

MINUTES OF THE PUBLIC HEARING

Public Hearing to consider contributing \$150,000, rebating up to \$1,000,000 of sales tax revenue and conveying stormwater credits to Red Crown Investments LLC - 141 to allow for site redevelopment at 4885 and 4821 Grand Avenue including demolition of existing structures and construction of a minimum 5,000 square foot commercial building for a fuel station/convenience store.

GURNEE VILLAGE HALL JULY 24, 2023

Call to Order

Mayor Hood called the public hearing to order at 6:41 p.m.

Other Officials in Attendance

Patrick Muetz, Village Administrator; Austin Pollack, Assistant to the Village Administrator; Bryan Winter, Village Attorney; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Nick Leach, Village Engineer; Jodi Luka, Management Analyst; David Douglass, Deputy Fire Chief; Brian Smith, Police Chief; Jeremey Gaughan, Deputy Police Chief.

Roll Call

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

ABSENT: 1 - Woodside

Trustee Woodside arrived at 6:42 p.m.

Mayor Hood stated this was a Public Hearing to consider contributing \$150,000, rebating up to \$1,000,000 of sales tax revenue and conveying stormwater credits to Red Crown Investments LLC 141 to allow for site redevelopment at 4885 and 4821 Grand Avenue including demolition of existing structures and construction of a minimum 5,000 square foot commercial building for a fuel station/convenience store.

Administrator Muetz provided a summary of the proposed redevelopment agreement. He stated Graham Enterprise has been in business since 1922 and operates 37 sites, including the the BP fuel station Grand Avenue and Route 21. The Avalon building next door has been vacant for over five years. The entire Avalon site is located in the floodplain and therefore limited to how much can be reinvested in the building to transform it into a revenue generator. Muetz stated Graham approached the Village regarding purchasing the Avalon to combine with the BP property and redevelop both sites with a fuel station/convenience store concept to be branded as "Trio". Existing Trio locations near Gurnee include Vernon Hills, North Chicago and Northbrook. Muetz stated Graham proposes to demolish the Avalon building and current BP station and redevelop both sites with a new 5,000-square foot commercial building which will be compliant with the FEMA requirements and the Lake County Watershed Development Ordinance. The investment project is estimated at over \$5 million. To bring this project to fruition assistance from the Village has been requested.

Next, Administrator Muetz reviewed the proposed terms of the redevelopment agreement. Similar to other recent sales tax sharing agreements, he stated staff is proposing a combination of Direct Contribution paid upon occupancy/opening, a multi-year sales tax rebate, which protects the Village's base and retains 50% of Home Rule Sales Tax for capital and transferring of Storm Water credits currently held by the Village.

- **Direct Contribution:** The Village would agree to provide a Direct Contribution funded from Economic Development Reserve of \$150,000 paid upon occupancy/business opening. Muetz stated based on sales projections the Direct Contribution is expected to be recouped within five years.
- **Sales Tax Rebate:** The Village will retain the first \$75,000 of sales tax generated from this property ("Base"). Above the Base, all of the State shared (1%) sales tax and one-half of the Village's Home Rule (1%) sales tax will be rebated to Graham up to a maximum of \$1,000,000 or 12 years, whichever comes first.
- **Storm water Credits:** A small portion of the proposed new

convenience store building is anticipated to encroach on the floodplain and thus fill will be required. The Village will convey up to 30,000 cubic feet of storm water credits to Graham to offset any compensatory storage requirement. Graham will also receive credit for the volume of the Avalon building to help offset any fill to the site.

Muetz stated per the agreement construction must begin no later than July 2024, though Graham has indicated if the agreement is approved it would like to get started earlier than this. Once construction starts, the developer has 18 months to complete the project. The agreement also requires the site be operated for a minimum of 20 years. Administrator Muetz stated a building permit fee waiver is also included as part of the project. The fee waiver will not exceed \$100,000 and will be brought forward at a future meeting for Village Board consideration.

Next, Muetz briefly reviewed the site plan stating it includes 16 fueling positions and a convenience store with the potential for a drive-through coffee shop on the east side. Access to the site will be modified from nine curb cuts to three, improving traffic efficiency and safety. He also stated the property line between this site and the property to the south has been straightened out, which is beneficial to both parties.

Mayor Hood then asked John Graham, owner/principal with Graham Enterprises, to provide some additional information about the project and answer any questions the Village Board may have.

Mr. Graham stated he had no formal presentation but wants to thank Village Staff and Board for considering the proposed project. He stated due to BP site constraints and a changing industry, acquiring the Avalon site is necessary for a successful project.

