MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, MAY 16, 2011

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

Members Absent: None

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

1. Opening of Meeting
The meeting was convened by Chair. Martin at 7:50 p.m.

2. Omnibus Vote
Budget Revisions – March 2011 and April 2011.

Motioned by Ald. Stellato, second by Monken to approve the omnibus vote as presented.

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

3. Recommend approval of a Class B1 Liquor License for Santonio's Restaurant to be located at 1910 Lincoln Highway, St. Charles (former Brown's Chicken site).

Mayor DeWitte: This is a request for a Class B1 liquor license for the restaurant as mentioned. It is the former Brown's Chicken site on Rt. 38. The owner Karen Ortiz has completed the application and has cleared all of her background checks. We are still owed a BASSET certificate and the license will not be issued until that certificate is received. Police Chief Lamkin has signed off on the application and I ask for approval.

Motion by Ald. Stellato, second by Monken to approve a Class B1 Liquor License for Santonio's Restaurant to be located at 1910 Lincoln Highway, St. Charles (former Brown's Chicken site).

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

4. Recommend approval for street closures for the Annual Farmers' Market on Fridays from 5:00 a.m. to 2:30 p.m. June through October 2011.

Cmdr. Dave Kintz: This item has been running smoothly for several years now. Any questions?

Motion by Ald. Stellato, second by Monken to approve street closures for the Annual Farmers' Market on Fridays from 5:00 a.m. to 2:30 p.m. June through October 2011.

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

5. Recommend approval of a Resolution Authorizing the Extension of the Contract with Bricor Consulting for FY11/12.

Brian Townsend: This is our annual extension with our contracted legislative consultant, Karen Ramey, and we bring this to the Council every year. As indicated in the materials, the cost for this year is the same as it has been the past three years. Karen has agreed to perform her services at the same rate and given all that is going on down in Springfield the past few months, we feel this is very important that we continue to maintain this connection with what is going on in the State legislature and with our legislators directly. We recommend that we extend this through FY11/12.

Motion by Ald. Monken, second by Turner to approve a Resolution Authorizing the Extension of the Contract with Bricor Consulting for FY11/12.

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

6. Recommend approval of the proposal from Laurus Strategies for benefits consulting/management services for FY11/12.

Kathy Livernois: Laurus is the health insurance consultant that we use to determine what our health insurance plans are. We are planning on doing an RFP for health insurance consultants. We started this fiscal year so that we can have it completed for next year. At this point we are recommending that we proceed with them from a contractual standpoint. As you can tell the costs have not increased.

Ald. Carrignan: You said we are going to look at another RFP in the coming year for the next three years?

Kathy: What happens when RFPs follow our vendors is that we have a timeline for each one of our vendors. For our health insurance consultants it is every five years. Then we go out to them as we do the same thing with worker's comp, EAP, etc.

Motion by Ald. Carrignan, second by Stellato to approve the proposal from Laurus Strategies for benefits consulting/management services for FY11/12.

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

7. Recommend approval of the Voluntary Separation Incentive Program.

Kathy Livernois: I came before you in February to proceed with the Voluntary Separation Incentive Program for us to be able to send out non-binding letters of interest to all of our employees. I am here tonight to talk about that and to seek your approval to continue on. This was an SSI initiative and it is an optional and voluntary program. What this means is that none of our employees were asked to leave or recommended to leave. It was completely optional for them to accept it involuntary. The nice thing about the program is that we would rather have employees leave voluntary than involuntary. This will reduce long term costs and it does that through default of positions on how we replace them, whether we restructure the position or whether we eliminate the position. This program was based on feedback that we actually received from our employees when we did the Voluntary Retirement Incentive Program. We sent a survey to all those people who were eligible for retirement but did not accept the program and we asked them why they didn't accept it. They came back with information on two things. One, they were concern about the cost of health insurance and two they though it wasn't lucrative enough in terms of accepting it.

The eligibility was all current full time and regularly scheduled (that is IMRF qualified) part time employees that have worked in the last 30 days. They do not have to take the retirement pension if they are eligible for it – that is not mandatory. The letter was sent to 274 employees that qualified for this. Of those 274 employees, 21 returned their letter of interest which is approximately 8% of those who were qualified. Of those 21, approximately 2/3 of them would be eligible for retirement if they chose to do so.

