal Years 2006 – 2013
- 8. General Fund Revenues
- 9. General Fund Revenue Sources
- 10. General Fund Expenditures by Function
- 11. General Fund Expenditures by Type
- 12. Significant Operational Initiatives
 - A. Strategic Plan Update
 - B. Comprehensive Plan Update
 - C. “Shop St. Charles Challenge”
 - D. Fire Department Accreditation
 - E. Customer Service Training
 - F. Document Management System Enhancements
 - G. Mobile Speed Monitoring Device
- 13. Significant Capital Improvements
 - A. Municipal Center Improvements
 - B. Property acquisition, demolition and parking lot construction
 - C. Annual Street Resurfacing Program
 - D. Removal of Emerald Ash Borer Trees
 - E. Tyler Road Drainage Improvements
 - F. North 5th Avenue Water Main
 - G. Red Gate Road & North High School Traffic Signal
- 14. Utility Funds

15. Maintaining strong fiscal position
 - A. Live within our means
 - B. Maintain strong reserve levels
 - C. Positive, proactive reaction to changing conditions
 - D. Hold the line on taxes and fees
 - E. Maintain programs and services
 - F. Complete long-anticipated capital projects
16. Next Steps
 - A. Budget Approval Tonight
 - B. Presentation of Utility Rate Changes –
 - i April 22 - Government Services Committee
 - C. Fiscal Year Begins – May 1, 2013

Alder. Carrignan

Relative to the property tax you talked about a -5.8%, we are at the bottom of the EAV cycle I assume. We are seeing an increase in sales, housing prices rise. So it takes about three to four years for the economy to improve?

Mr. Minick

That is correct. The property value cycle typically lags true economic conditions by approximately three to four years.

Alder. Carrignan

I know we will talk about this next week with the enterprise funds, but I think the electrical reserve issue is significant and that we really need to pay attention to that and keep on that track of developing into sustainability. It is critical for our budget and affects the enterprise and general funds. We need to stay on that track.

Alder. Bessner

Regarding the EAV values and income tax levels going up and sales tax revenues going up are you seeing any trends whatsoever that we have hit the bottom and are moving in an upward direction. I see on your chart it wobbling back and forth along the line. I was wondering, in your opinion, if you see any trends we are getting out of it.

Mr. Minick

Definitely the sales tax trend is most the encouraging that I have seen. Having it go up 4% in a year, and that's what we are projecting – finishing with receipts about 4% higher than we have experienced during FY 11/12. That is the most positive in my opinion. As long as we can maintain that, we can keep moving forward with that, I think the rest of the items can come along with it. My way of thinking the economy all flows from the amount of sales tax revenue and the amount of purchasing that consumers tend to do. I think that helps build the economy as a whole.

Alder. Bessner

Regarding the SSI, I know you have done a great job in cutting over the last two, three, four years. Is there still room to go to be close trimming as much as we have?

Mr. Minick

I think there is always room to cut. It becomes a matter of what programs are we willing to cut and what service levels are we willing to reduce to visa vi the revenue levels and taking a look at that. The bottom line is we got options of both sides of the equation. There is certainly room to cut more expenditures. There is room we could look at revenue

enhancements. It becomes a matter of priorities and what service levels the Council would like to maintain. And how that all integrates into the budget. I would imagine we would take an approach, much like we went into the recession in '08/'09 timeframe. If you recall, we cut, but that is when the alcohol tax went into affect, we talked about an admission tax that we ultimately decided not to implement at that point in time. If we entered into a period, we would need to examine those items again. We would put everything back on the table and start talking through what service levels we want to maintain and how we go about financing them.

Alder. Rogina

This is an objective view, because I wasn't here, you did, when trouble hit us in '08, you did react to that, that staff reacted, the Mayor reacted and there should be no doubt in anyone's mind that the City reacted well and very responsibly at that time. Several people on this Council stepped forward, so kudos.

Mr. Minick

Thank you. The City Council deserves much of the credit by giving the guiding direction.

Mayor DeWitte

We could not have done it without you Chris.

Mr. Minick

It was a total team effort. The department heads identified those types of programs that could be reduced.

Mayor DeWitte

I couldn't agree more.

Written comments – None

Public Comment -- None

4. Adjournment

Motion By Stellato, seconded by Monken, to adjourn meeting

VOICE VOTE

UNANIMOUS

MOTION CARRIED

Meeting adjourned at 7:29 P.M.

