

**COMMITTEE-OF-THE-WHOLE
MINUTES
April 21, 2020**

Mayor Gallo called the Committee-of-the-Whole meeting via Zoom Teleconferencing to order at 7:31 p.m.

COUNCIL IN ATTENDANCE REMOTELY: Aldermen Mike Cannon, Nick Budmats, Kevin O'Brien, Jenifer Vinezeano, Jon Bisesi, John D'Astice and Lara Sanoica

COUNCIL MEMBERS ABSENT: None

STAFF IN ATTENDANCE REMOTELY: City Manager Barry Krumstok, Finance Director Melissa Gallagher, Deputy City Clerk Judy Brose, Assistant to City Manager Lori Ciezak, Police Chief John Nowacki, Fire Chief Jeff Moxley, Director Public Works Rob Horne, Assistant Director Public Works Jo Ellen Charlton, Business Advocate Martha Corner, IT Coordinator Waseem Khan and City Attorney Melissa Wolf

I'd like to let the members of the public know who are joining us, they will be afforded the opportunity for public comment to address the City Council on matters that are on the agenda, only after the City Council discusses with Staff so long as you have provided your contact credentials along with identifying the subject matter for which you would like to speak on before the deadline which was indicated on tonight's agenda. We ask that persons who do speak address the City Council and keep their comments to 5 minutes in length. Comments must be addressed to the Council as a whole through the Mayor, and profanity may not be used in any form.

1) City Operations Update – COVID-19 Response

Melissa Gallagher, Finance Director – This is information provided to the Mayor, City Council, residents, businesses and the community. City Hall and Public Works Offices are temporarily closed to the public, based on health guidelines issued in response to the Covid-19 outbreak. All public safety operations will continue, including services provided by the Fire Department, Police Department and Public Works Department. While City Hall is closed to the public, City services continue to be delivered and our Community Development and Finance Departments remain open remotely by phone at (847) 394-8500 or by email at finance@cityrm.org.

Access late breaking updates on the City's COVID-19 Response page at www.cityrm.org.

Individual web links offer access to a wealth of information on a variety of topics:

- Weekly video updates from Mayor Joe Gallo.
- Online payment options for monthly utility bills, real estate transfers, and more.
- Operational updates for City Departments and information provided by the State of Illinois on the COVID-19 virus.
- Hours of operation for grocery stores and other essential businesses around town.
- Food pantry resources.
- Help for small businesses.

Residents may also stay informed via the City's Facebook pages at facebook.com/cityofrollingmeadows.

City Services and Continuity of Operations: Rolling Meadows City Departments were well into developing operational plans to assure continued delivery of essential City services when Illinois Governor J.B. Pritzker announced a state-wide shelter-in-place strategy on March 20th to slow the spread of COVID-19. From Police and Fire to Public Works to Finance and Administration, City employees developed and applied creative social distancing to maintain full staffing levels and deliver vital operations while simultaneously protection their own personal health.

- Ensuring the continuing of refuse and water operations, and other critical functions, led Public Works to split its 40-plus employees into two separate shifts throughout their respective divisions.
- Public Works, with the assistance of the Emergency Planning Committee, introduced expanded cleaning procedures for all facilities and vehicles and kept crews isolated from one another.
- The IT Department, took the lead at the direction of the City Manager, to ensure technology was in place for remote work, communication, and meetings as well as updates to the City's website. Technology has allowed the City to continue to successfully operate and provide services to the community.
- As the risks associated with COVID-19 became more apparent in the days and weeks leading up to the Illinois' stay-at-home order, the Police Department adopted new standards that guide its use of personal protective equipment (PPE).
- The Fire Department developed expanded safety protocols that protect firefighters who provide emergency medical services.
- The Finance Department expanded its online payment capacity and developed a new way to process payments for Real Estate Transfers, Business Permits and Local Taxes.

Important Information:

- ✓ The Administration, Finance & Community Development Departments continue to operate at this time via phone and email (see www.cityrm.org for various emails).
- ✓ Payments are accepted by the following methods:
 - Online at www.cityrm.org;
 - White Drop Box (City Hall Parking Lot);
 - By mail (City of Rolling Meadows, 3600 Kirchoff Road, IL 60008).
- ✓ There are NO LATE PENALTIES for any types of bills.
- ✓ There are NO WATER SHUT OFFs for Water Bills.

Restaurants, Gas Stations & Hotels (Food & Beverage Tax Payments & Liquor Licenses): Finance is actively working with businesses to help make payments arrangements that fit their needs. The City of Rolling Meadows is following the State's guidelines for payment extensions for Liquor Licenses (license renewals due now may be paid by July 31, 2020). Some businesses are paying for their Liquor License and some need several months.

Businesses who need to speak about payment arrangements should reach out to Finance Director, Melissa Gallagher at gallagherm@cityrm.org or call (847) 870-9041 to request a payment arrangement. (At this time only four businesses have requested a formal payment plan.)

FY 2020 Financial Estimates: During tonight's Committee-of-the-Whole Meeting, Staff will present some initial thoughts for discussion during the Agenda Item, "Fiscal Estimates – Initial Mitigation Thoughts". Between now

and June, the City's Auditors and Staff will finalize the City's FY 2019 Audit which will be presented to the City Council at the June 16th Committee-of-the-Whole Meeting. More information and data will be provided as we all work through the assesment, mitigation and recovery process.

Alderman Budmats – Are we talking about item number 5, the financial piece now because Melissa mentioned it or are we waiting until that point in that order, just out of curiosity?

Melissa Gallagher, Finance Director – We would follow the agenda items in order of the agenda.

Alderman Budmats – Okay, then I don't have any questions at this time.

2) 2020 Community Events – Updated for 2020

Lori Ciezak, Assistant to City Manager - Amidst the global outbreak of COVID-19, communities across the nation have been forced to cancel or reconsider the timing of community-based events taking place in the early summer months of May and June this year. While July and later months may also remain in question, City Staff recommends continuing with all events in July and after, and will engage in critical discussions with City leaders to address putting social distancing and sanitary safeguards in to place for all community events that occur in 2020.

New dates chosen for the 2020 rescheduled events are based on the availability of the event locations, bands, staging, cost expenditures, rental supplies, vendors and committee views, to name a few. Proposed new dates also had to account for schools being back in session during the later summer months, which has alerted City Staff to even more factors to consider in regards to street closures, parking lot use and conflicting extra-curricular activities, especially on a Friday night.

With major plans in motion for the April 23rd Business & Community Showcase, Business Advocate Martha Corner was able to quickly reserve an alternate date with Meridian Banquets for Thursday, September 24, 2020. The time will remain the same, from 4:00 pm – 8:00 pm, with the first hour being dedicated to a business-to-business networking opportunity. To date, approximately thirty vendors have been signed up for the Showcase, and all have been receptive and understanding of the postponement.

Unfortunately, both the Memorial Day Parade and Ceremony will be canceled this year due to their May 23rd position on the calendar, amidst the pandemic and resulting social distancing mandates currently in place throughout Illinois. To continue the City's tradition of honoring those who have served, Staff will work with the Veterans Committee for additional ideas to further commemorate veterans at the July 4th Parade or the Veterans Dinner on November 6th this year.

Since the May City Market also takes place during the Memorial Day weekend, this event will be canceled as well. Staff is hopeful that the June 27th City Market will still take place since it falls late in the month. That decision will most likely be made in early June and will take into account concerns of all participants. In regards to the two scheduled City Council Meet & Greets on market days, Staff would like to suggest changing the first one to July 18th, while continuing with the scheduled September 26th date.

One of the more difficult events to reschedule has been the popular Block Party, which made a welcomed location change to Central Road and the Rolling Meadows High School grounds in 2019. A big part of the excitement for the event in 2020, is welcoming the popular Beatles tribute band, American English, to the big stage. To reschedule this band later in the summer, and to account for schools being back in session at that time, Police and other City Staff chose to reschedule the Block Party from a Friday event to Saturday, August 22nd – one of the limited dates

available with American English. Community event partners, such as the Police and Fire Departments, Rolling Meadows High School, the Park District, NWSRA and Conyers Academy have kindly accommodated this new date into their schedule. City Staff envisions that the Block Party event will proceed as usual with the law enforcement vehicle display, food vendors, kid activities and select market vendors. Again, all City events taking place in 2020 will account for necessary social distancing and sanitation measures.

Other popular City events are the monthly Fridays Rock! Concerts in the Park, that take place at Kimball Hill Park in June, July and September (August is reserved for Wine-Down By the Creek). This year, the June Fridays Rock! concert was to feature the well-known 80's cover band, Hi-Infidelity on June 19th. With limited dates available later in the summer, Hi-Infidelity was able to commit to playing in Rolling Meadows on Friday, September 11th.

Rolling Meadows Police Chief John Nowacki confirmed that the official new date for this national community outreach event will be Tuesday, October 6th, instead of August 4th. The Police Department is busy putting plans into place to make this year's National Night Out another unforgettable evening with the City's first responders and local businesses.