Mr. Graham stated in his opinion that many sites like the current BP are being forced to close due to increasing regulations. However, with the accumulation of the neighboring site, relationships made with Chris Khayat and support of staff, they will meet the compensatory storage requirement necessary when building in a floodplain and remain competitive in the long-term. An even swap of property to the south will straighten out the property line allowing the neighbor to add necessary parking and therefore serve as a benefit to them.

Mr. Graham stated he believes they are going to retain more water than currently shed and that the Village should see a benefit with better flood control included in the construction of this site.

Mr. Graham stated his industry is engaging in sustainability processes including delivery of product and building a new energy efficient building. Graham stated the industry is always evolving and he predicts the location will eventually obtain charging stations although that is not part of the current buildout.

Mr. Graham concluded by stating he is thankful for the business-friendly conversations with the Village and opened the floor to the Board.

Trustee Thorstenson asked about storm water credits and sustainability efforts. Trustee Thorstenson notified Mr. Graham of the Village sustainability committee and efforts then stated she is interested in ensuring the proposed business will engage in the same efforts; she asked if his locations currently engage in recycling or sustainability efforts. Mr. Graham recognized the various efficiency opportunities presented when undergoing new construction.

Trustee Ross stated Mr. Graham answered her question regarding electric charging stations but reiterated the question for him to answer. Mr. Graham stated there will be space on the site to eventually add charging stations. Mr. Graham stated it will come down to a partner that is willing to make the investment. Future opportunities are there, but the investment cannot be made currently with the expectation of a return.

Trustee Balmes asked how the floodplain height requirements will affect the east side of the property when considering the slope. Mr. Graham stated the new facility will meet the 2' above floodplain requirements. He said the best comparable example is Speedway at the corner of Grand and Dilleys whereas the front of the building is higher. The proposed site

will require a ramp from the back of the property (east) to the front (west); the entire property will not be raised. Trustee Balmes asked if there will be a considerable drop from front to back. Mr. Graham stated there will be approximately 4' difference from front of property to the back near Riverside Drive. Trustee Balmes asked if the front entrance is right-in/right-out only. Mr. Muetz stated right-in/right-out movement is the most logical based on Route 132 traffic. Trustee Balmes stated she would love to see the property developed but has concerns regarding the floodplain.

Trustee Woodside asked if traffic will be able to travel from Milwaukee to Riverside through the property. Mr. Graham stated yes and that they will minimize the slope as much as possible. Since the property is about 400' wide, they have an ability to control the slope to minimize safety concerns. Trustee Woodside recognized the engineering challenge ahead and expressed his sentiments in seeing the property develop into a great investment.

Trustee Garner asked if customers will be able to access the Khayat property from the site. Mr. Graham stated they will not be able to at this time. However, the property swap allows access if grade elevations are improved by the Khayats.

Trustee Balmes, motioned, seconded by Trustee O'Brien, to recommend contributing \$150,000, rebating up to \$1,000,000 of sales tax revenue and conveying stormwater credits to Red Crown Investments LLC - 141 to allow for site redevelopment at 4885 and 4821 Grand Avenue including demolition of existing structures and construction of a minimum 5,000 square foot commercial building for a fuel station/convenience store.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

Motion Carried.

H. PUBLIC COMMENT

None.

Adjournment

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

Voice Vote: ALL AYE: Motion Carried.

Mayor Hood adjourned the Public Hearing at 7:04 p.m.

**Jodi Luka,
Deputy Village Clerk**

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

**GURNEE VILLAGE HALL
JULY 24, 2023**

Call to Order

Mayor Hood called the meeting to order at 7:05 p.m.

Other Officials in Attendance

Patrick Muetz, Village Administrator; Austin Pollack, Assistant to the Village Administrator; Bryan Winter, Village Attorney; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Nick Leach, Village Engineer; Jodi Luka, Management Analyst; David Douglass, Deputy Fire Chief; Brian Smith, Police Chief; Jeremy Gaughan, Deputy Police Chief.

Roll Call

PRESENT: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

ABSENT: 0-

Pledge of Allegiance

Mayor Hood led the Pledge of Allegiance.

