

**MINUTES
CITY OF ST. CHARLES, IL
CITY COUNCIL MID-YEAR RETREAT
SATURDAY, JUNE 27, 2015**

Opening of Meeting

The meeting was convened by Mayor Rogina at 8:00 a.m.

Roll Call

Members Present: Stellato, Payleitner, Lemke , Krieger, Gaugel, Bessner, and Lewis

Members Absent: Silkaitis, Turner, Bancroft

Others Present: Mark Koenen, Rita Tungare, Fire Chief Schelstreet, Police Chief Keegan, Chris Minick, Peter Suhr, Peggy Forster, Larry Gunderson, Acting HR Director Denice Brogan, Tina Nilles, Greg Kuhn – Sikich, and Cristi Musser – Sikich

Mark: Opened the meeting as a continuation of the Strategic Plan Workshop that was held on June 23 with Sikich: I find this exciting when we get the opportunity to look ahead. The best way to predict the future is to invent it and that's what we're going to do today and to that affect we'll only know down the road if our invention works; but it will work because good planning always pays off in the long run.

With regards to today's attendance, Ald. Turner, Bancroft and Silkaitis notified the Mayor and I to say they wouldn't be able to make it today, but Ald. Lewis and Krieger will be joining us as the morning rolls on.

Introduced Greg Kuhn and Cristi Musser – Sikich, LLC.

Greg: The future is the fundamental exercise that all strategic planning aims to satisfy and is focused on. Questions are raised as to why is the future important or why is spending time like this important? If you don't know where you're going, anyplace will do. In my work experience working with leaders and local government officials, attending conferences or conversations, I hear things like we're government and we've been here since 1834, but it's setting direction and that's where the phrase "when you don't know where you're going, anything will do." Both for the policy makers here and senior staff, that's the message that needs to be formed and that's part of what we'll work on today.

The other piece that has some benefit is why spend time on the future? I like Mark's phrase of making the future happen, you have to define it. I would also add that you have a choice. An author, Joel Barker, who is a futurist of sorts, he has a saying "you can

either arrive at the future or you can shape it.” The future is going to come whether we want it to or not.

We are going to start with visioning first but I would like you to break up into groups and finish our “Surrender or Lead” exercise first that we started at the last meeting with the S.W.O.T. analysis process (**S** – Strengths, **W**- Weakness, **O** – Opportunity, **T** – Threats [Challenges]). SWOT analysis makes strategic planning different from linear planning because the environment is going to have something to say as to whether you can get to that future you want, whether you can accomplish those goals. So this is us turning our radar on and doing some recognition analysis of what are our strengths, weaknesses, opportunities and threats are out there.

Couple of things to think about: strengths and weaknesses tend to be internal but not exclusive. They tend to be internal to the organization or things internal to the community. Opportunities and threats tend to be more external. Things that might be out there in the economy, things out there in certain trends or professions, and threats (challenges) can come from almost anywhere.

One last thought and it’s entirely possible, as we see it almost every time is to have an item or some version of an item show up on all four lists. For example, technology might show up in all four places as a good thing and as a threat. One of the challenges of technology is can you keep up or afford to keep up? Is your infrastructure fast enough?

Cristi: Also in think through, for department heads, for your specific area and then more globally.

Greg: *Break out to specified breakout areas using your same team names at 8:15 a.m. for 20 minutes. Returned at 8:38 a.m.*

Whiskey Benders (Chris Minick): We had several that overlapped and were a little more technical than looking at overall global themes, but the global themes will emerge once we start going through some of the individual items. In terms of strengths we had the river as both a strength and opportunity. It’s a strength in terms of how it allows our city to develop in the past and some of the opportunities it provides us with the upcoming active river discussion. Our history and heritage is also a strength and theme that has come through all of our strategic plan sessions. Also listed as a strength is our personnel and professional staff as well as our elected leadership. The City has a perception of having competent leadership in both. We saw transportation both as a strength and as a threat. We have good transportation corridors but we also perceived that there is a threat from that in terms of access to economic development – we don’t have a major highway that runs through our community and as well as just simply the traffic. Financial conditions were listed as a strength. We are in a good spot in terms of our “reserve” condition and it continues to be strong, we’ve now addressed the utilities and are definitely on the right track. Related to this, if you take a look at our first threat, it’s related to state funding, and as the financial conditions of the state changes and maybe

continues to deteriorate – it's one of the external factors; it's definitely going to have an impact on us.

In terms of the weakness we see the malls – the Quad and St. Charles Mall. However we also have those as opportunities for redevelopment and economical development to occur within those corridors. Lack of a train and rail access and access to public transportation, the ability to get downtown quickly, is there a way that maybe we can connect with our neighbors that have these types of facilities and provide easy convenient access to train and rail. We had stormwater as a weakness. We've been dealing with some of those issues over the last couple of years, and in particular over the last few months. We also have the police department as a weakness as well as putting a new police department and municipal campus as an opportunity. Right now the police facility doesn't necessarily function as a modern facility should, but that's a great opportunity for us to redevelop a new police facility on whatever side of the campus.

Retail leakage was another one that ties in with the malls. We are losing some sales tax dollars to other communities, particularly along the Randall Road corridor with the absence of the Quad being a viable entity.

Other opportunities we are lumping into Economic Development because that was the overall theme that came through on our opportunities. 1st Street is a big opportunity and the east side redevelopment opportunity of Pheasant Run, Q-Center and some of those in-line centers that are in that particular vicinity.

Threats – competition from other communities. We compete with other communities a lot more than we've done in the past: the outlet mall in Aurora being expanded, Geneva, South Elgin, Batavia. There's a lot more competition chasing those entities and economic development than there used to be. Emergency management – we talked about weather conditions: rain and tornados; not so much emergency management but emergency disasters being a threat to the community and how we respond to that will go a long way in defining our future.

The last item we talked about is cyber terrorism. We agree with the assessment that technology could go into all of these categories, but one of the big threats we talked about is what would happen in the event of a cyber threat and how would we respond to that.

Ald. Stellato: Regarding the rail line, one of the opportunities is the old rail line.

Chris: Correct, we talked about should that be a bike path or a truck bypass? We heard some competing ideas on how that should be developed and definitely offers us some opportunities to maybe alleviate some of the traffic or opportunity to recreation.

Maureen Lewis arrived @ 8:47 a.m.

The Saints – Ald. Gaugel: Strengths is our heritage. We have a long heritage here in St. Charles and is by far one of the assets to the City. Our staff, the perception in St. Charles and Chicoland area is that we have a superior staff. The reason why that perception exists is because it's reality. Our infrastructure, specific to our electric utility is we don't have power outages very often. The Fox River is listed in all four of our categories but it is a strength and without question is a focal point of our downtown and city, but it's a weakness in that it inhibits the police station which causes us to rethink the location of the police station as to what we will do there; and it's a weakness from the standpoint of transportation – Red Gate Bridge was a hot topic. We started opportunities because that's where we thought we had the strongest presence. The river presents itself to offering more opportunities. Also threat from a flooding standpoint for future development, it potentially could offer threats. We debated to include this in all categories. Going on with strengths we have a strong diverse tax base with industrial and commercial that helps the revenue for the City. Also we have done an outstanding job on the fiscal responsibility. We also had the Chicago area economy under threats as well as strengths. If it's booming we're going to benefit from it and if its having trouble it could be a threat to us. DuPage airport helps us economically as well and is viewed as a strength.

Weakness: Rt. 64 traffic and walkability factor, no question, is a weakness of the City. We talked about the Fox River and our location between expressways 90 and 88; we are stuck in the middle of both them and it takes a ½ hour to get to either one of them which makes it difficult for visitors and residents. We don't have much public transit.

Opportunity: Rt. 64, commerce specifically, keeping our downtown developed and all the store fronts occupied. We have diverse housing to keep in mind when development comes in. Commercial and mixed use development is another one. Economic incentivization and continue to offer incentives to future potential businesses. Regulations of ordinances that we need to make things workable so that future development and businesses have a clear path. Pension reform from a state level could be both a threat and an opportunity; we might lose some very experience people as a result of that. What happens with pension reform could define our future staffing. Liquor is also under both opportunity and threats; also new opportunities in our sources of revenues.

Threats: Not In My Back Yard (NIMBY) which seems to be a local threat to Council meetings. Fox River and Springfield, lack of diversity of housing, flooding, economic incentivization, regulation opportunities can be also be seen as threats.

Pride of the Fox – Ald. Bessner: We talked about financial stability within the City of St. Charles. We're stable now but have done numerous things with the SSI over the last few years to survive what a lot of other communities couldn't make it through the economic downturn. Strengths of our employees who are trained and very professional and understand what the residents services require. Talked about our location with three highways on either sides, but the distances present problems. The river is a strength

being right on it. The council/staff relationship is good; perception of our community has positive comments in being a beautiful setting on the river that offers a variety of things to do. We have strong relationships with our park district and a good school district; diversity of development with regards to businesses, parks, and entertainment. City services are in-tact and at a level that residents expect; TriCity collaboration with the interdependence of working with other communities in all different areas, such as, charitable, police and fire. We talked about Pride of the Fox and the desire to succeed and keep that quality of life there. We have a real culture in the community.

We talked about the river being a little bit of a weakness. Rt. 64 bringing more traffic off of this route, specifically truck traffic is still an issue. We don't have equal distance to highways or no metro station or transportation to get to local metro stations in an efficient way. The damn is weakness in regards to taking water activity a step further. We have good schools but are paying higher taxes for those schools. With development we are getting land locked which leads us to more redevelopment problems.

Opportunity: Redevelopment for the parcels we do have left, river is huge opportunity to take advantage of, technology to continue into the future, Kane County collaboration would be a good opportunity with building relationships; mobility and transit in trying to figure out how to get around town in a more efficient way; employee turnover is a possible opportunity to bring in folks to work within St. Charles vs. outside of St. Charles; service/entertainment downtown leads to more professional services.

Threats: Aging population, Springfield (tax returns to us), governance where they are imposing things on us whether it be unfunded mandates or saying we can't raise property taxes; that should be a right that we have; voting could be an issue in the future where people will use their smart devices vs. going to polls (technology threat). Employee turnover is a threat because we have a large group of people with knowledge, wealth and understanding who are reaching retirement and it will take training and retooling. That will affect the internal culture. Threats regarding housing mainly dealing with the types of housing that will come because certain types of housing will require more of the fire and police services and new employees will need affordable housing as well.

Greg: There are several similarities with all the groups that were repeated.

Ald. Stellato: The river and great people came up on everyone's; it's a great strength we all agree on. Housing and aging population came up as well. The threats of the state – no question we all agree on that. There are some real similarities that jump out.

Mayor Rogina: The one that jumps out at me that I think is a major issue is this Rt. 64 downtown walkability. I hear that a lot from downtown merchants and some have said that 1st Street should become our Main Street. That's debatable and something we have to face, but I think that is a strong issue downtown that deserves our attention in moving forward.

Mark: I hear that we appreciate our financial stability and making sure we continue to maintain economic development and try and manage some of the threats from Springfield.

Peter: Going through the bullet points, everything on this list, with exception to rail lines, we are actively working on. These are projects we know about, the river for example, it's not just a wish list. We have a river project that is moving forward.