3) G1 Ordinance Discussion

Barry Krumstok, City Manager – This is a draft ordinance being presented tonight for discussion. Staff still needs to tweak a few items. I do want to mention that the biggest thing that staff sees as a concern is that for a business, there is a business license and then a liquor license so the business is already paying quite a bit of money. When we originally set up the G1 license businesses were paying \$120 for the business, \$1000 for the actual video gaming business and \$1000 for each terminal. This draft ordinance takes the \$120 fee and increases it to \$5000 and \$10,000 which is a significant change. In past discussion was to look at what Schaumburg was charging. The concern is that it's increasing the fees too high, too quickly and we should look at what the State will allow us to charge for the video gaming companies, \$1000 was the max. fee when we first created the ordinance. Again, \$120 to maybe \$500 unless you're going to grandfather the 10 businesses that already have G1's but the \$5000 and \$10,000 fee seems significantly high along with what all the businesses are still paying. Again, that is staff's recommendation is to bring it back down and also grandfather those 10 businesses that are in place right now. Staff does like a cap of 12. Tonight, we're here to talk about the new zoning regulation and the amendment to the liquor license classification for GA and GC.

Melissa Wolf, City Attorney – This is a very preliminary draft of a new process that we're trying to create with respect to the video gaming licensing and identification of the establishments. As we listened to the Council over the many other meetings that we've had regarding these video gaming licenses, we've heard some key points. We want to make sure that we're appropriately identifying the use that the establishment is, whether that be a restaurant or bar use or video gaming cafes. We also want to be business friendly to our businesses that are existing and any incoming businesses. We are trying to create a procedure that would allow those businesses to be appropriately identified at the onset and then establish an avenue for them to go and seek appropriate approval with respect to their establishment if they are in fact defined or qualify as a video gaming café and they can get approval and move forward and that approval will entitle them the use of their establishment and ultimately the license that goes along with those video gaming cafes. We still wanted to take into consideration the geographic and other restrictions that the City Council was discussing with respect to our G1 license. We want to make sure those carry over as this Council sees fit. If there was something that was important to a City Council member as discussed before please feel free to bring that up because it is our intention, as Barry said, this is a very preliminary stage of it. We wanted to present this to you now with the intention that we will bring this before the City Council again at the May COW meeting in a more refined form. Between that time we want to meet with staff, specifically management, so that we can go over their concerns with respect to these draft regulations and operations, we want to make sure that

we're refining those procedures. Also, with respect to what we're doing now, our intention is that the establishments that exist will remain operationally the same, we have no intention of changing or precluding businesses that are operating from those operations. The one thing that may change is the fee associated with their license but that's something for the Council to make a determination on. In between now and May, we do intend to do a survey of these similar licenses and fees associated with them so the Council will have information before them as to what other municipalities are charging for such licenses so they could make a determination if they do want to raise the cost of the license. From the perspective of the businesses that are operating, it is our intention that they will continue to operate, they just may be redefined but they won't be eliminated in any way by the process that we're creating. For now, we would like to open it up for questions and comments so we can make sure that we're keeping in mind the desires of the City Council.

Alderman Cannon – Why are we deciding to raise the fees already?

Melissa Wolf, City Attorney – A comment was made at the last COW meeting and the line item was put in there so it would be a matter of discussion and it was more comparable to the fees of Village of Schaumburg and that was basically because that was mentioned at that meeting. That's not a determination that's been made by us by any means.

Alderman Cannon - In light of what's going on right now, I think the last thing we need to do is put additional fees on anybody other than what we're charging right now. One can make the argument that we should reduce them but that's not where I'm going right now. I don't know why we would even charge more money when most of these people have been shut down for 4-8 weeks with no revenue at all. I just don't think that's a good way to go. I'm confused, I don't recall any of the seven Alder people making an argument that we should have video gaming only cafes so I'm not even sure why we're having that part of the discussion. I don't know of anyone that supports the video gaming cafes that has been explained to us and I don't know why we would offer that.

Alderman Vinezeano – I have a couple points reading through this very long proposal. I kind of agree with Alderman Cannon that the proposed license fees are extremely outrageous. I'm not opposed to raising them slightly but not to the amounts that we're showing here and that can definitely be open for discussion. Another one that has been brought to my attention last week with passing Lulu's, I would like to have a discussion about is not having an applicant apply for a license for the City until they are approved through the state. I believe it takes up staff time, Council time and they may not even get approved through the State. Now we have gone through these resources and they may not get approved. My other point is, how are our current G1 licenses, how are we going to determine converting our businesses that are appropriately a G2 so their license fees are appropriate and they have the correct license. There's another section that stated that the City Manager and/or Public Works Director would determine if they would be qualified as a G1 or G2, I would actually like to see that as the Liquor Commissioner would make a recommendation since he approves the liquor license to the Council and then the Council decides if they are G1 or G2. Those are a couple of my suggestions so far.

Mayor Gallo – I'm going to make some remarks after everyone's comments. That was one of my findings, that the Liquor Commissioner and City Manager as those are the two individuals that sign off on the liquor licenses so it would only make sense to follow that cadence.

Alderman Budmats - I am the one that mentioned Schaumburg last month and that's how we got to this point where we're looking at what other Cities have done. Recognizing that there are gaming cafes in Rolling Meadows rather than stick our head in the sand and say that they don't exist, it's easier to just to identify what a gaming cafe is and then assign fees appropriately. We passed this law originally it was to help our restaurants so I took the time today and I spoke with Barry and we looked at the revenues that have been collected recently by some of our

restaurants and some of our G1 licenses who appear based on their numbers to be more of gaming cafés. In the downtown area there is a restaurant who had 4x's the revenue in food and beverage tax versus their gaming tax. In the same shopping center there's a gaming café that had gaming revenue 35x's higher than their \$100 that we collected in food and beverage tax, to me that means they're a gaming café. On the south side of the City, there's a gaming café that had about \$50 in monthly income to the City for food and beverage tax will but had \$1000 in gaming tax, so that ratio is points to the fact that they're a gaming café. Right next to them is a restaurant that is struggling to exist that has next to no gaming income and has changed names. They're trying to stay in business and we created this law to keep our restaurants viable and instead we created gaming cafés right next to the very restaurants we were trying to help and they're sucking away the dollars that could be going to those restaurants instead they're going to a gaming café. We charge them currently \$120 in tax to do that the same thing we charge our restaurants. My thought of creating a two-tiered system is that if they're going to exist then they at least need to pay their fair share because restaurants are selling food and they're providing that benefit to our community and we're actually hurting them by allowing the opening of gaming cafés adjacent or close to them who suck the dollars that they would be making in gaming away while providing little or no value to the community in terms of food and beverage sales. I concur greatly with Alderman Vinezeano. I don't understand why we are looking at any applications if they haven't been approved by the State, we're just wasting our time and spinning our wheels. In reviewing Lulu's, they're right next door to a church building, they're less than 100 feet away, I don't know why we would have looked at it. That's a real problem, I don't know if they'll get a license for gaming. As far as the Liquor Commissioner and the City Manager, those are the people who signed the licenses, they really should be the people looking at these and reevaluating these licenses every year to make sure that the gaming cafés are being charged appropriately and restaurants are being charged appropriately. We don't want to put our restaurants out of business by charging them \$5000 or \$10,000 and giving gaming cafés are unfair advantage over the restaurants we're trying to help.

Alderman Bisesi - I agree with Alderman Vinezeano on several points. The State should approve first. I also agree that the Liquor Commissioner and City Manager should evaluate the applications. I also believe that we don't need to raise the fees on the restaurants, the ones that are considered GA. As for the GC's, I don't see any reason why it can't be substantial. The other thing I was wondering about, the ones that we currently have approved (10), are we going to leave them as is until renewal and then classify them as GA or GC? Are we going to try to handle all that once we come to a consensus on the new ordinance?

Melissa Wolf, City Attorney - The intention was that the analysis will be made at the time they would be up for renewal so there wouldn't be a mass analysis at the time this ordinance is passed. Each establishment at the time their license was up for renewal they would be evaluated.

Alderman Bisesi - I would concur, that would probably be the best way to do it and the only fair way to do it. There was a portion in here that mentioned about and I'm hoping we're all in agreement on the 12 or so per the map but there was another part in here that said no more than 6 of the gaming cafés. What I'm a little concerned about without identifying what each will potentially end up being at the time of renewal that we could wind up over that 6 if anything gets approved prior to renewal time for these establishments. I think we need to watch on approving anything that's a gaming café until we have gotten through the process with all the existing ones.

Mayor Gallo - I do believe this option if we have the GC type license allows for a gaming café to come in and saying they're a gaming café rather than in a guise of a restaurant and then when their license is up for renewal we look at the data and find out after the fact that they are in fact a gaming café. Hopefully, if we perform these designations and bifurcate these licenses, a gaming café is comfortable enough to come in and say we would like to operate in your community as a gaming café. That removes the whole portion of we're a restaurant trying to be a restaurant in your community and then we receive the taxes and they're not.

Alderman Bisesi - I understand that point and I agree wholeheartedly. I read somewhere in here that there was a proposal limiting that at 6. We know, as Alderman Budmats said, we have some that are going to wind up being a gaming café designation upon renewal should they determine if they want to renew. I think they should probably get first crack at those 6 slots.

Mayor Gallo - That's a good point. Attorney Wolf, is there a way to keep the open/close for this next year to monitor so we know which one should be reassigned and how many spaces are left available?

Melissa Wolf, City Attorney - Sure, that is a good option. The intention with the creation of number 6 as the cap was chosen so that those businesses that are existing would be able to be categorized appropriately and they would not be eliminated in their intentions to operate. We picked the number 6 by just doing a preliminary evaluation of those existing businesses with the intentions that those that are operating now is gaming cafés will be within that number 6. It is our intention that the cap that we create shouldn't altar the operations of those businesses that are existing.

