

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

**GURNEE VILLAGE HALL
MARCH 18, 2019**

Call to Order

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

Other Officials in Attendance

Patrick Muetz, Village Administrator; David Ziegler, Assistant Village Administrator / Community Development Director; Bryan Winter, Village Attorney; Brian Gosnell, Finance Director; Christine Palmieri, Director of Human Resources; Tom Rigwood, Director of Public Works; John Kavanagh, Fire Chief; Jesse Gonzalez; Ellen Dean, Economic Development Director, Jack Linehan, Assistant to the Administrator

Roll Call

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

Pledge of Allegiance

Mayor Kovarik led the Pledge of Allegiance.

A. APPROVAL OF CONSENT AGENDA

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

Roll call,

AYE: 6- Ross, Garner, Balmes, Hood, Thorstenson, Jacobs
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 March 4, 2019 meeting.
2. Approval of Ord. 2019 - 14 approving and publishing the official Zoning Map of the Village of Gurnee.
3. Approval of Ord. 2019 - 15 approving the Plat of Easement which grants a Utility Easement to the Village of Gurnee at 1075 Tri-State Parkway.
4. Approval of Ord. 2019 - 16 authorizing execution of a new Employment Contract with the Village Administrator.
5. Approval of Res. 2019 - 04 reallocating 2019 volume cap to the Village of Buffalo Grove, Illinois.
6. Approval of Payroll for period ending March 1, 2019 in the amount of \$824,226.15.
7. Approval of Bills for the period ending March 18, 2019 in the amount of \$1,624,469.24.

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

Roll call,

AYE: 6- Ross, Garner, Balmes, Hood, Thorstenson, Jacobs
NAY: 0- None
ABSENT: 0- None
Motion Carried.

C. PETITIONS AND COMMUNICATIONS

1. Approval of Proclamation designating April as "Fair Housing Month" in the Village of Gurnee.

Mayor Kovarik read into record.

It was moved by Trustee Balmes, seconded by Trustee Jacobs to approve of a Proclamation designating April as "Fair Housing Month" in the Village of Gurnee.

Voice Vote: ALL AYE: Motion Carried.

2. Approval of Proclamation designating April as "Alcohol Awareness Month" in the Village of Gurnee.

Mayor Kovarik read into record.

It was moved by Trustee Balmes, seconded by Trustee Garner to approve of a Proclamation designating April as "Alcohol Awareness Month" in the Village of Gurnee.

Voice Vote: ALL AYE: Motion Carried.

D. REPORTS

1. Presentation by Finance Director Brian Gosnell – Fiscal Year 18/19 Third Quarter financial performance.

Administrator Muetz noted the report and presentation were handed out and the report covers the 3rd quarter period from May 1, 2018 to January 31, 2019.

Finance Director Gosnell reviewed Cash & Investments noting the following:

- Total \$33,415,038
 - General Fund 74%
 - Water & Sewer Fund 17%
 - 42% Checking/Money Market – First Midwest
 - 31% Short-Term Fixed Income – Schwab
 - 24% in Money Markets - IL Funds
- Yield vs. Benchmark
 - Village Portfolio – 2.141%
 - 91 Day T-Bill – 2.290%
 -

Gosnell reviewed the performance of Major Revenues noting the following:

- Sales tax thru January were 5.22% or \$472 thousand ahead of the seasonally adjusted budget, and 3.08% or \$284 thousand ahead of last year.
 - Sales tax thru March which includes the holiday shopping season and sales thru December, are 5.3% or \$604 thousand ahead of the seasonally adjusted budget, and 3.17% or \$368 thousand ahead of last year.
- Home rule sales tax was tracking right on budget and last year and is expected to finish the year at or just ahead of budget.
- Local use tax was significantly ahead of budget and last year due to internet sales being taxed.
- Amusement Tax was ahead of budget and last year and included a one-time payment from Six Flags due to a change in the remittance methodology, and the positive variance is expected to continue thru the 4th quarter.
- Hotel tax is significantly down versus budget and significantly up versus last year. This is due to budgeting the maximum exposure for Great Wolf Lodge revenue and rebate expense. The negative variance in revenue is offset by a positive variance in expenditures.
- Food and beverage tax is tracking just under budget and flat vs last year. Staff expects this revenue to finish the year slightly under budget.
- Telecommunications tax is behind budget and last year and is expected to end \$10-\$15 thousand under budget.
- Building permits are behind budget and last year. If building permits finish similar to last year it will finish approximately \$50 thousand under budget.
- State income tax is slightly ahead of budget and 11.69% behind last year. The prior year variance is due to the state reducing payments by 10%.

