

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

**GURNEE VILLAGE HALL
OCTOBER 29, 2018**

Call to Order

Mayor Kovarik called the meeting to order at 7:01 p.m.

Other Officials in Attendance

Patrick Muetz, Village Administrator; David Ziegler, Assistant Village Administrator / Community Development Director / Village Engineer; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Chris Velkover, Information Systems Director; Tom Rigwood, Director of Public Works; John Kavanagh, Fire Chief; Kevin Woodside, Police Chief; Brian Smith, Deputy Police Chief, Jack Linehan, Assistant to the Administrator

Roll Call

PRESENT: 6- Balmes, Hood, Thorstenson, Jacobs, Ross, Garner
ABSENT: 0- None

Pledge of Allegiance

Mayor Kovarik led the Pledge of Allegiance.

A. DISCUSSION ITEMS

1. Administration of Oath of Office for the promotion of Police Sergeant Jon Ward to Police Commander.

Mayor Kovarik administered the Oath of Office. Commander Ward introduced his family and thanked the Village and Police Department for their support during his career.

2. Administration of Oath of Office for the promotion of Police Officer Traci Pugliese to Police Sergeant.

Mayor Kovarik administered the Oath of Office. Sergeant Pugliese introduced her family and thanked the Village and Police Department for their support during her career.

3. Report from Brad Porter, Lauterbach & Amen, LLP – Comprehensive Annual Financial Report for the Fiscal Year ending April 30, 2018.

Brad Porter with Lauterbach & Amen presented information regarding the Village's Comprehensive Annual Financial Report for the period ended April 30, 2018. Porter noted the following in the report:

- There were no difficulties or disagreements with Village staff as outlined in the Statement of Auditing Standards 114 letter to management.
- There were no exceptions noted in the agreed upon procedures testing of the Village relationship with Warren Waukegan Fire Protection District.
- The Village received the Certificate of Achievement in Financial Reporting from the Government Finance Officers Association for the report ended April 30, 2017 and expects to receive it for the April 30, 2018 report as well.
- Lauterbach & Amen issued an unqualified (clean) opinion on the financial statements.
- The Management Discussion & Analysis section summarizes the financial information in the report in narrative form.
- Net Position for Governmental Activities increased by 1.5%, and Business Type Activities increased by 1.1%.
- Sales taxes totaled \$21.6 million dollars, which decreased from the prior year due to a one-time payment in the prior year.
- The General Fund balance increased by approximately \$25 thousand versus a budgeted decrease of \$800 thousand.
- Long Term Debt outstanding was \$5.4 million and reflects the payoff of Series 2009 bonds and a public safety related installment contract.
- IMRF Net Pension Liability decreased due to greater than anticipated investment returns.
- The Report includes a new agency fund to reflect activity related to the Northeast Lake County Consolidated ETSB.
- The Management Letter included no new recommendations for

financial reporting or internal controls. GASB 74 & 75 will be implemented in the following year, and the Police and Fire Pension Funds and the 911 Fund exceeded budget for the year.

4. Follow-up discussion of proposal to auction Village-owned monopoles located at 0 Brookhaven Road and 1151 Kilbourne Road.

Assistant to the Village Administrator Jack Linehan presented information as a follow-up to the July 2nd meeting regarding a proposal to auction two cell towers – one at 0 Brookhaven Road and one at 1151 Kilbourne Road. These towers are owned by the Village of Gurnee and rent is paid to the Village by private carriers.

The proposal involves a professional services agreement with the firm Cell At Auction to list the two cell towers to the market in an auction format. The Village would receive revenue from the sale of the towers, in either a one-time lump-sum payment or another payment structure that provides continued revenue for the Village. A minimum reserve price would be set for both towers, and if the minimum reserve was met through the bidding process the sale of the towers would be facilitated by Cell At Auction. As the broker, Cell At Auction would receive a commission paid by the buyer for the right to purchase the towers and their lease rights.

Assistant to the Village Administrator Linehan introduced Bud Blinick, President and CEO of Cell At Auction, to provide information on what their company can offer the Village.

Mr. Blinick presented on the history of his company and their business model. Mr. Blinick highlighted his background as a licensed broker and auctioneer in multiple states. He also discussed a few of their recent sales of towers and how their business model works.

Mayor Kovarik asked if we were selling the land and the towers combined. Mr. Blinick mentioned that the Village can pursue either option. Assistant to the Village Administrator Linehan mentioned that the bidding process would allow us to view multiple options.

Mayor Kovarik asked if we would have a land-lease, to which Mr. Blinick replied the Village would.

Trustee Jacobs questioned why companies would be interested in buying towers when it seems like companies are consolidated. Mr. Blinick mentioned that the major companies remain in the market and will continue to purchase towers to increase their portfolio of towers.