Alderman Bisesi - Does that also include the 2 that have not yet come before us?

Melissa Wolf, City Attorney - Yes, I believe that left room for the 2 that are in the pipeline but we can always, as the Mayor has said, we don't have to establish a cap at this time we can leave that open/close just like we do now and we can evaluate that at a later time but that's not a requirement.

Alderman Bisesi - I'm very much in support of a cap on the cafés. I would like to see the majority of whatever we have be more for the restaurants than the cafés.

Melissa Wolf, City Attorney - For point of clarification, there is no cap on the accessory license (GA), a video gaming license that would go along with a restaurant or a bar in the City. It would be open/close at the discretion of the City Council we did not put a cap on it. The cap is only associated with those gaming cafés that will exist or come into the City.

Alderman Bisesi - If we go by the map that was presented, would that kind of put a cap on it because that was limited to 12?

Melissa Wolf, City Attorney - Are you talking about the map that was presented last time?

Alderman Bisesi - Yes.

Melissa Wolf, City Attorney - Those geographic regulations were eliminated from this draft. Those separate areas that we discussed at the March COW are not in here so it doesn't create a cap on those accessory uses.

Alderman Bisesi - I just saw that they were referenced in the packet.

Melissa Wolf, City Attorney - They were previously discussed but since we were capping the actual gaming cafés in the City we didn't find that it was the intention of the City Council to actually cap the possibilities of their existing restaurants or bars from being able to have this source of revenue as a supplemental income.

Alderman Bisesi - Was the feeling that the 900 feet would pretty much accomplish the same thing?

Melissa Wolf, city Attorney - Yes, so there would be distances and I believe that 900 feet is related to gaming cafés not restaurants.

Jo Ellen Charlton, Assistant Director Public Works - Yes, that is correct, the 900 feet was intended only to address gaming cafés and the distance was chosen as a minimum separation that we currently have between what we would consider gaming cafés.

Alderman Bisesi - So hypothetically, let's say we had a strip mall that had three restaurants in a row, with the way this is written will it allow all three of those to have video gaming?

Jo Ellen Charlton, Assistant Director Public Works - The way this is currently crafted, it would not be restricted by zoning it would only be restricted to the extent the Council didn't want to grant a G1 license. The Council would have the authority to grant any restaurant or bar accessory video gaming license just by reviewing the liquor license.

Alderman Bisesi - I think somehow we need to put something in there for even the restaurants. In my opinion, that we could be open if we deny one that meets all the same criteria as their next-door neighbor. In some cases, if we don't deny them we could wind up having every restaurant in town with video gaming and any future restaurants that could be in town with video gaming and it would be an arbitrary decision by the Council to decide whether or not they get it because there is no solid criteria.

Mayor Gallo - Can you clarify what you mean by no solid criteria?

Alderman Bisesi - Let's say someone decides to buy the three properties right next to Rep's and they want to open a big restaurant and put gaming in there. Do we let them put the gaming in there?

Mayor Gallo - Are they restaurants?

Alderman Bisesi - Yes.

Mayor Gallo - And their food and beverage tax indicates they're a restaurant because that revenue is greater?

Alderman Bisesi - Yes. I would be wondering if that's what the rest of the Council would think we want is that every eating establishment you go into has gaming. I don't see the way this is written if that could be avoided.

Mayor Gallo - That's a good question to pose to Council. Do you have anything further beyond that?

Alderman O'Brien - I concur with the group from Manager Krumstok's opening comments, it's just the fees and I'm not going to spend much time on that but I'm just glad to see that we'll be reviewing those fees because that would be an astronomical increase over what they're currently paying. My thoughts were along the same lines as Alderman Bisesi, the 900 feet the way I was reading it was for gaming cafés but I have a large concern if it would be any establishment since we inserted a new definition as establishment. I thought there was an agreement or through the straw poll votes regarding the half-mile radius seemed okay so I would like to circle back for further discussion to see if we can still use those geography maps. I felt like there was an agreement amongst fellow Councilmembers that those were pretty well-established areas and I would even be comfortable saying no more than three establishments of any kind within those geographical areas, if they had gaming. I would like to bring that back if we could somehow do the geography maps and maybe that's where they would have to be in a commercially 1, 2 or 3 zoned areas. I would rather see the half-mile radius than the 900 feet because that was just for gaming cafés and didn't take restaurant's in perspective. Just looking over the packet for the last several days

and having it confirmed tonight that each current business or entity would be reclassified at their business renewal time. Just in my own notes I'm seeing four current operating entities would be reclassified as gaming because if I'm reading it correctly it's based on square footage and allowable seating, using the seating charts and the plans in the packet. I'm seeing Daisy's, Lulu's, Isabella's and potentially Sally's and then the six technically classified restaurants being Rep's, Grande Jake's, Bulldogs, Stadium Club, Bigsby's and Red Apple. This is just idea that I had to toss out there for discussion, I would be happy to have some type of cap on both. I know Alderman Bisesi already talked about the six that were referenced and confirmation that there was no cap on the restaurants. In my own opinion, I don't think we have any truly in the hopper now and my definition of hopper, I think we'll have seven different opinions of what's in the hopper, that's an entity that has come before us as a Council requesting a gaming license and there are none right now so I believe this is a good time we are looking at this. I would be comfortable with a cap of the four established ones that are approved now for gaming cafés and the six restaurants and we would have our 10. I know we talked about between 10 and 12 that would still be still a limit of no more than three establishments, café/restaurants with in those geographical areas knowing the one geographical area at Algonquin/Golf are at four. The way we had it worded in the previous draft, should one of those entities go out of business it would then be closed at three for that area. Just an idea if they were reclassified that way but that's what I wanted to bring up, is how they would be reclassified and then I'm comfortable since there is none in my view in the hopper that have come before the Council at this time, we could do four gaming cafés and call it a day. We want to try and cut these off at the start to save staff time, to save Council time and to save legal time from looking at all this. If we could have some type of established criteria saying we are full right now, we wouldn't have to tie up all the time that's done on these. That's my recommendation. Unless my notes and memory from the last time and I'm moot either way, I believe the last person that spoke went to the State first for their gaming license and we were wondering why they didn't come to us first but that was the delay. The man was honest with us saying that that was the reason why the delay because he thought he had to go to the State first. Now we're saying that we would like them to go to the State first. I'm comfortable either way as long as we would have been established criteria.

Barry Krumstok, City Manager – Just a couple of clarifications. Most shopping centers give the exclusive right to one restaurant or to one café so there are restrictions. There is one shopping center that would love a restaurant and a café but most of them have exclusivity. G1 licenses are renewed every calendar year (December) and that's when they will be reclassified to a GA or GC.

Alderman D'Astice - My question is directed to Attorney Wolf. Electronic page 16, there was a definition of a G1 licenses (paragraph j), the last sentence "*by each video gaming machine there must be a table, cabinet, or shelf so drinks and food are not placed on the floor or on the machine.*" It looks like we missed putting that sentence the new GA and GC, would we be putting that back in?

Melissa Wolf, City Attorney - Yes, we could put that back in.

Alderman D'Astice - I agree that the fees are too high. I just want to clarify the cap of six, as it's written now there is no cap on GA but there would be a cap on GC, is that correct?

Melissa Wolf, City Attorney - That is correct. Right now as it's written, there is no cap on the accessory license for the restaurants and bars but there is a cap on the establishments that would be identified as a gaming café.

Alderman D'Astice - The geographical sections that Alderman O'Brien talked about, those are no longer in here either so somebody could put in a restaurant with a GA or GC almost any place?

Melissa Wolf, City Attorney - Yes, the GA license restriction was regulated pursuant to the zoning so it has to be in a commercial zoning area. Yes, you are correct the way it is written there wouldn't be a limitation on a restaurant that has an existing video gaming within the establishment and another restaurant opening nearby or next-door and having a video gaming within that restaurant except for the Council's determination not to open up that license.

Alderman D'Astice - A restaurant could open up on Algonquin Road between Route 53 and Arlington Heights Road and do gaming?

Melissa Wolf, City Attorney - Only if City Council authorized it.

Alderman D'Astice - I wanted to ask about the State approval first, are there costs associated with that? If an individual restaurant or café went to the State first and received their license, it seems to me that is a preapproval from the City, I'm not sure if I like that. I don't know what the cost is and I don't know if we should let these people go to the State first and then they come to us and we may not approve it so I'm not sure if I'm on board with that. I think we need to have a little more discussion about that one. Can a hotel restaurant still get gaming if they wanted to? I didn't see that in here anywhere.

Melissa Wolf, City Attorney - In the Zoning, the definition of the accessory allowed for a restaurant that was standalone or a restaurant that's an accessory to another establishment. The way it was defined was intended to allow for hotel restaurants to be able to have gaming.

Alderman D'Astice - Manager Krumstok, could you define good standing means?

Barry Krumstok, City Manager - When we talk about good standing, the business is up-to-date on their payments whether it's taxes or adjudication or violations or utilities.

Alderman D'Astice - What is the penalty for businesses that are not in good standing? Do we pull their GA or GC license? Do we tell them they have to shut their machines off until they are paid? What's the impetus to make them get back into good standing? How many times a year do we have to do this?

Barry Krumstok, City Manager - Typically, once we tell a business that they are not in good standing, we try working with them for making their payments or getting on a payment plan but at the same point the threat would be to either pull the license or go back to the business license itself because then there would be a hearing. The majority of the time when people hear that they're not in good standing and this is what could happen then they will talk to Melissa Gallagher, Finance Director for arrangements to get them back into compliance.