**A. APPROVAL OF
CONSENT AGENDA**

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

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

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 July 10, 2023 meeting.
2. Approval of granting a firework permit for Gurnee Days on August 12, 2023.
3. Approval of Ord. 2023 – 45 amending the Gurnee Municipal Code, Chapter 78, Section 41 regarding the impoundment of motor vehicles.
4. Approval of Ord. 2023 – 46 authorizing the execution of Amendment No. 1 to the Intergovernmental Agreement between the Village of Gurnee and the Illinois Department of Transportation to add the traffic control devices located at the intersection of Grand Avenue (Route 132) and Belle Plaine Avenue.
5. Approval of recommendation from Information Systems Division to purchase Schneider Electric Symmetra uninterruptable power supply (UPS) equipment from Graybar Electric Company, Inc. at a cost of \$27,812.58 (Public Works Facility UPS Replacement Project – OMNIA Partners Contract # EV2370).
6. Approval of purchasing one-year of Cisco SMARTnet maintenance services from the incumbent vendor CDWG in the amount of \$58,645.39.
7. Approval of setting a bid date of August 21, 2023 for the Keith & Atlantic Avenue Storm Sewer Improvement Project.
8. Approval of Payroll for period ending July 14, 2023 in the amount of \$1,028,650.47.
9. Approval of Bills for the period ending July 24, 2023 in the amount of \$3,244,916.58

It was moved by Trustee O'Brien, seconded by Trustee Garner to approve the Consent Agenda for an omnibus vote as read.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner
NAY: 0- None
ABSENT: 0- None
Motion Carried.

C. PETITIONS AND COMMUNICATIONS

1. Approval of Proclamation honoring Mark & Rose Froseth for being selected the 2023 Gurnee Days Honorees.

Mayor Hood summarized the Proclamation for the record.

It was moved by Trustee Thorstenson, seconded by Trustee Ross to approve of a Proclamation honoring Mark & Rose Froseth for being selected the 2023 Gurnee Days Honorees.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner
NAY: 0- None
ABSENT: 0- None
Motion Carried.

2. Approval of a Proclamation designating August 6 - 12, 2023 as "National Stop on Red Week" in the Village of Gurnee.

Mayor Hood summarized the Proclamation for the record.

It was moved by Trustee O'Brien, seconded by Trustee Garner to approve of a Proclamation designating August 6 - 12, 2023 as "National Stop on Red Week" in the Village of Gurnee.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner
NAY: 0- None
ABSENT: 0- None
Motion Carried.

D. REPORTS

1. Presentation by Finance Director Brian Gosnell – Fiscal Year 22/23 Fourth Quarter financial performance.

Director Gosnell presented a PowerPoint covering financial data for the 4th Quarter of Fiscal Year 2022/2023.

Gosnell presented the following related to cash & investments as of April 30, 2023:

- Total \$48.5 million (excludes Pension Funds & NLCC-ETSB)
 - 19% Checking
 - 50% Money Market
 - 31% Investments
- 61% General Fund
- 16% Capital Improvement Fund
- 15% Water & Sewer Funds

Gosnell presented the following information related to the 110-General Fund as of April 30, 2023:

- Total Revenues of \$51.7 million
- Total Expenditures of \$49.6 million
 - Resulting in a Surplus of \$2.0 million
 - Gosnell noted the surplus is after a \$4.5m transfer from prior year surpluses

Gosnell noted the following variances:

- Revenue
 - Building Permit Timing – Major projects did not have permits issued in the fiscal year and the associated revenue will appear in the following fiscal year.
 - Red Light Revenue – Gosnell noted the issues with technology, intersections being off-line and delays with state permitting having a negative impact on revenues.
- Expenses
 - Damage to Village Property – Gosnell noted greater than anticipated insurance claims resulting from damage to Village property.

- Surplus Transfer & Sharing – Gosnell noted the Other Financing Uses category exceeded budget due to the \$4.5m surplus transfer out approved by the Board and greater than anticipated revenue sharing, which is offset by greater revenues.

Gosnell reviewed the performance of Major Revenues, noting the following:

- Total Major Revenues
 - Account for 68% of General Fund Revenues
 - Annual Budget \$31.4 million
 - Actual \$35.3 million
 - Over Budget \$3.9 million
 - +25.2% vs. 5-Year Average
 - +4.6% vs. Last Year
 - +12.5% vs. Budget
- Sales Tax
 - Annual Budget \$18.7 million
 - Actual \$20.4 million
 - Over Budget \$1.8 million
 - +18.1% vs. 5-Year Average
 - +1.7% vs. Last Year
 - +9.5% vs. Budget
 - Internet Sales – Gosnell noted Internet sales have become a major part of sales tax and contributed to the positive variance.
- Amusement Tax
 - Annual Budget \$3.6 million
 - Actual \$3.7 million
 - Over Budget \$126 thousand
 - +30.8% vs. 5-Year Average
 - +3.4% vs. Last Year
 - +3.5% vs. Budget
- Food & Beverage Tax
 - Annual Budget \$2.1 million
 - Actual \$2.6 million
 - Over Budget \$450 thousand
 - +32.3% vs. 5-Year Average
 - +10.1% vs. Last Year
 - +21.1% vs. Budget
- Hotel Tax – Gosnell Noted Great Wolf Lodge is the largest payer.
 - Annual Budget \$1.8 million
 - Actual \$2.3 million
 - Over Budget \$546 thousand
 - +63.8% vs. 5-Year Average
 - +13.6% vs. Last Year
 - +30.3% vs. Budget

