

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING
OF THE GURNEE VILLAGE BOARD**

**GURNEE VILLAGE HALL
JANUARY 30, 2023**

Call to Order

Mayor Hood called the meeting to order at 7:00 p.m.

Other Officials in Attendance

Patrick Muetz, Village Administrator; Austin Pollack, Assistant to the Village Administrator; David Ziegler, Community Development Director; Brian Gosnell, Finance Director; Ellen Dean, Economic Development Director; Jodi Luka, Management Analyst; Brian Smith, Police Chief; Jeremy Gaughan, Police Commander.

Roll Call

PRESENT: 5- Ross, Garner, O'Brien, Balmes, Thorstenson
ABSENT: 1- Woodside

Pledge of Allegiance

Mayor Hood led the Pledge of Allegiance.

Mayor Hood provided a brief summary of the purpose and functioning of Committee of the Whole meetings. He stated per the Open Meetings Act no more than two trustees can discuss Village business outside of a public meeting. As such, Committee of the Whole meetings are opportunities for the Trustees as a group to discuss items in a public forum, therefore remaining in compliance with the Act. He stated he recognizes that there are residents in attendance related to the liquor license discussion. Mayor Hood stated he will allow input from the audience, however, it must remain focused on liquor licenses as that is what was posted on the agenda.

A. DISCUSSION ITEMS

1. Presentation by Lauterbach & Amen LLP Principal Courtney Mohr: Annual Comprehensive Financial Report (ACFR) for the period ended April 30, 2022.

Courtney Mohr, Principal, Lauterbach & Amen, LLP, reviewed the completed audit for the fiscal year ending April 30, 2022 highlighting the management letter and the ACFR which is the Village's audit or independent verification of assets, liabilities, revenues and expenses. She started by thanking Finance Director Brian Gosnell and Assistant Director of Finance/Human Resources Erica Wells, and stated staff were very responsive and excellent work with from start to finish. Ms. Mohr noted the Village received the Certificate of Achievement for Excellence in financial Reporting from the GFOA and expects the current document to receive the award. Ms. Mohr noted the purpose of the audit and opinion expressed was unmodified or clean meaning the financial statements represent fairly the financial position of the Village in all material aspects and the internal control structure of the Village can be relied upon. Ms. Mohr next reviewed some of the financial highlights including:

- Management Discussion and Analysis is the cliff notes of the statements in an easy-to-read format.
- Ending Net position of both Governmental and Business-Type activities finished at \$154 million with \$130 million invested in capital assets, and \$2.4 million is restricted for Motor Fuel Tax and Public Safety.
- The Statement of Activities shows the revenues and expenditures government wide and had an overall increase of \$21 million over last year.
- The General Fund balance showed an increase of \$6.3 million to over \$31 million.
- The notes to the financial statements include information on long-term debt and pension liabilities.
- Budget to actual information is on page 113, and shows a fund balance ending at a \$6.3 million increase.

- Ms. Mohr reviewed the management letter noting negative commingled cash in the checking account of the Motor Fuel Tax Fund and Impact Fee Fund, and implementation of GASB Statement no. 87 pertaining to leases.

QUESTIONS:

Trustee Thorstenson asked if the auditors had a recommendation on how the Village should fix the negative commingled cash issue.

Ms. Mohr responded the Village should just monitor anticipated expenses and adjust balances accordingly, and it is really a management decision on how best to do that.

The Mayor thanked Ms. Mohr for all of the hard work put forth in completing the report which gives a good visual of how the Village is performing financially.

2. Presentation by Management Analyst Jodi Luka: Small Business Capital Investment Grant Program Update #3 and proposed changes.

Management Analyst Jodi Luka provided an update on the Small Business Capital Investment Grant (SBCG) and the success of investing back into the community. She provided a recap stating this is a reimbursable program for qualifying businesses. Qualifying businesses are tax generating small businesses. To date, the Village has received 37 qualifying applications with a total award amount of \$308,673.11; this includes 16 restaurants, 18 retail businesses and one amusement business. Since each business is awarded up to \$10K, two businesses had two small enough projects where they were able to come back a second time. She then provided a brief notation of six different projects funded by SBCG.

