

**MINUTES  
CITY OF ST. CHARLES, IL  
GOVERNMENT OPERATIONS COMMITTEE  
MONDAY, AUGUST 19, 2013**

**1. Opening of Meeting**

The meeting was convened by Chair. Turner at 7:48 p.m.

**2. Roll Call**

**Members Present:** Chair. Turner, Ald. Stellato, Silkaitis, Payleitner, Lemke, Bancroft, Martin, Krieger, Bessner, and Lewis

**Absent:** None

**Others Present:** Brian Townsend, Peggy Forster, Chief Lamkin, Chris Minick, Chief Schelstreet

**3. Omnibus Vote**

Budget Revisions – July 2013

Motion by Ald. Stellato, second by Silkaitis to approve omnibus vote as presented.

**Voice Vote:** Unanimous; Nays: None; Chrmn. Turner did not vote as Chairman. **Motion Carried.**

**4. Inventory Control Division**

- a. Recommendation to accept bids of \$6,000 for two Impala Vehicles and approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles.**

**Chris Minick:** This is a recommendation to dispose two Impala vehicles. This is a housekeeping item. We did bring this before in 2012 and mentioned then we were going to replace these two particular vehicles, but in oversight never did bring forward the formal ordinance authorizing the disposal of the vehicles and we are requesting this permission this evening.

Motion by Ald. Stellato, second by Silkaitis to recommend accepting bids of \$6,000 for two Impala Vehicles and approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles

**Voice Vote:** Unanimous; Nays: None; Chrmn. Turner did not vote as Chairman. **Motion Carried.**

**b. Recommendation to approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles (Various Items).**

**Chris:** This item is requesting authorization to sell various pieces of personal property that the City currently owns. There are various vehicles and equipment listed here. We do plan to put these on our website publicservice.com where we auction off items to the highest bidder and staff recommends approval.

Motion by Ald. Stellato, second by Silkaitis to recommend approval of an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles (Various Items).

**Voice Vote:** Unanimous; Nays: None; Chrmn. Turner did not vote as Chairman. **Motion Carried.**

**c. Recommendation to approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles (transformers/switch gear).**

**Chris:** This item is the same type of ordinance with the only difference being that these are transformers and switch gear that we'll offer on the website as well.

Motion by Ald. Stellato, second by Silkaitis to recommend approval of an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles (transformers/switch gear).

**Voice Vote:** Unanimous; Nays: None; Chrmn. Turner did not vote as Chairman. **Motion Carried.**

**d. Recommendation to accept bid for John Deere 524K high lift wheel loader and approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles.**

**Chris:** This item recommends that we accept the bid for a John Deere high lift wheel loader and approve an Ordinance Authorizing the trade-in or disposal of the item that is replacing a CAT front-end loader. We did get the government pricing discount from Westside Tractor who is the distributor for John Deere equipment in this area. They gave us an additional 4% multi-unit discount because we've purchased several items from them.

Motion by Ald. Bessner, second by Krieger to recommend accepting the bid for John Deere 524K high lift wheel loader and approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles.

**Voice Vote:** Unanimous; Nays: None; Chrmn. Turner did not vote as Chairman. **Motion Carried.**

**5. Public Works Department**

**a. Recommendation to approve 107-109 East Main Street Building Exterior Improvements Project to Larson Darby and Schramm. (TABLED)**

Motion by Ald. Stellato, second by Silkaitis to table this item until the end of September Government Services Committee meeting.

**Roll Call:** Ayes: Silkaitis, Payleitner, Lemke, Bancroft, Martin, Krieger, Bessner, Lewis, Stellato; Nays: None. Chrmn. Turner did not vote as Chairman. **Motion carried.**

**b. Recommendation to direct City Staff on the Ride in Kane Sponsor Committee to vote in favor of the \$1.00 rate increase.**

**Mark Koenen:** The City of St. Charles supports the Ride in Kane Program that is hosted through Kane County and as a part of that we sit as a single voting body on the sponsor board. When the program was originally put together in 2008, there was a fee established for \$3.00 per ride and that unit price for a ride has not changed since then. As indicated in the Executive Summary the percentage has been declining over the years in terms of what percent that covers of the total cost of the ride. The committee has suggested that the rate be increased to \$4.00 a ride to bring that percentage back up to where it was when the program was conceived. To that affect St. Charles has one vote on the committee and staff is looking for direction from this body to give us direction in terms of how to vote particularly since it deals with a rate increase for riders in the City of St. Charles. For your general information the City of St. Charles budget FY13/14 for \$83K which represents our contribution, which again offsets or subsidizes the ridership at this time.

**Ald. Turner:** You are asking on how you should vote at the upcoming meeting in September?

**Ald. Lewis:** If we direct you to vote no on this and everyone else votes no; then what happens if there is no rate increase?

**Mark:** The program would continue and we would run at a deficit budget. There is somewhat of a reserve and it continues to be drawn down and we wouldn't have any means to replenish it. The reason they have chosen a dollar increase is so when they take money at the bus there's no change involved. It's an even exchange which makes it easy and less time consuming for the bus driver.

