



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

Committee of the Whole Meeting

August 6, 2019

Call To Order

The meeting was called to order at 7:30p.m. Present were Trustees Harlfinger, Huckins, Dustin, Bogdanowski, Bojarski, Murphy and President Ruzanski.

Also present were Village Administrator Jennifer Clough, Assistant Village Administrator/Finance Director Shane Johnson, Chief of Police Dave Brey, Public Works Director Dan Kaup, Community Service Director Fred Mullard, Village Engineer Chad Pieper, Village Attorney Brad Stewart and Village Clerk Cecilia Carman.

Pledge of Allegiance was led by President Ruzanski.

Audience Participation:

Dr. Paula Yensen, District 5 County Board Chair, stated the Planning and Environmental Committee has recommended Ford School to be a historical site. Also she is speaking to County Engineer Joe Korpalski concerning the timing of lights on Randall Road. If any residents have complained please let her know so she can pass on the concerns.

George Robi of Lake in the Hills asked for an explanation of the increase in the Police levy. Director Johnson explained the reason for the increase and that he is unable to give an estimate of the amount at this time. However the Village has not increased the levy in nine years. Director Johnson invited Mr. Robi to come speak to him in his office at any time.

Administration:

Raffle License Request for Lake in the Hills Elementary PTC- Presented by Village Administrator Jennifer Clough- The Lake in the Hills Elementary PTC is requesting a Raffle License for a monthly drawing to be held once a month from September 2019 through May 2020.

All provisions of Section 31.02 of the Village Code have been met. Lake in the Hills Elementary PTC unanimously voted to request a waiver of the fidelity bond requirement associated with the Raffle Application form.

Staff recommends a motion to approve the Raffle License Request and waive the fidelity bond requirement for Lake in the Hills Elementary PTC. Motion was made to place this item on the Agenda.

Finance:

Special Services Area 51 Considerations- Presented by Administrator/Finance Director Shane Johnson and Public Works Director Dan Kaup- In anticipation of the August 22 date for the formation of the unincorporated special services area ("SSA 51") that will serve to finance the replacement of the unincorporated water distribution system located south of the Algonquin Road and Pyott Road intersection, staff requires final direction from the Board of Trustees on four remaining matters. They are as follows:

1. **Bond Type:** Should the bond that is issued through SSA 51 be a general obligation bond, or should it be a special services area bond? Should the bond be for 20 or 30 years?
2. **Water Rate:** Should the unincorporated customers continue to pay 1.5 times the resident water rate, or should the Village charge them the same rate as incorporated customers?
3. **Water Main Size:** Should the contractor be required to use 8” water mains, or should they be allowed to use 6” water mains to reduce the cost of the project while still meeting IEPA design standards?
4. **Water Main Material:** Should the contractor awarded the work to replace the system be allowed to use alternative building materials, or should they only be allowed to utilize ductile iron?

Bond Type

There are two options on the type of bond to issue to fund the unincorporated water main project; 1.) General Obligation (G.O) or 2.) Special Service Assessment (SSA). Additionally, the Village can issue either type of bond for a 20 or 30 year period. The Village’s Financial Advisor, Speer Financial Inc., put together a summary stating the pros and cons to issuing a G.O vs. SSA bond. Speer also projected the estimated cost of issuing each type of bond based on current interest rates. A G.O bond at 20 years would be at 3% and a 30 year would be at 3.5%. An SSA bond at 20 years would be at 5% and a 30 year would be at 5.5%. The estimated cost savings, per parcel, of issuing a G.O bond is roughly over \$500 per year which could result in \$10,000 - \$15,000 savings per tap over the life of the bond, depending on if a 20 or 30 year bond is issued.

General Obligation Bond (G.O.)

One benefit to a G.O bond includes that the bond would most likely be rated, resulting in a lower interest rate. Another benefit is the bond is more marketable, resulting in more potential purchasers. However, a G.O bond would require the Village property tax to be pledged on the bonds if the SSA taxes are insufficient to pay the debt service.

