

**MINUTES OF THE REGULAR MEETING
OF THE GURNEE VILLAGE BOARD**

**GURNEE VILLAGE HALL
JANUARY 9, 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; Bryan Winter, Village Attorney; David Ziegler, Community Development Director; Heather Galan, Public Works Director; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Erica Wells, Assistant Finance / Human Resources Director; Ellen Dean, Economic Development Director; Nick Leach, Village Engineer; Ryan Nelson, Assistant Information Systems Director; Jodi Luka, Management Analyst; John Kavanagh, Fire Chief; David Douglass, Battalion Chief; Brian Smith, Police Chief; Jesse Gonzalez, Deputy Police Chief; Jeremy Gaughan, Police Commander.

Roll Call

PRESENT: 4- Thorstenson, Ross, O'Brien, Balmes

ABSENT: 2- Woodside, Garner

Pledge of Allegiance

Mayor Hood led the Pledge of Allegiance.

**A. APPROVAL OF
CONSENT AGENDA**

It was moved by Trustee Balmes, seconded by Trustee O'Brien to approve the Consent Agenda as presented.

Roll call,

AYE: 4- Thorstenson, Ross, O'Brien, Balmes

NAY: 0- None

ABSENT: 2- Woodside, Garner

Motion Carried.

**B. CONSENT
AGENDA /
OMNIBUS VOTE**

The Village Administrator read the consent agenda for an omnibus vote as follows:

1. Approval of minutes from the December 19, 2022 meeting.
2. Approval of Ord. 2023 – 01 authorizing an Intergovernmental Agreement for participation in the Mutual Aid Box Alarm System (MABAS Master Agreement 2022).
3. Approval of Ord. 2023 – 02 amending Chapter 78, Section 78-105 Subsection (d), of the Gurnee Municipal Code to prohibit parking on Barberry Lane, both sides, from Delany Road to dead-end.
4. Approval of Ord. 2023 – 03 amending Chapter 32, Section 32-36, entitled "Planning and Zoning Fees" of the Gurnee Municipal Code.
5. Approval of request by Public Works Utility Division to award the construction and integration of three pressure reducing value control cabinets to Concentric Integration LLC at a cost of \$68,700.00.
6. Approval of request by Fire Department to set a bid date of January 26, 2023 for the Fire Station #1 Bunk Room and Front Office Update project.
7. Approval of request to authorize execution of an agreement between the Village of Gurnee and Vogue Towers I, LLC to assign Ground Lease Agreement at 4548 Old Grand Ave. to Vogue Towers XIII, LLC
8. Approval of Payroll for period ending December 16, 2022 in the amount of \$937,060.85.
9. Approval of Payroll for period ending December 30, 2022 in the amount of \$977,874.90.

10. Approval of Bills for the period ending January 9, 2023 in the amount of \$1,062,077.55.

It was moved by Trustee Balmes, seconded by Trustee Ross to approve the Consent Agenda for an omnibus vote as read.

Roll call,

AYE: 4- Thorstenson, Ross, O'Brien, Balmes

NAY: 0- None

ABSENT: 2- Woodside, Garner

Motion Carried.

C. PETITIONS AND COMMUNICATIONS

1. Administration of Oath of Office for the promotion of Police Officer Chris Lindahl to Police Sergeant.

Mayor Hood administered the Oath of Office and Chief Smith briefly spoke about Lindahl's achievements.

Sergeant Lindahl introduced his family and briefly spoke thanking everyone for their support.

D. REPORTS

1. Presentations by Finance Director Brian Gosnell and Village Engineer Nick Leach: – Multi-Year Capital Plan: Fiscal Years 2024 – 2028.

Finance Director Gosnell, Village Engineer Leach and Assistant Information Systems Director Nelson reviewed the Multi-Year Capital Plan noting the following;

Director Gosnell stated the Village utilizes a “pay-as-you-go” funding model for capital with the exception of the IEPA Loan for the Knowles Road Water Tower. Established funding sources include home rule sales tax, motor fuel tax, impact fees, grants, reserves and General Fund surpluses.

Gosnell next reviewed the Funds and systems that make up the Capital Plan noting total projected capital spending over the forecast period is \$52.9 million with FY2024 totaling \$16.3 million.

