

MINUTES
City of St. Charles City Council Fall Retreat
Saturday, September 22, 2018
Public Works Facility, 2nd Floor Training Room

1. Call to Order

The meeting was called to order by Mayor Rogina at 8:00 am.

2. Roll Call

Members Present: Ald. Silkaitis, Payleitner, Lemke, Bancroft, Gaugel, Vitek, Bessner, Lewis, Turner

Absent: Ald. Stellato

Others Present: Mayor Rogina, Nick Peppers (Special legal counsel), Bob Rychliki (Kane McKenna financial counsel), Atty. John McGuirk, Mark Koenen, Jenn McMahon, Rita Tungare, Larry Gunderson, Chris Minick, Peter Suhr, Chief Keegan, Chief Schelstreet and Tracey Conti

Mayor Rogina started the meeting by welcoming the staff and introducing Nick Peppers and Bob Rychliki.

Mayor Rogina: Staff is going to need direction on a variety of things. Here is a quick overview:

Economic Development Activity

First Street RFP responses, proposed TIF relating to Charlestowne mall, Pheasant Run, and the Semersky property on Randall Road.

We'll also talk about a comprehensive plan for downtown. The budget forecast looking ahead, we passed the three taxes, what are the implications of those taxes for FY 19/20 and going out 5 years from there?

Tobacco

The State has said no to changing the age, I'm getting pressure from a couple different communities. What would the St. Charles City Council like to do?

Consolidation of the CVB/DSCP

Mark and I have been working on this and would like to get your feedback.

Council Meeting Day

We'd like to see if you're interested in having council meetings on Monday and committee meetings on Tuesday.

Philanthropy/Donations

We've had some meetings, looked at some models, and engaged with our Ethics Advisor on the subject. We're excited to share the information we have.

Video-taping Meetings

We would like to find out what your thoughts are for video-taping the council meetings.

Alcohol Delivery

I would like to clarify the alcohol delivery issue and move it to the October 1 meeting.

Mayor Rogina: Rita T. I'd like to thank you, Mark, Chris, Nick Peppers, Ald. Lora Vitek, Ald. Steve Gaugel, Ald. Dan Stellato and John McGuirk who were involved in the interviews for the 1st Street proposals.

Economic Development Activity

1st street RFP

Rita Tungare: First Street, the request for proposals (RFP) regarding 6, 7B, and 8. This started with a conversation we had earlier in the year seeking direction from council to move forward with requesting a proposal on these three buildings, the last buildings of the 1st street development.

We discussed the terms for the RFP's at a P&D Committee meeting in March, 2018. We issued the RFP in April, 2018; they were due July, 2018. We received 2 responses. Both proposals had some level of a local presence, but they were very different in nature.

We conducted interviews in August, 2018 and as the Mayor indicated we had an interview committee comprised of some elected officials, staff and legal counsel. The responders were Sumac, their local representative is Jace Murray, and Frontier Group, their local representative is Curt Hurst who a resident of St. Charles.

Sumac

- The proposal included Bldgs. 6 and 7B, did not include lot 8. The reason they did not include lot 8 is the size and configuration of the site is difficult for them to build.
- Their proposal included 1st floor commercial and upper floors rental residential
- The proposal did not include a request for TIF assistance

Frontier Group

- Their proposal included 6, 7B, & 8
- First floor commercial, upper level owner occupied condos
- Their proposal included a request for TIF assistance for about \$7M.

We were in conversations with both groups. During the interview process Frontier Group informed us they were going to withdraw. They had been doing a bit of due diligence regarding the environmental constraints, construction costs and they said they didn't think the project would be financially feasible. The reason they cited was a financial gap.

They said the only way to complete the work is to construct a one story commercial building on lot 6. This is the flagship lot out of the 3 lots that are available for development. What was approved is a 4 story building with offices, commercial and residential.

I approached Frontier and asked if they would be interested in only working on lot 8. They would like to work with the City on lot 8. I asked if they would work with the City on lot 8 even if there were no TIF assistance available. They indicated they would like to do that. One of our RFP parameters was that the

City would give the land for a minimal cost. Subsequent to our conversation I told them I would get back to them with further direction after our discussion here today.

Let's go back to the Sumac Proposal. The proposal includes commercial on the 1st floor. The unique feature is the underground level. The original plan included 1 level of underground parking. The Sumac proposal included a double stacked underground parking concept. This is a new concept for St. Charles.

The double stack parking uses a lift system. There are some questions that need to be answered. Where is the bedrock and how deep is the bedrock? Mark Koenen seems to recall that the bedrock is somewhere around 5ft. One of the things we stressed is that parking is extremely important to the development and the community.

The upper levels of the building have 160 rental apartments, and they are proposing roof top gardens. It's a 5 story building they are proposing as opposed to the original plan of a 4 story building. One of the things Sumac also noted is if the City is open to it, they would like to go higher.

The estimated construction cost for building 6 is \$16,811,600

The estimated construction cost for building 7 is \$9,052,400

What is also unique with building 6 and 7 is the parking garage spans/straddles the driveway for the Blue Goose underground.

I'd like to discuss some constraints/challenges that this proposal represents.

Constraints

The developer is aware they have to do a lot more due diligence. There is a lot of work that needs to be done that could potentially change this plan.

Parking/Easements/Ownership

- Assumes use of lifts to "stack" vehicles in underground garage; may not be possible given bedrock depth. Requires soil borings.
- Parking easements with Blue Goose for existing lots would be impacted (Public lot east of Blue Goose & shared spaces on Lot 6)
 - The Sumac reports contemplate using that parking.
- Underground garage connection between 6 and 7B buildings requires crossing of Blue Goose property; potential utility conflicts.
 -
- Opportunity to expand the underground garage under the 1st Street sidewalk may allow for an additional parking row; potential utility conflicts.
 - The utilities would have to rearrange and there is a cost associated with that.

Environmental

- Remediation for Bldg. 6 underground parking- estimated at \$120,000
- Excavation was not planned under 7B; requires further site investigation.

Financial

- TBD- Initial request from Sumac does not include TIF assistance, but assumes the City

will complete the streetscape (\$550,000 est. cost) and City assistance with fees. We may be looking at approximately \$1M in assistance.

Estimated Project schedule from Sumac



Proposed Development Agreement Terms

1. Conveying the properties including Lot 7A.
2. Additional zoning height and bulk as required for the proposed buildings.
3. Consider examining the City's parking standard for residential development in the downtown.
4. Consider reducing lot size requirements for future phases of development in the downtown.
5. The City of St. Charles shall be responsible for the design and implementation of any streetscape and public improvements outside the building lot lines.
6. Consider cooperating with the developer in providing a commuter shuttle bus from the Metra train station in Geneva.
7. Review of shared parking requirements with adjacent properties and the neighboring sites.
8. Consider relief from or reduced permit and impact fee costs.

I'd like to take a few moments to talk about the Building 8 proposal from Frontier. They proposed a 2 story building, what was approved is a 3 story building. The first floor is commercial and the second floor is an office or some form of low intensity commercial. They are not providing any parking on this lot.

One of the things I'd like to stress with the Sumac proposal contingent upon some direction from Council to advance conversations with them. We would want to know a little bit more about them. More detailed information has been requested to share with City Council. They will be providing some additional information including macroeconomics the week of September 24, 2018.

Ald. Lemke: Do they have a scenario of the stacked parking spots you get with the apartments and how they would be managed?

Rita T: That is part of the challenge with the stacked parking. Honestly, I don't see how there is a way around that. It becomes an issue because not every apartment may need the 2 spaces, but it has to be the same tenant that has the spaces because otherwise you're waiting for your neighbor to move their car.

Ald. Silkaitis: I've seen that type of parking overseas stacked sometimes 5 stories high, you'd have to wait 15-20 minutes to get or park your car.

Ald. Bessner: When you talk about shared parking and easements will the footprint shift a little bit, or is it a footprint that remains for any developer?

Rita T: I think we need to have that conversation with Sumac. If they shrunk their footprint and went higher is that feasible because that would eliminate the conflict with easements for that shared parking.

Ald. Bessner: Would that work for the underground cables and wires as well?

Mark: The original plan contemplated a building for 6 & 7. It was not in that entrance driveway off of 1st Street. Conflicts with utilities would be very minimal as long as we don't go in the right of way, or intrude into the access for the Blue Goose.

Mayor Rogina: I think it becomes attractive to work with the developer for shuttle service to the Metra. For us to take that step would be huge.

Rita T.: Parking on 1st street. With phase 3 being under construction there has been more of an awareness of parking. I was recently at a Partnership meeting with 1st street businesses and there is a concern with the demand on parking when 1st Street is developed.

First Street – Use and Parking Data

Current Development + RFP Responses for 6, 7B, 8					2008 Approved Plan				
Building	Commercial in sq. ft.	Office in sq. ft.	Residential in units	Parking spaces	Building	Commercial in sq. ft.	Office in sq. ft.	Residential in units	Parking spaces
1	11,018	35,595	0	27	1	30,056	20,196	16	0
2	10,803	10,362	19	30	2 & 3	20,318	12,396	45	0
3	0	29,376	13	27					
4 & Parking Deck	25,112	30,273	0	432	4 & Parking Deck	25,112	30,273	0	432
6 (Sumac)	16,440	0	92	156	6	13,753	18,866	22	35
7A	0	6,391	16	0	7A	6,391	0	16	0
7B (Sumac)	11,700	0	68	84	7B	6,327	13,112	0	0
8 (Frontier)	4,585	5,491	0	0	8	4,387	9,230	0	0
Blue Goose	30,308	0	0	64	Blue Goose	30,308	0	0	64
Phase 3 / Klinkhamer Deck				110	Phase 3 Deck				269
Shared parking on Lot 6*				21	Shared parking on Lot 6				34
7A lot				4	7A lot				4
Lot north of 7B**				0	Lot north of 7B				18
On Street				61	On Street				61
Totals	110,166	117,888	204	1016	Totals	126,852	104,073	99	917
Parking Requirement	4/1000 sf***	3/1000 sf	1/unit		Parking Requirement	4/1000 sf***	3/1000 sf	1/unit	
Required Parking	441	354	204	998	Required Parking	507	312	99	910

*34 existing spaces reduced to 21 in Sumac Plan
 **18 existing spaces to be removed in Sumac Plan
 ***Assumes Retail parking standard for all first floor commercial uses

This includes shared parking on Lot 6. It also shows where we are if we move forward. The development as it was approved and contemplated then, and where we are today with totals.