Special Service Area Bond (SSA)

The benefit to an SSA Bond is that the bond is solely backed by the Special Service Area, so the Village would not be required to pledge its property tax as part of the bond issue. However, SSA bonds would not be rated and the interest rate will be significantly higher than a G.O bond. This could likely result in few purchasers (if any), given the approximate size and length of bond issue, and could delay the project timeline. Finally, a debt service reserve will likely be required, resulting in a greater amount issued and borrowing cost.

Water Rate

Currently, Chapter 45 of the Municipal Code requires that all water supplied outside the corporate limits of the Village shall be billed at 150% of the charges set forth for residential customers. In an effort to be consistent with previous discussions between elected officials and the unincorporated water customers, staff recommends charging these customers the same rate as incorporated customers. Of the budgeted \$3,700,000 of annual water sales revenue, this change would reduce water sales revenue by approximately \$9,500 a year.

Water Main Size

The Subdivision Control Ordinance stipulates that the minimum pipe size for all water mains shall be eight inches in diameter. However, this section of the water system can be served by six-inch diameter water main, which is 5-6% less expensive than eight-inch diameter water main and still be well within IEPA specification standards. Staff recommends an edit to the design requirement to allow for this change in design to reduce the cost of the project.

Water Main Material

The Subdivision Control Ordinance mandates that all new water main must be made of Class 52 ductile iron pipe. Over the past twenty years, HDPE, PVC, and other poly material has become industry standard, and can be considerably less expensive. The Village Engineer has identified that these materials are an acceptable alternative to the more costly ductile iron, and in some cases can be advantageous over traditional ductile iron water main. Plastic resists corrosion caused by organic soils, and is lighter and therefore easier to install. PVC is currently 6-7% less expensive than ductile iron. Staff recommends an edit to the Subdivision Control Ordinance to allow the Director of Public Works to allow for materials other than Class 52 ductile iron to be considered acceptable for future water main construction.

Financial Impact: Eliminating the requirement to charge unincorporated customers 150% of the regular water rate will result in a loss of approximately \$9,500 in water sales revenue per year.

Staff recommends a motion to authorize staff to issue the SSA 51 bond as discussed at the Tuesday, August 6 Committee of the Whole meeting.

Staff recommends a motion to amend Chapter 45 of the Municipal Code to eliminate the 150% water rate fees to customers outside the corporate limits of the Village.

Staff recommends a motion to amend Chapter 23, the Subdivision Control Ordinance, of the Municipal Code to allow the Director of Public Works to allow for exceptions to the minimum water pipe size and for materials other than Class 52 ductile iron to be used as water main pipe.

Trustee Huckins stated concern that the residents of Lake in the Hills would be viable for this debt.

Attorney Stewart explained the primary debt liability would be with the unincorporated property owners and the Village would be the guarantor of the loan in the GO option. Discussion ensued concerning the Village's responsibility with a GO Bond. Trustee Huckins, Bogdanowski and Bojarski were concerned the residents in the Village would be responsible for the debt. Director Johnson and Attorney Stewart agreed the Village would only be responsible if there was a timing issue or if the property owners did not pay their taxes. The size of the debt is not significant enough to affect the bond rating of the Village. However, Trustee Bojarski has reservation that it could affect the overall budget of the Village. If the debt was ensued by the Village services would be cut to the residents to pay for the unincorporated area's debt.

Trustee Huckins stated concern over size and type of piping and size. Village Engineer Chad Pieper explained it is efficient and the only concern would be if a large industrial company came to this area of town. Any business of that size would be liable for any upgrade to the water system.

Administrator Clough asked the Board what type of bond they would like the Village to pursue.

Trustees Huckins, Harlfinger, Dustin and Murphy stated in favor of GO Bond. Trustee Bojarski stated concern using GO Bond due to the fact the Village being responsible for this debt if there is a problem. Trustee Harlfinger stated the moral obligation of providing service to this area outweighs the financial risks. Trustee Bogdanowski believes the SSA bond is the best option for the Village. Trustee Bojarski stated she wants to do the right thing for the unincorporated and village residents. She wants to ensure if there is any economic downturn the Village will not have to cut services to pay for the bond. Trustee Harlfinger stated he believes this is the best scenario for the Village. If it went to the Village residents for a vote he is

concerned it could divide the Village. Director Johnson stated having this extra debt would be easily absorbed.