**Ald. Lewis:** Is ridership up or down?

**Mark:** Yes, ridership is up 30% since program conception.

**Chrmn. Turner:** When was this program first put into place at its original fee structure – how old is this program?

**Mark:** 2008 – this will be the first increase in five years.

**Ald. Stellato:** What about the sustainability of the program, if we say no we risk losing the program; if we say yes we're coming out for an increase? Is there a way to look at it over a period of time to see if ridership has suffered or what the impact is of an increase; or are we locked into \$4.00 like anything else, it just stays there and never comes down again?

**Mark:** I think we are never locked into anything, but we've been around long enough to recognize that once a fee goes up, it seldom comes down. Having said that, this question was posed a year ago and the City of St. Charles asked the question why a dollar? It got pushed out for a year, and it came back again this year. We got better information as to why it needs to go up a dollar due to operations and secondly to bring us back in line to where we were as a percentage of the program when it was first initiated. We recognize too that the \$83K we pay annually for our share of that ride doesn't cover the total of the expense. The Ride in Kane program is subsidized by PACE and also some grants that they obtained from the Federal government. Those programs, we recognize, are going away and if we want to maintain a program like this, we need to maintain the enthusiasm to pay for it. So this is a little of a proactive step recognizing that things can change down the road again which maybe means the rate won't go down but to maintain the program so it will go up in ridership or our local share will go up.

**Ald. Martin:** There is no formal motion, but if there were I would vote no.

**Ald. Lemke:** The concern I would have is akin to Ald. Stellato's comment. I would hope that we don't end up losing ridership, it looks like a deal at \$3.00 or \$4.00 but I would hate to think we would lose ridership and end up farther behind. That has been an issue historically with public transit.

**Mark:** We would continue to track this. We get reports on a monthly basis. I will provide you with this information that people that use this service many times don't have an alternative. So without this program it would have a devastating impact on those folks.

**Ald. Bessner:** My mother-in-law has been living in St. Charles the last couple of years and she's used this program a number of times and that thing works like clockwork. The bus picks her up wherever you want to be at the time, and for \$3/\$4 it is still a great program.

**Mark:** I should qualify too that it really isn't a bus program. You may get a bus that picks you up, but it provides taxi-like service. It could be a bus or a taxi and the service is door-to-door.

**Ald. Bessner:** A taxi cab ride from the west side of Peck Road to Delnor over on 5<sup>th</sup> Avenue North is about \$17.

**Ald. Lewis:** You said you are one vote. How many votes are there?

**Mark:** 15 people altogether.

**Chrmn. Turner:** So in essence what you're saying is that this may go away. If it goes away instead of paying \$4.00 to get to a destination, it is going to cost a lot more using an actual taxi service. This is a difficult thing to raise the rates, but when you look at the alternative of what people would have to pay; my recommendation would be to raise the rate.

**Ald. Krieger:** If you take the train several times in a month you can buy an advanced ticket that provides some break in the fare. Has anyone thought about doing that for this situation so if you used it several times a month you might get a break if you bought an advance card?

**Mark:** I am not familiar that this conversation has been had. The rate structure itself comes from PACE and I don't know if they have consider that. We could ask the question. I think they are trying to go for some uniformity through the district and keep it at even values.

**Ald. Payleitner:** Who qualifies for this program for this PACE bus service?

**Mark:** The Ride in Kane program is for individuals who have disabilities or special needs and also qualifies for any resident who lives in Kane county and over age 65.

**Ald. Payleitner:** I also have a family member who uses it and \$4.00 would still be a bargain for her.

**Chrmn. Turner:** So you are in need of a sense of a recommendation, I think the majority here would recommend we go with the \$4.00 rate, though it's not unanimous.

**Mark:** That's fine. We were looking for that sense of direction. As a staff we thought it was inappropriate for us to make that call.

**Ald. Krieger:** Could you question them about buying a punch ticket that may make a savings?

**Mark:** Yes.

**Ald. Lemke:** The thing about the ten rides is convenient and you don't have to make change; so it's worthwhile to consider.

## **6. Finance Department**

### **a. Presentation of Monthly Update regarding City's Financial Results for June 2013 – Information Only.**

**Chris Minick:** Enclosed is the June 2013 financial report. This represents two months into the new fiscal year. At first glance looking at the bottom line the results may appear somewhat disappointing given some of the deficits that are shown and reflected on the report. But diving a little deeper into the numbers and start thinking that these numbers are not occurring in a vacuum, this is a living, organic process we go through. The snapshot we are giving of June 30 might be a little deceptive. What's going on with the numbers is a big timing difference. In finance we try to match up the revenue and funding sources with the projects you budget and the

expenses you are going to incur. Sometimes the expenditures will lag the receipt of the revenue of the funding sources and that's what going on in this particular case. We have several items and projects for which we have received bond proceeds, funding sources, or set aside portions of the budget during FY2012/13 that ended on April 30. However, due to some delays in the project and just simply the nature of some of the projects those expenditures are not incurring until FY13/14. You don't see the funding sources reflected on the financial reports for FY13/14 enclosed in the packets, but you'll see them in the cash accounts in the audit and in the surpluses that we are going to have presented when we discuss the FY12/13 audit in the next 4 to 6 weeks.