If you look at the numbers, one could assume that we have more parking spaces today than we had in 2008. I went further and looked at our parking requirements straight off the zoning ordinance. None of these buildings are required to provide parking spaces based on their use. We applied what the

requirements are for commercial and residential and I came up with 998 spaces. If I look at regulations and numbers it tells me we have more than enough parking spaces. There are other things to consider and we all know that.

The Sumac proposal is going to have an impact on parking. The larger building footprint has an impact reducing some existing public parking. Stacked parking may not be feasible and if not constructed would slash parking in half to one level. Also the residential unit count in the 1st Street project has changed. If you look at it overall, we had 99 spaces and now we have 204 spaces when it's built. We all know more building is better from a TIF standpoint.

Supply and demand is not the only thing to consider. People are concerned about where the parking is located. People like to have parking in close proximity to where they are going. Some private parking is not available to the public. For example, the parking at ALE solutions, Building 3, or Building 2, it's private parking. Public parking is being used by surrounding properties/businesses not far off of 1st Street. All of these factors contribute to that perception, and the reality of where we are with parking on 1st Street.

In a downtown environment, and our zoning ordinance allows for that, the shared parking concept based on the peaks for the different uses. Restaurants peak during the evenings, offices peak during the day. Different users can use the same parking spaces. How effectively that works depends on the culture of the downtown area.

I'd like to request 2 things from the Council today.

1. Would you like me to continue to advance conversations with Frontier Group on Lot 8? Is that a generally acceptable proposal acknowledging they won't be seeking any financial assistance?
2. Should we be seeking further information from Sumac for Lots 6B and 7B? Is there anything specific that you would like me to convey back to Sumac, or we can start over.

Mayor Rogina: Is there any feedback on these issues?

Ald. Turner: How high is Sumac's building in relationship to where Wok n Fire is?

Rita T.: The building would be comparable, it's approximately 55 ft.

Ald. Turner: So it would probably be the highest building in the area.

Rita T.: Sterling Bank would still be higher.

Ald. Turner: If they shrink their footprint I'd give them another level. Maybe get some more underground parking.

Ald. Lewis: Lot 8. We see the numbers and that we have enough parking for 1st Street. But it's being used differently than we envisioned. You're saying all the businesses on Main Street are parking there as well. Where are the people going to park? There isn't even on-street parking. I think it's going to be an issue. People will try to park in the lot next to the old post office. Do you see that being an issue?

Mayor Rogina: There is public parking across the street.

Ald. Lewis: There is a little parking across the street. If it's going to be a restaurant, I think this looks dangerous and there will be issues with the use of the building. I've heard from Sterling Bank that they have some concern as to where their customers are going to park.

Mark: Jim Keegan and the Police Department did some work regarding parking, and there will be a conversation regarding parking timing revisions to help address the turnover in the downtown area coming up at the Government Services Commission meeting. Jim, do you have information on usage of parking during different times of the day as opposed to some perceptions about parking in downtown St. Charles?

Ald. Lewis: I completely agree. It's the perception, but we are all getting calls on this.

Chief Keegan: It seems like people don't want to walk to where they're going. We have been doing spot checking, and we have a lot of open parking spaces. We've been spot checking all the lots 3 and 4 times a day doing counts. For example the fifth floor of the parking deck has 141 parking spaces. Just yesterday there were 118 open spaces at 11 am. There is 124 spaces on the 4th floor and there was 15 – 30 open spaces. The Klinkhamer deck has 110 spaces, there was 20 – 35 spots open on those decks. There is a large public lot next to Chord on Blue. I've met with merchants and ALE, and I'll meet with them again, but a lot of the employees don't walk across the river. I've heard it's too buggy; it's too far to walk.

Ald. Lewis: I have one more comment on the other building. It looks like a nice addition. I think the negotiations will be difficult.

Ald. Bancroft: I don't know who Sumac is, I've never heard of them. It's not a downtown agency. I just went on their website and couldn't access their bios. Money is coming from overseas? I really want to know who we're doing business with before we spend the time.

Ald. Payleitner: What is our conversation with Blue Goose? Has anyone approached the Blue Goose?

Mark: Yes, Paul Lencioni met with the Mayor and me. He knows the status of the project. He knows we've received proposals. He also knows there is a building that will extend to the corner of 1st and Illinois. We have promised that we will have a conversation with him after the City Council has had a chance to see this information. He is concerned with maintaining access, particularly during construction, for ALE employees (pedestrians) who go to Blue Goose.

Ald. Payleitner: As fabulous as a shuttle to the Metra would be. It will worsen the parking situation.

Mayor Rogina: Yes. However, a parking problem isn't always a bad thing to have; it means we're in demand, and we have to solve it.

Ald. Bancroft: There are a million parking slots. It's an easy study, go out and get a report to put in front of business owners.

Ald. Bessner: Did they say why they don't want to go higher than 2 stories with building 8?

Rita T.: The cost of construction.

Ald. Lemke: I would like to see ALE Solutions park higher up so customers can get parking.

Ald. Silkaitis: I don't know if I want to go higher?

Ald. Gaugel: Lot 8, there is a ton of space available. How do you incorporate parking on that site and make it feasible?

Mayor Rogina: Is there anyone opposed to staff looking into this further?

Ald. Lewis: I would say before we go to those questions, answer Todd's question. Find out more about Sumac before moving forward.

Mayor Rogina: That's the consensus here. Get a background on Sumac first, once that's done we can start we can start looking further into the other issue. Nick do you have any comments?

Atty. Nick Peppers: I sat in on Sumacs presentation, and I did my own investigation. The first question we asked is do you have the ability to do this? Some of you may recall we vetted that same kind of concept when the 1st Street Developer came in. We had the same concerns, if they had the horsepower to do the development. You will notice in their packet that Jupiter is a player in this. Jupiter is well funded. I was unclear as to if they had the horsepower to do this. I asked about previous projects and they mentioned they had something they were pursuing in Huntley. There are some constraints on this project as proposed. It will probably have to be retooled.

Atty. John McGuirk: When I was at this meeting my impression was that Sumac was to be formed. I didn't get a feeling like everything was lined up to get going.

Ald. Bancroft: They talk about consulting, raising money, more information is necessary. My other concern is the parking (stacked) proposal, an urban concept. is,

Break – 8:58 am – 9:05 am

Mark: Before we start talking about incentives, I'd like to go back to the first presentation. One of the things we didn't talk about was Lot 8. Would you like to pursue a conversation with Frontier on that development as we are with Sumac? Is that fair?

Indication was given from the council members that they would like to also pursue a conversation with Frontier Group regarding Lot 8.

I'm going to briefly walk through the memo, and then Bob Rychliki, City's TIF guru, is going to give us a high level overview of how TIF works. Many of you are familiar with TIF's. Some of us are new in the room and we thought we'd do a high-level overview. We will focus particularly on aspects of a pay as you go TIF, or a GO (General Fund) funded TIF. We will also talk about TIF eligibility. What is the criteria that has to be satisfied to be TIF ready? We have a relationship with peer governmental bodies that is important in our ability to build community. In TIF, peer government tax dollars do not advance upward with new development if there is a TIF on the property. I think Bob Rychliki is going to give us a bit of insight, and the tools to allow those districts to get some money in the meantime, or the means to make them feel more comfortable with a TIF.

We have a number of active TIFs today. They are periodically monitored. We host a Joint Review Board meeting ever November with all adjacent agencies. This year the Joint Review Board meeting is taking place on November 6. You will notice that many of the TIFs are going to expire by 2025. Some have been successful, some not quite as successful. I think we can begin to talk about why.

When we initially started doing TIF's, the first being the Baker Hotel, about 20 years ago, it was a GO backed TIF. That means we wrote a check to sponsor their development and we got paid back through the increased revenue. We—the City, took the risk.

Mark: Incentive – *definition*; motivate to help the developer move forward. With regards to the big 3 developments, Charlestowne Mall, Pheasant Run, and Semersky Properties, they have all approached the City asking for an incentive. The natural question, how much? What are the obstacles? We don't have an official application defining what the amount is and what the obstacles are. If we had a choice and all three were to walk in the door right now ready to go, which on is most important.

I would suggest that Charlestowne Mall and Pheasant Run provide a huge image on the East side City entrance. They are both economic activity generators in our community. Pheasant Run has a legacy in the area. They are both important. Semersky, the west side of St. Charles on Randall Road, the same location where the Audi dealership is proposed. We all like car dealerships they create sales tax. Mr. Semersky could bring a lot more to St. Charles.

TIF Presentation - Bob Rychliki

I would urge you to look at TIF as a financing tool. It should assist you to get done what you want to get done in terms of goals and objectives related to certain properties and projects. You start out with a base value, the whole purpose is valuation. You should tie the TIF to an area or project that you have a good increase in value. You have a project to generate value, real property generated projects that are going to create value.

