

JH10

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, MARCH 16, 2015**

1. Opening of Meeting

The meeting was convened by Chairman Turner at 7:05 p.m.

2. Roll Call

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

Absent: Ald. Stellato

3. Omnibus Vote
Budget Transfer – January 2015.
Budget Transfer – February 2015.

Motion by Ald. Bancroft, second by Bessner to approve the omnibus items as presented.

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

4. Inventory Control Division

a. Recommendation to waive the bid procedure and accept the Blanket Cable Quote from HD Supply for Okonite Cable pending approval of FY15/16 budget.

Mike Shortall: I am asking for approval to waive the bid procedure and accept the blanket cable quote for Okonite Cable. This is a preferred heavy cable that the City Electric Department uses. HD is the sole distributor for Okonite Cable and if approved is for FY15/16.

Chrmn. Turner: Is that the cable that would stand a tree falling on it?

Mike: It's the heavy duty cable.

Motion by Ald. Silkaitis, second by Bancroft to recommend waiving the bid procedure and accept the Blanket Cable Quote from HD Supply for Okonite Cable pending approval of FY15/16 budget.

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

b. Recommendation to waive the bid procedure and allow “Spot Buying” of cable on as as-needed basis pending approval of FY15/16 budget.

Mike: For general cable I am seeking approval to spot buy all cable stock on a as needed basis. If approve, this will be FY15/16. Quotes were solicited from 4 to 5 different vendors and accepted the lowest quote.

Motion by Ald. Silkaitis, second by Lemke to recommend waiving the bid procedure and allow “Spot Buying” of cable on as as-needed basis pending approval of FY15/16 budget.

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

c. Recommendation to approve an Ordinance Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2015 F-550 with Service Body to Zimmerman Ford and Sell Replaced 2003 F-550-4X2 Vehicle #1733.

Ald. Silkaitis recused himself from this item.

Mike: This is for a 2015 Ford F-550 pickup with a service body and on behalf of the Public Works Department I am seeking approval to accept the low bid price through a local vendor, Zimmerman Ford, and am also seeking approval to sell replacement vehicle #1733, a 2003 F-550 to be sold at public auction through publics surplus.com. This vehicle has been approved through budget and the City Fleet Committee.

Motion by Ald. Krieger, second Bessner to recommend approval of an Ordinance Authorizing the Mayor and the City Clerk of the City of St. Charles to Approve the Award of a 2015 F-550 with Service Body to Zimmerman Ford and Sell Replaced 2003 F-550-4X2 Vehicle #1733.

Voice Vote: Unanimous; Nays: None; Absent: Stellato; Recused Silkaitis. Chrmn. Turner did not vote as Chairman. **Motion carried.**

d. Recommendation to waive the bid procedure for 2015/16 Blanket Switchgear quote and accept Federal Pacific’s pricing for purchased switchgear pending approval of FY15/16 budget.

Mike: I’m seeking approval to waive the bid procedure and purchase switchgear through a sole distributor, CD Power Systems for the Federal Pacific’s switchgear. This is the preferred switchgear that the City Electric Department uses and has proven to be dependable and if approved would be for FY15/16.

Motion by Ald. Silkaitis, second by Bessner to recommend waiving the bid procedure for 2015/16 Blanket Switchgear quote and accept Federal Pacific’s pricing for purchased switchgear pending approval of FY15/16 budget.

Voice Vote: Unanimous; Nays: None; Absent: Stellato; Recused Silkaitis. Chrmn. Turner did not vote as Chairman. **Motion carried.**

- e. **Recommendation to waive the bid procedure for 2015/16 ordering of gasoline and diesel fuel (bio-diesel) per order on an as needed basis pending approval of FY15/16 budget.**

Mike: I am seeking approval to spot buy both gasoline and diesel fuel through 3 to 5 different vendors to compete for same day low quotes. If approved this will be FY15/16. This procedure has worked well in the past for the City and usually beating the Opus Price Index allowing for competitive pricing through the fuel bids.

Motion by Ald. Silkaitis, second Bessner to recommend waiving the bid procedure for 2015/16 ordering of gasoline and diesel fuel (bio-diesel) per order on an as needed basis pending approval of FY15/16 budget.

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

- f. **Recommendation to approve an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles.**

Mike: For the sale of items, I'm seeking approval to sell the listed items via publics surplus.com. The listed items are city owned equipment and considered obsolete.