Alderman D'Astice - Attorney Wolf, could you clarify the difference of a GA to a GC purely based on the size or is it based on tax dollars paid for food and beverage versus gaming?

Melissa Wolf, City Attorney - No, it's not based on the size, it's based on a different set of criteria that we are working on establishing in determining whether that business is operating or will operate as a gaming café. If you look on page 1 of the Video Gaming Proposed Zoning Ordinance Amendments, under paragraph 2 there is a subparagraph (A) that talks about criteria. That's where our initial draft lays out the elements of an establishment that would indicate or be the criteria to determine whether an establishment is designed to be a gaming café. I think it's identified in criteria subparagraph 1(a) - (h), so there are different elements that have been set forth. It's not just the size and it's not even the financials at the onset, it's actually based on floor area or the layout or if an establishment is coming to the City and it has other establishments in other City's how they operate, it looks at the

kitchen facilities, it looks at the business plan so there is criteria laid out so the determining authority knows what exactly to look at when evaluating as to whether that establishment is a gaming café.

Alderman D'Astice – Okay, so it's not just the floor size? As it says here, if it constitutes more than 10 percent of the gross floor area of the establishment, that's not the only thing, it's one of several. Hypothetically, if the gross floor was 3500 square feet and the gaming portion was 20% than that sort of leans towards being a gaming café but if everything else is different and there's a lot of kitchen facilities and there's a fair amount of seating facilities and the business plan and their model leans towards a restaurant, how do we determine whether it's a café or a restaurant at the very beginning? After a year we will know based on revenues and taxes but at the beginning we might not.

Melissa Wolf, City Attorney – Correct, that's why we're looking at plans and information that can be brought to us by the applicant or the establishment. We're still working on that. As I said in the beginning this is still the preliminary stages of it, we're going to look at refining the criteria so we'll be able to identify what is a gaming café. At the beginning, it is going to have to be a determination made not on financials unless those are available but it wasn't intended to be on financials at the beginning stages. It's the plans for operation.

Alderman D'Astice - In conclusion on this subject, I would just say that since this is just a draft you need to make sure that these criteria are very objective and not subjective so that any person can say they met five of the six criteria, etc. and the percentage of floor space is the only one that is kind of out of whack so now we move ahead objectively because they've done everything else meets the criteria of being a GA or GC.

Melissa Wolf, City Attorney – Thank you, I appreciate that point. Rob and Jo Ellen and I had that same discussion today. That is our intention of creating that and we actually had a discussion on quantifying it, so if an establishment meets a certain number of the criteria that we set forth they would be determined a gaming café. We are moving forward trying to create an objective measure for that evaluation.

Rob Horne, Director Public Works - I just want to clarify and verify. Just so that the entire Council understands the process that we're proposing for a gaming café is a special use process. We're also recommending that they go through what's called a referral process so they would have to come to the City Council before they went through this special use to get their gaming café approval. They would know before they went through that entire process, whether the Council was favorable or not. At that time as well, the City Council could reevaluate the cap on the gaming café establishments in the community through a text amendment at that same time. It would be business friendly and it would also allow an opportunity for the petitioner to go through that process and get that change should the Council at that time desire it. It also allows the Council the opportunity to give that business owner information upfront to save them from the hassle and financial burden of going through that entire process to find out that the Council wasn't in favor of it to begin with. That's one thing that gets to some of the points that were made earlier. The other item regarding the locations that were provided, I think by Alderman O'Brien, we overlaid the half-mile radius over the existing commercial areas. The concern we had with that is it jeopardized some existing companies from being compliant, it also eliminated certain commercial areas that had existing restaurants from the potential of applying so we looked at it more from a matter of zoning and as a matter of distance on frontage. It seemed from previous conversations that there was a greater concern for the image of a gaming café in the community than a restaurant that had gaming within it because there wasn't any negative connotation brought to the community if it was within a restaurant that was operating as a restaurant beforehand. We wanted to make sure we didn't eliminate the opportunity for restaurants because a half-mile is a larger area than you think it is when you overlay it on a map. Again, we did not cap the accessory gaming uses because there were comments at the last City Council meeting about not wanting to negatively impact a restaurant that has operated in good standing in the City for many years just because we were at our cap on what happens to the gaming cafés. That's why we didn't

do an accessory cap. The last thing I want to explain to the Council because we've certainly heard you loud and clear about the approval process, staff gets many inquiries regarding gaming and this is why we wanted to establish a set of firm criteria that staff could hang its hat on categorizing it, categorizing the use before it came to the City Council and before the Council was burdened with that decision. We also did it that way to afford the petitioner an appeal process so if myself or my staff made a determination that a use was coming as a gaming café and they didn't agree with that they could pursue an appeal process through the City Manager's office and then again the City Council has an opportunity to withhold that gaming license or reevaluate that at a later time. We wanted to take that arbitrary decision-making on what a gaming café is and is not out of the Council's hand and put it into staff hands so we could bring something to you that so you don't have to make a decision with probably limited information. We work with the petitioner for weeks or months prior to it ever getting to the Council Chambers. Those are some points that I wanted to make for clarification, as Attorney Wolf mentioned this is a preliminary draft, we did see the need to tighten up our code language to provide some more concrete regulations on this matter.

Alderman Vinezeano - I would like to ask Director Horne and staff to expand on what Alderman O'Brien put together for us in creating a zone for us as recommendation. Take what Alderman O'Brien came up with and with your expertise and come back to us with territories or zones based on what we already established and moving forward with our capital improvement plans with all your knowledge is really what I would like to challenge you to come back to us with. My proposal with that coming to us would be that I would like to see one gaming café per zone or territory that you present to us. Going with what Director Horne said that we have no problem with restaurants having gaming, it's the gaming cafés and as Council we really struggle with is it a restaurant or is it a gaming café. I would like to see one gaming café per zone or territory. We kind of have to anticipate if a petitioner going to come to us and says they're a restaurant and then we come to find out that they're really a gaming café. I feel that we have to prepare for this so what I would also like to see that if a license is granted to a GA that it would be reviewed in six months to determine if it's a legitimate restaurant. The second part to that, if we do the one gaming café per territory/zone I would like to see that our current G1 licensee's be reviewed within 60 days of this ordinance passing to determine zone one for instance has one gaming café so you and staff would know we are not taking any more gaming cafés for that area right now. I think for us to wait until December would be kind of a waste of staff time and our time at this point because that's a whole other seven months of applications that we can get and they're going to come the City Council and we're going to say no we don't want another gaming café there. I think we need to determine our current businesses now and who are actual gaming café, I don't think we need to raise their fees right now but at least change their licenses.

Rob Horne, Director Public Works - We certainly could put that map together. As I said, almost all of the commercial properties that we wanted to leave open to future petitioners are adjacent to major thoroughfares through the City, Kirchoff Road, Hicks Road, and Algonquin Road, those types of roads, four-lane highways. What we did not want to cause because there are about half a dozen or more commercially zoned properties that once were restaurants along Algonquin Road and I believe we put in regulations that a restaurant would have to exist for at least six months prior to being considered for gaming license. It is not our expectation that someone would invest all that money to build a new facility as a restaurant to not have restaurant as its primary use. That's why we kind of steered away from Alderman O'Brien's zones but we certainly can bring some mapping technology to the next meeting and be able to show you how our decision making process unfolded throughout the conversation and how we came up with the 900 feet and by capping the gaming cafés the likelihood that they're all going to congregate in one general location is less likely. That was just the thought process behind it.

Alderman Vinezeano - The reason I would really like to see those zones is not so much to limit our restaurants that's really not the intention, the intention is to limit the gaming cafés. At this point, we're going to have two on Kirchoff Road, a half a block from each other. If we have these zones in place then we as a Council can say we have one in zone four already and I think that would be more my intention for it.

Alderman O'Brien – Can we just call out specific requirements for what's needed for a GC and a GA? Both have to submit a plan, I think that would be easier to read but that's just a thought. I know we're doing a lot about classification and who's reclassifying, is about square footage and is it intent? I believe I saw in the proposal under criteria 1 (A) (B) that Attorney Wolf referenced earlier for criteria, it might also help to break it out for café versus accessory. I think it does say a one-year waiting period if they're not already an established entity and I think that may help too because I know we talked about six months but I'm comfortable with 12 months as well. I think Director Horne also referenced that waiting period, I would hope that would also classify them as themselves that they're in existence for a year before they could even apply, that's for any type of establishment café or restaurant the way I was reading it. How is enforcement done? Is it report based? If someone's not following it and an inspector follows up three months later after they're notified the first time, what's the enforcement? The fee structure for the penalties is laid out, I just wasn't sure how the enforcement that Alderman D'Astice talked about works.

Barry Krumstok, City Manager – To your question about enforcement, usually it's a letter from me and a visit from Community Development. We do like zones as originally proposed because it gave us restrictions so if anyone talked to us we could say no because of those zones. Additionally, I just want to go over the State process, there is a fee that they file with the State and State inspectors come out and look at the floor plans, they look at the area where the gaming would be and they write a report back to the State and then the Gaming Board typically meets once a month but it may be delayed as the Gaming Board only reviews so many applications a month.