Greg: That's the kind of link with this exercise and the rest of the work today. Somewhere along the line these things need to show up either in your goals or visions of the future; and the visions are to help give you some direction, so where should we head to try and address some of these? You are going to have to take account of these in order to take some action or develop a strategy in how you want get there. What else?

Chris: We have a lot of strengths and opportunities in looking at the list. I think this speaks of where we've been and what we see going forward in terms of how we envision that future and where we've been has led us up to this point.

Rita: I agree with Chris' comments. We have a lot of strengths and opportunities. There's also a strong awareness of which of these could turn into weaknesses or threats if we do nothing about it. For example, development there are lots of opportunities, but the NIMBYs could be a threat if we let them. Planning for future housing needs, we have an opportunity to think ahead and plan for that, but if we don't that could easily turn into a threat/weakness down the road.

Greg: Things can migrate back and forth, but lack of action or inaction can take something that's a positive now and flip it over. The similarities are evident, and even where the words and phrases are identical, can I ask everyone in general, is there anything on any of these lists that surprise you once you hear the other groups explain it?

Rita: Can I elaborate from our list "regulation"; and again from my standpoint? Here's why I thought it should be put on both lists of opportunities and threats. For example, zoning regulations, they could work against us or we could use them to our advantage, but I think we need to be mindful of not over-regulating and shooting ourselves in the foot. It goes beyond the zoning regulating ordinance. We could look at property maintenance code, look at subdivision code, look at the liquor code. There are several kinds of regulations out there, and in this day and age to be competitive, we definitely collectively take more of a practical approach to these regulations.

Mayor Rogina: To piggyback onto Rita's point, I look at the economic incentivization and it could be used to bring and/or keep businesses in our community; on the other side of the coin a threat could be perceived that the City is going too far in taking tax dollars and putting them into private enterprise. So there's that balance again to find the right mix of incentivization where people still have a comfort level vs. viewing it as an overreach.

Ald. Stellato: I want to jump on that as well. We have a pending development with us right now that a lot of other upstate communities are looking at and we are throwing all kinds of incentives at this developer; so this developer is just sitting back and waiting. They are asking other taxing bodies for a break and we don't have that much control over them. This goes to show you that its going past the city layers and going out over other taxing bodies. Everyone is looking for a deal. Years ago we could of told them to forget it, but it's a different world out there today.

Greg: Used an analogy story on airlines of yesterday vs. who are around today. So the benefit of this exercise is that you are already working on some of these things. Now you had a conversation stating these are things we need to be mindful of, working on, let's focus and give some more clear direction on these. One thing the City does do is regulate land use and that has a lot to do with your economy and we heard Cristi say in all the different focus groups that your economic strength is certainly seen by the community as a positive but it's something necessary for the council to have some weigh in.

We are ready to go to the next exercise. We are going to do our Visioning exercise now. We asked you to bring one/two vision statements of the future with the premise of leaving St. Charles and coming back 20-25 years later. What do you hope you'll see or what do you think you'll see when you come back. (Go to table and pick an item that is related to one of your vision statements to be shared around the room.)

We'll start with council members.

Mayor Rogina: 25 years out I would like to see completion of 1st Street and old mall site (Shodeen property). I see buildings that have residential. I see on 1st Street on the main floor that has retail and perhaps some service and the three "Rs" – Residential, Retail, Restaurants – a vibrant downtown with all three of these elements. Shodeen property speaks for itself with opportunity cost lost over all these years. At the end of the day my vision, given our comprehensive plan and what's been structure there and be true to that, I would say some mixed-use development.

Ald. Payleitner: We keep a positive image of our town. If I come back and see staff and council are still getting along. Second wish is to have a happening river focus downtown; a service downtown. The river is unique to us that our downtown is on the river and would like to see us take advantage of that.

Ald. Bessner: I see full utilization of the river that adds value, transportation, movement, and recreation (similar to Rita). Other visions include an integrated arts campus where the Arcada currently exists and possible tie-in with Pheasant Run. A mobile community with transit that would move from Geneva to here and also integrate some of the districts we have now, such as, the Quad, Pheasant Run, Q-Center, Randall Road, old St. Charles Mall and the west side community park; integrated bike paths with the ability to have some bike clubs as they do now (rent and return bikes as in Chicago). For the Q-Center I was envisioning a future outdoor entertainment type scenario there; also outdoor green

space utilization meaning roof tops and additional greenery; and integration of various mixed uses that are synergetic vs. noncompetitive. That's developments that work well with what's next to it in a creative way; we all can say we can't do this because someone won't let us, whether it be some other resident or business groups, but we have to find ways to make all these pieces work well together.

Ald. Lewis: I've had the opportunity of being born and raised here, moving away, and coming back 25 years later to see how my town had changed; and it had changed considerably from the 50's - 60's and I suspect 25 years from now it will change completely again. There were some things that never did change and that makes us solid (referenced brick). We've always been a solid community, what we are now, and what we'll still be in the future – entire city not just focusing on downtown. It also reminds me of what I use to see which was a walkable, bike-able community. We got away from that with all the traffic and parking lots. I think we could go back to that and have a community where you can let your kids walk downtown. I would like to see more public transportation that can get us around our community.

Ald. Stellato: I picked “Superman” as my toy. I like to start out any vision statements with a quote “picture if you will”... a well engaged fiscally balanced community still able to claim the title as Pride of the Fox. Now utilizing a more public transportation strategy system with cutting edge, community base technology, smart environmentally sound practices along with a thriving active riverwalk still preserving the economics of our community, for example, our downtown, Arcada theatre, all hotels, dining, shopping and entertainment. Some examples why couldn't we have a spur that branches off Geneva's rail system and comes to St. Charles on the east side as we already have a parking lot so why couldn't there be a station there, and as a resident you get on the train in the morning and return in the evening. It's making transportation be more connected with Chicago and encourages more economic development. I still see a vibrant downtown with a centerpiece being Arcada, hotels, shopping and dining.

Ald. Gaugel: (selected a baseball) See vacant properties develop and be vibrant – we have many opportunities; have new attractions for residents and visitors – we keep bringing up the river but to go further than that – we have to stay current by doing vibrant and new things. There's a phrase “you always do what has been done and you always get what you got”. We have to be progressive and think of things with a newness or freshness. To have a community that represents a full life cycle; to have housing that accommodates the full life cycle from start to finish; to have resources be it City, stores, businesses where you can work. To have a very diverse group of everything from commercial to residential that will allow someone to be born, to live, work, retire, play. (Have a picture of son, dad and himself at a baseball game that represents a full life cycle.)

Greg: Everyone has a very holistic view of the community where you can find just about every one of these little niches: economic development, housing recreation and access but

transportation is vital to any kind of economic activity. These are really good things and sounds like the target of which you want to keep striving for.

Ald. Lemke: I chose a series of different color post-it notes. I looked back 20-40 years when we did a comp plan and how we got here today. The key word in that comp plan was balance. We want our share of Randall Road commercial corridor, so I think that's a place of balance that could be improved. We want all charm and ratios that we had in the past; only a little more of each component in the same proportion. Everything said here today makes sense to me but a little bit of each color.

Greg: Overall there are some realistic views amongst everyone: transportation, quality of life. Any other comments before we jump over to staff.

Peggy Forster: We looked at this from a technology point of view. We came up with the idea of a 24/7 City Hall so anyone could conduct any kind of transaction any time they wanted to from home. We do utility billing on-line now, but there are so many things we could do on-line: permits status, parking ticket paying, requesting shutoffs or turn-ons.

Greg: Is this a process issue or an actual physical software investment issue?

Peggy: Both, we would have to definitely adjust our processes even if we had the technology today. It also comes with a little bit of risk because one thing that makes our community unique is this idea of being small town and we start saying you can do everything at home so we never have to come to City Hall. That's one reason we have receptionists because we want people to feel welcome at City Hall.

Larry Gunderson: (has miniature globe) which represents ambiguous competing which gives the staff wireless on any device to have the applications and functionality to do their work anytime anywhere to provide service to residents.

Greg: Good point, many times comments are made from staff "if I could only do this in my car/truck I wouldn't have to make an extra trip".

Denice Brogan: I think of how our workforce is going to look 25 years from now it's going to look very different. There will be much more mobile work and people will be able to do their jobs from anywhere. I agree with Peggy that we still want to stay focus on having people here at City Hall, but maybe through technology and automation some of our staff size may get smaller, but we're still going to need to have boots on the ground from PW, Police and Fire so we will still need to have a robust staff at that point, but in 25 years that's going to look very different. Standard business hours may not be the same, have more flexibility, work-life balance for employees. Some of the core services won't change such as we'll still have to deliver water, respond to 911 calls. Administrative staff-wise it will look different but being a service organization and providing those external services will be more constant.

Ald. Krieger arrived at 9:55 a.m.

Rita Tungare: (tools) These are the are the conventional tools that represented the traditional function of Community Development. Ruler is what I used when I went to school; hammer for construction – times are changing. Resiliency is going to be key and we have to make room for that. What is my department going to look like 10 years from now post-Rita? We are going to have to be resilient to redefine our community and economical development functions to align with changes, socio-economic conditions, and changes to the physical building environment. We are a mature community but we are going to mature more if all our goals come to fruition because of all the development activity we've been seeing. We are going to have to redefine our functions. Community Development might look different than it does today in terms of what their core functions will be. I have to be mindful of that. My role has changed in the past decades in terms of how we approach our customers, interface with our customers, the services we provide; we have an automated permit tracking system now which we bought 10 years ago. Our inspection might be different 10 years from now; we'll have on-line permit possibly in 3 to 5 years. Our commissions/committee in the way we function under state law requirements is a little archaic in some ways and that may change as the constituency starts demanding more of that. Community/Economic Development has been a changing game over the past two decades and is going to be constantly changing so we need to be ready for that.

Second is balance of land uses and that comes with good and not so good. There is a certain stigma and concerns attached to rental housing. Avoid dealing with the issue; saying no to rental housing may not be the answer. It's coming whether we like it or not. How do we regulate that – rental licensing will be the answer.

Another is business licensing to get a good handle on which businesses are moving in or out. What that balance needs to look like? What type of business do we need? Right now do we have a good handle of the businesses that are within our community – absolutely not. It's very difficult to get a good handle without a business license program. It's been talked about for years, but this is just thinking out into the future. Maybe it doesn't need to be a traditional business license; it could be some kind of combination. We need to be thinking of how do we accomplish that balance and ensure that we can get a good handle on the pros/cons of what those land uses bring.

Economic Development perspective, I think it would be valuable to educate our community, to get a good sense of what is realistically possible within our community in terms of economic development? We need to be forward thinking but it's also good to be realistic and can only be successful by doing so. I proposed a shorter term goal that we need to develop a better understanding of our commercial market and this will assist with our business attraction and retention efforts. One way to do that is to make an investment in hiring professional companies that are good at doing a public market analysis in terms of understanding the commercial market and our demographics; and what is truly possible and sustainable.