Nancy Garrison, City Clerk

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Nancy Garrison, City Clerk

**MINUTES FROM THE MEETING OF THE ST. CHARLES CITY COUNCIL
HELD ON MONDAY, APRIL 15, 2013 – 7:00 P.M.
CITY COUNCIL CHAMBERS, IN THE CITY COUNCIL CHAMBERS
2 E. MAIN STREET ST. CHARLES, IL 60174**

1. **Call To Order By Mayor Donald DeWitte At 7:29 P.M.**
2. **Roll Call.**
Present: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
Absent: None
3. **Invocation Alder. Payleitner.**
4. **Pledge of Allegiance.**
5. **Motion by Martin, seconded by Krieger to approve the Omnibus Vote as presented.**
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED
- *6. **Motion by Martin, seconded by Krieger to accept and place on file minutes of the Public Hearing (SSA 1A) held on April 1, 2013, minutes of the Public Hearing (SSA 1B) held on April 1, 2013, and minutes of the regular City Council meeting held on April 1, 2013.**
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)

I. New Business

- A1. Reverend Al Patton
 - Standing with me is Jennifer Biddle, the outgoing chair of the River Corridor Foundation. As you know Mr. Mayor, since you have been part of the presentation of the award, three years ago the River Corridor Foundation established a community award to thank and honor individuals for contributions to the development, preservation, and enhancement of Fox River corridor. The 2011 winners were the Bob Leonard Family; last year we had two recipients Vern and Sharon Oi and St. Charles Rotary. I am honored to announce that this year's recipient is Donald P. DeWitte.
 - Jennifer Biddle presented the Golden Turtle award to Mayor DeWitte. With respect, admiration and appreciation for all you have done personally and as the

Mayor to show your support of our efforts. I am so happy that you are receiving this award tonight. If it weren't for the City naming the Bob Leonard walkway after my Dad, while you were in the lead, I would not have been asked to be part of that planning committee for the walk a thon. It has been a pleasure to serve my community in that capacity. You have been more than generous with your time. You have been supportive of our project to improve the landscaping along the walkway. You have been available to answer questions and have been a great listener providing encouragement and advice. You will be missed. Thank you for all your service to the community. These are only a few examples of what you have accomplished as our leader.

- Mayor DeWitte said, It is an honor and a pleasure to receive this award. I have had the privilege of presenting this to the past winners. It has been privilege to do that. The differences are visible; you can see the improvements being made all along the river walk in St. Charles. It is because of the work of the River Corridor commission that our riverfront continues to get better and better.

A2. Motion by Monken, seconded by Carrignan to approve a proclamation declaring April 26, 2013 as Arbor Day in the City of St. Charles.

VOICE VOTE UNANIMOUS MOTION CARRIED

A3. Mayor read the proclamation proclaiming Take our Sons and Daughters to Work day on April 25, 2013.

B. Motion by Martin, seconded by Krieger to approve a **Resolution 2012-41** providing for the Adoption of the City of St. Charles Annual Budget for Fiscal Year 2013/2014.

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED

C. Motion by Carrignan, seconded by Monken to accept and place on file Plan Commission Resolution No. 10-2013 A Resolution Recommending Approval of a Final Plat of Subdivision (Lexington Club PUD).

ROLL CALL VOTE: AYE: Monken, Carrignan, Payleitner,
Martin, Bessner, DeWitte

NAY: Stellato, Turner, Rogina, Krieger, Lewis ABSENT: 0

MOTION CARRIED

D. Motion by Carrignan, seconded by Monken to approve an **Ordinance 2012-Z-10** Approving the Final Plat of Subdivision for Lexington Club PUD.

ROLL CALL VOTE: AYE: Monken, Carrignan, Payleitner,
Martin, Bessner, DeWitte

NAY: Stellato, Turner, Rogina, Krieger, Lewis ABSENT: 0

MOTION CARRIED

E. Motion by Martin, seconded by Krieger to approve an **Ordinance 2012-M-25** Authorizing the Purchase of Certain Property for Corporate Purposes by the City of St. Charles and Related Matters - 119 North Third Street.