Mayor Gallo – I think that's a good point, maybe add a disclaimer is necessary in our approval process stating just because you have approval from the State doesn't guarantee local approval just as a waiver. When businesses are involved in investing in a business there is always some upfront investment that you're not necessarily guaranteed. If they did pay those expenses to the State but didn't get approved locally that's the cost of doing business. When you have a non-profit you have to file for non-profit status and there is no guarantee that you receive that status but you still have to pay upfront. It works two ways there but if we can have disclaimer in our procedure than I think that would be good for businesses so they don't believe they automatically receive a license because they got one granted by the State.

Alderman O'Brien - In reading the ordinance regarding fines, the first strike is \$1000 then it's \$2500 but not to exceed \$15,000 for the year. That first line that says *in lieu of suspension or revocation of the local liquor license*, so if someone is not following the rules we could ultimately pull the liquor license which would ultimately forfeit gaming license, is that correct? They have to have a liquor license prior to the gaming. I don't know if we have precedents, is it like three strikes within a 12 month period then they're out?

Melissa Wolf, City Attorney - You are correct that their gaming license is tied to their liquor license so if they don't have their liquor license they would not be entitled to their gaming license. However, you have to go through a revocation process when it comes to that it's not just automatic three strikes, you have to have a hearing before the Liquor Commissioner to revoke that license.

Alderman O'Brien – They have to have chance to remediate and that type of stuff?

Melissa Wolf, City Attorney – Correct.

Alderman Budmats - In talking about disclaimers, when we had received communication concerning Lulu's, they came to us and said that we were told that this was already approved. Something tells me that there needs to be some kind of disclaimer that tells applicants that the final authority for approving this license or not approving this

license rests with the City Council and that staff can do whatever they want as far as make recommendations but Council decides based on what they deem as the best interest of the citizens in making their decisions. It's just not a guarantee that you're going to get this license even though you may go through the process. It felt when we were talking about Lulu's last week that there was some implied that this would squeak right through and it made me feel uncomfortable and I think something has to be done that lets people know that just because they're applying for this doesn't necessarily mean that Council, for whatever reason, is going to vote for it that way. The second thing, if I'm reading this right there's two different processes, I agree with Alderman O'Brien's zone thing is great, if there's one gaming café per zone and there happens to be one that's available in zone A and somebody comes to us and say they're a gaming café and there's an open slot in zone A and they want to fill it. I have a lot of respect for that, it's great. The problem is when someone comes to us and says their restaurant but they're a gaming café in sheep's clothing. The point is, if we have them and they open up as a restaurant for six month or 12 month period first there's no question they're a restaurant or not and if they want to have gaming we can make that decision after six or 12 months whatever that period of time is. Director Horne said in every case staff has worked with applicants for a number of weeks or months, the truth of the matter is that staff worked with those same applicants when a few of the gaming cafés have slipped through the system and the plans that were shown to the Liquor Commissioner for one of the gaming sites on the south side was going to be beautiful and serve all kinds of Italian dinners and it turned out to be Italian coffee. I guess the point is that plans are awesome but they change. If it's truly a restaurant, they're going to be able to survive without gaming, the gaming will help but it's not going to be what makes or breaks them.

Alderman Sanoica - As a point of clarification, earlier Alderman O'Brien had stated that he was under the impression that City Council was in favor of putting a cap on any G1 or G2 licenses and I would clarify that I was in favor of caps across the board if we weren't able to bifurcate the G1 license but since we're able to split those, I am in favor of putting a cap on the gaming cafés and then not including a cap for the gaming accessory which again we're using as a means of evening the playing field across restaurants. Mayor Gallo had pointed out on March 31 Committee of the Whole that the whole reason that the City of Rolling Meadows opened up its doors to video gaming and gambling was because our restaurant businesses said they could not compete with surrounding areas. Then to create that same problem two years later I think is taking a couple of steps backwards so I would not be in favor of limiting those. Some of the other Aldermen are expressing that they feel that there isn't any zoning specifically for the gaming cafés but I'm looking at our document here specifically on pages 17 and 18 of our packet where it's saying a class GC license shall only be located in a C-1, C-2 or C-3 commercial zoning districts which Director Horne and Assistant Director Jo Ellen already mentioned. It also states that for each building or strip mall there won't be more than one gaming café which we note is also typically owned by different individuals. I feel like the zoning is covered there and I'm really pleased with the insertion of a special use permit because that requires so much scrutiny on both ends so I feel like that helps us from transparency standpoint. Special use also go through our Planning and Zoning Commission which also requires hearings from the public. For those of you who have been receiving a lot of communications from the residents including myself who are not in favor of gaming cafés I think this is a really good opportunity for our residents to be able to engage in the process themselves so that it's not just the gaming café that wants to come in hearing from the Council and from staff they also hearing from the residents in the communities that they are going to be doing business and their potential future clientele. I also wanted to bring up the fees. I have to ask because Schaumburg is next door to Rolling Meadows and if they are successful with a fee of \$10,000 and \$5000, I would request from staff that we have reasons as to why we would be dropping so much lower than those because while I understand that were not as large as Schaumburg and we may not have the same amount of foot traffic being about 1% no less than 10% of what they're charging seems kind of outrageous. If we're charging \$120 and they're charging \$10,000 I don't know if their gaming cafés are really receiving that much more foot traffic than we are or that we would. For those fees I would just want to make sure that we have some data and reasoning behind why we're choosing numbers that we're choosing. If it ends up being higher than Schaumburg or the same as Schaumburg or lower than Schaumburg, I would want some data as

to why. Those are the main points I wanted to make this evening and again thank you so much for putting this together.

Mayor Gallo – Alderman Budmats, if you could remind us, after Director Gallagher speaks, what those monthly revenues and taxes were for those that are gaming parlors and the restaurants in the community so I could have refresher on that.

Melissa Gallagher, Finance Director – Just a quick question for Attorney Wolf in regard to the GA and GC in terms of Schaumburg, do they require an additional license because I know that we've got a license beyond, they have to another license in addition to a G1?

Melissa Wolf, City Attorney - Yes, my recollection is that Schaumburg did have that separate fee for that other liquor license that their gaming license has to be linked to. I do have to make a clarification and I have to look because I thought there was something else in Schaumburg's ordinance saying that gaming cafés applications would not be processed until a later time. I'm not sure that they've gone through this process with respect to their regulations but with respect to the fees that they established they are comparable to what we proposed then there are separate fees for liquor licenses.

Alderman Budmats – The gaming café on the south side of town had a monthly revenue of roughly \$1000 and a food and beverage tax revenue in that same time period of \$55. A gaming café in the middle of town had a gaming tax paid to Rolling Meadows of about \$3500 and in that same time period a food and beverage tax of \$100.

Mayor Gallo - Those taxes are a percentage of overall revenues on a monthly basis so it's a pretty good indicator of what their revenues are monthly.

Alderman Budmats - The food and beverage tax would be 2% of their revenue and then I believe the tax the City receives is based upon the profit of the gaming machines and that would be 5%.

Melissa Gallagher, Finance Director - That's correct Alderman Budmats.

Alderman O'Brien - In terms of the fees and I know that it's being looked at, if there is an adjustment I think we can increase something reasonable. My concern would just be that it sounds like some of the business owners that spoke at the meetings before it could be that they are locked into a 5 or 7 year lease with their landlord, it could potentially be up to a \$12,000 increase, that's an extra \$1000 a month. I don't know many households or businesses could absorb \$1000 a month from what their business plan was. If we go that extreme maybe we grandfather the current ones and that might help deter future ones. We're going to have to strike a fine balance is that a lot of the current restaurants and cafés do a lot of stuff for the City. My understanding is that if we raise their fees up \$12,000 they may begrudgingly pay the \$12,000 but then they are not going to help sponsor 10 baseball teams so I think there has to be a fine balance we just have to look at as we're adjusting the fees. I do think they could probably go up some but to the extreme that their proposed just because Schaumburg had a chance to do that. If we charge \$12,000 it could have downstream impacts with what they do with the Park District and what they do with community events. Just something to keep in mind if we do that.

Rob Horne, Director Public Works - Since we're back on the fees again, we had looked at gaming revenue from some of the establishments, we settled on \$10,000 based on Schaumburg's fee and the fact that it was approximately 3% of some of the gaming revenues that we saw for an annual fee. We felt like it should be a more valuable license than an accessory license because an accessory is not limited with a six license cap. We certainly are going to do with the Northwest Municipal Conference survey and do some significant research on the fee structure issue. I just

wanted the Council to understand how we arrived at \$10,000. Based on the gaming revenue we saw after the state and local taxes for at least one of the café users, a \$10,000 fee was about 3% on their overall annual gaming revenue. We're going to do another thorough fee analysis and bring that back to the Council in May.

Melissa Gallagher, Finance Director - I know surveys will be going out and to the Aldermen who had commented on the GA and the GC, in terms of those fees that would be a bit of a sticker shock to those restaurants and video gaming cafés that are now paying \$120 and it would go to Alderman O'Brien's point too that it would be quite an adjustment. I think we're trying to encourage economic development in this time period as well.

Mayor Gallo – Are there any further comments or questions from the Council at this time? If not, I will open the floor for one signature on the list for this subject and then circle back and address any straw votes or further clarification and direction that will be necessary moving forward.

Mayor Gallo opened the floor.

Sheraz Rana, Picante Mexican Bar & Grill - I was just listening to the Council but I can wait to see what happens in the future.

Mayor Gallo closed the floor.

Mayor Gallo – Attorney Wolf, we have quite a few comments that were noted and I would defer to you for comments that could use clarity and straw votes, for example a cap of 6 on the GC license, that's one that should specifically have a straw vote.

