

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

**GURNEE VILLAGE HALL
JUNE 15, 2020**

Call to Order

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

Other Officials in Attendance

Patrick Muetz, Village Administrator; Bryan Winter, Village Attorney; David Ziegler, Assistant Village Administrator / Community Development Director ; Brian Gosnell, Finance Director; Tom Rigwood, Director of Public Works; Brian Smith, Police Chief; Jack Linehan, Assistant to the Administrator

Roll Call

PRESENT: 6-O'Brien, Balmes, Hood, Thorstenson, Ross, Garner
ABSENT: 0- None

Pledge of Allegiance

Mayor Kovarik led the Pledge of Allegiance.

On behalf of the Village, Mayor Kovarik personally thanked Police Chief Brian Smith and Public Works Director Tom Rigwood for their stellar performance in going above and beyond in keeping the Village safe during the recent civil unrest.

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, Hood, Thorstenson, 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 May 18, 2020 Village Board meeting.
2. Approval and public release of minutes from Executive (Closed) Session meetings on August 5, 2019, October 21, 2019, January 27, 2020 and April 6, 2020.
3. Approval of Firefighter/Paramedic Keith Hazelwood's request to participate in the Village's tuition assistance program in pursuit of a Bachelor's Degree in Fire Science from Columbia Southern University.
4. Approval of Res. 2020-07 establishing certain property of the Village of Gurnee to be surplus.
5. Approval of Res. 2020-08 approving a contract with AEP Energy for the provision of electricity for streetlights.
6. Approval of Payroll for period ending May 22, 2020 in the amount of \$801,230.33.
7. Approval of Payroll for period ending June 5, 2020 in the amount of \$945,070.26.
8. Approval of Bills for the period ending June 1, 2020 in the amount of \$453,550.02.
9. Approval of Bills for the period ending June 15, 2020 in the amount of \$2,116,570.86.

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

Roll call,

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

NAY: 0- None

ABSENT: 0- None

Motion Carried.

C. PETITIONS AND COMMUNICATIONS

None.

D. REPORTS

1. Presentation by Finance Director Brian Gosnell – Fiscal Year 19/20 Fourth Quarter financial performance & COVID-19 financial impact to date.

Finance Director Brian Gosnell gave a presentation reviewing the FY20 Fourth Quarter Financial Report and where we are currently with the FY21 COVID-19 financial impact. The following 4th Quarter Review slides with comment were presented:

Fourth Quarter Review

Cash & Investments

- Total \$31,410,231
 - General Fund 73%
 - W&S 15%
 - 27% Checking
 - 40% in Money Markets
 - 33% Short-Term Fixed Income – Schwab
- Yield vs. Benchmark
 - Village Portfolio – 1.187%
 - 91 Day T-Bill – 0.138%
- General Fund – Major Revenues: Gosnell reviewed how major revenues finished the year specifically noting sales tax finishing slightly under budget, Use tax finishing ahead of budget, hotel tax and building permits finishing under budget but ahead of last year due to the impact of COVID-19 shutdown.
- General Fund Revenues – Gosnell noted general fund revenues overall finished at 97.38% or \$1.17 million under budget but that includes a \$1.8 million budgeted use of fund balance to pay off the Series 2011 bonds, so revenues finished roughly \$600 thousand ahead of budget. Other negative variances are due to timing of the SAFER grant, and lower red light and police fines due partially to the COVID-19 shutdown.
- General Fund Expenses – Gosnell noted expenditures finished 97.46% or \$1.13 under budget, so we saw only a \$35k swing and paid off the bonds early. Negative variances are due to additional overtime and keeping a contracted finance position on contract rather than filling a budgeted full-time position.
- Water & Sewer Fund Revenues – Gosnell noted water usage was down 20-25% during the shutdown and 5% on the year. Total revenues finished at 98.56% of budget.
- Water & Sewer Fund Expenses – Gosnell noted expenses finished at 88.24% for a surplus when combined with the capital side of \$418k surplus versus a budgeted draw down of \$500k.
- Police & Fire Pension
 - Police Pension (Ziegler & Stratford)
 - Avg. Monthly Portfolio Balance - \$56.18m
 - FY20 Gains/Income – \$2.55 million
 - FY20 Annualized Return – 4.55%
 - 12 month Rolling Return – 4.55%
 - 36 month Rolling Return – 8.72%
 - Fire Pension (Sawyer Falduto)
 - Avg. Monthly Portfolio Balance - \$41.32m
 - FY20 Gains/Income – \$804k
 - FY20 Annualized Return – 1.95%
 - 12 month Rolling Return – 1.95%
 - 36 month Rolling Return – 5.31%
 -

