



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

COMMITTEE OF THE WHOLE MEETING

NOVEMBER 9, 2021

Call to Order

The meeting was called to order at 7:30 pm.

Roll call was answered by Trustees Huckins, Harlfinger, Dustin, Bojarski, Murphy, and President Bogdanowski.

Motion to allow Trustee Anderson to attend telephonically was made by Trustee Harlfinger and seconded by Trustee Murphy. On roll call vote, Trustees Bojarski, Murphy, Dustin, Harlfinger, and Huckins voted Aye. No Nays. Motion carried.

Also present were Village Administrator Fred Mullard, Assistant Village Administrator Shannon Andrews, Chief of Police Mary Frake, Finance Director Pete Stefan, Public Works Director Tom Migatz, Community and Economic Development Director Josh Langen, Village Attorney Brad Stewart, and Village Clerk Shannon DuBeau.

Pledge of Allegiance was led by President Bogdanowski.

President Bogdanowski requested a moment of silence to honor the life of Alice Brant.

Audience Participation

None.

Administration

Request to Approve a Video Gaming License for May's Lake in the Hills LLC

Presented by Village Administrator Fred Mullard

May's Lake in the Hills LLC presented their business plan to the Village Board on September 24, 2019 for a Class A-2 Liquor License and Video Gaming at 273 N. Randall Road, at which time the Village Board verbally provided its support. On March 20, 2020 May's was issued a Class A-2 liquor license and started the process with the Illinois Gaming Board for their Video Gaming License. They are now requesting approval for six Video Gaming licenses; attached to the agenda is their application. All provisions of Chapter 33, Section 33.31 have been met. In addition to the license fees of \$500 per machine, a tax of 30% is imposed on the next terminal income and is collected by the Illinois Gaming Board. One-sixth of this tax is collected and deposited into the Local Government Video Gaming Distributive Fund. These monies are distributed on a monthly basis across those municipalities that have not prohibited video gaming. The amount will be in proportion with the tax revenue generated from video gaming within Lake in the Hills as compared to the total revenue generated statewide.

The owner, Joe Elias, announced that after years of preparing the property, May's will be ready to open in the next few days.

Staff recommends a motion to approve the Video Gaming License request from May's Lake in the Hills LLC and issue the six licenses.

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



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Request to Approve a Resolution Granting a Renewal Term for a Facility Lease with the Interfaith Food Pantry

Presented by Village Administrator Fred Mullard

The lease agreement with the Interfaith Food Pantry approved by the Village Board in January 2012 is coming to the end of its initial term. The lease allows five renewal periods of five years each. The Food Pantry Board is requesting the Village approve the first of the five-year renewals. The agreement allows use of the building and grounds for a food pantry operation and the Village to retain any permanent improvements to the facility. Rent is \$5.00 per year. The Food Pantry indemnifies the Village and is required to maintain property and casualty insurance with the Village named as an additional insured.

Staff recommends a motion to approve the resolution granting renewal of the lease agreement for the first five-year renewal term.

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

Finance

Request to Accept the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2020

Presented by Finance Director Pete Stefan

Attached to the agenda is the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report (MCR) for the fiscal year ended December 31, 2020. This is a report on the financial condition of the fund as of the end of the most recently completed fiscal year and is required to be presented prior to the Village Board levying taxes for the year on behalf of the Police Pension Fund.

The MCR reports on the following nine items:

- Total cash and investments
- Estimated receipts during the next fiscal year
- Estimated amount required during the next fiscal year to pay all pensions and obligations and to meet the annual requirements of the fund
- Total net income received from investment of assets and other investment information
- Total number of active employees
- Total amount disbursed in benefits during the fiscal year
- The funded ratio of the fund
- The unfunded liability of the fund
- A copy of the fund's investment policy

The Police Pension Board approved the MCR for presentation to the Village Board at its meeting on October 11, 2021.