Gosnell reviewed the General Fund reserve balance, noting the following:

- Unaudited Ending Balance at April 30, 2023 was \$33.2m or 76.2% of FY2023/2024 expenditures less transfers out.
 - \$4.9m over Upper Limit of 65% based on the recently updated fund balance policy.
- Staff will determine surplus transfer recommendation following the completion of the annual audit and prior to FY2024/2025 Budget preparation. This timeline is roughly 6 months into the fiscal year, which allows staff to better predict the trajectory of revenues in the current year.

Gosnell reviewed the performance of the 221 Water & Sewer Operating and 223 Water & Sewer Capital Funds including the following:

- Total Revenues \$11.8 million
- Total Expenditures \$10.4 million
 - Surplus/(Deficit) \$1.4 million
- Notable Variances
 - \$2.0m Surplus Transfer from the General Fund to provide temporary rate relief.
 - Damage to Village Property is up similar to the General Fund.
 - Increased Electricity Costs are driving the supplies category over budget.

Gosnell noted water usage was down 13.7% from the prior year and precipitation was up 22.5% from the prior year, He noted the direct correlation between the two particularly in the summer months.

Trustee O'Brien asked about the budget variance in the Investments & Contributions category in the Motor Fuel Tax Fund. Gosnell noted that was due to increased interest rates resulting in greater than expected interest income. That was across the board in all funds.

Trustee Balmes asked about pension funding. Gosnell noted the Village just received the draft actuarial report, which included a large increase in the Village's required contribution. Gosnell stated the Village did not take advantage of a large decrease in the contribution the year prior and increased the contribution by 3% resulting in a significant overfunding. Gosnell said even with the increase in the current report, the Village will still be overfunding if it keeps the amount flat, but recommended the Village continue to increase the prior year contribution by 3%.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Approval of Ord. 2023 – 47 approving a Redevelopment Agreement between the Village of Gurnee and Red Crown Investments, LLC – 141 for property located at 4821 and 4885 Grand Avenue, Gurnee, Illinois.

Mayor Hood stated this the topic of the 6:40 p.m. Public Hearing.

It was moved by Trustee Balmes, seconded by Trustee Woodside to approve of Ord. 2023 – 47 approving a Redevelopment Agreement between the Village of Gurnee and Red Crown Investments, LLC – 141 for property located at 4821 and 4885 Grand Avenue, Gurnee, Illinois.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

Motion Carried.

2. Approval of Ord. 2023 – 48 approving an agreement between the County of Lake and the Village of Gurnee for intersection improvement along Hunt Club Road (County Highway 29) and Washington Street (County Highway 45), including pedestrian improvements, watermain sanitary sewer, landscaping improvements and the dedication of right-of-way and granting easements.

Administrator Muetz stated Lake County will be reconstructing the intersection at Hunt Club Road and Washington Street. The boundaries of the project are Dada Drive south to Wildflower Lane along Hunt Club Road and from White Oak Lane to approximately 1,500' east of Hunt Club Road along Washington Street. Improvements include intersection widening with additional dedicated turn lanes, street lighting, medians, drainage improvements, construction of sidewalks and multi-use path, landscaping, water main modification and the replacement of permanent traffic control signals. Muetz stated notable pedestrian improvements will include completion of the bike path on the north side of Washington from Dax Tax west to Hunt Club. This gap is included on the Village's Blue Ribbon Commission Pedestrian Mobility Plan as Item #13. He stated the County would also install a bike along Hunt Club north to the ComEd trail, which was on the BRC Plan as Items #11 and #12. The Village will be responsible for 100% of the cost for the removal and replacement of existing sidewalk and multi-use path, median landscaping, sanitary sewer adjustments and water main replacements and extensions. The Village will also continue to be responsible for the perpetual maintenance of these facilities; however, the County will cover the installation costs. The Village's financial contribution is estimated at \$1,134,700, which would be paid for in three equal installments and reconciled at the end of the project with the final of the three payments. Staff was aware of the cost-sharing and included the appropriate funding in the FY 23/24 Budget in the Capital and Utility Funds. Staff anticipates the first payment will be due towards the end of the year with construction starting next summer.