Village Engineer Leach reviewed proposed spending in the following programs;

- Transportation System
 - FY2024 - \$7.9 million
 - \$6.5 million Road Rehabilitation
 - \$500 thousand for the pedestrian path along Dilley's (reimbursed from Lake County)
 - \$415 thousand in Engineering consulting and inspections
 - \$165 thousand for sidewalk improvements
 - \$150 thousand in pavement marking upgrades
 - \$140 thousand for intersection reconfiguration at Washington and Hunt Club
- Stormwater Management
 - FY2024 - \$300 thousand
 - \$150 thousand for culvert work near the American Legion and storm sewers on Keith and Atlantic
 - \$150 thousand for floodplain property acquisition and demolition
- Water & Sewer System
 - FY2024 - \$3.4 million
 - \$2.3 million for water main improvements on O'Plaine Waveland and Grandville
 - \$870 thousand for water main at the intersection of Hunt Club Rd and Washington Street and at Stearns School Road near US 41.
 - \$150 thousand for Sewer Televising & Lining

- \$50 thousand in SCADA system upgrades
- \$40 thousand for design engineering

Finance Director Gosnell reviewed proposed spending for Vehicles & Equipment:

- Vehicles & Equipment
 - FY2024 - \$2.2 million
 - Police Department
 - \$507 thousand for three squad cars, one evidence tech vehicle, three unmarked vehicles and two specialty K9 squads offset by grant funds
 - \$101 thousand for duty firearms, plate carriers and reconyx system for investigations
 - Fire Department
 - \$340 thousand for the replacement of an ambulance (1342)
 - \$125 thousand for two command vehicles (1354 & 1399)
 - \$35 thousand for rescue task force gear
 - \$30 thousand for warning siren and pre-emption system maintenance
 - Public Works
 - \$600 thousand for two single axle heavy duty trucks
 - \$250 thousand for a bucket truck
 - \$80 thousand for a mobile vehicle lift
 - \$60 thousand for a crew cab pickup truck
 - \$50 thousand for a locate truck \$25 thousand for a floor machine

Assistant Information Systems Director Nelson reviewed proposed spending for Technology:

- Technology
 - FY2024 - \$1.1 million
 - \$380 thousand for department software systems and applications
 - \$350 thousand for CAD and RMS
 - \$243 thousand for network equipment and applications
 - \$178 thousand for cyber security
 - \$85 thousand for endpoint security and incident response services
 - \$128 thousand for virtualization and storage
 - \$82 thousand for physical security \$72 thousand for audio/visual
 - \$65 thousand for communication systems and services

Finance Director Gosnell next reviewed proposed spending in Buildings & Improvements:

- Buildings & Building Improvements
 - FY2024 - \$513 thousand
 - Administration
 - \$450 thousand for phase 1 of the HVAC system replacement
 - Police Department
 - \$100 thousand for dry pipe system
 - \$40 thousand for HVAC
 - Fire Department
 - \$255 thousand for office and building renovations and miscellaneous improvements
 - Public Works (Split Streets/W&S)
 - \$100 thousand for material bin repairs
 - \$48 thousand for flat roof repairs
 - \$30 thousand for multiple HVAC units
 - \$28 thousand for the truck bay roof repairs
 - Golf Course
 - \$25 thousand for miscellaneous clubhouse repairs

Administrator Muetz noted the Board would have another opportunity to review and change anything in the plan during the budget process.

Policy Considerations: General Fund Balance and FY2024 Water Rate

Finance Director Gosnell stated as staff started looking at the Multi-Year Financial Forecast and specifically the water fund it became apparent in order to keep up with capital funding and historic inflation, larger rate increases were necessary. He stated after discussing with the Mayor, staff was tasked with looking at Village finances as a whole across all funds to find ways to reduce the needed water rate increase. This resulted in staff having to look to the General Fund and its reserve policy, how excess reserves are and could be used and how that could impact water rates, future capital planning and the longer-term financial forecast. This has to be done with factoring in adequate capital funding and a senior discount in the water fund.

Director Gosnell then reviewed the General Fund surplus and all of the items that are dependent on it, including capital funding, future obligations, debt reduction and stabilizing reserves. He reiterated that the Village does not levy a property tax and relies heavily on elastic or economically sensitive revenues. As such, General Fund surplus plays a more critical role in Gurnee compared to other communities. Gosnell noted in most years due to conservative budgeting and financial planning there is a surplus in the General Fund at the end of the year. This typically has been used to either bolster the reserve balance or transfer to general or non-water sewer capital or accelerate the pay down of debt as was the case with the Series 2011 bonds and the FS#3 loan.

Gosnell then review the current General Fund reserve policy and historic data related to it. Over the last 10 years, the average reserve balance is 65% or almost \$25 million. Current policy requires the Village to maintain 35% of General Fund expenditures excluding transfers. Historically the only transfers from the General Fund have been for debt and capital.

