

Minutes
2013 Mid-Year City Council Retreat
Held on Saturday, June 15, 2013
St. Charles Public Works Facility – Conference Room 2

Present: Mayor Rogina, Aldermen Stellato, Silkaitis, Payleitner, Lemke, Turner, Martin, Krieger, Bessner, and Lewis

Absent: None

Others Present: Todd Bancroft, Brian Townsend

Mayor Rogina said that this is a special meeting of the St. Charles City Council and called the meeting to order. He also called the roll and stated that all members are present. He welcomed everyone to the retreat and thanked the members of the City Council for taking the time to get together and talk about important issues for the City.

1st Street Redevelopment Project

Townsend provided an overview of the discussion that occurred at the 2012 mid-year retreat and stated that the direction provided by the City Council at that time was:

1. The City will extend the project entitlements to May 7, 2013.
2. The City will not move to terminate the redevelopment agreement at this time.
3. The City will begin a process to identify other developers that may be interested in implementing the original vision for 1st Street.
4. The City will consider making some temporary improvements to the Phase 3 property and the SMN property to make it more attractive and useful.

Townsend said that those steps were completed and that it is now time to decide on the next steps. He distributed two diagrams that were presented by representatives of 1st Street Development LLC during a June 6th meeting with Mayor Rogina, Ald. Stellato, Ald. Turner, Aiston, and Townsend.

Ald. Martin asked about the status of 1st Street Development LLC – is it still viable? Ald. Stellato said that it was, but that some of the partners are more involved than others at this point in time. He also said that Attorney McGuirk has been asked to study the issue from a legal standpoint to determine what options the City may have related to termination of the redevelopment agreement.

Ald. Turner said that he was comfortable giving 1st Street Development LLC 12 months to begin construction on Phase 3 or the City needs to move on with something else. He said that in exchange for the 12 months of time, 1st Street Development LLC should agree to walk away from the project, if the City wants to pursue other options.

Ald. Krieger asked about the potential to leave the Phase 3 property as open space and create a concert venue. She said that she would support a referendum on this subject to allow the voters to decide. Ald. Bessner said that he supports this idea and would like to obtain some additional open

space along the river. Ald. Silkaitis concurred and said that the City should try and get something unique on this property.

Mayor Rogina asked if the Council believes there is any obligation to the existing businesses that located there with the understanding that additional development was planned. There was an understanding that existing businesses could be impacted – positively or negatively – regarding changes in the plan for the Phase 3 property.

Townsend explained that the City has restructured the debt on the 1st Street project, but that it did not reduce the City's obligations – it deferred them to allow additional time for the development to occur. The restructuring did not contemplate a significant reduction in the size/scope of the project. As it stands today, there is approximately \$20 million in funding that will be needed from non-TIF sources to pay the debt.

Bancroft said that the City should obtain more details regarding the project, financing, etc. Ald. Stellato concurred and said it is still early and the concepts presented on June 6th were preliminary.

Ald. Bessner said that he would like to reduce the size of the development and provide additional open space. Mayor Rogina asked at what cost. Ald. Turner said that the 1st Street project was always planned to be an economic engine for the City, not open space.

Ald. Martin said that he was comfortable with the revised concept and said the City should proceed to work with 1st Street Development LLC on it. He said that a park/open space is not realistic given the prior decisions and the economic consequences.

Bancroft said that he believes the concept is a nice fit for the site and is not too dense. Ald. Payleitner agreed.

Ald. Lewis asked about the former Manor Restaurant site. Ald. Stellato explained that this property is owned by a separate development group, SMN Development. He said that this may be an opportunity for the City to acquire some additional open space for the project, if that is a desire. Ald. Lewis asked about the cost of doing this. Ald. Stellato said that it would need to be studied further.

Mayor Rogina indicated that the consensus of the group is to proceed as follows:

- 1. Obtain the legal opinion from Attorney McGuirk regarding the City's legal obligations to 1st Street Development LLC and SMN Development**
- 2. Work with 1st Street Development LLC to refine the concept**
- 3. Ask 1st Street Development LLC to make a presentation at the Planning & Development Committee before August 20th**

A break was taken at 9:45 am. The group reconvened at 9:55 am.

Economic Development Director/Downtown St. Charles Partnership

Mayor Rogina said that Chris Aiston is planning to retire at the end of July and the Council needs to determine what to do with the position, once the vacancy is created.

Ald. Bessner asked if Mr. Aiston's decision was voluntary. Townsend indicated that Mr. Aiston has expressed disappointment regarding certain aspects of his position previously and that he is eligible to retire at age 55.