The payout options that were offered are three options for our full time employees with based payments of $10K for all three. One option offers additional money with one year of health insurance at the employee cost. Option two offers two years of health insurance at the employee cost and option three is if you don't need health insurance it then offers additional payment up to $20K on one's years of service. For part time employees it was 25 hours per year of pay up to $10K.

Of those we had four employees who chose to Option 1, seven employees at Option 2, seven employees at Option 3, and three employees at the part time option. There's a good mix there.

Position Replacement Chart: the process we did is when we received those letters of interest, I asked those department directors to let me know what they would do with those positions. As soon as we were notified of an employee that was interested in the program I would then ask the department director to provide me with that information. This is the information they provided me as to how they would like to see the positions either replaced, restructured, or eliminated. In Community Development there are three full time positions of which one would be eliminated and the other two would be replaced. Same thing with Finance. There are some full time and some part time positions. Where it says replace, promote & hire in the Fire Department; what that means is they would replace position that is leaving, there would be a promotion into another level, and a firefighter would be hired.

A deferral (HR) would be not to replace the position for six months and then replace it at that point. So there would be a savings for those six months. Restructures would be perhaps taking a full time position and making it into two or one part time positions. That would be a restructuring of the position itself. Or where it says restructure, lower classification; this position would be restructure with a lesser salary.

Costs Savings by Fund: this gives the ability to see what that would mean to each of the funds in general and the Enterprise funds. The cost of the options with benefits would include the option that was chosen as well as the weeks we are giving the employee and includes benefits such as FICA, Medicare, Pension, Worker's Comp, and insurance. So all those benefit costs are included in that option. So for FY11/12 the cost of the option with benefits are almost $674K. The savings with that will be based upon all the things you saw in the previous slide such as replacement, restructure, deferral, or elimination of position. That would also include any savings for worker's comp, pension, etc. The total savings for FY11/12 is $69K and as you continue to look in the out years, you can see savings in those years as well.

So there is a savings to offer this program for the next few years and why is there a savings? That is due from going full time to part time as a lot of the positions did and then there is a savings in terms of benefit costs. Right now we include 40-45% additional benefit costs to the salary. Also we have lower employee salaries for those that we will be hiring in that result in savings and also some lower classifications. When we did this costs savings analysis, we took into consideration if there were any upgrade costs in terms of promoting within or hiring from the outside. We took into consideration any temporary service costs and extra hours that might be assumed by someone else in the department. All of that has been included in this Cost/Savings by Fund chart.

Ald. Carrignan: Why would Inventory/Fleet fall under the General Fund? They are usually an Enterprise fund?

Julie Herr: They are internal services funds.

Ald. Bessner: That savings for FY11/12 of $69K, does that turn into the savings column or is there a net savings that we are not seeing that accrues over the years? I'm seeing $69K and then seeing savings for FY12/13 of $779K. Is that the whole number? The net savings turns into full savings?

Kathy: That's because there is a cost associated with 11/12 due to the payouts. Between that cost and the savings we are getting from how the positions are done, that net savings is $70K and then going into 12/13 there is no cost with any payout, so then it turns into full savings.

Ald. Rogina: Were these savings included in the budget?

Kathy: No, they are not.

Ald. Rogina: This is an add-on?

Brian Townsend: Yes, correct. These figures will benefit the budget for both the current fiscal year and future years. Assuming that all 21 employees that enrolled finalized their participation for this program.

Ald. Rogina: These numbers assume that?

Kathy: Yes they do. They do assume that all 21 will do as they said. Where you might run into an issue of not saving as much money is, for example, if you look at the Fleet fund, you will notice there is $30K and that is placed on that particular division for pure replacement. But in general this would be the savings we receive.

Motion by Ald. Carrignan, second by Turner to recommend approval of the Voluntary Separation Incentive Program.