When is it the right tool? That varies from municipality to municipality. I commend the City of St. Charles because you have a plan. Whether it's the Corridor Plan, Comprehensive Plan or a strategy, there is something you want to see get done. TIF is tied in to that. TIF is not a new tax, no special service area, no special assessment. Under the TIF act and the Illinois Constitution, if you are in a TIF or outside of a TIF your property is uniformly assessed. The properties are assessed with the same valuation. The tax rate is the same as well, uniform extension.

TIF is a program that has been used extensively. One of the reasons we've seen that is because federal revenue sharing programs and state funding has faded away over the last 20 years. TIF is one of the few tools that allow, on an area wide basis, to address distressed properties and/or to fulfill municipal objectives. It puts the power and local control back to the people around the table. You have a chance to manage your destiny. There is a quid pro quo. A good part of that money is coming from other portions of the tax rate; about 80% - 90% are not yours. Other government agencies are foregoing their tax increases that they would get associated with that property because the municipality will coordinate the growth. You have the permitting power, the infrastructure; the City is the natural catalyst in order to make things happen. TIF can be used for things like land acquisition, infrastructure, public improvements-- it's a big part of TIF. What it can't do is pay for vertical new construction. That's up to the private sector. What it can do is set the table. Projects are the heart of TIF. Private property has to be developed and producing taxes. Whether it's industrial, commercial, residential, you can do residential under TIF as well.

Because it's a 4-6 month process sometimes longer, the key is the boundary. Where is the area? The reason is there are certain things related to the qualifications. You can have blighted/improved, or conservation area, or even vacant areas. Vacant areas are possible, they have a different set of

qualifications but they can be qualified. You can adopt a feasibility resolution, non-binding, allows for protection of costs without committing the City.

What are the qualification factors? For improved property there are criteria including dilapidation, deterioration, some related to property valuations, lack of community planning, lack of infrastructure. There is a host of them. You have to have 5 out of the 13 for a blighted area. Vacant areas relate to other factors, also lacking valuation, disposal sites, chronic flooding, are related more to vacant properties. Sometimes you have both present at the same time.

There is a possibility, given the fact that it is a 4 – 6 month process or longer, to adopt what's called a feasibility resolution. What that does from a legal standpoint is protect costs. A feasibility resolution, which is nonbinding, allows you to protect those costs as things may have to happen over those 4 – 6 months. Whether it's engineering work, grant or application work, safety concerns, or code violations, it will protect the costs. It acknowledges the work that has to be done.

If you're going to do a TIF the idea is you want to see a valuation increase. That is the key to TIF. Once you pass the question of getting the area qualified, and identifying the project, how do you get it done? As I mentioned before TIF is a finance program. Your entitlements as to zoning, parking, access egress, that's a different toolkit. What TIF does is generates those taxes. It's the least risky from a municipal standpoint. Shift the risk to the private side. They have to perform in order to get TIF increment. If there are delays in projects and things don't go as planned, it's self-regulated, performance based. A lot of private developers don't like this because they front the money and wait for the dollars to come back in. In terms of the path of least resistance, they would prefer the pay as you go.

Ald. Bancroft: You said there are 700 in the state of IL, what's the split between the two?

Bob R.: I would say it's probably 70/30 – 70% pay as you go, 30% GO bond funded. But probably with respect to funding dollars it's 50/50.

Pay as you go is good for municipalities; it's not as good for private side. Can it work? Yes. There are ways to structure this. For example attach an interest rate, because they have to wait 20 years for the money, attaching an interest rate for the unpaid balance.

GO TIF bond, you will have TIF revenues. As the revenue comes in you can abate the levy, but if the money is not there the backstop is the general obligation of the municipality. This will have the lowest interest rate.

Taxable revenue bond, you get the benefit of the upfront funding, but you're tying the credit only to the TIF. In order for this to work, because it's nonrecourse to the City, the purchasers of the bonds, which are usually high yield bond funds, high yield funds and insurance companies, risk takers, as a result you get a higher interest rate. They have other considerations, reserve funds, capitalize interest, reserve policy considerations.

The questions to ask are; is there evidence that they really need it? If you're going to put TIF money in, there is a reason. Under the TIF Act you're required to make that money. That's why you do the eligibility report. You're trying to identify what the constraints of the development are.

Recently there have been some changes to the TIF Act. The first is if it's a residential project there are statutory requirements that you give the school district a percentage of the money for new students. By addressing the fact that they have to educate kids they get some money before the TIF period is concluded. In fact they get money every year.

The other district is the library district. They have the ability to get a per patron distribution. It's smaller, but you have the district has the ability to get some cash before the TIF is expired. It's only for residential. Commercial, industrial, retail, the municipality keeps the money.

Another is something called surplus distribution. On an annual basis you declare a percentage and give it back to the county. The county would then distribute it on a prorated basis.

Lastly, and the most difficult, you don't go the full 22 years. You make an assessment of the cash flows and cut it short. Make sure the cash flow is there before you do that.

What to do after a TIF is established from a staff point of view. There is an audit process, annual reports, redevelopment agreements, and in addition you look at the performance of your TIF's, if the market changes it's good to benchmark and review to date.

Mayor Rogina: The Charlestowne Mall proposed TIF includes residential. You said residential could open the lock box. That's a good carrot to give them.

Bob R: In that case it was a good change to the TIF Act because the primary opposition over the years comes from schools.

Ald. Lemke: If it's 50% and we're able to compensate the school district for the students we're going to generate. Doesn't that mean a bigger TIF?

Bob R.: You have to look at that in advance. Work with the development, tell them what you can give them and figure out a way to make it work. If you figure there are fewer kids, you keep that money. Then you can accelerate the TIF term, but it's at the discretion of the city. The first order of business would be to figure out the amount of money.

Ald. Silkaitis: I think I read that in Springfield that one of the taxing districts couldn't do TIF.

Bob R.: That's what happens in Wisconsin.

Mayor Rogina: What if the advisory Joint Review Board turns it down, is it a super majority here to move it forward?

Bob R.: You need (City Council) a super major majority to pass.

Ald. Silkaitis: Could Springfield change the law midstream and you have to accommodate, or would it be grandfathered in?

Bob R.: There is a safe harbor. If you start by certain date you don't fall under these rules. There has been sensitivity to allow for grandfathering or finish line.

Ald. Bancroft: Can you briefly describe pay as you go?

Bob R.: It's basically debt obligation. It sets forth what the principal amount is, the interest rate, what the payment base is, and most importantly identifies the pledge. You are only going to pay on money you receive. If they protest their taxes or there is a non-payment. There is no cash to pay. There is an instrument, which is the note that will specify what the obligations are from the City of St. Charles. The

only fund will be a TIF fund which we have a separate audit and deposit. There is a brick wall between that fund and the rest of the City. Everything else is taken care of independent of the TIF.

Ald. Bancroft: Can a developer sell it?

Bob R.: Under certain circumstances. If they sell it, it's at a discount; it's not the same as the City of St. Charles.

Ald. Bessner: Regarding the TIF types, and the City of St. Charles bond rating. Do they weigh equally?

Bob R.: General Obligation is a ripple on the bond rating. It increases your liability. The rating agencies want to see how careful you've been in terms of the review of it, but from a liability standpoint in terms of your ratios...

Ald. Bessner: Regarding regular TIF, how do you know if you have too many?

Bob R.: It's not a question of how many, there is no limit under state law, as long as they are performing, or if they're dormant and don't have a drag on you. It's how you manage it. Whether you have 12 TIF's or 15, if each only has a small portion, \$3M - \$4M of equalized assessed valuation, related to your old tax base it's a minor blip. What you are trying to sell to the rating agencies that you have these problem properties and are trying to turn them around. You have 7 TIF's and I think your EAV for all 7 is probably less than 2% of the City's EAV. You're home rule, that's great to the rating agencies because it gives you flexibility. Even though there is no formal standard, your EAV as it relates to the whole City EAV is modest even as it relates to these 2 projects.

Ald. Lewis: Should we diversify how we give incentives? Is it better to have different incentives instead of all TIFs?

Bob R.: It doesn't matter how many you have, the important thing is how they are performing.

Chris: We have diversified; we have sales tax, we have a special service area we utilized to develop property west of the Charlestowne Mall. We've done some property tax abatement TIF's, we also did a knowledge based incentive with Clarke Mosquito; we try to spread the wealth. We haven't just done TIF.

Bob R.: I think the taxing districts appreciate that.

Ald. Lewis: That's what we've been told regarding sales tax recently we needed to collect money from different agencies rather than depending on the same one.

Ald. Bessner: I thought the last time we discussed our credit rating it was stated that we needed to watch how many TIF's we had. That's why I asked the question.

Chris: The issue is the performance. The fact that we're subsidizing out of the general fund for 6 of the 7 TIF's is what was negative on the credit rating. Not that we have a certain number of TIFs, but that we had subsidies out of the general fund to help pay the TIF liabilities. Six of the 7 TIF's we have are GO based TIF's that were entered into in the 90's and early 2000. That was the comment, not relative to TIFs overall, but what we're subsidizing.

Ald. Bancroft: The definition of a TIF performing is the line going up?

Bob R.: Yes and you're covering your costs.

Ald. Bancroft: When you're talking about something like the Charlestowne Mall, huge dollars, and change in use to a residential. How do we as a group underwrite that risk?

Chris: The key is keeping the City out of the position where we're in a general obligation situation. If we are in a GO situation; essentially we're saying we will be raising taxes to whatever level needed. If we switch that risk back to the developer and they only get the increment generated from a particular TIF district to pay of all your costs. They would have to come in and front fund all the cost for the demo, and everything else. The City will pay back from the revenue stream, but only to the extent of that revenue stream.