Gosnell presented 3rd quarter General Fund revenues and expenditures noting the following:

- Total revenues finished the quarter at 77.35% of budget.
 - The taxes category finished at 65.21% due to the

negative variance from Great Wolf Lodge receipts because of budgeting for maximum exposure under the rebate agreement. This is offset by lower rebate expense.

- The Licenses & permits category finished the quarter at 58.57% of budget due to the timing of liquor licenses.
- Fines and forfeitures finished the quarter at 74.24% due to lower court fines. All other revenue categories were at or ahead of budget.
- Total expenditures finished the quarter at 73.33% of budget.
 - Salaries and wages finished at 76.41% due to the timing of 3 payroll months and one-time pays such as longevity that occurred in December.
 - Employee benefits finished the quarter at 85.85% of budget due to the timing of Police and Fire pension payments that occur in December, and workers compensation insurance premium.
 - Professional and technical services finished the quarter at 75.03% of budget due to greater red light camera collection fees which is offset by increased revenue.
 - Other contracted services finished the quarter at 83.44% of budget due to the timing of insurance premiums and seasonal public works contracts.
 - Gosnell noted the supplies category finished at 51.44% but unforeseen snow falls and additional salt purchases will push the category over budget in the 4th quarter.

Gosnell reviewed data on Water & Sewer Fund revenues and expenditures and noted the following:

- Water & Sewer Fund revenues finished the quarter at 76.9% of budget.
 - Charges for service finished at 76.19% due to increased water usage. Through January, water usage was up 2.5% from the previous year.
 - Investment income was up due to greater interest rates and account changes.
- Water & Sewer Fund expenses finished the quarter at 68.89%.
 - Employee benefits finished the quarter 82.70% due to the timing of workers compensation insurance premiums.
 - Professional and technical services finished at 100.28% due to audit fees and personnel testing.

Gosnell reviewed information regarding the police and fire pension funds including:

- Police Pension (Ziegler & Stratford)
 - Avg. Monthly Portfolio Balance - \$50.8m
 - FY19 Gains/Income – (\$3.1m)
 - FY19 Annualized Return – 5.42%
 - 12 month Rolling Return – 1.59%
 - 36 month Rolling Return – 8.08%
- Fire Pension (Sawyer Falduto)
 - Avg. Monthly Portfolio Balance - \$37.1m
 - FY19 Gains/Income – \$258k
 - FY19 Annualized Return – 1.95%
 - 12 month Rolling Return – (1.82%)
 - 36 month Rolling Return – 7.71%

Gosnell noted the 12-month average includes two market downturns. The markets have bounced back since December 2018.

In addition to the 3rd Quarter financial report Mayor Kovarik mentioned the Illinois Municipal League's proposals related to down state police and fire pension consolidation.

Administrator Muetz stated the IML has presented multiple scenarios to enable consolidation and that the Governor has created a task force to look into the issue further.

Mayor Kovarik encouraged the Board to review the proposals and weigh-in if they so choose.

Administrator Muetz stated a Public Hearing for the proposed budget has been set for April 1st at 6:40pm, with the budget on the regular agenda

for Village Board consideration.

Trustee Ross asked for an update on the Lake County Stormwater Management Commission report on the FoxConn development.

Mayor Kovarik stated the report was presented in March. She stated it is very detailed and she has asked David Ziegler to simplify the material and present it to the Village Board.

Administrator Muetz stated this presentation is tentatively set for April 15th.

Administrator Muetz provided the Village Board an update on the Des Plaines River level. He stated the river rose to just over 9 feet and is currently receding. It is at 8 feet and dropping slowly. Staff does not expect any issues.