Greg: Well said, Long Grove went through a similar exercise and this education piece, Cristi and I hear this in almost every retreat where public sectors says we want a very strong retail market, such as an Apple store, but there's not enough information out there. People don't understand, but dreaming is good but you need facts and the education piece is a good point. (Greg told a story regarding rental housing about a real estate investor who stated that in nine years they haven't written any funding for any family projects anywhere in the United States. If someone comes in with a good rental program that's where they put their money and their not talking about \$500 month rent – they're talking \$25K - \$35K monthly.) That piece of housing stock has taken a lot of bruises because we all know what we don't like or want but some of these other projects are very different from the \$500-\$600 apartments.

Cristi: We also need to keep in mind of what is commercially viable for St. Charles? We heard in the focus groups that yes we need an Apple store, how about another dealership, but most big companies have specific guidelines that they use to determine where they're going to locate a business and St. Charles may or may not meet those guidelines. It's important to educate the public that this is viable, this is possible or not.

Rita: One last short term goal is I have my heart on 1st Street. Part of that comes from being a part of that project since year 2000. There's a legacy I would like to leave behind as being a small part of something in this community and that is to see 1st Street come to fruition. If there's an opportunity for Community and Economic Development to help fulfill that vision, I will consider my work done in St. Charles.

Chris Minick: (elbow connector) This is a reminder that I don't want to focus on what I see but focus more on what I don't see. What I mean is do I see a town that doesn't have traffic tie-ups? Do I see PW crews out in manholes fixing up the pipes because they've broken again? Do I see raw sewage coming up out of the manholes? My point is what I think we should do is to commit to a capital financing plan rate structures in our utilities and in our transportation infrastructure that's going to allow for replacement of the aging infrastructure and upgrades to that infrastructure as they become available. From the financing standpoint, balancing that capital need with the operating needs of the City and continuing to pay the salaries for the police and firefighters and all the administrative staff, I see that as probably being one of the biggest challenges we're going to run into in the financing area over the next 20-25 years. It's my job to put the basics in place today to make sure that 25 years from now they're not cursing me and say how come we didn't have any money to repair things.

Greg: Do you see technology impacting your financial management and goals?

Chris: Absolutely, we recently instituted an ERP three years ago and it has given us a tremendous amount of access to information that we didn't have before with ways to track cost, track resources of where they're going and being utilized, and the ability to maybe change up some process as a result of that. Just the implementation of the ERP itself and those processes that we knew we're going to change because of this was one

thing, but there also are the unforeseen or unattended changes that have occurred because of the way some of the things now flow. It's really opened a lot of efficiencies in terms of just the way we track alcohol licenses, etc. integrating that with our database of those folks who pay us alcohol taxes to make sure we're collecting all those taxes. That's just one tactical example of things we've been able to do. It also allows us to be a little more responsive when Mark calls and asks how much did we spend on a certain court case. We now have the ability to track that separately and distinctively in the computerized system as soon as the invoice comes in. We key right directly to that activity. We've also increased some operations/efficiencies with the electrical utility. Those processes are going to evolve and change as we go forward.

Mark Koenen: There's a theme here of how we are going to pay for things in the future and I picked up a coin. I think how we pay for services now but in the future it will look very different from how it looks today. In particular are our utilities. The more people use, the more money we make; and with the advent of recycling and doing more with less and getting more out of utilities with less, I think in the future we will pay more for the opportunity to have utility service and will also have to pay for usage. We are going to pay for the opportunity to have it present and it will be greater than what we know today as the connection fee and will also have a user fee.

I also picked up this coin because based on some other comments I heard about how internally our workforce is going to change. I think culturally the workforce is going to change across the board. There's going to be fewer people who work for organizations like the City of St. Charles, Amoco's, the big firms of the world; we will be contractors. We are all going to be contracting labor for jobs and projects and we will be lonely. We will be looking for something to do and St. Charles is only going to grow on what we know it to be today because people will be dying for people interaction. The services we have downtown St. Charles with regards to hair and nails, etc. will change. I think restaurants and entertainment in downtown St. Charles is going to be our passport to success in the downtown of the future. That includes active river, bike paths, plazas, entertainment during the day and festivals to bring people together because what was known as the Dolly Parton 9 to 5 job is not going to exist anymore. It's going to exist in 24/7 operations and perhaps you'll be working in your office. Also the spiral notebook is a thing of the past – people don't use them anymore. They're going to change their spiral notebook with some kind of invisible wire connection and working out of our homes.

Greg: On your ideas of downtown, in your sense are the ingredients there?

Mark: I think they are. I look at the Tri-cities and those are who we see as our primary competition. Batavia is just dying to have a downtown. Geneva has a downtown but its only center on their retail and they're only getting in the restaurant business. They are dis-centered from the river. They're never going to have the river as an opportunity as we know it in St. Charles. Our community is built on the river. We've spent hours/years on talking about the river just relevant to 1st Street. We've talked about Salerno's the last 20 years about having a river cruise, we got the paddle wheel in Pottawatomie Park. The

river is who we are and it draws people to the downtown. How many people want to live on the river, die to be on the river? We got a jump on entertainment and service. Downtown St. Charles is a service entertainment world – that's our economic feature.

Joe Schelstreet: Starting with the Affordable Care Act, I don't know if anyone knows how much of a game changer that's going to be in relating to service provision, relating to the lack of funding that's out there. We are going to be adopting mobile integrated health care that's preventative. We'll be doing the old doctor visits of the 50's. It's to stop emergency room visits, its to inhibit re-admissions to the hospitals. Hospitals are being fined by Medicare by 1-1/2% for any re-admission within 30 days. A situation like congestive heart failure has a 30-35% re-admission rate. It's all about the dollar. 35% of our business on this right now is Medicare. The way Medicare is changing things, they want to take people who have fewer skills and give them more opportunity to do more advance therapy. Therefore if you have a lower certification or license they don't have to pay you as much. So you'll see a lot more of a car with one person in it driving around and we'll also be focusing a lot on social services. This will be a very non-traditional role where we have an exploding amount of call volume for mental health where we are becoming more engaged. Right now we have a contract we share with the Police Department from AID, social services of everything from hoarders to people with broken family relationships. We'll also be using this mobile integrated health to utilize preventative care for folks such as from the Lazarus House and socio-economic groups that can't afford to pay the charges. Overall the department that I currently work for may not be called the Fire Department anymore because it's going to be a Multi-Hazard Risk Management Department. We're going to be looking at a greater amount of skill sets to plan for pandemic flu and for emergency management for tornados and floods, etc. We are positioned in such a way that we are handling those now because we have the capacity to do that. There will be more regionalization. The biggest threat to regionalization, as I see that is we got a great movement in funding for pension reform to justify the cost of doing business. The greatest threat to regionalization will be local control (agreeing to work together). Consolidation is not a bad thing – it's a good thing. We need to make sure we are receiving benefits as we don't to lose anything from it; so that local control of who is paying for what – that will be the biggest threat to regionalization services.

Greg: Those are some weighty things in terms of mission, so that's laying out a plan that your mission is going to change some?

Joe: It's because of the expectations of how society has changed. If you start back in time and look at different situations that have caused a change in time with society of where we have come to having things taken care of now; those are things we need to plan for and understand what the expectations of preparedness and continuity of government are and our ability to recover.

Ald. Payleitner: So you're saying the biggest threat with collaboration is the unwillingness to collaborate?

Joe: There's a natural concern of am I losing something – is someone picking my pocket if I go and say I'm going to provide this; am I receiving enough service for what I'm paying for – cost of benefit.

Peter Suhr: Start with the mission statement to be a recognized leader in the delivery of essential services, known for our responsiveness, reliability, good stewardship, fiscal and human resources, and courteous attention to all we serve. I look back at it again after this discussion today and say that's really not that visionary because it's what we do today; but then from the overall perspective of PW, I look back 25 years ago, it probably looks very similar to what it does today. We provide basic simple services. The visionary part for PW is going to what we talked about in various groups here; it's about how we get there; it's about employing and training our professional staff; it's about utilizing the best available technology and product resources for us; this is going to be an initial key to what's the latest state-of-the-art products that we can use that can be sustainable in moving forward. That's the visionary part for PW over the next 25 years. I picked a badge that has a key phrase "being a recognized leader". Fire and Police departments recently went through a certification process and they are now recognized leaders in their industry. It's not that easy for PW as there are not a lot of organizations that allow you to be a recognized leader but there are some out there. Being recognized holds you to a standard that says you are above and beyond of what other communities are doing.

Greg: When Chris talked about infrastructure funding, a lot of things you have put into the ground, the life span is supposed to be 40/50/60 years depending on types of materials. With PW the service level is very visible but the systems and conveyances that are used – it will be interesting to see as technology moves forward because it will make for changes.

Peter: They do have roads that are now built out of solar panels and they provide the energy for the businesses in the communities that live along side of the road. It's not futuristic – it's there. It's not affordable at this point in time. There are also other benefits to such as, solar panels conduct heat so therefore no snow removal. We need to see how we can utilize some of the assets we have.

Jim Keegan: (I chose the baseball which has been around forever.) Police work was invented about the same time as St. Charles was incorporated – 1829. A statement was said that police are the public and the public are the police and they created the police force in London. City of Chicago was incorporated four years later – 1833 and we are 1834. Although police work is changing it really has stay the same through history. Years ago we would alert a police officer with a light on a bridge; years ago Chicago had call boxes. I came up with the following: Although the only three constants one can count on in life is death, taxes, and change; police work is no different. However, the fundamental principles of police work have been based in serving the people. Like baseball, our nation's past time, it will never change; only the manner in which it is carried out and received. We are always going to have to respond to emergencies, always

going to have to serve the people. It might look different in 25 years, but the principles from how police work was formed and serving the community is not going to change.

Ald. Krieger: I would like to live in a condo on the Fox River with a 1st Street address. Take the elevator down and have dinner on the river and watch the kayaks go by. I think the library is a very important feature in our downtown; have some limited retail; overall a good gathering place.

Greg: Take a brief break and when you come back we will do a goal exercise. We want short-term goals which would be for the next two budget cycles (2-3 years) and long term goals. (*Break at 10:35 a.m.*)

Returned at 10:45 a.m.

Short-Term Staff Goals

Peter: The short-term goal that I'm working on is to transform the Public Works safety culture. We don't have a bad safety culture, however, my expectations of zero accidents, zero incidents is the standard we want. I think the bigger picture for the City is that it relates directly to workman's compensation fees. We all recognize we want our team to go home safe to their families every night, but there is a real financial impact on safety.

The next item is to develop and maintain a Public Works Operational Manual. This would not only be for internal purposes to help us memorialize some of the things we do, and do well, but being less of a reactionary department and more of a planned, purposeful department. I think moving forward we're going to need to be more planned than reactionary with everything we do. The reactionary things relate back to finance. It's more expensive, a little bit chaotic, takes more resources than we need and a lot of times off the course of our policy. Our idea is to set policy and understand what it is. That becomes our customer service level, the policy, that our elected officials tell us what the comfort zone is, and beyond that, maybe it's okay to say no sometimes.

Peggy: One of our ideas is to simplify and consolidate our infrastructure. The reason being the more we do that, the more we free resources to tend to other developmental things mentioned in our vision. More specifically, we now have a Windows platform AS100 from the I series platform. By moving A/P to Windows the migration is started, but Utility Billing is still on the I series platform. One of the goals is to get that moved over to Windows. That eliminates one platform we have to support, and therefore frees people up to do development work.