Ald. Bancroft: What if the deal is so bad we can't find someone smart enough to do that?

Chris: You're talking about the Lexington Club TIF. That's exactly what happened with Lexington Club. They entered into a deal with the City, found out their costs were significantly higher than anticipated. They never consummated any development activity on the TIF.

Ald. Bancroft: When we get to the Charlestowne Mall that is a huge risk. We're so conservative to what our approach to this is, that we've ensured that nothing is going to happen.

Mayor Rogina: Staff wants some input on this.

Mark: You understand completely the reason why we presented this pay as you go TIF vs a GO backed TIF. There is a certain amount of risk. Although Semersky, Charlestowne Mall and Pheasant Run have all talked about Pay as You Go TIFs. Chris, Rita and I all believe at some point one of those TIF requests are going to turn into a request that we take the total burden with a GO backed TIF, or at least a piece of it. We wanted to make sure you were aware of the risks. When the question comes up, and we have a conversation about this, we can discuss if we're willing to take the risk. Alternatively, are we really entrenched with what our philosophy has been since the economy downturn and we don't take these sorts of risks.

Ald. Bancroft: Where we are in the cycle? We've had straight-up for 10 years, that straight up in terms of economic depreciation hides a lot. Things like Pay as You Go are a lot more palatable when you know you're on a roller coaster going up. When it levels out and now they're looking at construction costs, it's not what it was supposed to be, it's a surprise to them. They are now looking at all the costs and now they will be knocking on the City's door. It's an absolute risk that they will come back to us.

Ald. Silkaitis: When they want more money we're getting less money from property sales tax. It's a double whammy for us. Do we take that chance? I have a problem with that. Charlestowne Mall, Semersky, Pheasant Run; which would be more comfortable?

Mark: We have a potential for 3 incentives that need TIF. Charlestowne Mall, Pheasant Run, Semersky. If we were to make a choice as to which one we were more comfortable to advance, what's your feedback?

The Mayor asked each council member for their opinion.

Mayor Rogina: Ald. Bancroft did a great job of raising questions. Let's go around the room, quickly give staff some perspective of your priorities on TIFs.

Ald. Turner: I have no problem with the Semersky TIF its low, \$5M - \$7M. They are asking for public works projects more than anything else.

Rita T: In addition to the TIF they are asking for an additional \$2.5M sales tax incentives.

Ald. Turner: Just on the TIF alone that's really public works. It has population growth to the west, and a little bit to the south, high value population growth. It's my feeling that if the Audi dealership goes there we will see a Lexus dealership going there. There is a real risk on Pheasant Run, even more on Charlestowne.

Ald. Lewis: I think giving financial assistance to a luxury car dealer that most people can't see themselves buying that type of car may be a problem. Even though it's the smaller amount that would be my least favorite. I would go with Pheasant Run. I think it would offer the most financial impact to the City. I think that will draw much more money than car dealer. The mall I don't know. I don't know about that risk.

Ald. Bancroft: I look at it as which project do you believe in? Bill is right, we have Mercedes there, once Audi get is, then come more, and we have an auto mall before you know it. That could have a huge impact. It would be good for the City. Pheasant Run is the same. I think those 2 deals are the ones I would watch closely to see who I believe in first, and the one I believe in first is who I would go with.

Ald. Payleitner: All of us have to deal with perception on these projects. Pheasant Run, why are we getting involved in a remodel of the hotel?

Mark: Part of it is we don't know what the money is going for. We do know there are a lot of utility work that has to be done.

Ald. Payleitner: For the added problems, not for the hotel.

Mark: For the added site.

Ald. Lemke: All we saw was the re-vamp of the hotel. As far as the Semersky property, what's blighted about that property? Public perception is greenspace, leave it. I get the intention for a dealership, which is why I want it off the sales tax incentive. As far as a TIF, all we're putting in there is not for our benefit but for theirs. The mall you can pull every resident in 2nd ward, and they will tell you they don't like what they see. Visually it's terrible. Did they let it go intentionally so it would get to this point? We need to help. I see when you add the residential piece that the property will increase in value. I don't see that being the case, the property, on Randall.

Ald. Vitek: How do you weigh the confidence of the developer and plan if we should TIF or not? I would go with Pheasant Run, because I have more confidence it would be fruitful.

Ald. Bancroft: I would say the Semersky property first. The Audi brand would be a new segment for this area. It would just add on to what's there now, a car dealer to play off Mercedes. The sales tax revenue would be coming in more quickly and successfully. Second, Pheasant Run, it's a great plan they are putting out there. The number of rooms is decreasing, less revenue and will probably need to increase rates. I don't know how much revenue is going to come out of that.

Ald. Lemke: In the letter we have, it mentions Krausz requested an inducement resolution for their site. The bottom line is I don't know what they have put together. We have the opportunity for a dealership

that generates a lot more sales tax revenue than it does traffic. Look at what we got with First Street for \$24M. We have underground utilities where we didn't have them before, street improvement, development plan.

Ald. Silkaitis: I'd go with the Audi dealership first. In economic downturns the retail car dealer doesn't suffer that much. Pheasant Run would be second.

Ald. Gaugel: Semersky makes the most sense, and generate the most revenue. Pheasant Run, even if they were to put this in, there will be a rate increase and lower occupancy rate. That would be at the bottom of the list. With the Charlestowne Mall site, we have to expand our comfort zone with that. I think should explore more. We need to get it back up and running.

Ald. Turner: I'd like to ask the consultant: Which one of these Audi or Pheasant Run, would qualify as a safe bet on a GO vs. a Pay as You Go?

Bob R.: I don't have enough to answer that right now. The only thing I know that has the best chance is the dealership/Semersky. They have some other uses that their planning. If you could tie the dollars only to the dealership that's a good bet. Pheasant Run, I don't know enough about what they are doing. We have to look at the numbers, but you always go with the bird in hand first.

Ald. Turner: If it's Just the dealership could that actually take care of a \$5M TIF and the rest around it is ours?

Bob R.: The dollars from the dealership are sales tax. You're going to put up a 25,000 ft. store that might generate \$80,000 - \$100,000 that's not going to pay for the request

Ald. Lewis: I'd like clarification on Pheasant Run. Are they developing the entire property?

Mark: They own the entire site, but what we understand is that of the 13 acres they will sell off 10 acres, and retain 3 acres for commercial development complementary to the hotel. That could change.

Ald. Lewis: The TIF would be for the entire thing. It's not just Pheasant Run properties.

Mark: Right.

Ald. Lemke: From the Convention and Visitor's Bureau meeting, I don't vote, but I do attend. It's not a case that they will reduce; they already have a wing that they are not using. They have taken several units out of inventory due to age.

Mark: If we could focus on Charlestowne for a moment. Mr. Rychliki referred to a feasibility resolution (inducement resolution). The reason they are asking for that is to use this as a tool when asking for developers to join them on their site. The resolution from the City of St. Charles would indicate that we are partners and would be interested in pursuing incentives on the site, mainly TIF, and it would allow the money to be recouped at a future date from the TIF, if the City approved the TIF. I hear talk about being comfortable with the Charlestowne Mall, but need to be flexible, and to work with them. They are asking for this resolution to complement their ability to market the site.

Ald. Lemke: I'm adamant about this. If it's a matter of getting engaged, I don't think we can't do it blind. What are some things that could encourage us and them? I think we would have to see not only

that he moves forward, but that Chuck May has the ability to negotiate some factors that go into that, otherwise I'm out.

Chris: The inducement resolution is a marketing tool for the developer to be sure. It also has some ramifications in terms of the cost that the developer is allowed to recover. It starts to set the date for IRS purposes for when the project is allowed to recover preliminary costs such as, more engineering, and honing in more on what their costs will ultimately be. If there is some kind of cost recovery mechanism that sets the date. It has a financial implication as well as marketing.

Mayor Rogina: Are you implying we should support an inducement resolution, or you saying we should not.

Chris: That depends on how real you think the project is and what you want to state to the developer. It does have a financial implication on the cost they are allowed to recover from an IRS standpoint.

Rita T.: They can also reap City and Court costs, correct?

Chris: Yes.

Mayor Rogina: Mark, do you want a resolution?

Mark: Maybe just a show of hands to guide the discussions. We may want to say to Krausz, if you give us A, B, C and D, and we need it by for example January 30, 2018, we would then consider an inducement resolution.

Ald. Payleitner: Are we talking about something new, because we currently have something with them.

Mayor Rogina: Mark said we have no proposal, no application.

Ald. Payleitner: But do we as a City have an inducement resolution with them already?

Mark: We have a sales tax agreement.

Ald. Bancroft: Any developer that's going to come in, residential or otherwise; we (the City) is always going to be at the table for whoever ultimately will be involved.

Ald. Payleitner: What is the language on that, that's my question? We already have some sort of inducement with them. Are they adding to that, is it assumed? Is it with the property? Is it with the owners?

Ald. Bancroft: Sales tax is off the table because they don't have a mall.

Mark: We had one and it's no longer in affect.

Ald. Lewis: I think we've given them a reasonable amount of time to be engaged.

Mark: Is it fair that we as a staff go back to them and say, we're not moving forward, we want to continue conversation with you or future developer, but until you can bring those folks to us we're done.

Mayor Rogina asked the group to raise their hand if they are in agreement with Mark's comment.