To better align the policy, actual balance and the uniqueness of Gurnee, staff is recommending the policy be updated to include a range of 60-65% of expenditures less transfers. Using a range allows upper and lower triggers. A balance below 60% would prompt notice to the Board and action in the next budget cycle to get back above 60%. A balance above 65% would prompt a transfer of excess fund balance above the 65% to capital, debt or another purpose by the Village Board. Applying these parameters to the current fund balance would leave an excess balance of \$4.8 million.

Director Gosnell then shared information from other AAA-rated communities related to General Fund balance policies. The average policy limit amongst these communities is 42% with the actual balance approximately 72%. This is very similar to Gurnee's current situation. He stated it is important to note the only other Village without a property tax in the General Fund is Vernon Hills and its policy limit is 67%.

Gosnell next transitioned and discussed how the General Fund balance and policy parameters relates to the Water Fund, specifically water rates and capital funding.

He started by providing the Village Board some history on the Water Fund and rates. Prior to 2011, one-time revenues derived from new construction generating connection fees primarily funded water and sewer capital. This allowed the Village to leave water rates flat for many years resulting in the Village having the lowest rate of all JAWA communities but it was a rate structure that could not support a capital plan without new growth. This led to a study by Baxter & Woodman in 2011 that made modifications to the rate structure and identified the amount of \$2.9 million needed annually to fund an adequate capital plan. By 2016 the Village implemented some of the changes, however was still far behind on capital funding. At this time, a plan was put into place and the Village, ten years after the Baxter & Woodman study, got to the \$2.9 million.

Gosnell stated staff had planned to recommend a new 5-year plan that would start in FY 2022 and fill the gap in the capital funding identified 10 years earlier but the pandemic changed that. Instead, rates were held

flat for two years during the pandemic, while inflation and other expenses continued to increase at historic levels. At the end of the previous rate plan, the water rate gained \$0.31 over and above inflation to help capital funding. Over the past two fiscal years due to the combination of rates staying flat and historic inflation, the Village is now \$0.80 behind the rate from 2016 adjusted for inflation. Translated into dollars, the Village added almost \$400 thousand annually over and above inflation in five years to go towards the \$2.9 million needed to being almost \$1 million behind inflation in just three years if no action is taken with water rates. Gosnell stated it would require a 15% increase to get back to keeping up with inflation and a 21% increase to get back to the gains the Village made toward capital funding before the pandemic. If the Village did nothing with the rate this year the gap in the inflation-adjusted rate and the current rate would increase by \$500k annually.

Considering modifications to the General Fund balance policy and Mayor Hood's request to reduce the water rate, staff has developed the option of utilizing \$2 million of the \$4.8 million excess reserve and a modest rate increase of 3.5% (approximately half of inflation) to help bridge the gap in capital funding for the FY2025 program. This allows rate relief, the senior discount program and capital funding. Gosnell stressed this is a one-year proposal and not sustainable long-term given current capital needs and continued inflation. He stated the rate must be reassessed next year.

Questions:

Mayor Hood noted he asked staff to look at creative ways to lower the needed increase on water rates and thanked staff for their efforts. He also recognized staff was prepared to recommend a higher increase to offset inflation and maintain operating and capital funding for the Water system.

Trustee O'Brien asked what the water rate would be in the following fiscal year with the proposed transfer and an increase of 3.5%. Finance Director Gosnell stated the increase and the transfer just covers capital funding, the proposed senior discount program and half of the anticipated increase in inflation for one year. Rates would need to be reassessed again next year.

Trustee O'Brien asked if the proposed transfer was from savings or funds we currently have on hand. Gosnell stated it was from a portion of the surplus from last year over and above the proposed policy limit of 65%.

Trustee Thorstenson asked for clarification on a potential rate increase and if it would apply to everyone or exclude seniors. Director Gosnell stated it would apply to everyone then the senior discount would be applied to those that qualify and would likely have a greater impact than the rate increase.

Trustee Ross stated she has concerns about the discount program and questions how long it would last.

Mayor Hood stated the discount equates to approximately \$250,000 and feels absorbing that revenue reduction is doable.

Gosnell stated the next rate discussion would include the senior discount built into any recommended rate adjustments.

Trustee Ross stated while the Village compares best to Vernon Hills it has more contractual staff than Gurnee and therefore has more flexibility in reducing expenditures. She stated she is comfortable with 65% fund balance recommendation as long as staff is but did not want to be in a position of having to make staffing cuts.