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Financial Impact

- Total net position of the fund increased by 15.18% or \$5,188,554 from the prior year.
- The recommended Village contribution decreased 12.18% or \$199,065 from the prior year.
- The actual investment return for the fund was 12.03% for the year.
- The funded ratio of the fund increased by 7.35% from the prior year (from 76.56% to 83.91%).
- The unfunded liability of the fund decreased by 30.09% or \$3,026,352 from the prior year (from \$10,059,234 to \$7,032,882).

Staff recommends a motion to accept and place on file the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the fiscal year ended December 31, 2020.

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

Request to Approve a Resolution Estimating the Amount of the Tax Levy for 2021

Presented by Finance Director Pete Stefan

Illinois compiled statutes require that the corporate authorities of the Village estimate the amount of tax to be levied not less than 20 days prior to the adoption of the final levy which is scheduled to be presented at the December 7th Committee of the Whole Meeting with approval at the December 9th Village Board Meeting.

For the 12th consecutive year, there is no increase proposed to existing property owners taken as a whole. The proposed levy does, however, contemplate capturing property taxes on new construction as a funding source for the increased demand for Village services generated by that new construction.

The projected equalized assessed valuation (EAV) for 2021 is estimated to be \$779,563,478, which represents a 2.3% increase from the 2020 EAV of \$761,745,562. The projected EAV for 2021 is based on the McHenry County Assessor's estimated EAV report that was recently provided to the Village. Also included on that report is the estimated new construction portion of the EAV for 2021 of \$4,687,736.

The estimated tax rate is expected to decrease by -1.7% from 0.719633 to 0.707436 due to the projected 2.3% increase in EAV. Each individual property owner's real estate tax bill will fluctuate based on the percentage change in EAV for each property compared to the percentage change for the entire Village. However, all existing property in total will see no increase in their portion of the property tax levy which will remain at the 2020 level of \$5,481,747. The portion of the tax levy that is attributable to new construction is \$33,163, which is calculated by applying the 0.707436 estimated tax rate against the projected new construction EAV of \$4,687,736.

Therefore, the total estimated amount to be levied for corporate and special purpose property taxes for 2021 is \$5,514,910, which is a 0.6% increase from the 2020 tax extension of \$5,481,747. The 2021 tax levies for debt service for SSA#51 for G.O. Bonds Series 2019 in the amount of \$107,550 and in the Airport Fund for G.O. Bonds Series 2012 in the amount of \$71,400 are proposed to be abated entirely for a total of \$178,950 in abatements. Those totals are not included in the proposed 2021 levy amount.



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Besides capturing new construction growth, one other change from prior years' levies is reducing all components of the levy, except for the Corporate levy to a placeholder amount of \$1,000 and levying the majority of the levy in the Corporate levy. This method provides the Village with the greatest flexibility in how those funds can be spent as the Corporate levy can be spent on any lawful purpose, whereas the restricted levies for IMRF, Police Protection, Police Pension, Audit, Liability Insurance, Social Security, and Workers Compensation can only be spent on each of those specific purposes. This results in no impact to the total dollar amount but eases restrictions on how tax levy proceeds can be utilized.

The proposed 2021 levy of \$5,514,910 can be summarized as follows:

Levy	Amount
Existing Property	
Corporate	\$ 5,474,747
IMRF	\$ 1,000
Police Protection	\$ 1,000
Police Pension	\$ 1,000
Audit	\$ 1,000
Liability Insurance	\$ 1,000
Social Security	\$ 1,000
Workers Compensation	\$ 1,000
Sub-Total Existing Property	\$ 5,481,747
New Construction	
Corporate	\$ 33,163
Sub-Total New Construction	\$ 33,163
Total 2021 Tax Levy	\$ 5,514,910

Pursuant to the Truth in Taxation Act, since the estimated levy for 2021 does not exceed the levy extension or abatement for 2020 by more than 5%, a public hearing is not required prior to the adoption of the levy for 2021. A Resolution Estimating the Amount of the Tax Levy for 2021 is attached to the agenda along with the 2021 levy distribution and property tax trend analysis.