Show of hands – All

Break – 10:25 am – 10:30 am

Downtown St. Charles

Active River Project

Mark: From our last conversation on the Active River Project it was decided that before we spend money on preliminary engineering, need to better understand what the potential return on investment would be. Can we model how much revenue we will get if we build it? Can we model how much redevelopment will take place downtown? The Park District is a partner in this conversation, they haven't offered any financial contribution, however they have been an active party at the table.

We put together a request for proposal and received responses from three different firms. We interviewed all three firms; all had similar ideas of how to assist with interviews and public involvement sessions, looking at several models and how it affected downtown areas. They also had some different strategies in terms of approach. There is a firm called HVS, many of you are familiar with them. We're ready to present that proposal to you for consideration at a future committee meeting. The value of the contract was just over \$70,000. Over a period of 3 – 6 months they would provide a draft report, then a final report to begin to help us understand the value of the river in our community, and by improving activity within the body of the river and what type of return on investment we may see. That will give us and the Park Board the comfort to say we will advance forward with preliminary engineering, which we have the first phase of in our budget now.

Rita T: For purposes of disclosure I'd like to mention the three firms that submitted RFP responses; Market and Feasibility Advisors, HVS, and Gruen & Gruen and Associates. It was Gruen & Gruen that Mark referred to as having a slightly different philosophy of how they would grow the project, HVS and Market and Feasibility Advisors were comparable in their approach. Our recommendation is to go with HVS, and we will bring it forward to the Planning & Development Committee shortly.

Ald. Turner: Do we have an economic study for the area north of Main Street along the river?

Mark: There is a River Corridor Plan; I'm not familiar with an economic study.

Ald. Turner: I thought once 1st Street was done we had this other plan for the north.

Mark: There was never an economic development study done, there was some conceptual planning talked about, but nothing more.

Comprehensive Plan Update

Rita T.: We talked about this at an earlier retreat; the need to update the Comprehensive Plan as it pertains to downtown. The timing is good now as we know more about 1st street project. The 1st Street project is nearing completion. The police station is under construction. We know Chief Keegan and his troops will be moving out from the old police station sometime in 2019. We believe we are ready to initiate the process of updating our Comprehensive Plan downtown.

Rita discussed the catalyst sites for the 2013 Comprehensive Plan, and the proposed Comprehensive Plan amendment.

Rita T.: Now that we're looking at this as four quadrants, which we've always had a tendency to do, I see this as we have two sections of our downtown. One is north of Main Street, and the other is south of Main Street.

Looking at the section north of Main Street these are areas that have larger impactful development/redevelopment options. One being our old police station site which is city property.

The northwest quadrant; years ago there were some conceptual conversations that after 1st Street is developed there is some opportunity for a parking deck or redevelopment. This was just conceptual. Those are areas we will be looking at in more detail. There will be a public process to seek guidance from the community as well as elected officials for these parcels.

South of Main Street there are some smaller redevelopment opportunities. What we will essentially be doing is reflecting progress on 1st Street. Reflecting that there is development has occurred and how it impacts other development on a smaller scale in that area?

We will initiate the process with the Plan Commission this November. I've come to recognize that there was a lot of turnover on language with 1st Street. There is a lot of background information that needs to be acknowledged. There is the existing Comprehensive plan, River Corridor Master Plan, Economic Analysis of River Corridor Master Plan, which will nicely fit into our Comprehensive Plan process. The Economic Analysis of the River Corridor Master Plan, we anticipate will receive the go ahead from Council in October, November at the latest. Looking ahead, by January or February, 2019, I'm anticipating having a report from that economic analysis.

With the limited scope and scale, and somewhat technical nature of this amendment, I anticipate we would use The Plan Commission. The Plan Commission would be the party to conduct these exercises with guidance from staff. It would go to Planning and Development Committee, and then City Council by summer of 2019.

Ald. Turner: Is the \$70,000 for the Economic Analysis of the River Corridor Master Plan coming from the original money budgeted for the river?

Mark: Yes, correct.

Rita T.: We anticipate the majority of the work will be done for the downtown comprehensive plan update in-house.

I have a few questions for Council regarding the existing police department site and all City owned property, which includes City Hall, Police Station, the parking lot, and Century Station. I need some direction on how much, and which city property would you like to see included in the redevelopment areas of the comprehensive planning process? I know that there are plenty of opinions out there from the community, the Plan Commission may have some opinions, but it's City owned property and it's your property. I need your feedback.

Which property should be included as we embark on this discussion? How detailed would you like this to be? For example, the comprehensive plan process, we have a vision, we want it to be broad based, and it includes a series of guidelines. The guidelines are, mixed use on the police department site is accepted, and no more than a 5 story building, entertainment use is acceptable, perhaps residential. Is that the level

of detail we want to have as we complete this process, or would the Council like to have some say in creating some site plans? The first option allows for the market to do its work. When we're ready we can solicit a developer for the police department site.

Another option is to have some more developed plans. The risk with this is we're shooting in the dark, not letting the market do its work. If we go with that option, defining the site plan in more detail and depth, I would need to seek some consulting assistance. It's possible, but just a matter of which approach you would like.

Mayor Rogina: As a means of trying to show an example, and before we get into the weeds on this, it would be beneficial for us to go over to Naperville and look at their riverfront project. It's outstanding.

A question, what do you want on this site? I believe that a developer is going to look at that and propose the idea of developing not just the police station site, but may even go into the greenspace. As you give your input share what you may vision on the current police station site.

Ald. Gaugel: Everything should be open with the exception of Cedar to the south and the existing City Hall. I think we should keep the City Hall Building.

Mayor Rogina: I'd like to hear from everyone to see their feelings on City Hall being redeveloped.

Ald. Gaugel: Keep it as City Hall; it's a historic landmark, impossible to retrofit. Cedar to the north is all fair game. In terms of the detail, we need to let the market decide. Let the market dictate what we need to do. Keep the Comprehensive Plan at a high level, mixed use appropriate, limited direction, and being open to amending the Comprehensive Plan.

Ald. Silkaitis: Keep City Hall where it is. Not a discussable option. Parking, there isn't much parking around there. I hope it stays as open space. I disagree with developing the police department site. I don't want to see a building there. We need to have some general guidelines for the police department site only.

Ald. Lemke: Police department site only, we have a well site there so that has to be clear. Anything like fire, IT, water treatment plant are not for redevelopment.

Ald. Bessner: I agree with Ald. Gaugel. Originally I was thinking just east of Riverside, meaning leave east of Riverside alone all the way up to the police department property. I see how that opens up further north, but again leave the Municipal Center where it is. It's an iconic building. More so now with the police moving out, for our own sense of purpose, we should have a presence downtown. Other uses we can look at it down the road. If a hotel or a business goes there I would be open to height.

Ald. Vitek: I agree with Ald. Gaugel. Leave the Municipal Center alone. I agree with what the Mayor said. I think it's very important that we go to Naperville and talk to the officials there. I know the market dictates what goes there. I understand that piece of it but I also look at the south. If there isn't that residential on 1st street; I don't know that I would like to see so much residential there, maybe a hotel. I like the Hotel Indigo in Naperville, but again looking at the big picture I would like for us to also think about what's happening with the other pieces of property we have south and determine some criteria.

Ald. Payleitner: The parking just to the east of the Police Department is that where staff parks?

Chief Keegan: Yes, it's mostly staff parking.

Ald. Payleitner: Nothing south of Cedar. I agree to let the market do the work as long as it includes a parking facility. I have no issues in Naperville. I love what they did. I have no limitations as far as that goes.

Ald. Bancroft: I agree with Ald. Gaugel. How special is Century Station as a facility?

Chief Schelstreet: It becomes a question of cost. We would need a location in the downtown area. The busiest location for us is the Carol Towers area. It's a six story facility with a specific demographic. We would need another spot in the downtown area?

Ald. Bancroft: What about the plan itself, the size, it's in bedrock, emergency management, is there anything special?

Chief Schelstreet: Certainly the EOC is in bedrock for emergency issues, hence the cost. The reason the original owner failed is because it was in bedrock. That leads to cost in order to replicate that facility in the downtown area you will have a similar situation.

Ald. Bancroft: Cedar going north makes sense. I would drop a line around century station and keep it. I don't think it detracts from the marketability of the site.

Ald. Lewis: I would draw my line at State Avenue and keep the parking lot for city employees. We just spent over \$1M on the parking lot.

Mayor Rogina: State Avenue, keep open space and parking. South of Cedar...keep the firehouse.

Ald. Lewis: State Avenue is my cut off. Keep the memorial garden, greenspace, the Riverwalk, employee parking lot. If we're going to keep the Municipal Center we need the public parking, and keep the Fire Station. I think we need a plan, not detailed into the weeds, but a vision. We may waste a lot of time looking at things that may or may not work. If we don't know what we want there we may end up with anything. We should have some kind of vision. It is a conversation we should have in public.

Ald. Turner: Keep everything south of State Avenue, north of State Street I think the electrical could be moved. There might have been some plans on that at one point. The rest is basically market driven.

Ald. Payleitner noted for the record that she meant State Avenue in her previous statement, not Cedar.

Mayor Rogina: We should keep talking about economic studies to improve economic development downtown. Anything is in play as far as I'm concerned. I'm in favor of something that gives beautiful views along the river. Whether it's a hotel, condominiums, or restaurants on the site, it would be fine with me. It's going to be market driven. If in fact the Municipal Building stays it will cost some money. There needs to be some improvement, doors, glass, and I will be seeking the Council support on that. If we decide to stay then I think we need to go in that direction

Budget

Mark: In the last 12 months we have allowed for some new/enhanced user fees. These are mainly hotel, liquor tax, and fuel tax. Chris has taken that money and overlaid it on the budget to see how we look going ahead.