The other item is our move away from Lotus Notes. That's in progress, now that it's been approved, and what that does is take a very specific, high dollar, application to a the more commonly used Outlook which integrates very well with our directory and other systems we have, eliminating a lot of support.

Larry: One of the things that Peggy and I have talked about is having a fully developed disaster plan in place with continuity. There's a lot of good pieces of IT infrastructure in place. I think that actually having a plan, testing it, and looking at business impact analysis to make sure that highest applications are available. Looking at insuring all of our departments can do the things they need to do. Having a plan and a method with continuity of operations upon any kind of disaster or business scenario that would affect operations.

Peggy: It's important that we think about that long-term funding. We've got a fiber network that's approaching 15 years old. The expected life of fiber is 20ish.

Chief Schelstreet: The first one we talked about quite a bit is to develop an approved plan that addresses Mobile Integrated Health Care (MIHC). Also, develop a plan that addresses diminishing revenue for 911 service and consolidation of resources.

Christi: What do you mean by consolidation of resources?

Chief Schelstreet: There is a Bill to be signed by the Governor that makes a number of mandates for dispatch centers. If he signs that Bill we're going to be forced into looking at the number of dispatch centers within our county. It looks like it will be statutorily mandated.

Denice: The biggest goal I think needs to be considered is to continue to maintain a competitive vantage to attract, hire, and retain quality staff. Staff showed up as a strength in all three of the groups SWOT analysis. I think that the practices and policies we have in place now have allowed us to be able to do that. We do that very well as far as compensation, benefits, work culture and employee recognition. I think being able to maintain that is going to be key to keep staff in that strength column in the future.

Greg: Based on all the conversations over the last couple days, a lot of pieces feed into that. The needs that everybody has, you're turnover, retirement, all of it.

Chris: One of the keys that I have is succession planning and employee recruitment. When I interact with the various departments, it's not hard to see that there's going to be a lot of turnover in the City. I know specifically, Chief Keegan and Chief Schelstreet have talked about the challenges that they are going to be facing in their particular work groups. Public Works has had several retirements. I think we're going to go through it in Finance, probably in the next 5-7 years. The ability to make sure that we know where the next generation of middle and senior management is coming from is going to be one of the big challenges that we're going to face. Again, keep staff and provision of service in that strength's column.

Mark: I agree with Chris and Denice on my short-term goal. My long-term goal the City of St. Charles budget independent of outside agents. I see this as a short and long term goal, it will have to be done in increments. It's going to involve consolidation,

providing services smarter. Also, us as an organization being ever more aggressive than we have been in the past with seeking low interest loan money and grants. Getting free money that we can find and targeting projects that compliment where there is grant money available. I also think we're going to have to not only continue to be smarter about how we spend money, but we're going to have to be more creative with how we create revenue.

Ald. Stellato: That's actually my long-term goal. The numbers are 3 and 5. We have to find three new sources of revenue within the next five years, without being a burden to taxpayers.

Rita Tungare: One is implementation of the homes for changing region plan recommendation and future housing needs. This is a study that we conducted over the past couple years. It's a multi-jurisdiction housing study that was conducted in Geneva, Batavia, St. Charles and North Aurora. They have given us some policy recommendations, the Council adopted the plan, and I think we can make some progress implementing this policy recommendation.

The second piggy-backs on what I stated before. To develop a better understanding of the St. Charles commercial market to assist with our business, attraction and marketing efforts.

Greg: Is that focused here within the organization or also external in helping the community?

Rita Tungare: It's both. From my standpoint, it's how do we educate our community. How do we tell them what's truly viable from an economic market standpoint? I think that's more a short-term goal. We need to make that investment in doing something I would say within the next 12 to 18 months.

Greg: I mentioned the project earlier that we helped with. In my own community, I've been on the Plan Commission for over 20 years. We just did something similar because the same questions come up and it was beneficial for all of us. You just have to be realistic.

Rita Tungare: We might find some opportunities there that we haven't tapped into. We might learn something from it as well.

The third is to explore options for updating the City's development tracking system. Right now we have what we call a permit tracking system. We've had it for about 10 years. I've engaged in conversations with Peggy and Mark over the past year because we are about 3 versions behind. We have customized it with assistance from Information Systems over the years. Again, thinking into the future we want to get into online permitting and how does this interface with the current systems we have in place? I think this is a relatively short-term goal within the next 18 – 34 months.

Greg: Chris, anything we're missing from your list?

Chris: Yes, the second short-term goal is to commit to a capital financing plan. Right now we do a really good job providing for operations. The capital plan would kind of shoe-horned in around the operating budgets. I think we need to decide, particularly with some of the infrastructure needs, we're going to want to start talking about things reaching the end of their useful life. We are going to start needing to quantify and set aside specific percentages of revenue, or specific revenue sources and somehow develop a plan that we can stick to and sustain in the long term. As I talked earlier, making sure that we plan for those replacements and upgrades as they come due.

Long-Term Staff Goals

Greg: Let's start with Council. Long-term, this is the 3 – 7 year window. This may be bringing something to fruition that we already had, or something brand new.

Ald. Stellato: It's 3 in 5; being creative enough that we can find 3 new sources of revenue without burdening the taxpayers. Find some way to find revenue that we can generate that's brand new that we do not have today with everybody working together. That's one of my biggest concerns, the long-term sustainability. We can always cut funding, cut expenses but we also need to find a way to supplement. That is my goal for us to put our heads together and say, how do other communities do it, how do they raise money that maybe we don't? Once again, without hurting the taxpayers, this is not about raising taxes. This is not a new tax. It's a new way to find revenue sources.

Mayor Rogina: 24-hour, 7 days a week City service. The statement I want to make is to wean ourselves from retail reliance. I say that because we're seeing big movements on the internet to retail purchases. As Mark said, our downtown should be a place where people can go to let off some steam. We have a retail overlay downtown. Maybe we need to recognize that the service industry should be more of a vital part of our downtown, the west side and east side. I'm 100% behind The Quad, but The Quad is going to possibly have a face that's not only retail, but service oriented. If we're going to wean ourselves away from Springfield we're going to have to start thinking about retail and its future face.

Ald. Lemke: I think having a share of the Randall Road commercial retail corridor. Also, seek to have a more complete downtown project on S. 1st Street.

Randall Road and Route 38 other than Route 64, which has a lot of things around it, it's the place where a state highway crosses Randall Road. We have a triangle with folks who want to turn right, go down Bricher and don't have to through the development. We really have an opportunity in the center of everything from Elgin to Aurora. If you did tie anything to the Geneva train station you would start at that opportunity.

Seek to have a more complete downtown project on S. 1st Street. Not to be repetitive

because we've heard it other times this week. We have some pieces that will fall into place in the two-year project, but maybe still more than that.

Ald. Bessner: Randall Road as well. Also, a discussion of the fairground property and how it can fit in.

Mark: Initiate a dialog to understand the plans of the Fair Board.

Chief Keegan: Also the Illinois Youth Center.

Ald. Lewis: Do we receive income tax back from the State of Illinois?

Chris: Distributed on per capita basis. Based on how much population the community has. I think the number is somewhere around \$90 per person.

Ald. Lewis: It doesn't have anything to do with your personal income.

Chris: It doesn't have anything to do with how much revenue is generated in St. Charles specifically, but it is related to how much is generated in the State. All State dollars are distributed among the various uses. The more the State collects as a whole the more that comes up. It's not like sales tax in that it's driven only by what's generated in St. Charles.

Ald. Lewis: Thank you for clarifying that. I'd like to focus on good paying jobs in our community.

Greg: To facilitate their creation or retaining them.

Ald. Lewis: Both. Retaining them, facilitating them, some of the economic incentives to get companies like the dealerships. They are good companies with good jobs. We talk about this retail, but if people don't have the money to buy the things because they have to do other things. If we only have service jobs that are paying \$20,000 per year I think we need to focus on bringing good paying jobs into our community and developing more manufacturing plants on the east side. They could build there, bring new companies in. I think that would be something we could look at.

Greg: If you look at the focus group information it did come up about jobs.

Ald Lewis: All we can think about is building places for people to shop. How about building places for people to work?

Ald. Payleitner: In our short-term goals we had a lot of studies. Maybe implement our studies.

Greg: It's been on a lot of Strategic Plans when people said this is a good list but let's commit to do it. I would say that has value.

Ald. Gaugel: I have an additional item for the long-term. We have a unique opportunity with the old rail road at Rt. 64 and Tyler Road to look at potential development for that and start that process. It could be used for many different things from trails to back entrances to some of the car dealerships, a new retail corridor. There are a couple of properties back there that are landlocked that would become viable. That little stretch, Tyler Road to Route 64 is something we should definitely look at.

Ald. Krieger: I want to expand on that and go from Rt. 64 to Randall with the bike/walking path and extend that to connect to the Western Trail. Also, I would like to see the hole filled in at Main Street and 1st Street to become part of the Plaza. I can't disagree with anything that's being suggested.

Rita Tungare: Present for Council consideration rental/business license programs. The reason I'm mentioning it under the long-term is I recognize we have a lot on our plate in the short-term right now. I think something that warrants some hard consideration and exploring before we move forward.

Greg: Did you say rental and business?

Rita Tungare: I mentioned this when we talked about the vision statements. I said licensing, and I'm using the term a little loosely. I'm not sure if they really need to take the shape and form of conventional programs that exist today. It needs to be a way for us to be able to track and be aware of the issues that surround our rental properties. Also, to get a better handle on our inventory of businesses we have in St. Charles.

Second, Assuming that 1st Street is completed, filled with residents and businesses, is to create a downtown commuter station to spur commuter interest and living in our downtown. This could possibly be a dedicated bus service line that would run with stops between downtown St. Charles and the Geneva Metro Station. In the past when there was a bus line running there was an issue that it wasn't well coordinated with the train timing. When you arrived there by bus it was after the train had left. Building a development is one thing, but making sure it continues to remain successful is important.

Denice: My short-term and long-term are pretty similar as far as staffing. My long-term was to put together a comprehensive workforce plan which succession planning is obviously a part of but also workforce planning in general, as far as what the needs of the departments will be going forward. Again, being able to attract, hire and retain quality staff that's an on-going short-term, long-term goal.

Chief Schelstreet: Develop a roadmap for future consolidation of risk management services.

Cristi: Could you elaborate on that a little bit more in terms of what you mean by risk management?

Chief Schelstreet: I see the name of the Fire Department changing into somewhat more of a Risk Management Department. In 1982 there was a study of a consolidated Tri-City Fire Department. I believe that because of those issues I was talking about with local control it's going to take more than 3-5 years to consider that. We're already working under and IGA for ambulance service. It's a natural progression, we've got consolidated dispatching, consolidated EMS.

Cristi: Someone might look at that and say; risk management services is that you're insurance. It could be emergency management. I know your term is risk management.

Mayor Rogina: We could say public safety services.

Chief Schelstreet: Public safety services.

Chief Keegan: I've got something that Ditto's Denice. My second piece kind of dovetails Joe. We had a fire district and it went away. Contract police, not consolidation, with some of the smaller communities around us; there might be a revenue stream for contract police. It would affect manpower, but not our infrastructure.

Greg: You would become a service provider?

Joe Schelstreet: We may, based on whether the fire district is solvent after the spring, we may have the opportunity to look at a new contract that would bring in revenue.