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

8. Monthly update regarding City's financial results for March 2011.

Julile Herr: The results that are in your packet are for the 11th month period ending March 31, 2011. A lot of this was covered with Chris when he went through the budget presentations. For the General Fund, going into 10/11 budget, we anticipated a deficit of $500K. As of March 31, based on our forecasted numbers as of that a date, we are projecting we would end the year with a deficit of $188K – difference of $323K. The main reason for this reduction in the deficit is due to aggressive management as far as expenditures. As of March 31 revenues are projected to be slightly lower as budgeted, however there is a positive spin to that. Revenue sources, sales tax, electric franchise fees are performing better than what they did this period last year. Even though they are not up to what we anticipated, they are doing better than last year. State income taxes continue to be below prior year budget, but not as bad as we anticipated, and are still not where we were expecting, but still could be worse. State is still behind by 3 or 4 months in making their payments to us.

Electric Fund – no changes since the last update. The increase in consumption over last summer did result in higher than anticipated revenues, but in turn we also had higher whole sale power cost, but we do anticipate a slight surplus in the electric fund as of the end of March.

Water Fund – a deficit was projected in going into 10/11 and that deficit is now projected to be slightly less as of the end of March.

Waste Water Fund – we also projected a deficit into 10/11, however this deficit has actually increased during the year as our projected revenues had not come as we anticipated.

This is where we stand as of the end of March. We've already completed the end of our fiscal year and soon we will be presenting what our actual numbers are for FY10/11.

Ald. Carrignan: Did we receive our FEMA funds from the blizzard? And are we putting them on the books?

Julie: No we have not. We just had our kickoff meeting with the FEMA representative last week and we provided him with all of our documentation. He is now in the process of sorting all of that, justifying our cost that we submitted, and coming up with a final number. Hope to hear back from that soon. So, that is in the works. We do anticipate that we will be booking in an accrual for revenue that we will be receiving from FEMA.

Ald. Rogina: When you closed out the books in April, you indicated that Springfield would still be on the way, so how do you record that?

Julie: It will be booked as an accrual. They report to us what they anticipate we will be receiving, but we actually just haven't received the cash. It will be booked as an accrual at the end of the fiscal year.

9. Recommend approval for the St. Charles Convention and Visitor's Bureau funding request for FY11/12.

Julie Herr: Representatives of the St. Charles Convention and Visitor's Bureau are here tonight to outline the activities and market plan for the upcoming fiscal year. They will be requesting their annual allocation of the hotel/motel tax revenue and answer your questions. The requesting funding is $526,500.00. This did reflect Council's directive to cut the funding of outside agencies by 10%. They have kept this funding request consistent since FY09/10 and this is the amount we have reflected in the 11/12 budget. So the recommendation is for the approval of funding of $526,500.00 and to also approve the funding agreement with the Cultural and Visitor's Bureau for FY11/12.

Amy Egolf, Executive Director, 311 N 2nd Street, St. Charles. This evening I would like to thank you for your support and request funding in the amount of $526,500.00 for the 2012 Greater St. Charles Convention and Visitor's Bureau program of work. This is the same amount that the bureau has received in the past two years. All of us appreciate how challenging today's financial times are on the local and the state levels; and we appreciate that your job in ensuring that the fiscal health of the City of St. Charles, while successful, is not easy.

Every initiative by our bureau is designed to increase visitor's spending here in St. Charles. Tourism is part of the solution to community, state, and national financial woes. Our bureau shares three touchdowns with CVBs around the world. We attempt to lure visitors to choose St. Charles, encourage visitors to extend or repeat their stays in St. Charles, and we influence visitors' choices of what to do once they arrive.

Our bureau is hitting the mark in all three. This past year our CVB was named twice in the Illinois Meetings and Events magazines best of the industries awards. We were runner up to the Chicago CVB as best CVB and our Scarecrow Festival was runner up to Navy Pier as best attraction in the state.

Well gratifying to be recognized by our peers and clients in today's world, it's all about the numbers. Our bureau's tracking measures helps us plan initiatives to increase future spending from leisure and group visitors. On the group side we track potential pieces of businesses and room nights, and number of group attendees we service and the individual activities of our sales managers.

On the leisure side we track phone and email inquiries, unique web visits, print ad reader responses, bounce back cards from our Visitor's Guide, and distribution of our marketing materials.