It was moved by Trustee Garner, seconded by Trustee Thorstenson to approve of Ord. 2023 – 48 approving an agreement between the County

of Lake and the Village of Gurnee for intersection improvement along Hunt Club Road (County Highway 29) and Washington Street (County Highway 45), including pedestrian improvements, watermain sanitary sewer, landscaping improvements and the dedication of right-of-way and granting easements.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

Motion Carried.

3. Approval of Ord. 2023 - 49 adopting by reference the Lake County Watershed Development Ordinance as amended.

Muetz stated The Lake County Board adopted 35 amendments, including new FEMA Maps, to the Watershed Development Ordinance (WDO) on July 11, 2023. In order to maintain the Village's Certified Community status and meet FEMA's National Flood Insurance Program requirements the Village must adopt the amended WDO prior to October 5, 2023. Muetz stated the amendments have been divided into the following categories: Coastal High Hazard Areas, Wetland, Administrative, Floodplain, DECI, Floodway Storage, Rainfall Table, and new floodplain maps. The majority of the amendments do not impact Gurnee and rather focus on areas along Lake Michigan. One amendment that will affect Gurnee, as well as all other communities in Lake County, is the definition of Lowest Adjacent Grade (LAG). Since the inception of the WDO, LAG was considered the lowest elevation near a foundation, NOT including window wells. The LAG helped determine if a structure was considered within a Floodplain or not. This definition was corrected by FEMA to include windows wells or any other opening exterior to the building around the foundation. This will affect future home builders that wish to build in the floodplain, existing homes, and future buyouts.

It was moved by Trustee Ross, seconded by Trustee O'Brien to approve of Ord. 2023 - 49 adopting by reference the Lake County Watershed Development Ordinance as amended.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

Motion Carried.

4. Approval of Ord. 2023 - 50 imposing a moratorium on the establishment of Animal Care Facilities within Commercial Zoning Districts.

Administrator Muetz stated the 2021 update of the Zoning Ordinance resulted in a number of animal related businesses/services being grouped into a single category titled "Animal Care Facilities". These types of businesses include animal hospitals/vet clinics, pet day care, pet hotels and pet grooming. "Animal Care Facilities" require a Special Use in the C-1 district and are permitted by-right in the C-2, C-3, I-1 and I-2 districts. With the various business grouped together now and permitted by right in a number of commercial districts, staff is concerned about the ramifications. He provided the example of certain business allowed by right in the C-2 district for which locating an animal care facility next door may not be appropriate. As such, staff is requesting a six-month moratorium on "Animal Care Facilities" in the commercial zoning districts to provide time to research the issue. The moratorium would still allow these types of uses to open in the I-1 and I-2 districts.

Trustee O'Brien asked if current businesses would be impacted by the moratorium. Administrator Muetz said no.

It was moved by Trustee Woodside, seconded by Trustee Garner to approve of Ord. 2023 - 50 imposing a moratorium on the establishment of Animal Care Facilities within Commercial Zoning Districts.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

Motion Carried.

Mayor Hood stated there are no items scheduled for the July 31, 2023 Committee of the Whole and asked if the Board wanted to cancel the meeting.

It was moved by Trustee Balmes, seconded by Trustee Thorstenson to cancel the July 23, 2023 Committee of the Whole meeting.

Roll call,

AYE: 6- O'Brien, Balmes, Thorstenson, Woodside, Ross, Garner

NAY: 0- None

ABSENT: 0- None

Motion Carried.

G. PUBLIC COMMENT

**Karen Finkel
416 Magnolia Ave.
Gurnee, IL**

Ms. Finkel expressed concerns about individuals located at the intersection of Route 132 and 41. She stated it is not a good situation and it needs to be addressed. Ms. Finkel also expressed concerns about standing water due to a lift station being inoperable. Staff responded the lift station is in the process of being repaired.

**Keith Owens
6464 Doral Dr.
Gurnee, IL**

Mr. Owens referenced a letter that he emailed to the Village Board before the meeting. He reviewed information from the Food & Drug Administration related to underage tobacco sales and Casey's General Stores, Inc. He stated Casey's is not concerned about sales to minors, which is exhibited by their past behavior. He then reviewed five reasons why this should be concerning to the Village Board. Mr. Owens also expressed concerns about the frequency of local compliance checks and reactive enforcement. He concluded by asking the Board to take the information he shared into consideration.

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 7:41p.m.

**Jodi Luka,
Deputy Village Clerk**