Chief Keegan: I don't think this forces anybody's hand. With budgets or lack of funding there may be some opportunities there long-term.

Greg: I think it's a good point. If you want to look at that and become a provider there's a whole scenario of planning you would have to look at.

Chief Keegan: Historically the sheriff's office has absorbed the smaller communities. We do have a couple of very small communities that are next to us. ETSB and its 911 funding could be the start of the future and we need to be on the cutting edge of that.

Peggy: I have implemented a work order for the maintenance. I have it as a long-range plan because of the fact that it's a big project and will take a while. We do have money in this year's budget to start the discovery process but it is going to take a while to implement that. It ties back to a couple of things that Chris mentioned. We want something that will be fully integrated with our ERP system to get the centralized database and get reporting on all kinds of things out of the same place. It's important to maintain the infrastructure and insure that we have the resources to replace it when we need to. If you have an asset management system you have the tool to be able to do that. Right now, Public Works in particular, doesn't have the ability to do that. They have nothing that ties reports together.

Larry: Second, we want to take the next step to develop remote access. This will also assist with continuity having access to applications from anywhere.

Chris: We talked a lot about developing an independent financing plan and continuing to develop efficiencies for provision of services. Those were my two original long-term goals, but as I was sitting here and we started talking about some of the long and short-term goals, I thought we should try to continue to develop ways to educate and engage the citizens to convince them that City Government provides value to their lives. What I mean by that is when we start talking about implementing some of these goals whether it's an entertainment district downtown or starting to chase industrial development rather than retail development. Whatever the goals we're looking at implementing, people show up at City Hall on Monday night with misconceptions. I see the process of educating and trying to manage, the best we can, those misconceptions and getting our message out ahead of time as key to having the ability to implement the goals in an efficient and non-controversial manner as possible. I don't know what that plan looks like and how we do that, but I think we need to make that part of all of the decisions and implementations of the goals that we undertake.

Mayor Rogina: If you could take every point that's been made and make sure that dialogue goes to our residents, our constituency, we would be way ahead of the game because they're educated and understand.

Lewis: I think we can have a long-term goal of achieving that by having transparency, honesty in our government, on our website, in our daily conversations and giving the constituents the right to be heard. Often times they just want to be heard and feel someone is listening to what they are saying.

Greg: Both are good points. There's not enough appreciation and value of whatever public services we offer. Local government touches everyone's life every day and democracy gives people a voice but you also have to manage it.

Cristi: The new generation are a more diverse population and you have to figure out how to communicate with them. They view things differently and they may have less understanding of what the City does and how it differs from the State.

Mark: Collaboration and engagement and to foster a higher awareness of that. We talked about engagement, I use that term very broadly not to necessarily say how we communicate or how we educate citizens but also how we promote our community; the engagement of promoting St. Charles to business, industrial sector, and residents. Right now we have a half time individual who is sometimes committed to that. I think we need to expand on that capacity to market St. Charles. We also need to talk about how we can promote ourselves and provide better communication whether it's Springfield or our representatives. We need to engage them more. Right now we have an annual contract with a consultant/lobbyist that keeps us aware of what's going on in Springfield. We need to develop a closer relationship with that individual so we have better and more

timely responses to get our agenda to the people in Springfield or Kane County to better represent ourselves.

Greg: Marketing, awareness and policy influence.

The last thing we want you to do, if you look at the handout, all the goals fit into a matrix of time and complexity. We've already answered the time issue, now we want the group to determine the complexity of each of these goals. We have two choices either routine or complex. Routine items don't necessarily translate into easy. Something the City could manage on its own. Complex items are items that require: 1) the use of an outside expert; 2) something that involves another unit of Government; 3) includes another outside party or partner; and 4) something that requires extraordinary resources.

Short-Term Goals

- | | |
|---|---------|
| 1. Take creative risks and be creative related to policy. | Complex |
| 2. Promote and facilitate active involvement in Economic Development. | Routine |
| 3. Act on the river development and utilization. We control our active role and where we're not in control to facilitate. | Complex |
| 4. Plan for, develop, update, and expand municipal campus. | Complex |
| 5. Conduct a transportation study on how to get to metro station, including a circulation study, include Rt. 64 traffic. | Complex |
| 6. Study alternatives for truck traffic including pedestrian friendly buffers. | Complex |
| 7. Take steps to create more connection, awareness and perspective between commissions and advisory boards. | Routine |
| 8. Deliver and facilitate a modern police facility. | Complex |
| 9. Transform the public works safety culture and reduce liability and claims. | Routine |
| 10. Develop and maintain a public works operational manual. | Routine |
| 11. Simplify and consolidate our IT infrastructure including the OS platform. Develop a disaster recovery IT Department plan. | Complex |
| 12. Develop and approve a plan for fully integrated Mobile Integrated Health Care. | Complex |
| 13. Develop a plan that addresses the diminishing revenue for 911 services and consolidation. | Complex |
| 14. Continue to maintain our competitive advantage to compensate and attract high quality staff. | Routine |
| 15. Address turnover of staff to succession planning and employee recruitment. Where will we generate the future, | Routine |

- | | |
|---|---------|
| middle, and senior management? | |
| 16. Commit to an ongoing capital funding plan or various needs of investment sustained plan. | Routine |
| 17. Make the City independent of State funding. Consider consolidation, more grant dollars and projects that compliment grant dollars. | Complex |
| 18. Implement houses for Changing Regional Plan Policy recommendations. | Complex |
| 19. Develop an understanding of St. Charles commercial market to assist with attraction and marketing efforts both internally and externally. | Complex |

Long-Term Goals

- | | |
|---|---------|
| 1. 3 in 5 – three new revenue sources in five years | Routine |
| 2. Wean ourselves from reliance on retail. More recognition of the service industry. | Complex |
| 3. Have a share of the Randall Road commercial retail corridor. | Complex |
| 4. Seek to have a more complete downtown 1 st Street Project. | Complex |
| 5. Fairgrounds property - Initiate dialog | Complex |
| 6. Illinois Youth Center – Initiate dialog | Complex |
| 7. Facilitate the creation of good paying jobs for St. Charles. | Complex |
| 8. Explore alternatives and actions for redevelopment from Tyler Road to Route 64. | Complex |
| 9. Create a bike path and walking path from Route 64 to Randall Road. Hole on Main Street and 1 st Street to be developed. | Complex |
| 10. Have all the traffic issues addressed in the community. | Complex |
| 11. Present to Council rental and business licensing regulation programs. | Routine |
| 12. Create a downtown commuter station to encourage commuter interest and living in our downtown. | Complex |
| 13. Develop a long-term workforce plan | Routine |
| 14. Develop a roadmap for future consolidation of risk management services. | Complex |
| 15. Investigate contract leasing opportunities. | Complex |
| 16. Implement work order management IT system fully integrated with ERP. | Complex |
| 17. Develop remote access capabilities and continuity for staff services. | Complex |
| 18. Continue to develop ways to educate the citizens on the value of city government. | Routine |
| 19. Increase awareness of collaboration and engagement opportunities by promoting and marketing St. Charles to businesses, Kane County and State officials. | Complex |

Greg: You did a great job. Think about how much ground we covered this week. You will be rewarded as you take these things forward. The next step is for us to work with Mark and any other staff. Mark's going to pick up the mission statement group and move forward with that. Cristi and I will work with Mark and any other staff to take these goals, look for obvious consolidations, and provide to Council a ranking sheet. You'll see goals within these four categories: Short-term Complex, Long-term Complex, and Short-term Routine and Long-term Routine. It will only be for Council, we're going to ask Council to help do some ranking to help provide Staff some guidance. There aren't any bad ideas here. The ranking exercise isn't to take the best ideas; it's to help staff prioritize what should be worked on first, second, and third.

The last thing I will mention is the third category. These are kind of administrative items and we'll talk to Mark about that and some of these may go on an administrative list.

Cristi: Thank you for being so prepared it really helped us do this in a short time period.

Ald. Lewis: Do you compare our work to what the stakeholders did? Is there some comparison?

Cristi: Not in a direct way, although, I noticed this morning that your discussions really dovetailed what they said. I didn't see anything that the stakeholders felt strongly about that wasn't addressed.

Greg: There has been a lot of alignment.

Mark: Thank you all.

Afternoon sessions.

Mayor Rogina: Mark prepared an outline of things we put on the table for your consideration to discuss.

Mark: The first topic is video gambling. Chris and Jim have some brief comments.

Mayor Rogina: I had a request from the proprietor at A' Salute, Gus Donzelli, he requested to come to City Council to discuss video gambling. I told him if you come under citizens comments you can say what you want, but the Council can take no action. My recommendation was for him to come to a Government Operations meeting and from there if the Council wants to they can refer it to Staff for purpose of information. I thought it would be wise to have a conversation here and perhaps let him speak and refer it to Staff and get an idea what Staff might tell you. I think it's important to have a public forum on the subject at a future Government Operations meeting.

Mark: The two questions I asked Chris and Jim were: Chris if we were to go with video gambling does it create revenue for us as an organization? I asked Jim if video gaming creates a public safety issue?

Chris: I provided some revenue estimates in the past on video gaming and we have discussed it at various retreats and forums from time-to-time. Essentially, what I've done is go out to the state website. The state actually maintains a reporting structure and all of the video gaming terminals have to report their revenue to the state. The state puts together a monthly capitulation of all the video gaming terminals within the state, how many there are, and what the gross revenue was generated. I've tracked since September, 2012 a monthly running total through May, 2015 of video game terminals licensed in the state currently and the revenues that the municipalities are receiving. In 2012 there were 61 in the state and \$4,500 dollars in revenue that was distributed back to municipalities. In contrast, May of 2015, there are now 20,350 video gaming terminals in the state. There was just a little bit less than \$3.9M that was distributed to those municipalities in May of 2015. That equals a monthly total of about \$191,000 per terminal. If you annualize that \$191,000 you come up just shy of \$2300 in annual revenue per terminal.

There are a couple of trends. The number of terminals in the state has been steadily increasing since 2012. Also, the monthly revenue has been increasing. The trend line is overall positive. Based on those monthly averages I did an average for the almost three-year period from September, 2012 – May, 2015 and I came up with a grand annualized average revenue per terminal of \$1,872.83. In order to place a video gaming terminal you have to have a liquor license. The state law mandates that. The state law also mandates that you may only place five terminals in your establishment. I obtained from the Administrators office a listing of Class B, C and D licenses that we had outstanding as of early June or late May of 2015. We have 74 of those licenses outstanding; 56 B licenses, 6 C licenses, 12 D licenses. If you multiply 5 x 74 potential establishments who could utilize video gaming terminals that puts a total number of machines, as of today, at 370, multiply that by the \$1873 annual average revenue. If half of the machines are placed it would be approximately \$346,000 on an annual basis. If 100% of the terminals are placed it would be approximately \$692,947 of revenue. Those are the bookends based on the average three-year revenue that we would take in from video gaming, based on:

1. How is our experience going to compare to the \$1873 annual average?
2. How many establishments are going to place machines?
3. How many machines are they going to place per establishment?

I think somewhere between 50% and 100% that's a reasonable estimate.