Financial Impact

The estimated property tax levy for 2021 to be collected in 2022 of \$5,514,910 will be approximately 28% of the entire projected General Fund budgeted revenues for FY22 of \$19.4 million.

Staff recommends a motion to approve the resolution estimating the amount of the tax levy for 2021.

Trustee Huckins asked for clarity on what is considered new construction. Director Stefan explained that anything from a new build to improvements that increase property value are considered new construction. President Bogdanowski noted that this money would have eventually been collected by the Village over time—this proposal will collect it faster with a savings on interest.

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

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Request to Deny the Village of Lake in the Hills Police Pension Fund FY22 Funding Request

Presented by Finance Director Pete Stefan

The Village of Lake in the Hills Police Pension Fund Board is requesting the Village Board to levy an amount sufficient to produce the sum of \$1,435,317. This represents a decrease of \$199,065 or 12.18% from the prior year levy for the Police Pension Fund contribution.

The Village and Police Pension Fund jointly hire an Actuary, Lauterbach & Amen LLP, to perform an annual valuation of the Police Pension Fund. In accordance with the actuarial valuation results, the Actuary has determined the above amount to be the required Village contribution for FY22. This can be found on page 4 of the Actuarial Funding Report/Actuarial Valuation as of January 1, 2021, which is attached to the agenda.

In prior years, the Village has funded the required municipal contribution through the tax levy process. However, for 2021 and future years, it is being proposed that all non-corporate levies, including the Police Pension levy, be reduced to a nominal amount to provide the Village with the greatest flexibility on how property tax funds can be utilized. That will not relieve the Village of its obligation to fund the Police Pension Fund to statutory minimum levels (currently 90% funded by the year 2040) or to the Village's more fiscally prudent target of 100% funding by the year 2033. It will simply shift the funding source for Police Pension purposes from a dedicated levy for that specific purpose to any readily available and unrestricted funds such as the Corporate levy, sales taxes, incomes taxes, etc.

Financial Impact

The recommended actuarial contribution of \$1,435,317 is \$199,065 less than the prior year's amount and will be included as part of the FY22 General Fund expenditure budget request.

Staff recommends a motion to deny the Village of Lake in the Hills Police Pension Fund's request for a \$1,435,317 tax levy for 2021 and, in lieu of a property tax levy, approve funding for 2022 at the requested level of \$1,435,317 from any readily available and unrestricted General Fund revenue source.

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

Public Works

Request for Approval to Purchase Trees in 2022

Presented by Public Works Director Tom Migatz

Staff seeks Board approval for the purchase of trees from Goodmark Nurseries for FY22, in an amount not-to-exceed \$22,200.00.

On February 11, 2020, the Village Board awarded Goodmark Nursery a three-year (2020-2022) contract for the purchase of trees. Village staff were pleased with the service Goodmark provided in 2020 and 2021. As such, staff recommends approval of a motion allowing the Village to spend \$22,200.00 with Goodmark Nurseries in 2022 for the purchase of trees under the previously approved three-year contract.



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Financial Impact

The proposed FY 2022 Village Budget includes \$14,000.00 in the General Fund and \$8,200.00 total across all of the Special Service Area Funds for the purchase of trees. The total expense for 2022 is \$22,200.00 and staff will purchase the trees in 2022.

Staff recommends a motion to approve the purchase of trees with Goodmark Nurseries for FY22, in an amount not-to-exceed \$22,200.00.

The Board discussed a lack of comfort approving items for 2022 prior to establishing the 2022 budget. As these items are already on the omnibus agenda for tonight's Village Board Meeting, the Board decided to hear the details and add these items to the agenda, where they will be postponed.

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

Request to Waive the Competitive Bidding Process and Award a Pavement Rejuvenator Contract

Presented by Public Works Director Tom Migatz

Staff seeks Board approval to award a contract to Corrective Asphalt Materials of Sugar Grove, IL, for the 2022 Pavement Rejuvenator Project in the amount of \$70,000.00.