Management Analyst Luka reiterated staffs' continuous outreach efforts for the program. Current efforts include assisting applicants with each application as needed, currently monitoring all permit submissions for qualifying projects, outreach to new qualifying businesses in town and outreach to building owners with qualifying businesses. She then made note of several known qualifying projects that are eligible to participate in the program. She stated she's reached out to each owner regarding the grant. All have acknowledged the possibility and said they will apply at a future date.

Management Analyst Luka then sought guidance on next steps for the SBCG program as activity has slowed down. She provided recommendations for a Tier II. General recommendations include:

- Allow businesses with new projects to reapply as several owners have stated an interest to participate an additional time.
- Application must be submitted and approved prior to start of project.
- Retroactive projects not permitted.
- Increase funding for larger projects as recommended.
- Partner with hotels in consideration of newly implemented hotel ordinance.
- Projects must be completed by April 20, 2024.

Tier II Reimbursement Option A allows qualifying participants and projects to receive 1:1 matching funds up to \$10K for the first \$20K. Any amount over \$20K has a reimbursement rate of 20% with the project capped at \$10K; maximum reimbursement would be \$20k.

Tier II Reimbursement Option B separates the available \$180K into two buckets. One bucket would be \$80K allowing participants reapply for an additional project. The second bucket at \$100K would be for larger projects with a minimum investment of \$100K. The project share would be 1:1 up to \$50K. Larger projects mean a more extensive permitting process. Once funds are awarded, a business owner has 60 days from award letter to secure permits. Otherwise, funds will be allocated elsewhere. Permit criteria prevents a business from holding funds, dragging it out and not completing the project. This competitive process would support two large projects.

QUESTIONS:

Trustee Garner asked if the proposed changes still allow a new business to apply for funding retroactively. Management Analyst Luka stated yes.

Trustee O'Brien stated he was pleased to see hotels are now included in light of the new licensing requirement. He asked if Plan B would allow for parking lot improvements for strip malls. Management Analyst Luka stated an improvement such as that would qualify.

Trustee O'Brien then asked what happens if more than two businesses apply for the maximum \$50,000 grant. Management Analyst Luka stated staff would evaluate all of the applications and determine which two provide the most benefit to the community.

Trustee Thorstenson asked if both options were forward-looking. Management Analyst Luka stated not necessarily since the \$80,000 allotment could be applied retroactively.

Trustee Thorstenson stated she preferred the \$80,000/\$100,000 split and asked how much is still available. Management Analyst Luka stated \$180,000 remains available and is a combination of some funding that was not spent last fiscal year.

All Trustees present, as well as Mayor Hood, stated they preferred the \$80,000/\$100,000 split.

Trustee Balmes asked for clarification on if manufacturers qualify. Management Analyst Luka stated if they generated tax revenue for the Village they may.

Trustee Garner asked how the two separate options will be handled. Management Analyst Luka stated qualifying projects would be processed as long as funding is available for both options.

Trustee O'Brien asked if the criteria between the original program and the revised program are the same. Management Analyst Luka stated yes.

Trustee Thorstenson asked when the revised program would begin. Management Analyst Luka stated it could start very soon once program details are finalized.

Administrator Muetz stated the funds are budgeted and the program has been previously approved. As such and based on the feedback received from the Trustees he did not believe the changes need to return to the Village Board for formal approval.

3. Discussion of liquor licenses:

- a. Application, approval and enforcement process**
- b. Surrounding community survey results**
- c. Creation of a new classification**

Police Commander Jeremy Gaughan reviewed information related to liquor licenses including the application, approval and enforcement process, surrounding community survey results related to gas stations and convenience stores and recommended gas station safety protocols should the Village Board wish to create a new license classification for these entities.