Ald. Silkaitis asked what Mr. Aiston's current salary is. Townsend said that he does not have the exact number, but it is approximately \$125,000.

Townsend said that there was discussion about the economic development function in 2009. He provided an overview of the materials that were presented to the City Council at that time and called attention to the ten main functions/responsibilities of the Economic Development Department. He also summarized the four different approaches that were considered before the City Council decided to re-establish an Economic Development Department and an Economic Development Director position.

Mayor Rogina stated that the City provides a significant amount of funding to the Downtown St. Charles Partnership and the Convention & Visitors Bureau. He asked if the City was well-served by the current approach regarding these outside entities.

Mayor Rogina mentioned the percentage of businesses that are members of the DSCP is lower than what he believes it should be. Ald. Payleitner said that membership may not be a fair way to judge engagement. She said that businesses need not be members to participate and many cannot afford to be members. She also said that the DSCP uses the terms "investors" and "participants" and not "sponsors" and "members."

Ald. Stellato said that he was concerned about a recent event hosted by the DSCP that was supposed to be about leasing, but turned into a discussion that was critical of the city. He was disappointed to hear that the DSCP allowed this to occur.

Ald. Martin said that the DSCP is getting better with new board members and Lynne Schwartz. Townsend agreed that things appear to be improving and on the right track.

Ald. Martin said that he believes the City needs an Economic Development Director. He said that he believes the position is necessary.

Ald. Lewis said that she is concerned about the City not knowing about stores coming in or going out. She said that she understood this was difficult to track because the City does not have a business license requirement. Townsend said that it was unrealistic for the City to know about all such occurrences because stores don't need to tell the City and that is probably a low priority for them, given everything else that may be going on.

Townsend said that the City will need to decide what the priorities are for Economic Development and what the position profile will include as points of emphasis. This will be critical to the City's success in finding the right candidate and the success of the selected candidate.

Ald. Stellato asked that the City consider an incentive-based bonus program for the new Director.

The consensus position is to proceed with the hiring of an Economic Development Director to replace the vacancy created by the retirement of Chris Aiston.

A break was taken at 10:30 am. The group reconvened at 10:40 am.

Charlestowne Mall/East Main Street Business District

Mayor Rogina provided a summary of a meeting that Ald. Payleitner, Ald. Stellato, Chris Aiston, Brian Townsend, and he hosted with representatives of Mark Goodman & Associates on Friday, May 3rd. He said that Goodman is the person who currently has a contract to purchase the mall. Townsend added to that by indicating that Goodman reportedly put down \$500,000 in earnest money last week and that the deal could close as early as mid-September.

Ald. Stellato and Ald. Payleitner commented on the meeting with Goodman et al and a summary of the concept that he is considering. This includes additional out lots, redeveloping the current food court area, and demolition of the former Sears space to create new building pad(s).

Mayor Rogina said that that there has been no formal discussion or request of incentives, but that the City will almost certainly be asked for something and referenced the East Main Street Business District.

Ald. Stellato said that Dennis Alf from St. Charles Toyota is strongly opposed to the concept. He said that Mr. Alf has suggested the City only do a sales tax rebate for the mall.

Ald. Lemke asked about the City's sales tax and if the City is limited to rebating the 1% home rule tax. Townsend said that the City receives 2% on the sale of general merchandise and that any or all of that could be used to support the redevelopment.

Mayor Rogina asked about the Council's interest in considering the Business District proposal. Townsend said that there was discussion about the Business District at the December, 2012 Planning & Development Committee meeting. He provided an overview of the materials that were presented at that time and called attention to the ability to bifurcate the establishment of the district and the imposition of any new taxes.

Ald. Krieger stated strongly that she believes the Business District should wait until after the IL 64 construction is complete. Ald. Martin concurred and said that he is opposed to any new taxes. He also requested a summary of the outreach that has been done with the area businesses and what the feedback has been.

Ald. Bessner agreed with deferring the consideration of the Business District and said that it should be tied to redevelopment of the mall.

Ald. Payleitner said that incentives for redevelopment should be considered on an individual basis and not as a district.

Ald. Lemke said that additional taxes on businesses working with thin margins will not be good for them.

Bancroft asked if it was appropriate for the City to be reactive here. He said that the City may want to consider being more proactive with a program, rather than waiting for individual properties or stores to come forward.

Ald. Stellato said that he is comfortable with the proposed boundaries of the Business District, but would prefer to defer consideration for 6 months.

The consensus of the City Council was to defer the consideration of the East Main Street Business District for at least 6 months.

A break was taken at 11:10 am. The group reconvened at 11:20 am.