Chris: My goal today is to share with you the impact of the additional revenue enhancements and how we move forward with that. The bad news is eventually, and as we go through the numbers, you'll see we

will need to take additional action at some point in the future. The good news is the revenue enhancements have bought us a little time, but over time if we undertake the projects that we have committed to, the Police Station, 7th Avenue Creek, and the Active River Development, we will have to take future action to make sure we can afford all those projects, and the level of service that we offer.

I'd like to review the concept of how non-utility operations and capital needs are funded. We have the general governmental revenue stream. That is essentially all non-utility revenues that occur within the City. The property tax, sales tax, income tax, hotel tax, the local fuel tax, and the alcohol tax actually fund both the general fund and capital projects fund. The general fund accounts for recurring operations in our general administrative accounts. Staffing supplies come out of these contractual services for the Police Department, Administration Department, Finance, Community and Economic Development, Human Resources, Information Systems, and part of Public Works or all of the general governmental functions. All the operating expenses occur out of the general fund. We pay for debt service, TIF subsidies, and each year we do a transfer of money out of the general fund into the capital projects fund from the general governmental revenue stream.

The capital projects fund takes care of non-recurring projects. Items such as buildings, major roadway projects, IT infrastructure, storm sewer projects, streetscape, and projects related design and engineering. Each year we do a transfer to the capital projects fund so we can fund some projects on a pay as you go basis.

The capital projects fund also gets its revenue and financing sources from bonding. We bond projects and pay for the projects. When we pay off bonds it comes from the debt service portion of our general recurring governmental revenue stream. We take a stagnant or slowly growing revenue stream, take discretionary dollars, which is the transfer to capital fund on an annual basis, and turn them into non-discretionary funds once we issue the bonds and make the debt service payments annually.

Financial performance history

We had a slight deficit for the year of approximately \$2,00,000, based on just under \$43M of revenue, and a little over \$43M of expenses. This ties into the projections we're going to talk about moving forward. Since 2013 we've seen our revenues increase an average of 1.7% per year and our expenditures have increased by about 2.5% per year.

The expenditures are growing faster than our revenues primarily due to the transfer to the capital improvements fund; as our capital needs increase we've transferred more money each year. Costs have been increasing primarily on some actuarial assumptions that have changed over time. We have seen inflationary growth generally in expenditures as well.

The financial performance of the General Fund

In 2018 we actually have a slight deficit position. We would have had a surplus if the State of Illinois had not changed their funding formula for municipalities. That impact was about \$200,000. Without that change we would have seen an approximate \$2,000 surplus.

Between 2018 and 2019 there is quite an increase in revenues from about \$42.9M up to about \$44.6M. About \$860,000 - \$870,000 of that increase is directly relatable to the revenue enhancement we just implemented. For alcohol and hotel tax that represents the receipts between September 1, 2018 – April 30, 2018, and it also represents the fuel tax going into effect on November 1, 2018. There is a substantial increase between 2018 and 2019 which is primarily due to the debt service that we took on for the Police Station Project. We are actually projecting a small surplus for the year based on those enhancements/costs rolling forward into 2020.

Fiscal year 2020 there is another fairly substantial increase in the revenues. This represents the remaining \$513,000 to account for a full year's impact of the revenue enhancements. Those come fully online in 2020.

Mayor Rogina: Are all those assumptions based upon a flat dollar levy?

Chris: Yes. I have not assumed any kind of a property tax increase. I've trended the revenue at 1.2% and expenditures at 1.5% annually. I think those are fairly accurate yet conservative estimates of where our revenue and expenditures stream may be headed over time. I don't know that we need to concentrate on the specific numbers, but the trends over time are what we should look at. I think the trends will hold up over time based on how we operate today.

Debt Service for Projects

When we spoke a year ago we had 3 legacy projects we were looking at bringing online with significant debt service cost.

1. The Police Station has been incorporated into that number. We have a small bond issue for cleanup costs, making sure everything is done at the site, and tearing down the facility as it exists today and making that site developable.
2. The 7th Avenue Creek Project. We've undertaken some land acquisition and some design costs related to that project, but we are going to have some significant debt service cost, assuming the project rolls forward, going into the future.
3. We have assumed that the City will spend \$5M on The Active River Project. We assume a \$1M bond issue to get some of the preliminary engineering, economic impact analysis, and some of the design costs. There is a subsequent \$4M bond issue that's assumed for purposes of these projections that occurs in the 2022/2023 range that helps achieve the construction of whatever comes forward. The largest assumption in these projections is we will find a funding partner who actually comes up with some money to help with this.

The phasing and debt service schedules and cost move forward and we do start to see some deficits as we move out into future years. I don't know that the Active River will fall into the phasing assumed with this schedule. Other deficits that we have in the first couple of years are fairly manageable in terms of size and scope. I don't know that a lot of significant action needs to be taken in the next couple of years.

If you look in the 4 – 5 year time frame we start to see deficits that we will eventually have to deal with.

Assuming we did nothing we would slowly draw down those reserves until we hit our floor of 25% reserves in the 2023/2024 timeframe.

That's where the impact is related to these projects.

Ald. Gaugel: Revenue and expenditures 1.2% and 1.5% is that representative to pre-2008? Do you have numbers that reflect that?

Chris: Yes, if you recall the City took a significant cost saving effort in the 2008 time frame. There are some negative numbers on both the revenue and expenditure side. I think those numbers are somewhat misleading. I gave a little more credence to the 5-year average. I don't know that we're going to see 1.7% and I certainly don't think we're going to see 2.6% on the expenditure side.

Ald. Gaugel: My question is pre-2008, when things were humming along. This is all post 2008. I'm trying to draw a parallel to the same type market conditions we had at that time.

Chris: I don't think we'll see the same market conditions as pre-2008. The City just doesn't have the same room to grow as it did at that time. Projects we have on the table will help. Economic development or lack of economic development reflects in the revenue stream. However, I don't see us ever getting back to where we were pre-2008.

Capital improvements fund as it exists in the budget adopted in April, 2018 for three years. We budget for FY 2018/2019 then we project out the next 3 fiscal years. I went through the capital projects listing and pulled out anything related to the Police Station Project, Active River Project, or 7th Ave creek. That left us a balance of capital projects that staff have identified and programed into the 4-year budget of about \$6M for 2019/2020. I mentioned the annual capital transfer from the general fund of \$1M. That's what is in the budget right now. Additionally, the video gaming revenues are plugged into the capital projects fund. It's roughly \$120,000 per year. That leaves a funding deficit for capital projects of somewhere between \$5M - \$6.5M per year over the next 3 years.

Perhaps we can get some grant revenues. In fact, regarding 7th Ave Creek we do qualify for grant funding. We need to make a decision on how to proceed with that project moving forward.

This is to give you a sense of how that general revenue stream ties together in terms of funding, operations, and funding capital on an annual basis.

Ald. Lewis: Capital projects, are those our day in day out things that need to be done in the City?

Chris: Yes, anything from street resurfacing, reconstruction, pavement rejuvenation, IT infrastructure, etc.

Ald. Lewis: It's ongoing maintenance of maintaining the City. The three you removed were specific projects. What was the dollar amount of those three together?

Chris: Active River Project - \$5M, 7th Avenue Creek - \$14.2M right now in additional costs based on the numbers I have.

Ald. Lewis: That's a big difference. The 7th Avenue Creek project could possibly be put into the infrastructure project.

Chris: It is an infrastructure project. I just separated it due to the volume and cost.

Mayor Rogina: What is the City Council's temperature on if you'd like to change our levy theory to a rate theory as opposed to a flat dollar? Mr. Minick is smart enough as we present a levy 2019/2020 we could present a rate structure, and next year we'd be in good shape to bring in a dollar figure that's close, and go to a levy that rate driven as opposed to flat dollar driven. I think staff is looking for that and we think and for the Council to opine on where we are on that subject.

Ald. Turner: We aren't benefiting from new growth. I think we should move to 13%, 10% per year, figure the tax rate on that. I don't think the tax rate would change that much. Do to EAV going down and the new taxes coming.

Chris: The property tax rate, if we maintain that, I would like a budget taking into account the EAV increase every year. Based on the increase on the EAV in the last 2-years, if the 2015 tax rate was held consistent we would have collected \$428,000 more, and the impact to a home valued at \$350,000 would be \$35.00 per year, roughly \$3.00 per month, of increased taxes.

Ald. Lewis: I don't know. We are talking about so many projects, increases, and new growth. I'd like to hear what everyone else has to say.

Mayor Rogina: New growth begets new revenue.

Ald. Lewis: What will we do with that extra revenue? Pay down debt? People will look at what they do in their own lives and the expectation is that their government will do the same.

Ald. Bancroft: We need to be clear on what projects. I don't think 7th Avenue Creek justifies it, I don't think we're going to get there. We need to start thinking about what we want you to do from a projection standpoint, and I agree with Ald. Turner, we need to start capturing the EAV.

Ald. Payleitner: I agree with Todd.

Ald. Vitek: I agree with Todd.

Ald. Bessner: Capturing the EAV vs. raising the tax levy?

Chris: Capturing the EAV. What I assume is meant by that is that we would leave the rate the same and the growth in the EAV would translate into a higher tax levy and higher property tax dollars

Ald. Bessner: If we wanted to bring an additional \$2M from EAV what would that increase be?

Chris: That would be a little shy of 10%, probably in the 7% – 8 %, I think. I can give you the precise number at a future session.

Ald. Bessner: That \$900,000 cumulative impact is saying that a \$300,000 home would go up about \$3 a month?