Gosnell responded that over the last ten years the Village has maintained a fund balance close to the 65% limit, and the only time it dipped to the lower limit of 60% was during the pandemic in which case the fiscal contingency policy was initiated and several actions were taken not including staff cuts.

Trustee Balmes stated she is concerned that history will repeat itself if the Village does not keep up with increased expenses in the water fund.

She stated inflation is very concerning and a 3.5% increase in the water rate does not keep pace with it. She also expressed concerns about the senior discount and how broad eligibility is. She stated there are many seniors that are not struggling financially, which is really the sector the program should be focusing on.

Gosnell noted the senior discount still covers the Village cost of water and just discounts the Village portion towards covering operations and capital expenses.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Approval of Ord. 2023 – 04 granting a Special Use Permit to install a second 12-foot tall directional/instructional sign pursuant to the Gurnee Zoning Ordinance for 6601 IL Route 132.

Administrator Muetz summarized New Business items #1 and #2 together.

Item #1: Target has requested to allow the height of a second solar beacon related to online pick-up signage to exceed the height requirement of the Village code by more than 50%. He stated the code allows 5 feet; Target has requested 12 feet. The same request was approved by the Village Board in 2018. Muetz stated the PZB is forwarding a 4-3 favorable recommendation.

Item #2: Target requested a Minor Sign Exception to allow an increase in the aggregate wall sign area from 307 sq. ft. to 342 sq. ft. to add a 35 sq. ft. sign that reads “Drive-Up” to the store’s front façade. The PZB denied this request by a 2-5 vote. The PZB questioned the necessity of the “Drive-Up” signage. Muetz stated a similar request to increase the amount of signage was approved in 2017. While the PZB has the final say on Minor Sign Exceptions, if denied, the petitioner can appeal to the Village Board, which is what Target is doing in this case.

Attorney Winter provided the Village Board clarification on the appeal process.

Trustee Ross stated she was under the impression the size of the sign was the concern of the Planning & Zoning Board. She then asked for clarification on the request. Attorney Winter stated the request is for a Minor Sign Exception, not a Variance.

Trustee O’Brien asked for clarification of the location of the additional signage. He stated the two other major retailers in the Village have similar signage and he feels the Target signage is more attractive.

Trustee Thorstenson questioned if the pick-up area location was changing. Administrator Muetz stated the location was not changing, it was expanding.

Trustee Balmes stated it is really not a “drive-up” and she feels the signage may be confusing, however she has no strong objection to the request.

It was moved by Trustee Thorstenson, seconded by Trustee Balmes to approve of Ord. 2023 – 04 granting a Special Use Permit to all a second 12-foot tall directional/instructional sign pursuant to the Gurnee Zoning Ordinance for 6601 IL Route 132.

Roll call,

AYE: 4- Thorstenson, Ross, O’Brien, Balmes

NAY: 0- None

ABSENT: 2- Woodside, Garner

Motion Carried.

2. Approval of Ord. 2023 – 05 granting approval of a Minor Sign Exception for property located at 6601 IL Route 132.

Summarized under New Business Item #1.

It was moved by Trustee O'Brien, seconded by Trustee Ross to approve of Ord. 2023 – 05 granting approval of a Minor Sign Exception for property located at 6601 IL Route 132.

Roll call,

AYE: 3- Thorstenson, O'Brien, Hood

NAY: 2- Ross, Balmes

ABSENT: 2- Woodside, Garner

Motion Carried.

G. PUBLIC COMMENT

**Joseph Bilas
33777 N.
Summerfields Drive
Unincorporated
Lake County**

Mr. Bilas stated he would like to draw attention to the vacant commercial property at northeast corner of Hunt Club Road and Gages Lake Road, where a Casey's gas station would like to build. He stated he, along with his neighbors, do not want a gas station at this site. Mr. Bilas stated he is concerned about the hours, proximity to homes, potential pollution and alcohol/tobacco sales among other things. He then referenced the 2040 Compass Plan. Mr. Bilas stated this is not a local/small business, the business does not diversify the local economy and finally the business is not environmentally sensitive. He concluded by stating his neighbors stand against the development and the Village Board should seek a more compatible, environmentally-friendly business for the site.

Closing Comments

None.

Adjournment

It was moved by Trustee Balmes, seconded by Trustee O'Brien to adjourn the meeting.

Voice Vote: ALL AYE: Motion Carried.

Mayor Hood adjourned the meeting at 8:14 p.m.

**Andrew Harris,
Village Clerk**