Ald. Lemke: I would argue it's reasonable that you're not going to see it immediately. The scenario of a three-year average seems to make sense.

Ald. Krieger: What is the likelihood that the State would cut the amount of money sent back to the City?

Chris: I have not heard any discussion of amending that law or amending that percentage. It's always a possibility.

Mark: I would agree and if this were to advance to our council presentation we would ask Senator McConnaughay as well as Representative Andersson for their insight.

Ald. Payleitner: The amount per machine is not a usage fee that's based on losses of the users?

Chris: That's based on total revenue that is taken in.

Ald. Payleitner: The revenue is based on losses of the users?

Chris: I think it comes from the amount played. I don't know that it's losses per say. Certainly, that's how the money is generated. There is actually a payback that's specified. There has to be a certain payout that's specified in State Statute and I don't have that specific data in front of me. There is actually a payout percentage that the machine needs to payout.

Chief Keegan: There's an algorithem that's calculated. Everything is transparent for the Gaming Board. All the terminals are constantly monitored in Springfield through IT/IS connections. It's the amount of money that comes in that's dispersed out to the proprietor, the municipality and the State.

Ald. Payleitner: And the winner. It must be losses because the machines payout.

Chief Keegan: I guess in a roundabout way it is, but it's the amount of money that's passed through the machine.

Mayor Rogina: Does the City of St. Charles receive any money from all the losses that have been born by Lotto purchases? No. We sell Lotto all over the City and there is no kickback to the City for losses on Lotto.

Ald. Payleitner: I think that's a fine line calling Lotto gambling.

Mayor Rogina: You wouldn't call Lotto gambling?

Ald. Payleitner: I think that's chance taking. That's different from gambling.

Mayor Rogina: So, horseracing is not gambling?

Ald. Payleitner: Horseracing is gambling.

Mayor Rogina: I have to buy a ticket.

Ald. Payleitner: But in two minutes you will see the end of the race.

Mayor Rogina: On Saturday you're going to see if you win or lose the Lotto.

Mark: We're not here to debate the issue. I would ask people to let Chief Keegan talk about public safety.

Chief Keegan: From law enforcement perspective the State Gaming Board has the heavy lifting in this. It's a very transparent process. You have to have a State issued liquor license to apply. A person who plays any game of chance or partakes in any social aspect of it has to be over age 21. Once an application is initiated to the Gaming Board, they do a site visit, a background of the proprietor. They look at the site to see that it's within State code and the provisions of the Act. It's about a six month turnaround on average from the time the application is presented to the time it's actually turned on. Everything is monitored in Springfield. There is no cash and carry from the bartender or any behind the counter delivery. It's all at a machine, electronically. There is no predisposed negativity seeing a bartender on a payout. As far as who is chosen, there are a couple different amusement companies that are licensed. There are regulations on the percentage of payout and it's all monitored. Every day you can go on the State's website, you can see it by municipality, location, money in, money out, what was actually wagered. It's a very transparent process. The only play that we would have as a municipal Police Department is to run a local check on the applicant, provide that data to the State Police and they do all the heavy lifting from that point forward.

I saw something in the paper for Rookies. Rookies has four locations, St. Charles, Elgin, Huntly, and Hoffman Estates. Their other three locations have gaming. I talked to those municipalities and they see no increase in crime or any kind of calls for service at the local establishments. I also checked with some neighboring towns that have it, South Elgin, Bartlett, previously when I was Chief for Streamwood we had it and I saw no increase in any kind of calls for service. From a law enforcement perspective I don't think it's going to have any negative impact on our services.

Ald. Lewis: Are those communities similar to St. Charles in that they have a concentration of a downtown group of bar establishments. Rookies is kind of independently located. I think that would be different than having 50 licenses in a three-block area.

Chief Keegan: Elgin has some downtown bar and restaurant locations adjacent to the riverboat. South Elgin does have a small downtown and there are a couple locations. Like Chris said, I think you would be between 50% and 100% of those that would opt in. Not everyone that has a class B, C or D would probably opt to come in. The maximum allowed is 5.

Ald. Lewis: Why wouldn't they want to come in?

Chief Keegan: You have to specify the area in which you put the gaming terminals so they have to be in close view from the bartender or the local manager on duty. Some don't have the square footage space, some it's not in their business plan. I visited a couple as I drove around preparing for today. I went to one location on Randall Road in South Elgin called Amici's Club House; it's a pizza tavern on Randall Road near McDonalds. The bartender/manager told me they started with 5, they didn't have the floor space for them and cut it back to 2. I was in there for about 20 minutes and there was no one on the machines. I think it's a case by case basis. Not everybody who has a liquor license comes in and of those that do, not everybody chooses 5 terminals.

Mayor Rogina: What I didn't want to have happen, is what happened last time, where a request was made and nothing happened. If that's going to be the case and a majority of the group here feels like they don't want to discuss it publicly, so be it. I think if Gus comes to speak to the Council on July 20, let him speak, refer to Staff; then come back at a future Government Operations Committee for both Council discussion and public discussion. That's my ultimate goal on this.

Mark: The question I hear is: Is the Council interested in having a public conversation pursuant to a request from Gus at the July 20th meeting? Public discussion would be in August.

Ald. Lemke: I would be willing to make a motion that we discuss and consider if we want to go forward and refer it to staff for research and development of a proposal.

Ald. Stellato: You can't make a motion today.

Ald. Lemke: Hypothetically, when this comes up on the 20th. I'd be willing to make a motion on the 20th.

Mayor Rogina: If you will recall Patrick from the Moose came up and talked and it stopped. I'd like to tell Gus don't bother, or we'll hear it, refer it to staff for a public conversation. That's my point.

Ald. Lewis: I liked your first option. Tell him not to bother.

Mayor Rogina: I want to know what the majority of the Council feels.

Ald. Payleitner: I made a statement and my statement was, I won't be talked into it. I can't see us making money on people's losses. That's where I stand and I don't see any amount of conversation convincing or changing my mind. If there are others who are on the fence then we need to have a conversation.

Ald. Bessener: I would give him the opportunity to speak.

Mayor Rogina: Would there be a successful motion to refer to staff?

Ald. Lewis: I would be a no.

Ald. Bessner: I would say yes and approve the whole process.

Mayor Rogina: He's duplicating what Patrick from the Moose did three months ago.

Ald. Lewis: I think the bigger picture we're talking about is do we want to change policy. It's not just for one person. Once we change it for one person then we have to change the policy. I think that's the discussion. Are we willing to take that step to change policy?

Ald. Stellato: That's why I'm willing to listen. I just heard data today that I've never heard before. I agree that it's a policy change. If it comes to us and somebody says yes or no I'd like to have all the data before I make up my mind. It's an important decision. I think we're going to be faced with it no matter what. If it's not Gus, it's going to be the next operator down the road. It's going to continue to come up.

Ald. Lemke: I could see doing a straight up or down vote to refer it. It's possible that the answer may be no, but I'm against the idea of saying let's not even discuss it.

Ald. Gaugel: I think we should discuss it. Some of the things we talked about here was economic development. Not that this is economic development, but it could be the opposite if somebody like Geneva, Batavia decides to put this in place, it could have a detrimental effect on us. It's worth a discussion. If somebody next door to us were to do this we could very well stand a chance to miss out on a great opportunity, possibly even lose businesses.

Ald. Lewis: That sounds contradictory to what you're saying that people aren't even putting them in.

Chief Keegan: You can't have a full blown conclusion that every liquor license holder in the City is going to opt in and ask for this. I think that's presumptive. My experience from talking to area Police Chiefs over the last couple years is that some go all in and do the five terminals, some don't at all, and some do a mix. That argument that Steve just brought up, that was something that I heard from other communities. One community told me when I called around said that everybody that touched us was doing it, or close to doing it, we felt as if we didn't we were going to lose out on a potential opportunity. Some were in it at the forefront, some waited and saw a lot of communities going in so they opted.

Mayor Rogina: Here is what I think I heard. We let Gus make the presentation on the 20th under Government Operations and after his presentation I would entertain a motion

up (to refer to staff) or down (not to refer to staff). That's fair. The motion would be placed on the table it would be seconded and we would vote it up or down.

Ald. Payleitner: It's an agenda item?

Mayor Rogina: Yes, an agenda item.

Ald. Payleitner: We'll have to be prepared for public input.

Mayor Rogina: We could be prepared for public input that night as well. Dan's going to be chairing that. Also, not taking away from the fact that if it's referred to staff that could also be at a future meeting with public input.

Liquor Licensing and Management from 40,000 Feet

Mark: This discussion deals with liquor licensing and management. I thought this should be on the agenda as we are at a 2-year mark with having the Liquor Commission in place. We've made some changes in our downtown and most of us recognize the liquor establishments are an economic tool in our community – they are viable businesses. I was going to ask Chief Keegan to talk a little about the impact that he has seen in the year he's been here and the history you learned from Deputy Chief Huffman and the other folks on the Police Department as it relates to how the atmosphere or tone has changed in St. Charles because of the advent of the Liquor Commission and the steps the Liquor Commission has taken along with the City Council to provide a fun downtown St. Charles.

Chief Keegan: I am confident to tell all of you as Chief of Police that we police our liquor establishments and downtown very well. That's an observation that I had from early on and has been reaffirm every time I've been out with the officers or I've read in the reports. We are doing a very good job in keeping downtown vibrant and safe. In preparation for today I jotted down a few ideas that I have as far as backing up what I say.

What have we done?

- We've increased our fines for some of the chronic nuisance complaints, public urination, disorderly contact and such.
- We've gone to a compliance and inspection process; not only do we run compliance checks on them, but we also go in and inspect them to make sure that they are following our ordinances – meaning the liquor license establishments.
- We formed the Alcohol, Tobacco, Massage (ATM) Commission.
- We've re-written our entire liquor code.
- We've done outreach training; three times in my tenure (1 year) where we brought in a state liquor commissioner, Lee Roupas, that were very well attended.
- When there are issues, we get in front of them and have meetings or we go out to the bars themselves.

- I've jotted down 7-8 meetings I've had with some of the different locations where before a problem came out of hand, we saw something we didn't like; we met with them and talked about an abatement plan or ideas to make their practices a little tighter.
- We got the late night permit process in place now. We've just did our first annual renewal and I thought that went very well.
- Outreach – we get out there on foot. I, myself, have been in every downtown location and have gotten to know the bar owners. That's really helped in relationships.
- We do foot patrols nightly. We make sure we have a bar beat. Not only do we get out there on foot, but the officer reports to the command staff
- We also have a zero tolerance approach on a lot of different things that we take a strong stance on.

To summarize, our level of communication and cooperation with the bars and liquor license holders has been exceptional. I think it's a model that a lot of communities are going to start following. It's been a sense of pride for me that a lot of the relationships I've established over the years are coming to fruition where I'm getting calls from a lot of communities asking how did you do this, how did do that. send me your code, send me your report on how you did this – that – or the other. We definitely have had a lot of progress and things are going in the right direction. The feedback I've gotten is positive and I am happy where we are.

Mark: To piggyback on that, one of the first things I noticed when I stepped into my current job is I would get these weekly calls from a variety of citizens on the fringe neighborhoods of the residential areas saying I heard this, I saw this, I had this in my front yard on Sunday morning. I haven't gotten any of those calls in a year now. So I think we've made a difference on those fringe neighborhoods. For me that was a litmus test that we've made a difference.