The Village is in the sixth year of applying a pavement rejuvenator product to help prolong the life cycle of Village streets. An asphalt rejuvenator is a maltene-based petroleum product designed to penetrate and seal the surface, thereby preventing raveling and stripping. The Village, along with the Village of Algonquin and the Cities of McHenry, and Woodstock, have partnered together through the McHenry County Municipal Partnering Initiative since 2017 to jointly procure pavement rejuvenator application services. The Village applies the product to 100% of all resurfaced roadways from the previous year.

Staff assessed program effectiveness in 2021 having provided a period of time since initial application at the onset of the program. Those observations indicated a significant decline in the amount of surface cracking normally present in untreated roadways within a similar time period following resurfacing. Attributing this observation to the application of pavement rejuvenator, staff estimates a one to two-year extension of pavement life as a result.

Corrective Asphalt Materials (CAM) is the sole provider of this product. In 2020, CAM provided the McHenry County Partnering Initiative with pricing for 2020, 2021, and 2022. The cost for 2022 is \$0.94 per square yard and includes sweeping, cleanup, traffic control, and resident notification. If the contract award is approved, Village staff will hire CAM to apply their pavement rejuvenator product to all sections of pavement that were resurfaced in 2021, estimated to total 74,460 square yards.

Financial Impact

The FY22 Village Budget contains \$70,000.00 in the General Fund for pavement rejuvenator application services and the total expense for 2022 will not exceed \$70,000.00.

Staff recommends a motion to waive the competitive bidding process and award a contract to Corrective Asphalt Materials of Sugar Grove, IL for the 2022 Pavement Rejuvenator Project in the amount of \$70,000.00.

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

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Request to Award a Contract for the Purchase of Bulk Rock Salt for Village Street Snow and Ice Control

Presented by Public Works Director Tom Migatz

Staff requests authority to purchase up to 1,440 tons of rock salt during the 2021-2022 winter season through the State bidding process.

The Village purchases rock salt for snow and ice operations each year through the State of Illinois joint purchasing program, a competitively bid road salt program coordinated by the Illinois Department of Central Management Services (CMS). The Village's participation in this program is exempt from the normal bidding process as stated in Section 9.13 of the Village Municipal Code.

Part of the process allows the requesting agency to purchase as little as eighty percent (80%) and up to one hundred twenty percent (120%) of the initial request. For Lake in the Hills, that corresponds to a range of one thousand one hundred fifty-two (1,152) tons to one thousand seven hundred twenty-eight (1,728) tons on a base request of one thousand four hundred forty (1,440) tons.

Although the Village was in a renewal window for rock salt through CMS, the State required that the product go out for bid for the upcoming season. That bid came in at \$63.27/ton for the Village's 2021-2022 rock salt needs. That price represents an increase of \$16.79 or ~36% over the former price of \$46.48.

Financial Impact

The proposed FY22 Village Budget includes \$105,000.00 for the purchase of road salt in the General Fund. The total expense for 2022 is \$91,108.80 at a base quantity of 1,440 tons.

Staff recommends a motion to approve the purchase of up to 1,440 tons of rock salt in 2022 through the Central Management Services contract, for a total cost not to exceed \$91,108.80.

Director Migatz confirmed that the cost is not time-sensitive and will not increase if the Board delays their decision until after the 2022 Budget is approved.

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

Request to Accept the 2022 Grounds Maintenance Services Bid

Presented by Public Works Director Tom Migatz

Staff seeks Board approval of the bid for 2022 grounds maintenance services with Mark I Landscaping of Bartlett, IL at a cost not to exceed \$483,381.31.

In 2021, the Village issued an RFP for grounds maintenance services at various locations throughout the Village. The RFP requested pricing for services in 2021, 2022, and 2023. In March of 2021, the Village Board awarded Mark I Landscaping a contract for grounds maintenance services in 2021. Public Works has been satisfied with the services that Mark I Landscaping performed in 2021 and recommends accepting their bid for ground maintenance services in 2022. The 2022 bid amount of \$483,381.31 represents a 1.1 percent increase from 2021. The bid certification



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form and a recommendation memo from the Public Works Streets Superintendent are attached to the agenda for review and consideration.