Trustee Jacobs questioned how small-cell towers would impact the values of the towers. Mr. Blinick replied that the small-cell towers and the monopole towers like the Village owns will continue to communicate together in the future.

Trustee Thorstenson requested more information on the current rent of the towers. Assistant to the Village Administrator Linehan explained that the tower revenue is currently around \$115,000 annually.

Trustee Garner asked about the revenue share options, and whether there was a guaranteed revenue share option. Mr. Blinick mentioned that one of the bid options will include a revenue share option.

Trustee Garner asked why we might consider selling the towers when we do not currently need a one-time payment of rent. Mayor Kovarik explained that we are under no obligation to sell the towers, but the proposal makes sense from the stand point that owning and operating the towers is outside the Village's scope and mission.

Trustee Garner asked what the revenue would be used for. Village Administrator Muetz mentioned that there were a variety of potential funding projects that could be completed with the revenue, including seed money for Fire Station #3 or the re-location of the police substation in Gurnee Mills.

Trustee Garner questioned how the sale of the property worked. Mr. Blinick mentioned that the sale would primarily include a long-term easement of the property, but many options are available as part of the bid structure.

Trustee Hood commented that he agrees with the approach. He said we have an obligation to our citizens to see what revenue options are available for the towers with the uncertainty that the cell towers are a guaranteed revenue stream in decades to come. He felt that it would be prudent to test the market and set a high enough reserve that brings in the most revenue. If it does not meet the minimum, we have no obligation to sell but the market was tested.

Mayor Kovarik mentioned her concern is that we maintain cell coverage throughout the community as a public good that residents need. Mr. Blinick mentioned that the tower companies all work together, so in the event a tower company purchased the tower, their goal would be to get as many carriers on the tower as possible to maximize revenue.

Mayor Kovarik asked Assistant to the Village Administrator Linehan about the potential of a leasing company. Mr. Linehan mentioned that there are companies that do leasing, which is what Cell At Auction would market to.

The Board provided informal feedback to the Mayor and staff that they are comfortable with Assistant to the Village Administrator Linehan bringing a proposal to the Board at a future meeting.

5. Review of Cemetery Road reservoir condition assessment report and proposed maintenance program contract.

Administrator Muetz stated the Village's water towers are on a maintenance program with Suez Water Technologies (formerly Utility Service Corp). The Village has been pleased with the program. Payments for the program are larger in the first three years, then decrease substantially after year three. By next fiscal year all of the water towers will be outside of the first three year period, therefore some budget relief will be realized creating an opportunity to bring the Cemetery Road reservoir into the program. He continued to say the Cemetery Road reservoir is a 3 million gallon concrete tank built in 1992. He stated there is no formalized annual maintenance program for this asset. As such, staff requested Suez performance an inspection and provided a pricing proposal.

Bill Murfree, Utility Service Company Water System Consultant for Northern Illinois, introduced himself and John Lender, Director of Concrete Water Services. Bill then provided information on Suez/Utility Service Company, its relationship with the Village and the condition of the Cemetery Road reservoir. He then reviewed the inspection report, which included recommended internal and external concrete maintenance work, application of an internal coating to all surfaces, ingress/egress improvements, and address safety concerns to name a few. Following the condition report, he reviewed the proposed fee schedule based on the condition of the reservoir.

Utility Supervisor Brett Fritzler stated the tank was completely drained for the first time in 2017 and cleaned compared to previous dive inspections to identify maintenance concerns.

Trustee Garner asked for additional information about the internal liner. Mr. Lender stated the surface is prepped, then resurfaced with an epoxy mortar product and finally coating with a polymer epoxy product as the final coating.

Trustee Balmes asked how long the coating lasts. Mr. Lender stated they typically have no issues for at least 20 years.

Trustee Thorstenson asked about the timing gap between the inspection report and the info coming before the Village Board. Mayor Kovarik stated there was no funding in the budget for the reservoir maintenance, therefore it has been brought forward at this

point since the Village's budget process is about to begin.

Trustee Jacobs asked about the sediment that was cleaned from the tank. Mr. Fritzler stated the sediment is a result of the Village using Lake Michigan water. Sediment in water towers/tanks is not uncommon. The sediment is naturally occurring material comprised of sand, minerals and other natural elements.

Trustee Balmes asked about the section of the reservoir that is below grade. Mr. Murfree stated there is no indication that there are issues below grade with the reservoir.

Mayor Kovarik asked if there was consensus to include the maintenance program in the upcoming proposed budget. The indication from the Village Board was yes.

Mayor Kovarik reminded the Village Board of the change in the next meeting date.

Adjournment

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

Voice Vote: ALL AYE: Motion Carried.

Mayor Kovarik adjourned the meeting at 8:47 p.m.

**Andrew Harris,
Village Clerk**