Knowledge-Based Incentive Pilot Program

Mayor Rogina indicated that the City has been approached by a business that would like to relocate to St. Charles. It is currently located in Roselle & Schaumburg and the business would like to consolidate its offices and research & development activities at a St. Charles location.

Townsend provided a summary of the business, its current proposal to relocate, and a proposed incentive program to assist the business. He said that the State of Illinois is also offering incentives to the business and that the City retained Northern Illinois University (NIU) to study the proposed economic impact of the relocation.

Townsend said that the City's proposed pilot program is called Knowledge-based Employment Incentive Pilot Program and is proposed to support a business that wants to bring a significant number of good paying positions to St. Charles. In this case, the business proposes to bring 71 current jobs and create 15 new jobs over the next 2 years. In addition, there are about 100 summer/seasonal positions that the company hires.

The program proposes to provide a direct payment to the company for creating employment in St. Charles, establishing the following:

1. A value for each of the jobs (full-time equivalent) with an annual salary of \$50,000 or greater at the St. Charles facility;
2. A bonus value for each of the above described jobs that is filled by a person residing within a given geographic boundary in or around St. Charles

3. An additional bonus value for each of the above described jobs that is filled by a person that resides within the St. Charles corporate boundary;
4. A bonus value for each internship filled by a City of St. Charles resident attending, in good standing, high school or college; and
5. A maximum amount to be paid to the company in employment incentives on an annual basis and over the entire five year period.

The maximum amount of money the City of St. Charles shall pay the company under this incentive pilot program over the five-year term is \$275,000.

In addition, the company would need to make a commitment to stay in St. Charles for no less than twelve (12) years. Failure to meet this condition shall result in the company, or its successor, having to repay the City all disbursements paid to the company under this incentive pilot program.

Mayor Rogina said that the City has also requested that the company work with St. Charles School District #303 to explore opportunities to provide some other educational experiences for our high school students.

Townsend said that we are only proposing a pilot program now to see how it works and to evaluate its success. He said it could be expanded to other businesses that meet certain criteria, such as:

- Will bring 75 or more jobs to St. Charles
- Average salary of \$50,000 or more
- Will occupy more than 20,000 square feet of space

Ald. Lewis asked where the money to pay for the incentive will come from. Townsend said that the City will need to budget the funds each year.

Ald. Lewis asked if the City had approached Kane County about helping with this incentive. Townsend said that Chris Aiston did reach out to Kane County, but was told there were no programs available to assist.

Ald. Lewis asked how we came up with this program. Townsend said that it was based on something similar that the City of Elgin did for an accounting firm in 2012. He also said that it was based on the company's request and a desire to create something that would generate employment for St. Charles.

Ald. Martin said that he believes the company is a good one and he supports the proposal.

Ald. Silkaitis asked about the economic impact study conducted by NIU – will the proposal yield positive results. Townsend said that it will.

Ald. Stellato asked about the EAV of the building today and the possible increase after renovations are made. Townsend said he would research this further.

Mayor Rogina stated that it was the consensus of the City Council to proceed with the proposed Knowledge-Based Incentive Pilot Program.

A break was taken at 11:45 am. The group reconvened at 11:50 am.

Other items:

Mayor Rogina discussed his interest in relocating the podium from the center of the Council Chambers to the east side of the room. The group agreed that it can sometimes be difficult for persons at the podium to address the Council and the audience simultaneously.

It was the consensus of the group to implement a relocation of the podium for a trial period to see how it works.

Mayor Rogina presented an idea to rotate the order of voting for aldermen on a monthly basis.

It was the consensus of the group to rotate the order of voting for aldermen on a monthly basis beginning in July, 2013. Ward 1 will be in July, Ward 2 in August, Ward 3 in September, Ward 4 in October, Ward 5 in November, etc.

Ald. Lewis asked if it would be possible to have an office space with a computer, desk, and phone established for aldermen to use while they are in City Hall. She said that when she is at City Hall, there is no workspace for her to use. Most aldermen said that they are able to serve their constituents without it and did not believe this was needed. Townsend said that such situations could be accommodated on a case-by-case basis, as needed.

Mayor Rogina reported that the US Supreme Court is considering a legal challenge related to prayer as part of government meetings. He said that the ruling may prohibit the City from continuing its invocation prior to City Council meetings. The ruling may also decide that the invocation can continue. It could also allow the invocation, but establish guidance for changing the practice. Mayor Rogina said that the City's current practice will continue until the US Supreme Court issues its decision in the next few weeks.

Townsend concluded the retreat by thanking everyone for dedicating the time to participate.

A motion to adjourn was made by Ald. Turner, seconded by Ald. Bessner. All ayes. Motion carried.

The retreat concluded at 12:15 pm.