Motion by Ald. Krieger, second by Bessner to recommend approval of an Ordinance Authorizing the Sale of Items of Personal Property Owned by the City of St. Charles.

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

- g. **Recommendation to award 2015/16 hauling bid to CH Hager Excavating, Inc., West Chicago, at unit costs provided on the Bid Results pending approval of FY15/16 budget.**

Mike: On behalf of the Public Works Department I am seeking approval to accept the low bid for hauling to CH Hager for the FY15/16. This work will be contracted on a as needed basis.

Motion by Ald. Krieger, second by Silkaitis to recommend awarding 2015/16 hauling bid to CH Hager Excavating, Inc., West Chicago, at unit costs provided on the Bid Results pending approval of FY15/16 budget.

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

- h. Recommendation to award 2015/16 low bid to CH Hager Excavating, Inc., for two (2) base bid types of stone and gravel and seven (7) alternate types pending approval of FY15/16 budget.**

Mike: On behalf of the Public Works Department I am seeking approval to accept the low bid for stone and gravel to CH Hager for FY15/16. We also have alternative pricing not tied to this bid but may be used on a as needed basis.

Motion by Ald. Bessner, second by Bancroft to recommend awarding 2015/16 low bid to CH Hager Excavating, Inc., for two (2) base bid types of stone and gravel and seven (7) alternate types pending approval of FY15/16 budget.

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

5. Finance Department

- a. Recommendation to approve Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bond Issues and Related Matters.**

Chris Minick: Enclosed is an ordinance to reserve the transfer of volume cap of tax exempt debt to the City for Private Activity Bonds. Each and every year we have a certain allocation which is currently peg at \$100 per resident for private activity bonds issuance that we allow to lend the City's tax exempt borrowing status for certain commercial manufacturing types of endeavors in expansions within the City. This is an item we have each and every year. Our total for 2015 is approximately 3.326M and if we do not pass this ordinance, on June 1 that volume cap remains back to the state and the State gets to determine how they will allocate it. We currently have no plans, projects, or applications pending for use of the volume cap, however, we do typically reserve it each year in case we are to get an application or sometimes other municipalities will approach us for a project they have and will seek to purchase our volume cap allocation. Staff recommends approval.

Ald. Lemke: This doesn't eliminate our ability to make an arrangement with un-adjacent or neighboring community?

Chris: No, and if we do not pass this we will lose that right.

Motion by Ald. Silkaitis, second by Lemke to recommend approval of an Ordinance Reserving and Authorizing the Transfer of Volume Cap in Connection with Private Activity Bond Issues and Related Matters.

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

b. Presentation of Fiscal Year 2015-2016 Budget – Information Only.

Chris: Each year around this time we do an informational presentation to the Government Operations Committee in advance of the Public Hearing that we hold for passage of the budget to make sure staff is headed in the right direction in terms of the policy decisions and strategic financial planning documents that the committee wants us to undertake in preparation of the budget. The Public Hearing for FY15/16 Budget is scheduled for April 6, 2015 and depending on feedback tonight, and if it's positive, we'll move forward with a Resolution after the Public Hearing for consideration of adoption of the FY15/16 Budget.

Chris gave his presentation of the following slides:

- Agenda – Fiscal Responsibility – Prudent financial decisions have resulted in a fiscally responsible St. Charles: Recent Financial Performance; General Fund; Summary of Utility Funds; Significant Capital Projects; Staffing; Questions/Comments.
- Prudent financial decisions have resulted in a fiscally responsible St. Charles: General Funds Reserves are strong – nearly 40%; picking up pace in sales tax revenue; living within our means; operational expenses conservative; and expenditures continue below 2008 levels.
- Strong and Sustained Financial Performance – significantly improved Utility Fund performance.
- What's Ahead? State politics, strength in economy, and labor market.
- Summary of all Funds (excludes transfers) – showed chart of dollar values of revenues/expenditures for FY13/14 Actual, FY14/15 Forecast, and FY15/16 Proposed.
- Went through General Fund slides regarding Revenues/Expenditures of 2011 through 2016; General Fund Highlights; General Fund table show revenues comparison for FY14/15 and FY15/16; General Fund Revenues pie chart FY15/16 Budget; and General Fund Expenditures by Function for FY 15/16 Budget – total budgeted expenditures = \$42,244,717.00.
- Went through Utility Funds slides: Utility Fund Trends – Ongoing challenges in financial performance, quick look back at utility fund's performance fiscal years 2004 – 2014; Utility Projections; Recommended Rate Structure for Electric Fund (residential); Water (all customer classes); Sewer (all customer classes); Utility Comparison with local municipalities; and City of St. Charles Impact of Increases to “typical” Residential Customer (Monthly).
- Capital Projects and Staffing slides: Significant Capital Improvements - \$19.7M capital expenses city wide; FY2015/16 Projects: 1st Street Parking Deck, Street Resurfacing Program, South Tyler Reconstruction Project, Peck Road Resurface, Norton Creek Stabilization (Fox Glen); Police Building Project anticipated in 2016/17; Utility Projects: Electric Substation 9 Duct and Site Prep, North Tyler Road Water Main Replacement, Digester Operation Upgrade, Equipment Upgrades and Replacement; Staffing Changes: Staffing levels proposed to increase by 5 FTE over FY14/15 budget.