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED

II. Committee Reports

A. Government Operations

- *1. Motion by Martin, seconded by Krieger to accept and place on file minutes of the Government Operations Committee meeting held on April 1, 2013.
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner,
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)
2. Motion by Turner, seconded by Rogina to approve a Class B6 liquor license for Volpe Restaurant to be located at 210 Cedar Street, St. Charles (former Isacco Kitchen).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner,
Rogina, Bessner, Lewis
NAY: Martin, Krieger ABSENT: 0
MOTION CARRIED
3. Motion by Turner, seconded by Rogina to approve a Class B2 liquor license for Macarena Tapas to be located at 1890 W Main Street, St. Charles (former Fat Rosie's Restaurant).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Bessner, Lewis
NAY: Martin, Krieger ABSENT: 0
MOTION CARRIED
4. Motion by Krieger, seconded by Turner to approve a lane closure on Illinois Street Bridge for Ducky Derby Drop and use of amplification for a loudspeaker device.
VOICE VOTE UNANIMOUS MOTION CARRIED
- Sandy Sheby, 40W810 Creek Wood Drive, Elgin, Illinois, with The St. Charles Noon Rotary Club.
We are partnering with D303 to do the Ducky Derby. Part of the money that will be raised will go toward supporting the social and emotional health issues at both East and North high schools. The students will be selling ducks for \$5.00. There will be a booth at River Fest. The bridge will be closed 4:30 – 5:30. Drop will be at 5:00. The walking bridge is the finish line, which will be also closed.
- *5. Motion by Martin, seconded by Krieger to approve a contract with Sentinel to complete the Telephone System Upgrade Project.
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)

B. Government Services

None.

C. Planning and Development

1. Motion by Carrignan, seconded by Monken to approve a Class A1 liquor license for K-Square Express, Inc. d/b/a One Stop Liquors located at 1401 Prairie Street, St. Charles.
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Bessner
NAY: Martin, Krieger, Lewis ABSENT: 0
MOTION CARRIED
 - Alder Rogina, just to review as to why we are issuing this license since that business is in place.
 - Mayor DeWitte said the ownership is changing. The previous owner must turn in his liquor license. The new owner must apply. This is for the new owner.
- *2. Motion by Martin, seconded by Krieger to accept and place on file Corridor Improvement Commission Resolution No. 1-2013 A Resolution Recommending Approval of a Corridor Improvement Grant Application (116 State Avenue-Lou Little).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)
- *3. Motion by Martin, seconded by Krieger to approve a Corridor Improvement Agreement for 116 State Avenue (Lou Little).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)
- *4. Motion by Martin, seconded by Krieger to accept and place on file Corridor Improvement Commission Resolution No. 2-2013 A Resolution Recommending Approval of a Corridor Improvement Grant Application (108 S. Second Street-Doc Morgan).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)
- *5. Motion by Martin, seconded by Krieger to approve a Corridor Improvement Agreement for 108 S. Second Street (Doc Morgan).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)
- *6. Motion by Martin, seconded by Krieger to accept and place on file Corridor Improvement Commission Resolution No. 3-2013 A Resolution Recommending Approval of a Corridor Improvement Grant Application (203 Illinois Avenue-Wilson Travel).
ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis
NAY: 0 ABSENT: 0
MOTION CARRIED (Omnibus Vote)

- *7. Motion by Martin, seconded by Krieger to approve a Corridor Improvement Agreement for 203 Illinois Avenue (Wilson Travel).

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED (Omnibus Vote)

- *8. Motion by Martin, seconded by Krieger to accept and place on file Plan Commission Resolution No. 6-2013 A Resolution Recommending Approval of a Final Plat of Subdivision (Boulder Heights Subdivision-802 S. 5th Ave.).

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED (Omnibus Vote)

- *9. Motion by Martin, seconded by Krieger to approve an **Ordinance 2012-Z-11** Approving the Final Plat of Subdivision for Boulder Heights Subdivision (802 S. 5th Ave.)

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED (Omnibus Vote)

- *10. Motion by Martin, seconded by Krieger to accept and place on file Plan Commission Resolution 9-2013 A Resolution Recommending Approval of an Amendment to Special Use for a Planned Unit Development and PUD Preliminary Plan – Tyler and Rt. 64 Business Park (St. Charles Chrysler, Jeep and Dodge).

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED (Omnibus Vote)

- *11. Motion by Martin, seconded by Krieger to approve an **Ordinance 2012-Z-12** Amending Ordinance 2004-Z-14, “An Ordinance Granting a Special Use as a Planned Unit Development (Tyler & Rt. 64 Business Park)” to reduce the required front yard setback and approve a revised PUD Preliminary Plan.

(St. Charles Chrysler, Jeep, and Dodge at 1611 E. Main Street).

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED (Omnibus Vote)

- *12. Motion by Martin, seconded by Krieger to accept and place on file minutes of the April 8, 2013 Planning & Development Committee meeting.

ROLL CALL VOTE: AYE: Stellato, Monken, Carrignan, Payleitner, Turner
Rogina, Martin, Krieger, Bessner, Lewis

NAY: 0 ABSENT: 0

MOTION CARRIED (Omnibus Vote)

D. Additional Items from Mayor, Council, Staff, or Citizens

- David Amundson, 500 Cedar St. St. Charles Illinois.