Ensure that perspective enterprises apply with the State first. I would like to see a show of hands that we document that this is a universal approach or part of it, all those in favor for making sure they apply with the State first? 5 in favor; 2 opposed.

Raising rates respectively to the GC license. All those in favor of exploring the opportunity to raise the rate for a GC license? 5 in favor; 2 opposed.

All those in favor for the zoning to include the GA accessory gaming along with the GC, all included in the Zones. 0 in favor; 7 opposed.

All those in favor of having a cap on the accessory gaming (GA)? 4 in favor; 3 opposed.

All those in favor of adjusting the language of City Manager and Public Works Director to Liquor Commissioner and City Manager who shall have the authority upon any initial or renewal license application to investigate, etc. – No vote was taken at this time.

Melissa Wolf, City Attorney – This is a preliminary draft and these comments are very helpful in helping us establish this process. You may take a vote on this issue now but I'm thinking we take another crack at the evaluation because we still are working on the criteria with respect to determining whether an establishment is in fact a gaming café and maybe we could include some kind of process that has staff being the recommending authority after they've done a thorough review of the documents and the plans and then that would be brought to the Liquor Commissioner and the City Manager for approval and appeal. Again, if an establishment is determined to be a gaming café the City Council does have involvement as well because that matter would be brought to the

City Council for referral for the special use permit. We're still developing the procedure so I think we can take the comments that were made today and refine that procedure to include the appropriate determining authority.

Mayor Gallo – In most cases, staff is always going to be the one to perform the discovery portion to say whether or not something is or is not because it's staff's role to be out in the community investigating those things. The question to your point is who has the final authority? Is it Liquor Commissioner or City Manager or City Council, etc.? We'll iron that out but I do not want to ignore the other Council men and women here.

Alderman Budmats – It just seems to me that it might make sense that we always evaluate and defer to the fact that the applicant coming forth to us is a gaming café unless proved otherwise so when in doubt we're going to classify them as a gaming café and then they prove they are a restaurant. The default is that they're a gaming café until proven otherwise that would be helpful.

Alderman Vinezeano - The reason I had brought up to include the Liquor Commissioner and obviously in the City is the Mayor. I was reading this paragraph and it said that he would have the authority for initial and renewal license application. I know we're trying to put a lot of criteria in there but my reasoning or my thought process behind it was that our Liquor Commissioner being our Mayor is an elected official and a resident of the City and not to negate that our City Manager or our staff are maybe not residents or elected officials but we're the ones that have to turn around and kind of answer to the residents as to why we may or may not do something. The Mayor/Liquor Commissioner may have more insight to what the residents are saying to have more stake in it to know that they're really a gaming café or a restaurant. That was really my intention of putting the Liquor Commissioner in there so if there's more wording that you want to put in there to figure that out but that was where I was going with it.

Mayor Gallo - The Liquor Commissioner/Mayor has a vested interest. We won't take a vote at this time on the Liquor Commissioner, we'll let staff work through this. Attorney Wolf, did I miss anything that we should take a straw vote on?

Melissa Wolf, City Attorney - No thank you, I think that clarified a lot for us. I think we could move forward to bring this to another Committee of the Whole with those straw votes that we have unless Director Horne or Assistant Director Charlton have noticed any other things. I think that was sufficient information.

Alderman Bisesi - I'm wondering if we did miss one, I remember Alderman Vinezeano brought something up regarding one café per zone as well. I don't know if that's something we want to vote on or not.

Mayor Gallo - Director Horne or Assistant Director Charlton, I think that falls in the background in working with the criteria between the geographic regions and zoning that you guys are going to work on?

Rob Horne, Director Public Works - Yes, we're going to provide some mapping that provides different scenarios based on existing conditions and future potential growth to the Council. To provide a variety of different scenarios so the Council can see what our thought process was and what the one per zone would look like based on existing conditions.

Mayor Gallo – We'll hold off on any voting after we see the geographic parameters that you guys lay out in the GIS system or maps and explain some rationale behind that. There are no further straw votes to take on this subject.

4) FY 2020 Fiscal Estimates – Initial Assessment Thoughts

Melissa Gallagher, Finance Director – As discussed at the April 14th City Council Meeting, the Mayor and the City Council requested estimates, scenarios and other data to be presented to the City Council during the May 12th City Council Meeting. These initial estimates (for the May 12th City Council Meeting), and subsequent estimates to follow, will help guide the City Council’s policy-making decisions and local relief efforts.

For some time now, economic indicators have been pointing to a potential recession. In January and February of 2020, when COVID-19 became more and more apparent, it was evident that we would be facing an economic slow-down or recession. The City Manager and Finance Director have been working closely on monitoring and assessing all revenues and expenditures on a weekly and monthly basis (this a routine operational practice). Maintaining adequate reserves across all of the City’s Funds is critical to the financial health of the City (especially during unforeseen events).

As part of the City’s best practices and routine operations, monthly actual data is compared and closely analyzed to budgeted data. Results from day-to-day operations are presented to the City Council on a quarterly basis.

The City’s annual financial data is audited by the governmental accounting firm, Lauterbach & Amen, LLP. Known as the City’s Audit (or Comprehensive Annual Financial Report – CAFR), the Audit is remitted to the Municipal Securities Rulemaking Board (called MSRB) [The MSRB is subject to supervision by the Securities and Exchange Commission (SEC)]. The City’s Audit is also filed with many federal, state and local agencies. As mentioned, the City’s Audit will be presented at the June 16th Committee-of-the-Whole Meeting.

Due to the critical nature of our current circumstances, we will be updating our mode of operations (and best practices) to now provide more frequent estimates on revenues and expenditures (with additional forecasting for capital expenditures). With the Mayor and City Council’s collective experience through the years and with the City’s Staff experience (particularly through the Great Recession), the recovery leadership in place will help guide the City towards important decisions. The COVID-19 downturn is unprecedented and it is impossible to say what the impact will be. Together, as the City assesses this economic situation and its severity, we need to rely on data-driven decisions.

Between now and June, the City’s Auditors and Staff will finalize the City’s FY 2019 Audit which will be presented to the City Council at the June 16th Committee-of-the-Whole Meeting. More information and data will be provided as we all work through the assesment, mitigation and recovery process.

Summary: The City’s budget flexibility and diversity in revenue streams are some of the reasons why Standard & Poor’s and Moody’s consistently grade the City’s credit rating with a high rating. The City’s Fund Balance Reserves are strong. The recovery will have a long duration and financially prudent use of reserves is critical. The City is helping residents and businesses (waivers of late fees/payment arrangements). As the policy makers, the City Council may make plans for additional “Local Relief Efforts”. A recovery strategy is driven by data and best practice is to look at areas for targeted reductions rather than broad-based cuts. Resist the deferral of capital maintenance/infrastructure to avoid higher long-term costs. City Staff is tracking all COVID-19 Expenses for future reimbursement. Together, as the City assesses this economic situation and its severity, we need to rely on data-driven decisions

Mayor Gallo – Thank you for putting this together. This is the initial stepping stone and there is going to be a lot more work that goes into this and more predicitive measures that will come as a result.

Alderman Sanoica – There are two things I wanted to start us off with. This is the direction I would like us to go in order to make these decisions and when it's coming to those scenarios it sounded like in this presentation we weren't sure if we wanted to go as far as 80% but I would be interested in knowing what the worst case scenario would be and then how that would cascade into all of our capital improvements projects as you mentioned we're looking at the financial future of our City and our City operations for this year, 2021 and moving out to 2025 and then how that worst-case scenario would affect all of the projects going forward to the best that we can estimate? The second item I wanted to bring up, I didn't really see here but I know we kind of touched on which was these initial estimates at the May 12 City Council meeting and subsequent estimates to follow will help guide the City Council policymaking decisions and local relief efforts. A lot of the relief efforts have been following the State of Illinois where we are essentially causing payments to which I think is a positive direction and a good move for our residents but I wanted to ask Staff and our City Manager if we intend to utilize the City's Emergency Temporary Family Assistant Program at all? Or if that's been calculated into any of our plans?

Melissa Gallagher, Finance Director – I'm going to defer to City Manager Krumstok. Yes, it is a budgeted item of \$5000. It has been used in the past and it's been a program for many years.

Barry Krumstok, City Manager – Since 1999 we've had a Temporary Family Assistance Program and it is in the General Fund and it is \$5000. The current administrator is Joyce DeLeon. There is a policy of how it's utilized. It's the next stimulus on what we need to do for our own community. Does that mean we're using money from other sources to buy gift cards or gift certificates and then we give them to residents overall so we're creating our stimulus package. It's all part of what's being discussed as we're looking at things overall as we hold the line on expenditures. So yes, we're looking at that. We're looking at revenues but we're also looking at the expenditures. We're not like certain other municipalities that can spend millions of dollars for their own stimulus. Business Advocate Martha Corner is contacting many of the businesses to see if they have a gift card or if they need to make a gift certificate if we start our own program. Those discussions of expenditures down the line and how would we use certain money is only in the discussion phase. The \$5000 is there for the first quarter but there were no individuals that participated or utilized that money. Again, we have to look at our expenditures and revenue and see what kind of stimulus package we can start on our own. As I mentioned in my email to you, the \$5000 has been there for as long as I have and is not used every year. It depends on what the needs are and we would use it per the policy.