Chris: That's the \$428,000 impact, about \$3 a month. In order to get to the \$902,000 would be a \$30.00 increase in one year and \$39.00 in the second year, \$3 one year, additional \$3 the next year.

Ald. Lemke: Taxes are going up; schools are a bigger base, changing from the constant dollar amount to a constant levy rate as our means. I don't want to do it suddenly; \$5M more several years from now.

Ald. Silkaitis: A \$400,000 increase, would that cover the \$5M we are short?

Chris: No.

Ald. Silkaitis: How much would we need?

Chris: If we issue bonds?

Ald. Silkaitis: No, the property tax. If we are going to bond something we should do it now. Interest rates are going up. It's going to keep going up.

Mayor Rogina: Are you rate driven as opposed to a flat dollar?

Ald. Silkaitis: I'm not sure.

Ald. Gaugel: I'm okay with this as long as it's at the current rate or below with expectation of bringing in additional. Capital projects – the only one that has the potential to generate revenue is the Active River Project. The other two projects need to be done, but won't give us the return or the increased revenue dollars.

Mayor Rogina: It's incumbent upon us to look at the police site to generate income to support the Active River Project.

Ald. Silkaitis: The Active River Project is 5 years down the road. What will we do now? If we know it's coming we need to be proactive.

Ald. Bessner: The reason I was asking about \$2M is if any of us are open to raising the levy, I would rather raise it, and secure that revenue in a larger amount vs. going back every year and changing it.

Chris: Before we would suggest anything we would present the most recent information.

Ald. Turner: We don't need to raise the levy this year. If we go farther out we'd have to do a big jump. I would rather raise it slow and have that money in reserve so we're not raising the levy \$0.04 or \$0.05. Let's just raise it \$0.01 this year and \$0.01 next year and let it accumulate. Do you think you could do that?

Chris: We could do that. What this presumes is we hold the tax rate consistent at whatever year we decide. If we were to use 2017 and hold the rate at \$0.85, the next year the EAV increases 3.5%, generating approximately \$400,000, but the rate stays the same for the 2018 levy as it was 2017 levy. If there is a specific dollar amount we have in mind, or if we want to raise the rate. I can put that information together.

Ald. Turner: I don't think an extra \$400,000 is going to cover what we need. We are going to have some labor contracts coming up, and we haven't even discussed the pension costs. I think we should anticipate these things.

Break – 11:55 am – 12:00 pm

Mark: Discussed the tax slides, and talked about the grant opportunity for 7th Ave Creek. Mark noted that we have to give an answer to the grantor of the money (IEPA) if we're going to accept that grant or not by November 1, 2018.

Consolidation CVB/DSCP

Mayor Rogina: We're looking for direction and if we should continue.

Mark: There is a memo in your packet. It has taken 6 months to get to this point. The CVB and DSCP are committed to combining and leveraging each other's strengths to providing better promotion of St. Charles. We have challenged them to reduce City contributions in the magnitude of \$100,000. The money would still come from hotel motel tax, and the downtown SSA. The CVB would work as a

certified bureau and receive money from State of Illinois. That has ranged from about \$200,000 - \$270,000. The DSCP has had a healthy donation/giving (sponsorships) allowing them to be successful. In the last 12 months the DSCP has increased donations by 30%. They have used that to fund special events and some of the marketing things they have done to help promote downtown businesses.

There would be one board, a president, and one executive director with a staff. Four key areas have been identified that would be responsible in this new organization, they are, sales, special events, marketing and support for business. The piece that is being worked out is how this new group will coordinate with the Chamber of Commerce. That's going to be necessary so services aren't duplicated, and that the organizations work together to advance St. Charles.

Mayor Rogina: How do we evaluate their performance over the year to accommodate funding requests?

I'd like to see evaluation from their clients as to their services as one of the metrics. Mark and I are asking for more time to work through this. Their organizations are going to their boards to ask the same allowance.

Ald. Lewis: Who gets the final say? If their boards say no, does it not happen?

Mark: I would suggest it's in our hands. We're the funding agency. But it will only be successful if they want to do this.

Ald. Lewis: If they vote no. Where are we?

Mark: You and I both sit on the DSCP board and Chris Woelffer has softly suggested this and there has not been any resistance.

Mayor Rogina: We report back to them what our board says; in turn we'll hear what their board says and act accordingly.

Ald. Payleitner: I agree. It's taken so long.

Mark: A year.

Ald. Bessner: Has there been any pushback? What are some of the points of contention?

Mark: They wanted more money, they wanted to give up state funding, and there was a conversation about a long-term commitment from the City of St. Charles as opposed to a commitment to move forward with an annual evaluation. It's like any negotiation it takes time.

Mayor Rogina: Our response was solid metrics/measurements for the City Council to determine funding increases. I've said that all the players should have benefits (health insurance). The CVB members have benefits, the DSCP does not. There is some talent there, on both the CVB and the DSCP to make St. Charles progress.

Ald. Lewis: When you say benefits do you mean pensions?

Mayor Rogina: No, health insurance.

Ald. Payleitner: We are doing a lot of listening and not a lot of talking. I appreciate your and Mark's patience with this. This has taken way too long. I think we need to reset the bar. I shared with you both on what Elgin is doing. Elgin caps personnel costs at 50% and I think we should be doing the same. I'm not sure if you had correct information in your memo Mark. I think that's what the State requires. You can't use more than 50% on personnel.

Mayor Rogina: We carefully went through the state requirements and applied them.

Ald. Payleitner: Then Elgin is following different numbers than we are.

Mark: We're not following the Elgin model. If that's the direction of the Council, that is a different model and we need to talk about it.

Ald. Turner: Are they still going to get free space in the Sterling Building?

Mark: I'm not familiar with a proposal for that.

Mayor Rogina: I don't know anything about that. Both groups are going to stay in the Municipal Center.

Ald. Lewis: The CVB & DSCP looks more towards how they can benefit St. Charles. The Chamber is more to benefit businesses. I see them as opposites. The Chamber does things for the benefit of their membership. They are focused on how to make businesses grow, not St. Charles.

Mark: They are about the numbers.

Ald. Payleitner: The new director of The Chamber is a lot more city focused.

Ald. Gaugel: I spoke with Tom Donahue and they have an interest that the CVB is a well-run agency that brings business into St. Charles. They could work together and aim for the same goal.

Ald. Lewis: I think they need to work together, I just think they have different missions.

Mayor Rogina: Is there any objection to our moving forward in this direction?

Ald. Payleitner: I don't see anything changing right now.

Mayor Rogina: One leader not 2, working together, and there will be an events coordinator. Eventually, if we get one voice, we'll sit down with the Chamber to reduce duplicity, and work hand in hand to make for a better St. Charles economically, socially, etc., and we dropped the budget. Again, it's whatever the council wants, you see the model. Should we move forward?

Ald. Lewis: Can this actually be on paper next budget year.

Mayor Rogina: Absolutely.

Ald. Payleitner: Passed out copies of the Elgin Model for consideration.

Ald. Lemke: We need to be cognizant of the funding from the State.

Tobacco

Mayor Rogina: I'd like to get a sense of your feelings regarding the following. The State of Illinois is not supporting Tobacco 21. I'd like to get an idea as to what you'd like to do. West Chicago wants us to join them in moving to 21. Chief has talked about the problems with cities doing this. What's your pleasure on us doing this?

Ald. Silkaitis: I think that one city in the tri-cities wouldn't make sense. I would support it if it were all three.

Ald. Bancroft: It's ridiculous. I understand restriction on alcohol. For tobacco, if you have an 18 year old that wants to buy a cigarette, they should be able to buy a cigarette.

Ald. Payleitner: I agree with Todd. I also think we need to do a better job communicating what we have in place.

Mayor Rogina: Some publicity and getting it out there that vaping is just as illegal as smoking.

Ald. Lewis: I'm opposed. It would be difficult to enforce.

Chief Keegan: When this first came up, some State officials wanted us to ban sales but not possession. That sends a mixed message.

Mayor Rogina: I have the answer I needed.

Meeting Days

Mayor Rogina: Is anyone interested in bifurcating our meetings to Monday and Tuesday, having City Council meetings on Monday and Committee Meetings on Tuesday. I've heard from some that it would be nice to be able to have a long weekend when traveling.

Ald. Turner: I'm fine with moving the committee meetings over. What about Government Operations, would we have City Council one day and come back the next for Government Operations? Why add another day?

Mayor Rogina: We would keep Government Operations on Monday. I'm talking about P & D and Government Services.

Mark: Rita Tungare and Russ Colby are suggesting to move all Monday meetings to Tuesday, and Plan Commission meetings to Wednesday.

Rita T: That would work better for staff, and the Plan Commission. The Plan Commission would like some additional time to review the packet. There is an opportunity if the Council desires to move all Monday meetings to Tuesdays.

Ald. Lewis: When would it go to website?

Mark: It would be the same, Friday.

Ald. Vitek: If we like to encourage a diverse City Council membership, Monday is easier for parents and families. There aren't any activities on Monday.

Ald. Bancroft: It's the same for business travel, Monday is better.

Ald. Payleitner: I never know with the school district when they are meeting. I love that it's consistent with the City.

Mayor Rogina: No desire to move at this time.

Ald. Lewis: I think that they could be once a month.

Mayor Rogina: We could do that, but if we go to that the meeting agendas will stack up and become longer. Right now it's efficient.

Ald. Bancroft: What happened earlier this month got down to one agenda item, we added it to another meeting agenda. If it gets down to two or three or the items are all omnibus, move it to the next meeting.

Mayor Rogina: I think we try our best to be efficient.

Ald. Lewis: I don't know that we have to grant every request from everyone that needs an answer yesterday. I'm not sure we have to do that. The County meets once a month. Their Committee Meetings are more frequent.