I would also like to emphasis that liquor establishments are not all about bars. We have package locations, as well as fine restaurants and dining. They are an economic development business in our community. They're places that we all engage in because we want this socialization and they are good for the community. I don't want any one of our liquor license establishments to think that we see them as a step-sister to economic development in our community. They're part of our vitality.

Mayor Rogina: I need to have a small dialogue and that's why Counsel McGuirk is here today. You may possibly be facing on July 6, because there is no guarantee after the presentation of the Liquor Commission on June 15, the Liquor Depot to replace the Mini-Mart on 3rd Street in St. Charles; whether that'll come forward to Government Operations Committee on July 6 still remains to be seen. It's going to be advance to that committee if the licensee requests to do so. There were citizens that came to that meeting and spoke unanimously against the application which is on the record. I thought it came off very well, and as Liquor Commissioner one will have to defend the license application given

as a permitted use as defined by our Economic and Community Development Department and then some conciliation with legal counsel. I think they understood that I respected both sides of the coin on this situation. If it does come to GOC, the way I'm going to operate on this is I am going to ask the committee to discuss the proposal. I will also then ask for citizen's comments and then I'll go to John to define what I have to consider to either recommend it under a permitted use or to deny it for particular reasons.

Atty. McGuirk: You have to separate the zoning issue from liquor. It is a permitted use. We had staff look at that and it clearly falls in the permitted use of that zoning district. What the statute says, and we all know the Mayor is the Liquor Commissioner and he ultimately decides, although we have in our city ordinances "the advice and consent of the City Council;" so that's a little hybrid there. In the way these cases go is they go from the local commissioners to a State Liquor Commission and ultimately to the courts and that's where we'll see what the law is. But what the cases say, although the Liquor Commissioner has discretion in allowing, granting or denying a liquor license; he doesn't have unbridle discretion. He has to have same basis to deny somebody. All the cases talk about public health and safety and morals. So the cases, scenarios, fact patterns you see are located in an area, perhaps traffic and it has increased in that area that will affect the safety from a traffic standpoint, or it's a high crime area and this business comes in and that will increase the crime – that is a moral issue. He doesn't have the ability to just deny a license because he doesn't like the location or has no reason whatsoever. You have to have a reason to deny based upon the liquor code, or the State Liquor Commission may overturn the decision.

Mayor Rogina: Given that scenario, I've decided to do it this way. I want to hear your arguments at the committee level and then I would make the recommendation. I also want to make something clear regarding advice and consent of the council; I in no way, shape or form, would overrule you. That was put in on Don's term, advice and consent of the council, and was there for a reason, and if the Council says, for whatever reason, we don't want that licensee in that neighborhood – fine; and as John implied let the chips fall where they may.

If in fact this licensee takes the next step on July 6, I don't want you to be shocked of me for recommending it because I have to defend the use, unless I glean that there really is an issue of public health safety or morals that comes to the forefront.

Ald. Bessner: Are we at the maximum number of liquor licenses for the particular class?

Mayor Rogina: There is no maximum number.

Ald. Lewis: What I'm hearing is you can never probably deny a liquor license.

Atty. McGuirk: That's not true. The example I gave with respect to the traffic and in that particular case the court said you really have a problem here. This will increase the traffic here; so if you had a location where perhaps there's some crime or it's an area

where there are too many liquor stores and too many would enhance the crime situation; that might be a legitimate reason, but it's a fact base analysis. The court is going to look at what happens here and what was your reason. You have to have a reason.

Ald. Lewis: I understand that but I think it's probably going to be difficult to prove reasons.

Atty. McGuirk: You don't have to prove it, you just have to have a reason and there's has to be some evidence of it. You can't arbitrarily deny it because you don't like it.

Ald. Lewis: Do you think the traffic would hold up to this being in a neighborhood?

Atty. McGuirk: I don't know of any traffic studies. If you have some evidence that there would be more people coming to that area that would somehow disrupt the traffic on the street; it could be any number of things. There has to be something in the record.

Mayor Rogina: To Maureen's point, the Council is always in the position to restructure permitted uses in a given area after the fact; not only here but anywhere else in the community with respect to not having to grant a liquor license.

Ald. Lewis: It just seems that we are going through a lot of steps and time when in the end it always has to be a yes.

Chief Keegan: Part of the conundrum with this case is our liquor code. If you want to have a combined used like a mini-mart and sell liquor – you have to be 10,000 sq. ft. – like a Walgreens, CVS, Osco. If you want to sell liquor in a location like that it has to be self-contained as liquor being your sole source of your predominate use. He can't function where he's currently at as far as a mini-mart and sell alcohol. He has to go full blown liquor store or stay with the current business plan.

Ald. Payleitner: My argument with this is the local business zoning. So we have no discretion as far as that goes?

Atty. McGuirk: Not based on zoning.

Rita Tungare: As it stands today it is a permitted use under retail sales.

Ald. Payleitner: According to the purpose statement of the BL zoning it has to serve the neighborhood.

Atty. McGuirk: My view on those statements in the zoning ordinance is that they are more descriptive.

Rita Tungare: The purpose statements are not something we can fall back on. Those are just general descriptions of what the purpose of that zoning district is; how it defers

from other zoning districts. What you have to look at is the table that outlines the specific uses that are permitted or special uses are not allowed and retail sales is a permitted use.

Ald. Payleitner: You're right in the purpose statement of a BL, but if you take that purpose statement and take the neighborhood out of the definition, it's just like any place else.

Rita Tungare: That's how you have to treat it from a legal standpoint.

Ald. Payleitner: Why do we have it except to protect the neighborhood?

Mark: Maybe now we are at crossroads. I don't think we necessarily realized that definition was in the code as it hasn't been explored before. But where we are in the crossroads is that we have an application in front of us now and the Council needs to make a decision. They have to advance forward and based on that decision of John's outline, the applicant has choices and based upon that we will have to act accordingly. Following that based on this conversation today, if we want to make a change, this is the time that maybe Council directs staff back through the Liquor Commission or the Government Operations Committee to go back, explore the code, understand where these kinds of facilities are permitted as a use in these donut holes, and get back to City Council stating where they are and ask what is your goal, what is the philosophy moving forward and that code is modified accordingly pursuant to your policy direction.

Ald. Payleitner: As far as the other argument you said we have a moral safety. The neighborhood will come back to that because they don't want their kids walking to school past a bunch of liquor advertisements. Does that account as morals?

Ald. Krieger: If he moves forward and goes to the Illinois State Liquor Commission, can we withdraw our objection and he gets his license; we don't have to go through a court case.

Atty. McGuirk: You can always settle a case.

Mark: Are there any other philosophical issues you want the liquor commission to consider moving forward, because it's nice to know what direction we're headed, so we don't have tension every time there's a liquor application. It would be nice to know what they are so that we can deal with them face on.

Ald. Krieger: Then we need to look at these pocket zoning issues.

Ald. Lewis: I have one item I would like the Liquor Commission to look at re-instating a beer and wine only license. For a lot of these establishments that is all they want but yet they get a full liquor license. I'm not sure why we eliminated it.

Tina: I believe it was based on cost because it is \$1,200 for beer and wine or \$1,200 for a license if you were a small business without a serving bar. We just streamlined the licenses in our last liquor code revision.

Ald. Lewis: There should be a cost for a liquor license and if you want new revenue; well there's new revenue right there. I would like the liquor commission to discuss that.

Inclusionary Housing Ordinance

Rita Tungare.: The reason for the conversation today is 1st Street. Since we've adopted the Inclusionary Housing Ordinance, on an annual basis we have looked at affordable housing in St. Charles. This past year we came to realize that the Illinois Housing Development Authority changed the methodology for calculating affordable housing. That could potentially have some implications for St. Charles.

Background

We adopted our Inclusionary Housing Ordinance in 2008. The ordinance requires developers to provide affordable housing units within residential developments or alternatively for the larger developments they can do units and a fee in lieu, 50/50%, for the smaller developments they can do all fee in lieu.

There is a definition for affordable housing. This is not Section 8 housing. Affordable housing is clearly defined as housing that has a sales price or rental amount that constitutes no more than the gross annual income for a house sold at 80% of the area's median income, or 60% of area median income depending on whether it's a for sale unit or a rental unit. This definition comes straight from IDHA. This is the definition that we have adopted on the Inclusionary Housing Ordinance and the premise for the Inclusionary Housing Ordinance in St. Charles. Right now our ordinance is suspended. We suspended it in 2013. If there was a development that filed an application today we would not be imposing our affordable housing requirements on that residential development. The reason it was suspended is that in 2013 we found that our affordable housing had reached 25%; that allows the Director of Community Development to suspend the ordinance. In 2013 we obtained guidance from City Council to suspend the ordinance. If the housing stock drops below 15% affordability, that's a percentage of our entire housing stock, we can reinstate our ordinance at any given time.

The Affordable Planning and Appeal Act which is really the impetus for our Inclusionary Housing Ordinance. To the best of my knowledge we are, I believe, the only community in Kane County that has adopted an Inclusionary Housing Ordinance. We are pioneers in that area, from an economic development perspective, although some would argue that we're not necessarily pioneers. We are one of the few communities in the Chicagoland area that has an Inclusionary Housing Ordinance.

In 2004 when IDHA provided their report and methodology which we used for calculating our affordable housing inventory every year. We strictly followed that methodology. I got a call from Scott Buening, my counterpart in Batavia, that he stumbled upon that IDHA had changed their methodology without adequate communication.

This is the math behind the calculations in terms of how we calculate the affordable housing stock. The bottom line is that an affordable home price based on our calculations is \$180,999, that's for an owner occupied single family home.

We have a total number of 9,702 units in St. Charles; out of those 2,708 units fall within the affordable housing category. That brings us to 27.9% affordable for owner occupied housing stock. Going back to the 25% rule, we're doing pretty well. This is our methodology. The methodology reviews from the past 5 years.

If we use IDHA methodology the affordable home price is \$145,639 so the percentage of our owner occupied housing drops from 27% to 3.3%. That's the big difference.

If you look, the median monthly property tax is \$526. IDHA is using the US American Community Service estimate. We use the township assessor's data. There are some discrepancies that we find frustrating from a staff perspective. The rental is the same. We found that we are at 11.9% affordable with our regular housing and IDHA actually is finding that we're higher at 31.9%. There is a significant discrepancy in the two methodologies.

Ald. Lewis: Why is there a discrepancy in the units, it's over 1000 total units.

Rita: Part of it has to do with how IDHA calculates the area median income and what they consider affordable. The fact that they are not adjusting for bedroom size as well. We are adjusting for bedroom size.

Here is a snapshot of where we are. The discrepancy with our findings and IDHA findings. According to our calculations we are at 23.1%. One thing I need to mention is that the township accessor gave us one year behind. This is based on 2013 data.

Here is where we outlined the differences between staff findings and IDHA findings. The median income, the adjustment for the household size, the use of township accessor data, and the property taxes.