Village resident Jim Wilson came to the podium and commented that any property owner who did not pay a lean would be placed on the home and the Village would be able to receive its taxes. Attorney Stewart commented this issue would be the County's responsibility.

At the end of the discussion Trustee Bojarski and Bogdanowski were against using the GO bond. Trustee Harlfinger, Dustin, Murphy and Harlfinger are in favor of the GO Bond. The Board gave direction to pursue GO Bond.

Motion was made to place this item on the Village Board Agenda

Public Works:

Village Administrator acknowledged President Ruzanski for his hard work and time in making good relationships with the County to be able to have these projects funded.

Intergovernmental Agreement with McHenry County for Compensatory Storage-Presented by Public Works Director Dan Kaup- As part of the McHenry County Randall Road improvement project, the County is required to include storm water storage in the form of large detention areas along the project route to compensate for the amount of new impermeable surface coverage associated with the project. McHenry County staff approached the Village to discuss the feasibility of the County utilizing some of the Lake in the Hills Village-owned property on the west side of Randall Road for this mandated compensatory storm water storage. The specific area in question is west of Randall Road, north of Harvest Gate and south of Starwood Pass, and is adjacent to the second phase of a three year anticipated Illinois Environmental Protection Agency (IEPA) 319 grant-funded streambank stabilization project, currently underway as a Village capital improvement project. The reason the County considered this area for their storm water storage is due to the fact that it would have minimal impact on Village owned property, as there are no homes immediately adjacent to the area, and the property is undevelopable. The project will consist of creating dry bottomed natural planting areas for storm water detention during periods of heavy rain events.

Based on the low impact of the proposed work the County is seeking to perform, Village staff entered into negotiations with the County to find a mutually beneficial outcome to the matter. The tentative agreement reached between Village staff and the County will allow for the County to use some of the streambank improvement area in exchange for the County making a single payment to the Village in the amount of \$200,000.00. This agreement will give the County their needed storm water requirement while at the same time allowing the Village to partially offset the costs to complete the three phase Woods Creek streambank stabilization project. Should the Village consider entering into an Intergovernmental Agreement (IGA) with the County on this matter, the additional cost for design engineering and construction would be borne solely by the County. The County Board passed the draft IGA in July, which is attached to this agenda item.

Financial Impact: McHenry County will compensate the Village of Lake in the Hills \$200,000.00 for easement rights to construct compensatory storm water storage on Village property.

Staff recommends a motion to approve the Intergovernmental Agreement between McHenry County and the Village of Lake in the Hills to allow for the use of Village property by McHenry County for compensatory storm water storage.

Trustee Harlfinger asked Attorney Stewart if the law firm has reviewed the IGA. He stated the attorneys did review it and any changes made were minor as in syntax and clarification of language. Trustee Harlfinger continued by stating he does not believe this project is necessary and he will never vote for any Randall Road IGA's.

President Ruzanski stated he is working with the County to develop a good relationship on behalf of the Village to ensure positive outcomes.

Trustee Dustin asked if we are giving up property to the County is there other property the Village will gain. Attorney Stewart stated IL EPA limits the amount of space that can be given. Village Engineer Pieper explained further, how the area will be landscaped to enhance the Village.

Motion was made to place this item on the Village Board Agenda.

Award a Contract for the Reach 10 319 Grant Woods Creek Streambank Restoration Project- Presented by Publics Works Director Dan Kaup- The Lake Restoration Fund is responsible for the quality of the lakes and streambanks located in the Village. The Lake Restoration Fund is not part of the General Fund, but instead is a capital fund that is used to finance projects that improve storm water quality throughout the Village. The Village's current plan to improve storm water quality consists of a three-phase project to stabilize its portion of the Woods Creek streambank – before performing channel dredging to remove silt and sediment. Each phase of the streambank stabilization project will span two consecutive fiscal years and the area referred to as Reach 10 is the first phase of project.