- I bring this up tonight since we just gave the final approval for Lexington. And it is an issue with Lexington that I noticed a couple months ago, there was something about the structure of the TIF that bothered me from the beginning and it finally clicked when I did the math back in January. This all relates to a document they presented to D303 on May 26th, 2011. Which when D303 approved the amount for the TIF request that night, that then became the basis for all the conversations happening in the City here. They initially requested for \$5.25 million, D303 approved \$4.96 million. That was the opening bell for everything that followed from that point. The questions I have relate to the document they provided. There are inconsistencies that I cannot resolve. I welcome comments and criticisms from anyone including the applicant to see if they can help me resolve these questions that I have. But pretty plainly, the document they presented D303, they said, we are only asking for enough TIF assistance to cover the gap between a financially unviable project and a financially viable project. They stated specifically that they could earn 5.04%, they could make a profit, with zero TIF assistance. But they could not make enough for it to be viable. Because at 5.04% they can't recruit banks to back us, we can't get the loans we need. We need to cover the gap where we are and where we need to be for viability. They further said, normal market rates return 17% and 20%. But because this is a partnership, we are not going to ask you for 17% return on our money, we are going to ask you for exactly 12.75%. That's the amount of profit we think we need to achieve to make this a viable project. We are asking you to cover the gap. And that they said at the time in their presentation that \$5.25 million was what they needed to cover that gap. They never told D303 a budget for the project. So, it was take it on faith. If you apply basic math and you run the numbers, and back out and say here's the profit and here's the differential profit range. You end up with a budget of \$68 million dollars. Ok fine. The question then comes up, when they showed up a couple weeks later at the housing commission meeting. They said, the project budget is going to be between \$40-\$45 million. Ok. As it turns out, what was enshrined in our ordinance was \$43.9 million dollars. The TIF ordinance had a very specific project breakdown. The question and inconsistency that I cannot resolve is when you take budget and plug it back into we can make 5.04%. We need to be at 12.75% to be viable. A 5.04% profit on a \$43.9 million project yields a \$2.2 million dollar profit. That's with no assistance. A \$43.9 million project at the targeted 12.75% rate of return is a profit of \$5.6 million. That is a differential of \$3.4 million. Not that the \$5.25 million they were asking for. That is what I cannot resolve. There is a \$1.85 million difference with what they told us what they were aiming for and what they asked for. And everything that happened after that is moot. Because as the project was changed and modifications were made there TIF request went up and down all in response to where that starting bell was set at \$5.25 million. I am confused is what it comes down to. I can't resolve the differential between what they said they were going to ask us for and what they did ask us for. I don't know if we have any recourse. I would strongly urge the Council to investigate if what I am has credibility. Because I can't say this is a bad deal, because I don't know. There could be some factor that I am not aware of. And I would certainly encourage the applicant to stand up here and explain the math. I can't understand the discrepancy of the math. There's nearly \$2 million that I can't account for. I find that disturbing. I am encouraging investigation and questions to be asked. Thanks for your time.

- Mayor DeWitte, unless everyone from the staff would like to address Mr. Admunson's questions, I would suggest to direct those questions to the financial staff to see if they can help you work through the numbers.
- Brian Townsend said Mr. Amundson is correct about one thing. He did contact us several weeks ago with these allegations about rate of return and profit being earned on this project. At that time, what he was told was that the rate of return calculations needed to be rerun based on the changes that were made to the project as it approached completion. That was done, as you recall, very late in the project. Approximately four weeks ago, we did receive revised rate of return calculations from Lexington. And as a matter of fact, Finance Director Chris Minick, Economic Development Director Chris Aiston, and I met this afternoon to review those calculations to ensure we had no other comments or concerns before we put those calculations in the file and made an attempt to Mr. Amundson to share that information. Now the information is available. There are certain portions of that information that is considered proprietary and confidential. We are in the process right now, in fact Chris Aiston spoke with representatives of Lexington Club, to determine what information they thought would be appropriate to share and what information they wanted to maintain as confidential. I can state here this evening, that the rate of return of the project as approved, is less than 12.75%. It is less than 12.75%. We are more than willing to sit down with Mr. Amundson to discuss that issue. We can explain the numbers and how they were arrived at, hopefully we can move forward.

E. Adjournment

Motion By Carrignan, seconded by Monken, to adjourn meeting

VOICE VOTE

UNANIMOUS

MOTION CARRIED

Meeting adjourned at 7:56 P.M.

Nancy Garrison, City Clerk

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