Commander Gaughan stated when it comes to the issuance of a liquor license the Police Department will give guidance if there are questions on what liquor license class an establishment should be requesting. It will also review application packets to see if they meet the Village ordinance and give a favorable or non-favorable recommendation to Village Staff. The Police Department does not issue or deny liquor license requests, that responsibility lies with the Village Board.

Commander Gaughan stated the application process includes an initial review to make sure the applicant is submitting for the correct class license, background check to verify the applicant lives in Lake County, local, state and federal investigative checks for any listed criminal convictions or notable police contact involving criminal activity

and fingerprinting. The Department will also verify that the applicant has Dram Shop Insurance, that at least one employee is BASSAT trained as well as check databases for any outstanding debt from local ordinance citations, red light photo citations or fees due to Village Hall. Commander Gaughan stated the total time to process an application is three to four hours.

Next Commander Gaughan reviewed the enforcement process. He stated several weeks before the Department conducts compliance checks, it sends out a boilerplate letter to all liquor license holders reminding them of the ordinance and that Gurnee Police will be conducting periodic checks. During checks the Department uses volunteers (decoys) no older than 18 years old that have a valid driver's license. The volunteers are accompanied by a plainclothes detective. If asked age or for their ID, they must tell them their correct age and they must show their actual driver's license. Any violations resulting from the sale of alcohol to a decoy are issued a citation that is sent to branch court for violating the local ordinance. They can also be cited for not having a BASSET-trained server onsite. All establishments that declined to service the decoy receive compliance thank you letters. The Department attempts to check all liquor license establishments at least once a year and will also conduct compliance checks if it receives information that an establishment has been serving minors.

Commander Gaughan next reviewed data from surrounding communities related to alcohol sales and gas stations and convenience stores. Of the ten communities surveyed, seven allow gas stations to sell alcohol, with the majority limiting it to beer/wine only. Nine of the ten allow convenience stores to sell alcohol (data for one community was unavailable). Commander Gaughan reviewed any specific restrictions on a community-by-community basis. He also reviewed hours of sales for weekdays and weekends. The majority of the hours are similar to Gurnee's.

Commander Gaughan concluded by sharing recommended gas station safety protocols should the Village Board desire to create a new license classification. These recommendations included:

- Beer & wine sales only
- Sales of beer & wine be limited in their hours of sales. No earlier than 6:00 a.m. and no later than 10:00 p.m.
- All alcohol be kept in a separate, alcohol only section and lockable after service hours, to reduce theft and exposure to underage patrons inside a gas station.
- All coolers or access doors where alcohol can be purchased are lockable and can be secured after alcohol sales hours.
- Business has an age verified, door access control system that requires a potential customer to produce identification prior to handling the alcohol.
 - Scans a potential customer's ID.
 - Determines automatically whether the ID is legitimate and meets the required age for entry.
 - Alerts and unlocks the door for the of-age customer to open.

He stated these recommendations will significantly reduce the access or sales of alcohol to a minor. It will also assist in preventing alcohol theft by having locked coolers only accessible with a valid ID.

QUESTIONS:

Trustee O'Brien stated he presumes if the Department believes someone is selling to underage customers the Department does not provide advanced notice of a check. Commander Gaughan stated that is correct.

Trustee O'Brien next asked about fine amounts and if violators are put on probation. Commander Gaughan stated there are multiple fine and any probation or suspension is determined by the Liquor Commissioner (Mayor).

Trustee Thorstenson stated she likes the restriction on gross sales area used by other communities but believes total building square footage should be considered. She asked if the recommended safety protocols

would also apply to convenience stores and asked about tastings. Administrator Muetz stated tastings was a different license classification.

Trustee Ross asked how frequent compliance checks take place. Commander Gaughan stated at least once per year.

Trustee Ross then questioned how many checks there are and stated she is concerned about making more work for an already very busy Police Department. Commander Gaughan stated point of sale checks are much quicker than checking a sit-down restaurant for example.