In August 2018, the Illinois Environmental Protection Agency notified the Village that its application for a 319 streambank stabilization grant was approved, and that 60% of all approved project costs would be reimbursed for the design, oversight and construction.

During the budget process last October, staff had discussed the project costs for the 2019 budget year, and contemplated a total estimate of \$255,000, which is what has been budgeted in the Lake Restoration Fund. However, that amount includes design engineering and construction oversight, but did not include the construction costs that will be billed for the 2019 portion of this project. Although the intent was to perform this work during the 2019 and 2020 fiscal year, and the Lake Restoration Fund's purpose is to fund this project, due to this communication misunderstanding the construction portion of the work is not included in the 2019 Lakes Restoration Fund budget. However, staff recognizes the importance of the project, the necessity to stabilize the stream banks prior to dredging in a future year, the advantageous position of having already received the 319 grant for this work, and the fact that the project was anticipated to have been funded next year, staff recommends approving the work to occur this year.

On July 24, the Village opened five sealed bids for the Reach 10 restoration project. The five bids ranged from a low of \$599,411.60 from Applied Ecological Services, to a high of \$1,257,747.00. The engineer's estimate for this work was \$741,400.00. HR Green and Village staff recommend awarding the contract to Applied Ecological Services to take advantage of the advantageous price and the 319 grant funding which may not be available to the Village if the project is delayed. The letter of recommendation from HR Green and the bid tabulation are attached for your consideration.

Financial Impact: Funding for this project will be paid for from the Lakes Fund.

Staff recommends a motion award this contract to Applied Ecological Services of Huntley, Illinois for the 2019/2020 Reach 10 restoration project in the amount of \$599,411.60.

Trustee Harlfinger stated concern that the retention pond at Carpenter Park would cause overflow issues with this restoration project. Engineer Chad Pieper stated with this restoration the Village would be well prepared if any extra run off or drainage occurs due to the new retention pond.

Motion was made to place this item on the Village Board Agenda.

Award a Contract for the Well 6 Generator Replacement Project-Presented by Public Works Director Dan Kaup- As part of the Village’s generator replacement schedule, the generator at Well 6 was approved in the 2019 budget for replacement. Village staff authored a Request For Proposal (RFP) and in July, the RFP invitation was sent to 11 generator companies, posted on the Village’s website, and published in the Northwest Herald. On July 26, 2019, three RFP submittals were received and pricing ranged from a low price of \$92,200.00 from MAG Construction Company (“MAG”) of Highland Park, IL, to a high price of \$131,777.00.

The Village has not worked with MAG before; however, MAG provided references from multiple well established customers, and public entities and all references provided positive feedback regarding the services they received from MAG. Additionally, MAG has a 27-year history and has an A+ rating from the Better Business Bureau. It should be noted that MAG will use subcontractors for part of the installation work; however, Village staff have reviewed the work history of MAG’s subcontractors and Village staff are confident that they can perform their portion of the installation work. As such, Village staff recommend entering into a contract with MAG for this project.

Financial Impact: The Village’s 2019 budget includes \$150,000.00 in the Water Fund for this project. The contract award amount of \$92,200.00 is under budget by \$57,800.00.

Staff recommends a motion to award a contract to MAG Construction Company of Highland Park, IL, for the Well 6 Generator Replacement Project in the amount of \$92,200.00.

Trustee Huckins asked if this is a complete replacement or a repair. Director Kaup explained it is complete replacement. Trustee Harlfinger and Director Kaup discussed what type of generator will be used.

Motion was made to place this item on the Village Board Agenda.

Board of Trustees:

Trustee Harlfinger – None at this time

Trustee Dustin – None at this time.

Trustee Huckins - None at this time

Trustee Bojarski - None at this time

Trustee Bogdanowski - None at this time

Trustee Murphy - None at this time

President Ruzanski: The Payroll Week Proclamation will be read on Thursday. Next Wednesday Senator DeWitte will be hosting a town hall meeting at Red Tail Golf Club.

Audience Participation: None

Adjournment: There being no further business to discuss, the Committee of the Whole meeting was adjourned at 8:41 pm.

Submitted by,

Cecilia Carman
Village Clerk