Financial Impact

The Village's Fiscal Year 2022 Budget includes \$483,381.31 for this contract (\$295,218.40 in the General Fund, \$9,185.15 in the Water Fund, and \$178,977.76 in the Special Service Areas Fund).

Staff recommends a motion to accept the bid for 2022 grounds maintenance services with Mark I Landscaping of Bartlett, IL at a cost not to exceed \$483,381.31.

Director Migatz confirmed that Mark I Landscaping has a good performance record with the Village.

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

Request to Waive the Competitive Bidding and Award a Contract for the Replacement of the Water Tower 3 Riser Pipe

Presented by Public Works Director Tom Migatz

Staff seeks Board approval to waive the competitive bidding process and award a contract for the replacement of the Water Tower 3 riser pipe to Maguire Iron in the amount of \$98,475.

On Sunday September 5, the weekend duty operator discovered Water Tower 3 had begun to leak. Given the nature of the situation, staff determined that the best course of action was to have the Village's water tower consultant, Dixon Engineering (Dixon), evaluate the location of the leak and determine the cause. Dixon arrived and conducted the investigation on Thursday, September 9, determining that the column pipe had developed a hole at 19 feet above the ground due to corrosion and metal fatigue. In their opinion, a certified welder could attach a patch on the pipe and seal the leak. Staff hired a certified welder to weld the patch onto the pipe the following week. However, the refilling process revealed additional leaks at 30, 60, and 70 feet above the ground. Dixon did not discover these additional leaks—consisting of holes and fatigued metal—during their initial inspection as the entire 137 feet of pipe is insulated and the cost to remove the insulation was several thousand dollars.

Staff arranged for Dixon to return to the site and perform a second inspection after removing the insulation. Dixon's professional opinion is that the entire riser pipe requires replacement as it will continue to deteriorate elsewhere. Staff searched for vendors that would be willing to provide the Village with a price to replace the riser pipe. Maguire Iron has been willing to provide the Village with a price of \$98,475. Staff also sought an opinion from Construction Product Marketing to line the existing pipe, thereby eliminating the need for a full replacement. Construction Product Marketing responded by providing the Village with a \$104,000 proposal to line the pipe. This proposal is higher than the cost to replace the pipe. Further, neither Dixon Engineering nor Maguire Iron recommend lining a vertical pipe.

Although it is an unbudgeted expense, staff believes that performing this project is imperative as Water Tower 3 is needed in order to provide enough water for customers and fire protection purposes on the far west side of the Village.



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Financial Impact

The 2021 Village Budget does not include funding for this project as it is unanticipated. Approval will require a \$98,475 budget amendment to the Water Fund.

Staff recommends a motion to approve an Ordinance approving a budget amendment to the Water Fund for the fiscal year ending December 31, 2021.

Staff also recommends a motion to waive the competitive bidding process and award a contract for the replacement of the Water Tower 3 riser pipe to Maguire Iron in the amount of \$98,475.

Trustee Huckins asked for the age of the pipe. Administrator Mullard stated that it is roughly 25–30 years old. Director Migatz explained that staff have been researching a water tower maintenance plan to avoid issues of this nature in the future. Director Mullard stated that the normal lifespan is 50 years. They are looking into the potential causes for the shortened lifespan in preparation for issues that may arise with the remaining water towers. The Village has four water towers.

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

Board of Trustees

None.

President

President Bogdanowski proposed rescheduling the FY2022 Budget Workshop. The Board agreed to meet on November 23rd at 6pm.

Adjournment

A motion to adjourn the meeting was made by Trustee Harlfinger and seconded by Trustee Huckins. On roll call vote, Trustees Anderson, Murphy, Bojarski, Dustin, Harlfinger, and Huckins voted Aye. No Nays. Motion carried. There being no further business to discuss, the Committee of the Whole meeting was adjourned at 8:05 pm.

Submitted by,

A handwritten signature in cursive script that reads "Shannon DuBeau".

Shannon DuBeau
Village Clerk