Trustee Jacobs stated with all the new legislation proposed, he stated it is important to remind the community about witness slips and how to file them.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Approval of Ord. 2019 - 17 amending Chapter 2 of the Gurnee Municipal Code by adding Sections 2-143 (18) and Sections 2-315 to 2-319 to establish an administrative procedure for assessing and determining claims made under the Public Safety Employee Benefits Act.

Administrator Muetz said the Public Safety Employee Benefits Act (PSEBA) was enacted in 1997 to provide lifetime employer-funded health insurance benefits for law enforcement officers, firefighters, correctional and correctional probation officers that are killed or injured in the line-of-duty while responding to an emergency. Qualifying employees that sustain a "catastrophic injury" are entitled to lifetime employer-funded health insurance premiums for themselves, their spouse and any children. The Village has used an application and internal review process for applicants seeking this benefit. The Human Resources Director reviews the request in light of the Act and makes a recommendation to the Village Administrator. The Village Administrator reviews the information and either approves or denies the request. The employee can appeal, with this process being overseen by the Administrator. This places the Administrator in a position to defend the original decision while considering new evidence. This is not ideal. As such, staff is recommending a formal administrative review process handled by a hearing officer. This is somewhat similar to our Administrative Review process where an outside attorney is utilized to hear evidence presented by both sides and then renders a decision. Formal processes and procedures would be utilized, as would a court reporter. The amendment to the Municipal Code is modeled based on an ordinance presented by the Illinois Municipal League. It has been modified based on Gurnee needs and recent developments related to current trends in PSEBA cases.

Trustee Balmes asked how many PSEBA Hearings the Village has had. Administrator Muetz stated one since he has been administrator. Human Resources Director Palmieri stated the Village has ten PSEBA recipients currently.

Trustee Hood asked how many have filed an appeal to the Village's decision. Human Resources Director Palmieri said one.

It was moved by Trustee Balmes, seconded by Trustee Garner to approve of Ord. 2019 - 17 amending Chapter 2 of the Gurnee Municipal Code by adding Sections 2-143 (18) and Sections 2-315 to 2-319 to establish an administrative procedure for assessing and determining claims made under the Public Safety Employee Benefits Act.

Roll call,

AYE: 6- Ross, Garner, Balmes, Hood, Thorstenson, Jacobs

NAY: 0- None

ABSENT: 0- None

Motion Carried.

2. Approval of Ord. 2019 - 18 authorizing execution of a Professional Services Agreement with Dixon Engineering for Knowles Road Water Tower inspections.

Administrator Muetz said the Knowles Road Water Tower is currently under construction. The steel tower will be shipped to the site in pieces and welded together. It is critically important that these welds are correct so they maintain structural integrity over the life of the tower. To ensure the quality of the welds, its common practice to have them inspected by a third party. This includes visual inspections, as well as x-ray inspections. In addition to the weld, the coating system (primer & paint) is very important. The interior and exterior coating protects the tanks from the elements, which prolongs its life. The exterior of the tower will have a three-coat system, while the interior will be two-coats. Again, it's very wise to have these coatings examined along the way to ensure specifications are being met. To that end, staff reached out to two firms that provide inspection services, Dixon Inspection and Orr Coatings. Following discussions, staff requested a proposal from Dixon Engineering & Inspection Services. Dixon's proposal includes 46 separate inspections. Staff has partnered with Dixon in the past on some Information System-related projects on our water towers and has been very pleased with the service provided.

It was moved by Trustee Balmes, seconded by Trustee Thorstenson to approve of Ord. 2019 - 18 authorizing execution of a Professional Services Agreement with Dixon Engineering for Knowles Road Water Tower inspections.

Roll call,
AYE: 6- Ross, Garner, Balmes, Hood, Thorstenson, Jacobs
NAY: 0- None
ABSENT: 0- None
Motion Carried.

G. PUBLIC COMMENT

Teuta Tanaka
17599 W. Dartmoor
Grayslake, IL

Mrs. Tanaka thanked Mayor Kovarik for the Coffee with the Mayor event on Saturday. She also thanked the Village for filing witness slips in support of legislation related to addressing ethylene oxide.

Closing Comments

None.

Adjournment

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

Voice Vote: ALL AYE: Motion Carried.

Mayor Kovarik adjourned the meeting at 7:26 p.m.

Andrew Harris,
Village Clerk