In conclusion past choices and hard decision have resulted in a fiscally responsible

St. Charles. Proposed FY15/16 budget continues in that direction. Factors over which the City has little control will likely dictate changes over the coming months. We need to be ready to again make tough choices and hard decisions, if necessary, to assure the continued fiscal responsibility of St. Charles.

Chrmn. Turner: It's a matter of timing. We adopt a budget for May 1; the State has to have one by when?

Chris: July 1.

Chrmn. Turner: So between those two months of when we pass our budgets, we don't know at that point what we're going to get?

Chris: Correct. I've heard predictions that the State is going to take a long time to decide what they are going to do and how they're going to get it. It's not unheard of for the budget to go down to the last minute at the state level. Given the fact that it's a new administration and the legislature is not necessarily the same party as the Governor's Mansion, I'm not certain how that all will play out.

Chrmn. Turner: Is it possible that we can somehow guard our money during the first two months so that we are not, all of sudden, counting on spending the money in the first two months thinking we would be getting something and then we don't.

Chris: My guess is that if they don't have a budget in place or a change in place, they're going to continue to pay on the old system and if there is going to be some kind of retro-activity that would impact our first couple of months of the fiscal year, I would probably withhold it from some future disbursements. So, we can attempt to set aside the money as best we can, but I have a feeling they will try to make it up in some way. That's how it typically has gone in the past.

Ald. Lemke: I spoke with Representative Fortner in West Chicago and he said in his experience in cases like this, it will take longer than the normal budget cycle to approve a budget and he has seen it in the history of this type of situation when it could extend as late as September. That's his analysis.

Mayor Rogina: Ald. Lemke is correct. I met recently with a group of Senators and that's exactly what they said that over time is probable and it could go all summer long.

Chris: If there is significant disagreement as they get to that July 1 date, which is the beginning of the State's fiscal year, it would not surprise me if they passed a 3-month budget or a 2-month budget, just to get them over the next couple of months until they decide how they are going to sort everything out and what their levels of revenue are going to be and what levels of expense they are willing to tolerate based on those revenues. It would not be ideal. The longer the uncertainty continues puts everyone in a state of limbo.

Ald. Lewis: On sales tax we get our home rule tax back but there is a state income tax and do we get all of that or just a portion?

Chris: We get a portion of it. There are two components of the sales tax; one is composed by the State, and the community and state shares in that based on the sales that are generated within that community. For that state portion it is 1% of gross sales; if a sale is \$100 and is all taxable, than \$1 would come back to the City of St. Charles through the state portion. Home rule and non-home rule communities that pass a referendum can also impose a local sales tax which we have chosen to do. Our local sales tax also happens to be 1%. In the case of our \$100 taxable item, the City receives \$2.

Ald. Lewis: I've heard people in the community say they think the sales tax might also be kept at the state level.

Chris: I've heard rumors they are looking at all revenue sources which might include that 1%. I don't think they could impact the 1% home-rule sales tax unless they were in some way able to repeal our ability to impose it. Definitely the 1% the state imposes they could take a look at if they wanted to. I should also mention that our sales tax does not apply to title vehicles, food, and medicine.

6. Executive Session - None

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

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

None.

8. Adjournment

Motion by Ald. Lemke, second by Lewis to adjourn meeting at 7:43 p.m.

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

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