Ald. Turner: Is there anything that would prevent us from putting planning issues on Government Operations.

Atty. McGuirk: We can combine.

Mark: We did that more regularly and I got a request to hold back on that. We try to be sensitive to that.

Ald. Turner: It's up to the Chairman if they want to do that.

Atty. McGuirk: The code doesn't talk to committee meetings, just city council.

Mayor Rogina: We can look into this and come back with a proposal.

Ald. Silkaitis: I would be opposed to changing. I like the way it is now.

Mayor Rogina: We have a variety of views.

Donations

Mark: John McGuirk, Gary Vanek, City's Ethics Officer for the City, and I had a meeting to talk about ethics and conflict of interest. One of Gary Vanek's suggestions parroted what Ald. Vitek shared with me related to the use of a foundation for the collection of donations. The concerns that were given to me to deal with issues of conflict of interest, management of donations, and how we ask for money. There is a group called The Community Foundation of the Fox Valley. They are an organization that serves as the middle person between the donor and the beneficiary. They manage the funds, invest money and we

would have an agreement with them. They assist with decisions regarding policy/criteria for donation acceptance.

Ald. Vitek had a conversation with a similar organization in DuPage. We found out that the Village of Glen Ellyn set up a foundation to help with projects they would like to undertake. I called the Glen Ellyn's City Manager, he and I are going to get together.

Yesterday, the Mayor, Chris Minick, John McGuirk, Ald. Vitek and I met with Mr. Hartman, Executive Director of The Community Foundation of the Fox River Valley, to find out more about their organization and if he felt they could help in regards to donations. This is something they believe they can do. There are funds that could be set up. There are a variety of funds that are set up in St. Charles today, mainly the River Corridor Foundation, and Lazarus House. There are library districts and park districts throughout the Fox Valley that they manage funds for. This seems to be the vehicle for public-private partnerships related to the acceptance of donations. The basic question is, who makes the ask? We asked that question of Mr. Hartman yesterday.

How does it play out when making the ask? The response was a lot of times the ask has to do with the relationship. For example, if Ald. Vitek had a relationship with a firm and you felt you were the best person to ask on behalf of the foundation that may make sense, and that it's done in concert with other members of the advisory committee. The advisory committee is a combination of community foundation staff and foundation staff and local community leaders. Advisory members could include elected officials, staff, or members of the community. This makes it representative of the group and appropriate for Ald. Vitek to make the ask. Everyone would have to be comfortable with this.

In the Village of Glen Ellyn, the MOU they have is with their DuPage Community Foundation. The Glen Ellyn and Foundation MOU states no city employees will make asks. There is a certain amount of tailoring that can be done with these agreements. The suggestion was that we start simple. We can amend the agreement over time. The timeline to establish an agreement with the Fox Valley Community Foundation is however long it takes for the attorneys to put the document together.

Ald. Vitek: I put a call into a friend who does asking for his organization. I also put in a call the attorney at the DuPage Community Foundation. A lot of it has to do with your comfortability. Relationship is the key, that's why you're making the ask. In addition, never go alone, and make sure the benefit is not directly to you, but it's to the City.

Mayor Rogina: People are very good if there is a possibility of a conflict of interest. I have no problem of being a part of the ask. I do agree that in some situations you don't want certain people asking. From an ethics point of view, transparency is the key.

Ald. Gaugel: Help me understand. Are we going to be asking for money for specific projects, or general donations?

Ald. Vitek: It could go for specific projects, or we could have dollars donated to go to general projects. We can also set up parameters as to what donations will go toward. We can have individuals donating and the money being used generally.

Ald. Gaugel: Who would comprise the board?

Ald. Vitek: The Glen Ellyn Foundation has their own board. We can set up an advisory committee. John, you can probably answer that in more detail.

Atty. McGuirk: The Glen Ellyn model has 5 categories, land acquisition, development, etc. As far as the structure of the board, we didn't get into that. It would be easy to set up.

Ald. Bancroft: Anyone who wants a license, approval, etc. will start handing out cash. That's something we need to be mindful of.

Atty. John McGuirk: Anyone who does business to the city.

Ald. Vitek: That happens all the time.

Ald. Lewis: I thought we were asking for naming rights. This is completely different.

Mayor Rogina: I asked that question. We could suggest as part of the ask the naming rights. The foundation becomes your arm for transparency.

Ald. Vitek: The donor gets the benefit of giving to a charitable foundation. This vehicle is a pass-thru.

Ald. Lewis: I don't have trouble asking people for money, but I have trouble asking people for money as an alderman.

Mayor Rogina: You aren't asking for money. You won't be on the committee.

Ald. Lewis: What if I do want to be on the committee. I would be asking as Maureen, not an alderman.

Ald. Bancroft: You can't have someone who needs something from the City actively contributing. By the same token you can't have a conversation and give them the feeling if they don't make a donation they won't have our cooperation.

Ald. Vitek: The Foundation will do all the administrative work making sure all is PC.

Ald. Payleitner: You're talking about us creating our own foundation.

Mark: We would be connecting to the Community Foundation with a local advisory committee. That advisory committee could include some folks in this room, or community members.

Ald. Vitek: It's a fund within a foundation. It's not an actual foundation.

Ald. Payleitner: There is a Park Board Foundation. Who is the common denominator there?

Mark: Holly Cabel is an advisor, and they have one Park Board member.

Ald. Lewis: Isn't the Park Foundation appointed by the Park Board?

Mark: Holly Cabel is very involved in how they spend the money. I don't know who appoints Park Foundation members.

Rita T.: What makes this complicated for us is we're a regulation agency. We administer fines, fees, and administer regulations. If there were a donor that donated \$1M, and we have an open violation against this person? Those are the gray areas.

Atty. McGuirk: If it's a developer, or someone currently working with the City, we wouldn't accept the donation.

Ald. Vitek: How this starts as it relates to any project thinking about it from the entire perspective. If you have a list of individuals, business owners, friends, vendors; we are looking for names. You wouldn't be doing the ask, but if you have a list of individuals who have an interest in a legacy. It starts with donor suggestions. Think about that, send the information to Mark and he'll pass it along.

There are public lists where you can find out who gives to organizations. Most people who give to projects are just like us. Think about your church. I encourage you to think about that or if you would like to use me as a resource let me know.

Ald. Lewis: When this started you had all these people you know and you had the money. I didn't sign up as an alderman to be a solicitor. If the rest of you want to do that, it's fine, but I'm not going to be part of that.

Mayor Rogina: That's fine. Most of you have an alma mater that have foundations. I don't see this as anything different. It's a benefit to the community. As long as you're transparent there is nothing wrong. For those of you that feel you have names of people that would like to contribute, pass the names along to Mark. We will do nothing until we have Council approval with a set of rules and guidance.

Video-taping City Council Meetings

Ald. Payleitner: There is a group in the ward that travels a lot for business. They have issues that they would love to hear about first hand and wondered if we've given any thought to broadcasting the council meetings. I said yes, but it wasn't agreed upon. Their response was that with modern technology, Facebook Live, it wouldn't be difficult to have that done. I'm not for it, but I promised to bring this up for conversation.

Mayor Rogina: I'll back what Rita is saying, I'm also not for it. I think we're as transparent organization as possible.

Ald. Silkaitis: I'm fine with it. I don't care either way. I don't think the City should pay for it.

Ald. Gaugel: I'm fine with it. I'm just curious why you wouldn't be Mayor?

Mayor Rogina: There is a cost factor if we sponsor it. I answer every phone call, every email, there is FOIA, and there are so many ways for the community to get information regarding the City. I don't understand why people feel they aren't informed.

Ald. Bancroft: The comment then is, it's 2018, the technology is here, our mantra is to make them all informed. It's inconsistent.

Ald. Lewis: I don't mind. I think the people are interested, and sometimes the minutes aren't released for a couple weeks.

Ald. Payleitner: I prefer that people are engaged.

Ald. Lewis: If they were watching they may come in.

Mayor Rogina: There is a majority in favor of some sort of taping.

Art is against, Ald. Vitek doesn't care, Ald. Payleitner is a no, Todd is in favor, and Lewis is in favor.

Ald. Bessner: I'm more indifferent. Again, I think it will slow down meetings.

Ald. Vitek: I don't care.

Mayor Rogina: Rita P., you're with me?

Rita P.: Yes.

Mark: The history is people talk more.

Alcohol Delivery

Mayor Rogina: We have a motion on the table on alcohol delivery. I believe that a majority of the council is not opposed to alcohol delivery under certain circumstances. Some of the circumstances would be to stay silent on the subject. Right now we have language in our ordinance that it's not allowed, and it happens all the time. To the chief's point it's happening. Until something drastic happens wouldn't it be smart to take the language out, or we could vote on the ordinance as presented. It could go 6 – 4 against or it can go 5 -5 with the mayor breaking the tie. I hate to think that something of that magnitude having a tie breaking vote. I'd like to see us have more of a consensus.

Ald. Bancroft: What is the right answer from Chief Keegan's perspective?

Chief Keegan: I'm trying to do the right thing because I got some calls from business owners that they are doing it.

Ald. Payleitner: I see that the fears are being addressed. Are there other things/fears that are causing concern?

Ald. Lewis: If it fails at committee does it go to council – it doesn't always go to council.

Mayor Rogina: It always goes to council, such as in the case of the gas tax.

Chief Keegan: It's always against the law to deliver to minor. If we eliminate the language all together, there is always the law to support us if there is a violation.

Motion by Ald. Gaugel, second by Ald. Vitek to adjourn the City Council Retreat at 1:05 pm.

:tc