Alderman Sanoica - I'm pretty sure that these would be circumstances where we would like to utilize that. You referenced an email that you had sent to me and so for the rest of city Council, Manager Krumstok is referring to resolution number 10 – R – 41 which was a resolution establishing policy guidelines for the Emergency Family Assistance Program and this limits some distributions to, for example no more than \$200 for utilities in a 12 month period, no more than \$500 as the maximum for housing assistance. This is less than 1/3 of a monthly rent payment and the individuals who are trying to pay rent and their landlords who ultimately are paying property taxes that come back to the City will be affected by this. I am also concerned as a member of the Census Complete Count Committee for the City of Rolling Meadows, we're quite aware of the fact that the City of Rolling Meadows is a very diverse community with many individuals that were born in other countries and in order to qualify for the Rolling Meadows Emergency Temporary Family Assistance Program it states that the applicant has to be a United States citizen. That would be something that I would encourage the Council to review that and to change that so that is not a qualifier for relief given that about a ¼ of our population probably wouldn't qualify and that would decrease the effectiveness of our relief efforts across the board for all of our revenue streams, sales tax, property tax and motor fuel tax.

Barry Krumstok, City Manager - The resolution and the policy was approved by the City Council in the past. We can bring it back if anyone wants but I can tell you that section that you're referring to was highly discussed in

the past. The other thing that I would remind you is that in my email I did say that the policy does give the City Manager discretion. If the Council wants us to bring back the whole policy so it can be revisited and looked at but again there's the discretionary language.

Alderman Sanoica - I would recommend that we specifically look to remove that language and to also revisit the limits and caps on that policy and consider actually diverting some of our budget funds in this stress testing or all the scenarios we have here and also include a significant amount of money to our relief funds and to take the caps off of that 12 month period as well.

Mayor Gallo - Are we looking to bring back the resolution before the Council in order to make those potential changes? Is that what we're looking for?

Barry Krumstok, City Manager - I will be send out the resolution and the policy so everyone can review it. We could put it on the next agenda for April 28th and make additions or deletions to the policy at that point.

Mayor Gallo - I did hear you talk about, we had some sideline conversations about a residential stimulus and you mentioned gift cards and I want to make sure that's kind of parallel to family assistance programs which is far more significant for family assistance versus the stimulus that you and I were talking about just to kind of help this economic cycle of residents participating in local businesses and things like that.

Barry Krumstok, City Manager – Melissa Gallagher and I have been having more conversations, its broad spectrum, it's not just the General Fund that we're talking about.

Alderman Sanoica - To summarize then the changes that I would want for that resolution to come back would be the citizenship requirement to be stricken and to revisit monetary caps on each of these categories and then also the frequency cap to also be removed because of the Covid-19 pandemic relief.

Mayor Gallo – Citizenship requirement, monetary and frequency caps removed?

Alderman Sanoica - That is correct.

Alderman Vinezeano - I know one of our neighboring City's this is being presented to their trustees is essential expenses which is basically police, fire, public works, a three month budget. I think it would be really imperative as a Council to have moving forward as to what we need, what is our essential budget for the next three months. I know there's a lot of variables but I would hope that Finance could put that together for us so that we have an idea of what we need to sustain our essential services in the next three months and then when a project is presented at our next meeting does that project fall into that essential service. I think that would help us as Council members in voting to postpone an item or move it forward and how does that play into with what we're dealing with right now seeing that we don't have numbers and statistics and I know that's really hard to have right now but I think having some of that information would help us.

Melissa Gallagher, Finance Director – I just wanted to follow up back to the local stimulus and I just want to make sure to be very cognizant obviously of our citizens needs and I know they're vast. I think to help the City Council which will be brought back as a resolution with what Alderman Sanoica had mentioned, citizenship, monetary caps and frequency caps. Just to kind of go slow on relief thoughts and before we move too quickly and also to be mindful of any kind of legal aspects or IRS implications as well. I just want to be very mindful as we go through the process about all of that that we're crossing or t's and dotting our I's. The second item is just in terms of essential expenses I wholeheartedly agree Alderman Vinezeano, I advocate more for looking ahead to everything

essential over the next period of time until the end of the year because I believe we are going to be looking at overall we have to look at the entire impact so it's not just three months, we're looking at the entire year. I like that feedback, we'll start working on that but I don't want to overpromise something as far as May 12th as I think that would be too soon considering all the other items that are trying to be accomplish all at once. Just understand that we're working on that and if that's the will of the Council we'll start working on something for the Committee of the Whole meeting in May if that's acceptable Mr. Mayor.

Barry Krumstok, City Manager - One other thing, we'll also use some of our numbers to do the budget for 2021 and that's all part of the mix that we look at so it's just not short-term, we look at the long-term and what the ramifications were and how to re-energize fund balances if it's used and what are the numbers we're going to get for a potential recession.

Alderman Vinezeano - I just wanted to reemphasize again when items are coming up on the agenda and I know it's work and we have meetings very soon is that if a project is being presented, present to us as a Council because staff knows more than we may, if it's an essential project for us and I know timing and pricing will play into that as well, as much information you can give us is so very helpful to us.

Alderman Budmats - Following up with the comments about the emergency fund that has \$5000, to me that feels like a drop in the bucket for what could be really necessary to help serve residents. Just in thinking about this I looked through the budget and I thought to myself for the last two years I've been on the Council we've kick the generator around about 100 times it feels like every four months the generator comes back to conversations so part of me says can we take the \$150,000 that supposed to go to the generator and throw it into that fund just so that it's there when we need it and we're not going to start to wonder where it's going to come from only because if we lived this many years without the generator, one more is not going to kill us. That was someplace where I saw we can probably get some funds and that we don't have to spend today and we could fund this because when we start to make all these changes the money has to come from somewhere. That's just a suggestion for the short term. Thank you for this report, the thing that alarmed me the most in looking at it is that we went from a fund balance in 2006 to 2008, there was a \$6 million general fund swing where we were up \$3.6 million and we ended up -\$2.3 million what was more disturbing was in that same time period based on our own documents shows that 36% of income was coming from property tax was stable. If we're saying today that we still have that stable source of income and we're not too concerned about that and we had then a \$6 million loss, I'm concerned as to what we could really have over the next two years in terms of is \$6 million even reasonable, it could be \$10 million. When we're looking at our financial forecasting, if we could lose \$6 million in what we call the great recession but didn't have unemployment that was as drastic change to what is happening right now in our economy. I really think that we need to save, what's it going to look like for the next year to have \$5 million less and the year after to have \$5 million less than that because when you look at the Governor's office and what their forecasting for losses and revenue it's a little bit scary and those are assuming that they get graduated income tax that's going to be an uphill fight. I guess what I'm saying is when we look at our estimates we should plan for at least losing \$5 million in the next year and see what happens only because that's what previously happened in 2006 and 2008. It seemed like Rolling Meadows might have been heavy on personnel at that time because when I looked there was a bump in personnel and it came down. At this point, personnel has leveled off over the years, the thing that sneaks up on us is benefits and they keep increasing so even know the number of employees is down it could be that those costs have snuck back up on us in different ways. If we were slow or as a City too slow at that point and cutting expenses we may need to look at as Jenifer said, figure out what's really necessary and the rest of the world right now is furloughing employees so it may be that we have to look at that from the City's standpoint and see which employees we would be willing to furlough first based on the necessity of what they provide to the City. That's my comments based on the report you provided. It made me more nervous than not seeing the report because if this happened in 2006 and 2008 it can surely happen again, it is going to happen right now.

Barry Krumstok, City Manager – Remember in 2006 and 2008 our revenues were a little bit different, they have changed over time. We didn't have the electric tax and we didn't have as much in food and beverage. Revenue has changed since that period of time. When we look at our budget we a look at all those things, what's new, what's stable, what is different, etc. When you look at the street fund when we use to have vehicles stickers now it's a natural gas tax. When we look at staffing, we have 10 positions on hold that have been requested. We look at all those fine pieces. We're already working on 2021 budget and we're looking at all those things.

Melissa Gallagher, Finance Director - To add to that, those charts were in no way to paint a rosy picture and I think that's really important. To what City Manager Krumstok just mentioned is that there were no fund balance policies, there were no controls in place for a very long time and if there were fund balance policies at that time perhaps the general fund would not have gone to the negative position that it did for four straight years. I can't speak to that, I really wasn't a part of all that process at that time. I will tell you based on what City Manager Krumstok has mentioned and what you were stating as well Alderman Budmats, is the fact that yes personnel was at a different point, there were some structural changes done with expenditures that were real critically needed done. Northwest Central Dispatch is now our dispatch center where we used to have a dollar figure go out of the general fund with that. We've also had other expenditures changes as well and we have a different revenue stream on many different levels. By no means was this short presentation intended to do anything but just start the conversation which is really great feedback and I just want to really make sure that we're capturing anything you would like us to look at.

Mayor Gallo - Are there any further questions or comments to provide additional insight or direction for staff as we go through this exercise? If not, we did have an individual sign in this evening and their subject falls within this to a certain degree as it's about family assistance so at this time I will open the floor.

Mayor Gallo opened the floor.