COVID-19 Impact – May Result

Finance Director Gosnell stated that following:

- We are officially in Phase 3 and hopefully, moving into Phase 4 soon.
- Six Flags has presented a re-opening plan and is hoping to re-open in Phase 4.
- Great Wolf Lodge has extended the contract with the Navy. The Navy has also contracted with other hotels to house recruits through August; however, there is no tax being generated to the Village, which equates to \$500,000.
- IML new figures predict a reduction in income tax and motor fuel tax.
- Water usage through May and into June is down 25%.

- Covid-19 Financial Impacts to Date
 - Budget Amendment #1
 - Eliminated Capital Transfer
 - Reduced ED Reserve
 - Utilized IEPA Loan
 - Utilize MFT
 - Delayed Capital Projects
 - Reduced Contractual/Professional Services
 - Personnel

Finance Director Gosnell presented three scenarios to show how the crisis has impacted the Village indicating that thus far, the Village has utilized \$1.3m in fund balance, which fluctuates throughout the year. Gosnell noted:

- May includes the annual premium payment for the Village's Workers Compensation, Property & Liability Insurance.
- May Sales tax has not been impacted by the shutdown due to the timing of receipts, May receipts represent February activity. June receipts from March activity was down 21.5%, and July will reflect a full month of shutdown.
- Amusement Tax, Hotel Tax and Food & Beverage tax reflect April activity, which was a full month of shutdown.
- Gosnell believes and the consensus among municipal Finance Directors seems to be approximately a 25% hit for the fiscal year to COVID-19 sensitive revenues.

Questions:

Trustee Garner asked what the total loss of revenue is to date.

Finance Director Gosnell stated 20% and that there may be some reimbursable opportunities from a personnel standpoint and expenses related to COVID-19.

The Mayor stated the Village could weather 25% with the contingency plan the Village has in place and utilizing fund balance, she likened the current financial situation to 2008 through 2013.

Village Administrator Muetz stated that going forward financial reports would be made available to the Board the second meeting of each month and shared with Village personnel.

Trustee O'Brien asked about the status of the grant the Village applied for through the State of Illinois.

Village Administrator Muetz responded stating that the Village is awaiting a response.

E. OLD BUSINESS

None.

F. NEW BUSINESS

1. Approval of Ord. 2020-40 granting Special Use Permits related to signage pursuant to the Gurnee Zoning Ordinance for 6155-6161 Route 132.

Village Administrator Muetz gave a review stating that as a result of the Northwestern Medical Building in front of the Holiday Inn two items are being requested: 1) an off-premise ground sign; and 2) a second ground sign. When the parking field for the new building was constructed it was subdivided from the rest of the property and as a

result the Holiday Inn sign became an off-premise sign, which is not allowed. As such, a Special Use Permit is needed to allow it. Secondly, any additional ground sign for the medical office building requires a Special Use Permit, as code allows only one sign based on the property's frontage. The Northwestern Medicine sign will be located immediately east of the Grand Avenue site entrance and will meet all code requirements. The requests were before the PZB on May 6th and received a unanimous favorable recommendation.

It was moved by Trustee Balmes, seconded by Trustee Thorstenson to approve Ord. 2020-40 granting Special Use Permits related to signage pursuant to the Gurnee Zoning Ordinance for 6155-6161 Route 132.

Roll call,

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

NAY: 0- None

ABSENT: 0- None

Motion Carried.

2. Approval of Ord. 2020-41 granting a Special Use Permit pursuant to the Gurnee Zoning Ordinance for a martial arts studio at 905 Lakeside Drive.