During Scarecrow Festival we conduct intercept surveys that help us know where all of our attendees are coming from, how they heard about the festival, and whether or not if they are first time or repeat attendees. Wherever possible we attached potential economic impact figures to those activities. We use delegate expenditures provided by three nationally recognized organizations to calculate the impact of booked businesses.

On the leisure side we use numbers provided by Illinois Office of Tourism and new for this year the National Laboratory for Tourism and e-Commerce at Temple University conducted a conversion study on the behalf of the St. Charles Bureau to see how many of the thousands of individuals who contact us actually convert into visitors. The results of that study are very positive and here are just a few: 64% of those people who contact our bureau actually visit St. Charles. That's 22% higher than the actual tourism conversion rate of 42%. 83% of the visitors who have come to visit us say they are likely to visit again within the next three years. 79% found our market materials to be accurate and trustworthy and travel parties to St. Charles spent between $328 and $444 during their visits. By combining all of these metrics, booked group business, Scarecrow Fest tracking results; the 64% leisure conversion rate calculated the following estimated return on investment. In fiscal year 2010 we have calculated a return of $11.58 for each one of our budgeted dollars. YTD for 2011 we calculate a return of $10.06 for every dollar we expended.

Moving forward here are a few highlights for our plans for next year. We welcome three new directors to our board. Voting directors Lynn Caldwell – Fine Line Creative Arts Center and Tom Donahue – General Manager of Q Center. Thanks to his recent appointment by Mayor DeWitte, Alderman Cliff Carrignan will serve as Ex-officio Director and liaison to the City of St. Charles. We rolled out "New Faces in Places" creative theme to complement the existing natural charm brand, and the theme face to cover our new visitors guide and faces value card both of which are targeted to our leisure visitors. Print ads and sales fact sheets we use to capture new group business we'll also use the creative theme.

Scarecrow Festival – sponsorship sales and operations for this coming year's festival have been outsourced to Chicago's Special Events Management Company. SCM will offer local restaurants the opportunity to participate in the St. Charles Restaurant Row and they also bring to the table potential new regional and national sponsors to help finance and support the Scarecrow Festival. Outsourcing the festival has enabled us to restructure our sales staff. Jenny O'Brien has been with the bureau since 2006 and will be our in-house festival liaison and will make sure that the scarecrow displays and activities run the way it always has. In addition to that, she's adding additional marketing responsibilities while maintaining her existing sales activities for the social and motor coach market. Part time sales person Michele Cianferri, third year with the bureau, will focus on the sports, hobbies, and collectable markets. We've also been able to hire a new full time house manager. St. Charles resident, Kimberly Cauffman, has 14 years hospitality experience including five in the St. Charles' market. She will be soliciting new corporate, association, education, and religious business. Your bureau is committed to using every dollar we receive in the most fiscally responsible way for the purpose of conducting successful sales and marketing activities designed to enhance the economic health of the City of St. Charles. Thank you for your support and consideration for our funding for year 2012.

Ald. Carrignan: One of the things we look at as a visitor's convention is investment. You bring money back to our community and our investment in this bureau is a good investment for the return

Motion by Ald. Carrignan, second by Stellato to recommend approval for the St. Charles Convention and Visitor's Bureau funding request for FY11/12.

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

10. Additional Items

Assistant Chief Schelstreet: Tonight I am here as the VP of the Heritage Center. Natalie Gacek is our educator and is handing out invitations. We would like to extend this invitation to an Open House that we are having at the Heritage Center on June 7 between 5:00 – 6:30 p.m. There will be a short presentation at 5:30 p.m. We want to say thank you for your continued support. We all heard the presentation on the budget challenges that are in front of the City and we very much appreciate your funding to the Visitor's Bureau and associated groups. We would like the opportunity for everyone to come on by and offer you an insight to the good work that is going on at the Heritage Center and to be able to educate everyone on the rich history of our community and the contributions of people, such as yourself, to help build it what it is today.

11. Adjournment

Motion by Ald. Carrignan second by Turner to adjourn meeting at 8:21 p.m.

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

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