Maggie Trevor - I just wanted to be institutional memory on the family assistance program. The program has actually has a long history in the City of Rolling Meadows. My mother ran it as a volunteer for decades going back to the 1960s. Historically, how she used that fund was to basically tide people over for the very short term in order to keep them in housing. For instance, if somebody was facing eviction, the fund would help keep them in their home, help pay a mortgage to avoid foreclosure or to help keep utilities on. In one case I remember to buy an elderly woman functioning air conditioning during a heat wave. It's trying to keep people in their homes to try and stabilize the community. She also coordinated between a number of different services, the idea being that this was short-term and to tide people over so that they can remain in their house and get connected with other services or get back on their feet. I think it was one of those critical parts of the community, it did a lot to stabilize the community, it was a popular program and I believe sometime in the 1990s it was actually put to a referendum and the vote was overwhelmingly to keep the program in place. I also agree with Alderman Sanoica that we need to get rid of the citizenship requirement, I think it was put in place in 2010 after my mother and her successor ran the program for a number years as well. I don't think it's right given the high proportion of immigrants we have in this community including long-term homeowners who are important part of this community. I think this fund is a real critical thing to be able to keep them in the community as well. It's unworkable in households with a mix of citizens and noncitizens. The documentation that the ordinance requires to qualify for aid does not include passports or naturalization papers nor should it in my opinion. It puts a great deal of burden on people who are administrating the program to check citizenship it's just simply unworkable given the short term nature, it's not a good use of staff time not to mention it's the wrong thing for this community. I would argue to look at repealing that part of the ordinance. A little money can go a long way in this program, I think \$5000 given the magnitude of what's going on isn't going to go very far but it is something and every dollar that you could put into this program I think is going to do a lot to stabilize the community in the coming months and possibly years. Also, having this program

in place may create opportunities for state or federal grants as well. I just want to advocate for this program, making sure it's funded and making sure someone is administering the program and then get the word out to the citizens about this program as well. Thank you.

Mayor Gallo closed the floor.

5) Engineering Cost Comparisons

Rob Horne, Director Public Works – As the Council may recall, in December of last year, when approving the City Engineer contract extension, there was some discussion about how the City Engineer costs compared with other companies/communities. At that meeting, there were several questions posed of staff related to the engineer's retainer and fee structure. This matter has been discussed many times over the last 10 years, most recently by Council in 2015. The memo from the September 2015 meeting is in the packet, as several City Council members have changed since that time. It was requested that staff do some research on what the City pays in comparison to other communities, in consideration of the rate structure and the retainer.

Staff has put together information related to the City Engineer's rate structure and retainer fee/services. In addition to the rate comparisons, staff provided information to address specific concerns raised at the December City Council meeting. These concerns included the question of whether the City utilizes the City Engineer too much versus other firms and whether the City should consider hiring staff (Engineer) to reduce City Engineer costs.

Rate Structure: Staff contacted and was able to secure pricing schedules from eight (8) different municipal engineering firms for comparative purposes. Of the eight firms contacted, staff has worked directly with seven of the firms. There are thirteen different "positions" identified in the packet. These are the positions that are identified on the City Engineer's contract documentation. As you can probably imagine, all engineering firms do not generally utilize the same terminology for their position titles. Therefore, staff evaluated each position by comparing the City Engineer's job titles to the terminology used by each engineering firm along with the hourly rate indicated for each.

As you can see from the (top) table, the second, third, and fourth columns are related only to the City Engineer's rates (see packet for attachment). The first column indicates the firm's current rates and those that would be administered to a new client. The fourth column indicates the City's (legacy) rates, and the third (highlighted) column shows the cost differential between the two rates. The column indicates the significant hourly savings realized by the City for being a legacy client, versus the rates that would be provided to a potential new client. Additionally, there is a ten (10) year span between the City's rate and a new client rate. Other municipalities that are considered legacy clients are afforded a similar rate structure, and depending on when they became a client of the firm, would indicate whether their legacy rate was more or less than that of the City's current rate.

The columns labeled one through eight represent the eight other engineering firms contacted for the comparison. The firms include; Baxter and Woodman Consulting Engineers; Hancock Engineering; Hampton, Lenzini and Renwick Engineering; Engineering Resource Associates; Ciorba Consulting Engineers; Bollinger, Lach and Associates; and Gewalt Hamilton Associates.

Please note that with the exception of two positions (Principal and Lead Structural), which are rarely needed for most City projects, all the "positions" in the comparative table are very competitive. At the December meeting,

staff emphasized that this minor cost differential is not tangible enough to offset the loss of institutional knowledge that is gained by maintaining consistency with the current City Engineer.

Retainer: While most of the recent December discussion revolved around concerns related to engineering hourly rates, there was also discussion related to the City Engineer's retainer fee. The City pays a retainer fee in the amount of \$2,500 per month, which was just increased by \$250.00 in 2019 from \$2,250 per month, which had been the fee for many years. In the packet, Staff was able to put together a brief cost comparison of example retainer fees from communities that utilize Christopher Burke Engineering for their engineering services.

In regard to the retainer, the first and probably most important factor to recognize is the fact that most communities have engineering needs that are not comparatively aligned. For example, a scenario that was drawn at the City Council meeting in December showed that one community pays approximately \$9,000/month for their retainer. However, their engineer has office hours with their municipal staff amounting to two days per week.

When compared to the other Communities that have no engineer, the City pays on average, \$4,500 per month less than other comparable communities. To understand the issue further, Staff researched the services the City received during several random months over the past few years, and can confidently say that the City saves a great deal of money when you compare the services received versus the retainer fee charged. Additionally, in reaching out to contacts I have at other engineering firms, based on the engineering services currently provided by our City Engineer, their estimates resulted in fees that ranged from \$4,500 to \$6,500 per month. These contacts indicated that these fees are similar to the rates they charge other municipalities for similar services, where they serve as the City Engineer.

Other Meeting Items: Another clarification staff would like to make is whether the City gives too much work to the City engineer. While that may have been an issue historically, it has not been for the last four years. Staff will always recommend use of the City Engineer for projects where their institutional knowledge results in better quality and more cost effective projects. These project include road programs and certain stormwater related issues that they have intimate knowledge of due to their involvement in the day to day activities of the City. Additionally, due to their availability and involvement in City related matters, they are also used for projects that require emergency repairs or immediate action. On the other hand, City Staff has taken great care more recently to ensure that projects that do not fall into the categories listed above, are pursued by requesting multiple proposals or by using the Request for Qualifications process. For example, over the last three (3) years, the list of engineering firms the City Council has awarded contracts to include firms such as Ciorba Consulting, Baxter and Woodman, RJN Group, Hampton Lenzini, and Renwick, Concentric, Robinson Engineering, Engineering Resource Associates, Strand Associates, and Burns and McDonald.

Another topic that was discussed was the idea of hiring a City Engineer to decrease some of the costs associated with utilizing a Consulting Engineer. There are many factors that would go into determining what would be the best course of action for the City in this regard and that deserve a thorough analysis and conversation with the City Manager. Staff will have those conversations as we move through the budget process, and will update and request feedback from Council when appropriate.

Alderman Sanoica - I wanted to move up a page to page 46 of 49 of our packet. The second paragraph where it says *staff emphasized that this minor cost differential is not tangible enough to offset the loss of institutional knowledge that is gained by maintaining consistency with our current City Engineer*, I feel like this is a theme that was mentioned a lot in many of our City Council meetings and I wanted to ask what the City is currently doing to

mitigate the risk of our current City Engineer service provider and what would be the financial impact of this knowledge lost and are we preparing adequately for that in the event that we would lose this firm at no-fault of the City's?

Rob Horne, Director Public Works – To lose a City Engineer that's built the historical knowledge that Christopher Burke has built over the years, I don't know if there's anything that we can do to prepare fully for that. However, one thing that we have implemented and I know for a fact since I started here and we didn't do it in 2015 because I just started but in 2016 we have made a very concerted effort to work with other engineering firms to make sure we have built strong relationships with other firms that do municipal engineering so in the event that Christopher Burke is not available or in the event that we have to change a City engineer, we have built a relationship with someone who understands our operation and understands what's to be expected of us. That is why and I take a great deal of pride and how we've evolved as a staff in the last four years in our approach to selecting an engineering firms for capital projects. We have definitely done that, it's a very high priority for myself and you can ask my staff we take a great deal of pride in making sure we have a fair process that selects the best engineer for the project when we do those proposals.

Alderman Sanoica - As a follow-up to that, when you're talking about potentially considering hiring a City engineer for staff then I would also hope that in those calculations you're also considering succession and in the event that individual were to leave, right now it looks like we have about seven or eight other engineering firms that we could go to for project that might have some institutional knowledge working with the City, if we were to lose a City engineer that's on our staff we would probably want to know then whose next, right?

Rob Horne, Director Public Works – We will look at that. I started getting into the pluses and minuses of hiring a City Engineer in this memo and actually Jo Ellen Charlton redirected me because we were getting little too far down that rabbit hole. We're going to do a very thorough analysis of that information and obviously we're going to have to work with the Finance Director and City Manager to see if that even moves forward. We certainly want to go through that exercise to at least determine whether it's something worth pursuing or not.

Mayor Gallo – Are there any other questions or comments from Council? Seeing none, is there a motion to adjourn? Alderman D'Astice has made the motion and it has been seconded by Alderman Budmats. All in favor say aye; those opposed say nay. The ayes have it and the meeting is adjourned.

There being no further business, by unanimous consent the Committee-of-the Whole meeting was adjourned at 10:47 p.m.

Respectfully submitted: Judy Brose, Deputy City Clerk

April 21, 2020 Committee-of-the-Whole Minutes Approved by Council on May 26, 2020.

Judy Brose

Judy Brose, Deputy City Clerk