Village Administrator Muetz gave a review stating that Clinton Blackburn is requesting a Special Use Permit to allow the establishment and operation of a mixed martial arts studio at 905 Lakeside Drive, Suite 3. The proposed facility will occupy 5,917 sq. ft. of an existing 64,000 sq. ft. building. The facility will operate 6 days a week, with hours ranging from 5:30 pm to 8:30 pm Monday through Friday and 11:00 am to 1:00 pm on Saturday. The maximum number of students in any class is 15. The owner, Mr. Blackburn, is the only employee. No special events or competitions will be held at this facility. The request was before the Planning & Zoning Board on May 6th and received a unanimous favorable recommendation. Mr. Blackburn was present at the meeting for any questions from the Board.

It was moved by Trustee Thorstenson, seconded by Trustee O'Brien to approve Ord. 2020-41 granting a Special Use Permit pursuant to the Gurnee Zoning Ordinance for a martial arts studio at 905 Lakeside Drive.

Roll call,

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

NAY: 0- None

ABSENT: 0- None

Motion Carried.

3. Approval of Ord. 2020-42 approving Addendum No. 1 to the Cemetery Road Water Tank Maintenance Contract between Utility Service Company, Inc. and the Village of Gurnee.

Village Administrator Muetz gave a review stating that the Cemetery Road Reservoir is a 3-million-gallon concrete ground reservoir constructed in 1992. It is the Village's largest water storage facility. The reservoir has had dive inspections performed every five years since construction, however it was never completely drained for maintenance. Unlike the Village's water towers, the reservoir was not on a formal annual maintenance program prior to last year. Maintenance work started on September 7, 2019 and was completed on November 27, 2019. Over the next month other interior components were installed. The timing of this work was impacted by the Christmas holiday and some scheduling conflicts. In mid-January the Village filled and chlorinated the tank. After the tank was filled it remained out of service to ensure there were no issues. During the time the tank was filled the Village noticed water loss and subsequently drained it. Once the tank was drained new cracks in the floor were discovered. Staff reached out to Baxter & Woodman Consulting Engineers (B&W) to receive an independent third-party opinion of what may have caused the damage and what options exist to remedy the situation. B&W attributed the damage to a hydrostatic uplift event that occurred sometime after the tank maintenance was completed, but before it was filled with water. It recommended applying an elastomeric urethane coating on the floor of the tank at an estimated the cost at \$500,000. Staff subsequently

requested a quote from SUEZ for this work. It quoted the Village discounted price of \$370,000. Staff discussed and requested a second quote to repair to only the cracks followed by recoating with the same product used for the remainder of the inside of the tank. SUEZ quoted the Village \$99,250. Following additional discussion SUEZ reduced the price to \$87,000 with an option to pay it over two years. Administrator Muetz concluded by stating this is an unfortunate situation that needs to be remedied as quickly as possible to get the reservoir back online. This unbudgeted expense will be covered with funding from the current Utility Operating Fund with a first payment of \$43,500.

Trustee Garner asked if this would be an ongoing problem and if staff was confident in the recommended solution.

Village Administrator Muetz clarified stating that staff requested SUEZ provide the Village a plan to remedy the issue as they are the experts. The solution being considered tonight is what SUEZ is recommending.

Trustee Garner asked if the support columns need to be replaced.

Administrator Muetz responded no.

Trustee Garner asked what the recourse would be if this repair does not fix the issue.

Attorney Winter responded.

Trustee Garner asked how long the repair would take.

Administrator Muetz stated work would begin immediately and must be completed by August 1st.

Trustee O'Brien stated that this cannot be the first concrete tank SUEZ has drained and therefore culpability is on them for not foreseeing the condition of the tank and action required during the maintenance activities.

Administrator Muetz stated he completely agrees.

It was moved by Trustee Balmes, seconded by Trustee Ross to approve Ord. 2020-42 approving Addendum No. 1 to the Cemetery Road Water Tank Maintenance Contract between Utility Service Company, Inc. and the Village of Gurnee.

Roll call,

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

NAY: 0- None

ABSENT: 0- None

Motion Carried.

G. PUBLIC COMMENT

None.

Closing Comments

It was moved by Trustee Balmes, second by Trustee O'Brien to cancel the June 22, 2020 Committee-of-the-Whole meeting.

Voice Vote: ALL AYE: Motion Carried.

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 7:35 p.m.

**Donna R. Dallas,
Deputy Clerk**