As many of you are aware we initiated a conversation with Ray and Mark. I explained the discrepancies. We have some development projects that could potentially be coming before us. Our ordinance is suspended. What should we do? At that point we decided that it would be prudent to initiate a conversation with our Housing Commission and get a sense of how the Housing Commission would like to approach this. We spent about three months going back and forth with the Housing Commission having the conversation

about whether we should ignore IDHA's methodology or embrace it and what the implications would be. As I said our ordinance is suspended and there is a discrepancy in the findings.

The Affordable Housing Plan, it appears, that communities with more than 10% affordable housing are exempt. St. Charles has always been on the exempt list. As you can see if you use their methodology we are starting to border on the non-exempt list. We're getting too close to the 10%. IDHA supposedly will do the recalculation in another four years. They will be doing this again in 2018. If we fall below the 10%, communities have to submit an Affordable Housing Plan. Through our conversations with IDHA they have told us that we are fine, we have an Inclusionary Housing Ordinance, we've been doing our annual inventory keeping track of the affordable housing stock, you have a housing trust fund. To date, I believe we have somewhere in the range \$600,000 in the housing trust fund which can be used towards affordable housing programs. What they are telling us is, kudo's to you, you've already made progress towards an affordable housing plan, we find you in default. The bad thing is that if we have an affordable housing plan that comes before us, and we deny for whatever reason, that developer can appeal the State Housing Appeals Board. The process could drag on and there isn't an immediate risk if we fall below the 10%. We need to make an informed decision.

The Housing Commission basically said let's embrace IDHA's methodology, as convoluted as it is, let's find ways and use this as an opportunity to make our Inclusionary Housing Ordinance more practical, easy to apply and economic development ready. They have come up with some preliminary recommendations to accept fees in lieu for all types of residential developments. Not limited by size. Let's adjust the fee in lieu to make it more practical. They come up with a number of adjusting it from \$104,000 to \$78,700. When we first adopted the Inclusionary Housing Ordinance the fee in lieu was \$140,000. They've already adjusted it once. They decided to remove the limitations and apply a density bonus. Right now if you look at the ordinance that's currently suspended there are several caveats to apply the density bonus and in my experience no developer can ever take advantage of the density bonus, it's just not practical. They decided to come up with a sliding scale. When 100% of our requirement could apply, and the City is at or below 10% affordable, then there is no requirement if our affordable housing stock is at 20%. They have made some recommendations to make the ordinance more economic development friendly.

What we have also provided in the slides are two examples of fee in lieu calculations. There have been some conversations with Mark and Ray about how the ordinance would apply to various size developments. If you look at a 3-unit development, a 25-unit development and a 500-unit development, we have calculations based on the current ordinance and there is a slide that also tells you what the fee in lieu would be based on the Housing Commission making some adjustments. There are significant discrepancies. For a 500-unit development, under the ordinance which is currently suspended, a

developer would have to pay \$7.2M. With the recommendations the Housing Development is proposing its \$3.9M.

The options for the Council; we can keep the ordinance suspended and do nothing or we can work on amending the ordinance to make it more practical and economic development friendly. Today we are only seeking guidance of the Council then we can take it from there and work on it. We can reactivate the ordinance as it stands or the Council may decide that we don't want to keep an Inclusionary Housing Ordinance in St. Charles and repeal the ordinance. What would this look like if the Council decides they want to amend the ordinance or repeal. It's my understanding, and John you can weigh in on this as well, that since it's part of the zoning ordinance we will have to file a general amendment application for zoning ordinance.

Ald. Stellato: I believe we need some type of affordable housing, it's not start-up housing, it's an age restricted senior housing. One thing I do not have, and I'd like to see amended in the ordinance, is we don't have any control over how that money is paid out from the developer. The developer comes in and wants to build 50 units in St. Charles and he says; I don't feel like paying the fee so I'm going to build some affordable housing. The neighbors are upset, they don't want affordable housing being built, he has the right to build so many percentage units unless we vote it down. I want to give us the same right that the school district has. They come to the developer and say; we decide if you build the units or you pay us a fee. You say do not build affordable housing but pay us a fee of \$3M, take that money and put it into the Affordable Inclusionary Housing account, then we as a Council find an area in town that we think would be good for age restricted housing. Let's choose a development project for example. Part of the component of their redevelopment is to have an age restricted housing development. We go in and tell them if you want to build age restricted housing, and we want it, we're going to give you some of this money from this account to help you build this development. Once again, those units get counted towards affordable housing. We're now controlling the decision as far as a developer coming in and saying I'm going to try to force it in your neighborhood. I would like to see an amendment made that gives us full control over that decision, just like the Park District and School District.

Mayor Rogina: So you're saying the Council now controls where the affordable housing is going and works with some developer and we're providing some sort of incentive?

Ald. Payleitner: He's talking about controlling the fee in lieu. We don't give them an option. We say yay or nay.

Ald. Stellato: If you want it in that neighborhood maybe you say go ahead and build. If you don't I want us to be able to determine that.

Ald. Payleitner: Keeping in mind the charge of the Housing Commission, it's to have those affordable unit numbers, and as it stands now the fee in lieu does nothing for that. With Dan's idea we can do both.

Ald. Krieger: I like Dan's idea, but to piggyback on that, there are a lot of foreclosed homes in the area and I think if we worked out some sort of program where either the City rehabs and turns them into affordable housing or we sell them to people to rehab with a requirement that they live there for a certain number of years. That might also help.

Mayor Rogina: It helps someone move into our community.

Ald. Payleitner: There you see the diversity of the thought process of The Housing Commission.

Ald. Gaugel: I think you're right on the money. These are very good suggestions. If you look at these questions we're going to decide between one and two: to amend the ordinance and make it more economic development friendly.

Mark: Under the housing trust fund, we have this money in the trust fund itself, and we want to use it for share of sale housing, remodeling; what is the criteria of how we are to spend that money and what does that look like?

Rita: That's something that I think we'll need to confer with John McGuirk. If you look at the second page of the housing trust fund it really spells out what the eligible activities are for the housing trust fund money. My immediate reaction is that the high level of conversation we're having about taking the money but putting it towards affordable housing somewhere else in St. Charles sounds like an eligible activity.

Atty. McGuirk: Has any of that money ever been paid out?

Rita: It has. We have used it towards a single family rehabilitation program which we piggybacked with Kane County's program. They gave up to \$20,000 for rehabilitation of units that made the affordable criteria and we piggybacked with an additional \$10,000. So far we rehabbed about six or seven homes over the past four or five years.

Ald. Lemke: I find that scenario is something I can believe in, and I refer to this acquisition, disposition, single family homes, other structures and we know that the school had a program where they were donated some lots by developers. If we don't have that going on, to be able to capture some of the houses in distress that have maybe been foreclosed and give them the opportunity and put this together, that to me has some interest.

Mark: I think we've heard some direction in terms of how we proceed with number two in the recommendation section. If staff were to put some words to paper, have a presentation, bring it to a P&D Meeting.

Rita: Rita, do you have any suggestions that we would want to bring to the Housing Commission based on this feedback?

Ald. Payleitner: I think it would be acceptable.

Ald. Stellato: We're all trying to accomplish the same goal.

Economic Development/Promotion

Mark: For the last 12 months I've heard a lot of conversation about consolidation. Consolidation in particular about CVB, The Downtown St. Charles Partnership and the Chamber. The City of St. Charles has an interest in this because we're an economic development arm ourselves. I understand there is a history to this conversation, it goes back to before I was in this position. I'm here this afternoon to ask is this a real conversation or is it just a mental exercise? I think there is an opportunity under the public's vision of what consolidation means and an opportunity to bring to the community a focus on economic development in the City of St. Charles. It's going to be a collaborative effort.

I'm going to throw out a concept. The concept looks like this: we form a task force that includes stakeholders from the CVB, Downtown Partnership, Chamber of Commerce and the City of St. Charles. We retain an external facilitator, someone who is on the independent side. We create a conversation to understand what the purpose of each of those organizations are and what they believe they bring to the table in terms of promotion of economic development. Secondly, put that all into a matrix to find out where there is overlap. Perhaps there are also some gaps or underserved pieces of promotion. Take the information and begin to talk about what the alternatives are for providing a consolidated concept that everyone can live with and support moving forward collaboratively. If we can have that conversation with the right set of players, maybe there is an opportunity to advance that conversation back to our respective boards, this board as well, and talk about how we cause that to happen. Some criteria I think we would like to establish would be; does it cost us all a little less money? Where can we do a better job of promoting the City of St. Charles? How does it make better uses of resources in our individual organizations, because perhaps there is only one now, by resources I'm talking about labor, facilities, office equipment, things you have to have to operate an organization and there are a lot of other opportunities. I'm going to step back and let you all hold that conversation.

Mayor Rogina: I agree with Mark on his opening premise that we should have an independent facilitator to guide this discussion.

Ald. Krieger: I'm in favor of this. I think that we should have this conversation, but as an example, the Chamber says you don't give us much money we don't want to participate. Can they step out and just the CVB and the Downtown Partnership and the City work on something?

Mark: I think the pallet is clear. There is no hidden agenda. I don't want to use coercion to perhaps find cooperation unless it becomes the last step. Cooperative partners are always better partners.

Ald. Krieger: Maybe we should just ask the Chamber if they would like to participate, if they walked away the first time, and stick with CVB and the Partnership because they get the majority of the funding from us.

Mayor Rogina: It's interesting to note that on my calendar, looking forward, is a meeting called by Stacey Ekstrom from the Chamber. She's coming in to talk about the future. It's very relevant that I mention to her that the Council has had a conversation and are you interested in joining the table.

Ald. Lewis: It seems to be that the Chamber is a different type of organization than the Partnership that gets their money from the SSA tax, where the Chamber gets theirs from members. I don't see how those two are going to work together.

Mark: I think that's part of this conversation.

Ald. Gaugel: If we hire a third party to sit down with three parties I see it nothing more than a lobby effort from all the parties. I think this is a decision that we need to make.

Mayor Rogina: Steve makes a good point that there will be lobbying. Let's revisit about two months ago when the 10% number came in decreased. There was all kinds of lobbying then, at least by one organization.

Mark: I would like to think we can bring people to the table with the interest of what's best for advancing the City of St. Charles. It isn't about any individual group. It's about advancing our community forward. If we can't get there because of the more noble goal then perhaps there's another way to handle it.

Mayor Rogina: To Steve's point I will make this statement. I believe on the various boards of these organizations there are people who have that sincere interest and are willing to talk.

Mark: Having said that, and it's after 2:00 pm, is there interest to pursue this conversation with sincerity or is it just a mental exercise?

All agreed that it should be pursued with sincerity.

Ald. Gaugel: It would be very good if we came up with the direction that we want to go. If you want to get everybody to the table we need to tell them the direction we want to go. Not ask them for the direction they think we should go. Because that's going to be a non-start. We'll be back to this point four years down the road. We say this is what we envision, are you on board.

Mark: And our vision is? Maybe you want to articulate that please.

Ald. Gaugel: Consolidation.

Ald. Lewis: Consolidation as a cost reduction to the residents of St. Charles.

Ald. Lemke: I would argue not only with cost reduction; its improvement and coordination and commonality.

Mark: Thank you for a huge day!

Mayor Rogina: I want to thank the staff.

Motion by Mayor Rogina, seconded by Lewis, to adjourn meeting @ 2:05 pm.

Voice Vote: Ayes: unanimous; Nays: none, motion carried.