Trustee Garner stated there are plenty of stores that currently sell alcohol, however he stated convenience stores are more convenient as it relates to purchasing multiple items at once. He stated he also likes the square footage restriction but would like to see it consistent across businesses. He also prefers the cooler doors be locked.

Trustee Balmes stated she has concerns based on past practice. She then asked about the number of licenses that would be made available. She also prefers the area be limited and that it be limited to beer/wine only.

Mayor Hood stated the restrictions could be crafted however the Village Board prefers and licenses would be considered on a case-by-case basis. He stated his desire tonight was to see if the Village Board was open to a new license classification and if so, what restrictions would the Village Board like to see in place.

Economic Development Director Ellen Dean then reviewed market conditions – national and local – that impact fuel station/convenience store (“c-store”) investment decisions. She indicated that over the years, staff has been approached on multiple occasions by developers interested in building a fuel station/c-store but the unavailability of a liquor license has been a deterrent to projects moving forward. She said the consumer has come to expect to be able to purchase prepared foods and alcohol in a variety of settings - from pharmacies to entertainment venues to fuel station c-stores. Convenience and variety are key to attracting a customer to choose to stop at one location over another.

Director Dean stated C-stores are the profit centers of fuel stations. Fuel is a low-margin, high-volume business, whereas the c-store items are significantly more profitable. There is variability among operators but a reasonable estimated breakdown, by profitability, in-store, would be prepared foods (20% of store sales and the highest-margin category), followed by general merchandise (70% of store sales) and alcohol (10%). The majority of fuel customers are also c-store customers, and thus capturing a sale -or conversely, losing it due to incomplete product offerings - has a ripple effect across many categories. With many surrounding communities allowing liquor sales in fuel stations, the Village has heard from operators who feel they are at a competitive disadvantage.

Director Dean noted that of Gurnee’s eight fuel stations, only one (Sam’s Club) has been built in the last 25 years. She acknowledged that these stations have survived without the sale of alcohol but noted that the threshold for achieving profitability is lower with an existing station than with a new one and also noted that whereas a few stations have been nicely remodeled, more are in need of reinvestment. Gurnee’s visitor and shopper concentration partially compensate for lack of a liquor license but not in all locations and not entirely. A liquor license is a differentiator. When capital is being deployed for new construction or remodels, sites that offer the highest return on investment are likely to be selected.

Lastly, Director Dean shared a market analysis tool, a “Retail Surplus/Leakage” report that quantifies a community’s retail strengths and opportunities. As a regional shopping destination, Gurnee captures both the local market and non-local shoppers, thus achieving a “surplus” in most retail categories (electronics, appliances, building materials, general merchandise, etc.). Convenience stores - typically attached to fuel stations - is one of a handful of categories in which “leakage” is occurring, meaning that Gurnee residents are spending more in this category than our own businesses are able to capture. Retail leakage suggests that there is unmet demand for a particular business type, in this

case convenience stores.

B. Public Comment

Keith Owens
6464 Doral Drive

Mr. Owens stated he wanted to speak about convenience vs. inconvenience. He stated he is awaiting information on alcohol-related death and crime that he requested from the Gurnee Police Department. He continued to state that while he understands revenue for the Village is good, so is a community that is good for its residents. Mr. Owens next summarized information he obtained from County Health Roadmaps and Rankings, which was collected by the University of Wisconsin Population Health Institute. Mr. Owens reviewed seven points from the information source regarding Lake County and alcohol. He stated he is not anti-business, but is anti-inconvenience and while money is important, so are people's lives. He concluded by stating he read all of the online Trustee biographies and urged the Village Board to hold true to them, use judgement and get priorities in order.

Dan Finn
6291 Doral Drive

Mr. Finn stated he agreed with everything Mr. Owens said and suggested a one-thousand-foot buffer between residential homes and alcohol sales.

Adjournment

It was moved by Trustee Balmes, seconded by Trustee Thorstenson to adjourn the meeting.

Voice Vote: ALL AYE: Motion Carried.

Mayor Hood adjourned the meeting at 8:18 p.m.

Andy Harris,
Village Clerk