**General Fund:** We're anticipating and forecasting about \$40.7M in revenues as compared to \$41.7M in expenditures. That reflects a \$1M deficit. If you look at the chart we rolled forward \$1M worth of expenditures. That \$1M represents exactly what I was talking about in terms of that timing difference between the receipts of the funding revenues as compared to the timeframe of when the expenditures are incurred. Based on our preliminary audit we will have a surplus that will offset the deficit that we currently do anticipate within the General Fund. When we start going through the audited results for FY12/13 you'll see we actually have those amounts in reserves ready and available to expend. We do have a couple of trends we are watching in the General Fund and the first line relates to revenues that are trending below projection at June 30. They are trending below by 1.2%. That is primarily due to a shortfall in the sales tax revenue. Sales tax revenue for the first three months of the first fiscal quarter has been somewhat low and problematic. However, when we got into July, the July 31 numbers were closed out late last week, I've already seen the distribution of what we get for sales tax for August 2013 and its rebounding nicely and we are actually above, in terms of sales tax revenue, in the same spot as we were of August 31, 2012. We are ahead of the numbers of a year ago. We also need to watch hotel, telecommunications, and alcohol tax revenues as we move forward. Our income tax revenue is significantly higher than it was a year ago and significantly higher than our budget projections. Also our expenditures and forecast are trending to end the year at 1.2% below budget for the year. Again, the snapshot of June 30, the numbers are not flattering but when we expand out and look at everything occurring around June 30 and the FY2012/13, the numbers get a little brighter. We do have a couple of revenue trends to keep an eye on as we go through the fiscal year, but we are in good positive financial shape.

**Electric Fund:** There is currently \$1.2M deficit that's forecast. Operation revenues are trending to be greater than budgeted by 2%. Our expenditures are trending below budget by 1%. We do have roll forwards in the Electric fund as well. We have about \$1M in roll forward expenditures and those are related primarily to ongoing work at Red Gate Bridge. We had some infrastructure improvements in conjunction with the construction of the bridge and have not been totally paid for and the final funding has not been done on those yet. Again this is where we had the funding on hand in FY12/13 but those expenditures will be incurred in FY13/14. Our results are expecting to trend in line with the budget. Going forward we need to monitor the Electric fund. We got into a cooler summer and that has impacted our consumption levels and patterns as we moved on through the summer.

**Water Fund:** Our operating levels are aligned with the budget and expenditures are currently trending 1% (approximately \$100K below budget). We do have \$5.6M in Capital projects

budgeted of which \$4.1M was funded prior to FY13/14; simply a matter of the timing. Once these timing issues are accounted for and rolled out we currently project that we'll have a deficit of \$900K in the Water fund which is better than the budgeted deficit of \$1M once all the timing differences are accounted for.

**Wastewater Fund:** Our operating revenues and expenses both are align with the budget. The proceeds and expenses related to the Wastewater Treatment Plant Rehabilitation Project are the main changes since the budget was approved in April 2013. Once all those timing issues are accounted for we project a deficit of \$1.2M which is \$75K lower than the revised budget deficit of \$1.275M.

**Ald. Lemke:** Regarding the sales tax, if sales and retail activity increased within the last three months, we would only be seeing that now as I read from the introduction that says there is some delay in seeing it come to us?

**Chris:** Correct, there is roughly a 3-month delay from when the sale occurs and the City receives the revenue for that sales tax.

**Ald. Lemke:** So the most recent is starting to look better but it reflects something that happened in May, etc.

**Chris:** Yes. I know we had a question previously with sales tax and if we could pinpoint a geographic region or an industry as the reason the sales tax were lagging earlier in the year, and we won't have the answer until October. We get sales tax distribution information in terms of the industry breakdown every four months. We get it three times a year from the State and we'll start dissecting it then.

**Ald. Turner:** Are we paying more for power this year from our suppliers?

**Chris:** I believe we are on a per kilowatt hour basis. What's happened particularly with regards to the consumption pattern that have occurred is our load factors aren't as good this summer because it has been cooler this year. That tends to have the impact of driving the kilowatt hour up slightly based on the demands.

## 5. Executive Session

- Personnel
- Pending Litigation
- Probable or Imminent Litigation
- Property Acquisition
- Collective Bargaining
- Review of Minutes of Executive Sessions

## 6. Additional Items

None.

**7. Adjournment**

Motion by Ald, Stellato, second by Silkaitis to adjourn meeting at 8:12p.m.

**Voice Vote:** Unanimous; Nays: None. Chrmn. Turner did not vote as Chairman. **Motion Carried.**