Regular Meeting  
August 20, 2018

Call to Order  
Mayor Jett called the regularly scheduled August 20, 2018 meeting of the McHenry City Council to order at 7:00 pm in the McHenry City Council Chambers, 333 S. Green Street, McHenry, IL.

Roll call  

Pledge of Allegiance  
Mayor Jett proceeded to lead those present in the Pledge of Allegiance.

Public Hearing:  
Public Hearing on D.R. Horton’s Request to Amend the Annexation Agreement Relative to the Oaks at Irish Prairie.  
Mayor Jett opened the Public Hearing at 7:02 p.m. He asked if anyone in attendance wished to comment on the matter currently under discussion. Those in attendance offered no comments at this time.

Avanti Group representative Dean Edmeier addressed the Council Members. He reported that Avanti Group is the petitioner and the sole owner of the subject property. Mr. Edmeier reported that D.R. Horton which is a national homebuilder currently has 86 lots within the Oaks at Irish Prairie Subdivision under contract to purchase. He proceeded to introduce Mr. Derik Hoffman, Land Acquisitions Director for D.R. Horton.

Mr. Hoffman provided the Council Members with a brief overview of D.R. Horton’s history as national homebuilders. He noted that D. R. Horton has been in business for over sixteen years in over twenty-six states. They build a variety of home products, including age-targeted, age restricted and single family neighborhoods.

Mr. Hoffman discussed the request to amend the annexation agreement with respect to a minor change in the architectural standards, the elimination of the clubhouse and a 50% reduction in the impact fees.
Mr. Hoffman continued on to report that on August 13th he and staff met with many of the current residents of the subdivision to discuss the request to amend the annexation agreement. The residents in attendance were in favor of eliminating the clubhouse due to additional cost it would place on their HOA association fees. In addition, they would prefer park space instead of a splash pad or other amenities that would have an impact on their association fees. They also suggested that the parking lot space be reduced to allow for the possibility of a basketball court or some other similar use. Mr. Hoffman reported that they would like to move quickly with constructing the park improvements and have the asphalt work completed prior to the seasonal closure of the asphalt plants.

Mr. Hoffman commented on the home product elevations. He noted that the only change to the architectural standards is to increase the projection of an attached garage in front of the house from eight feet to fifteen feet. In addition, they will offer both ranch and two story models with vinyl and brick siding.

Mr. Hoffman discussed the reasoning behind asking for a 50% reduction in the impact fees. He reported that the recent tariffs on lumber, steel and copper have driven up the construction cost for single family homes. In addition, a slow in wage growth and an increase in property taxes has placed a burden on the potential home buyers’ mortgage financing abilities. He noted that many communities have recognized the economic climate and have been pro-active in reducing the impacts fees in order to simulate residential and commercial development. Mr. Hoffman noted that McHenry is unique due to the fact that the public improvements have been completed and the vacant lots are immediately buildable. D. R. Horton is prepared and anxious to develop an attractive neighborhood and invest $20 million dollars in the site. He asked if the Council Members had any questions.

Alderman Glab asked if they notified every resident in the subdivision regarding the open house meeting. Mr. Hoffman replied yes. Alderman Glab asked if Mr. Hoffman could estimate the number of residents that attended the open housing meeting. Mr. Hoffman replied 45-50 residents were in attendance. Alderman Glab asked if anyone in attendance expressed strong opposition to their park plan and the elimination of the clubhouse. He replied no, they were very supportive.

Alderman Glab asked if the park space is privately owned. Mr. Hoffman replied yes, the park space will eventually be deeded to the HOA.

Alderman Glab reported that he had no issue with the change in the projection of the attached garage from eight feet to fifteen feet. In fact, in his opinion the variation enhances the streetscape. Alderman Glab also complimented D.R. Horton on their craftsmanship.
Alderman Glab went on to comment on the request for a 50% reduction in impact fees. He reported in the past that Council Members and Staff calculated the developers’ impact on the community and the cost associated with those impacts.

Alderman Curry questioned who currently oversees the Homeowners Association. Mr. Edmeier reported that currently they control the HOA and it is overseen by a management firm until a percentage of the homes are occupied, then the HOA is turned over to the residents at which time a governing HOA Board is formed.

Alderman Curry inquired who would be the responsible party to construct the park amenities. Mr. Hoffman replied that it would be D.R. Horton. The Avanti Group (developer) is responsible for the infrastructure and public improvements.

Alderman Curry questioned why D.R. Horton is considering reducing the size of the park’s parking area. Mr. Hoffman reported that many of the residents that attended the open house commented on the fact that this was a private park and a large parking lot might encourage non-residents to utilize the park space. Mr. Hoffman stated that they have considered adding additional parallel parking spaces.

Alderman Schaefer reported that he had no problem with the change in elevation with respect to some of the garages. However, he questioned if two cars can fit on the driveway without blocking the sidewalk. Director Polerecky replied yes, they still comply with the setbacks.

Alderwoman Condon reported that she took no issue with the extended garage elevations. In addition, she was pleased that the park space was private. She noted that the City has a sufficient amount of park space and maintenance of that park space does place a burden on the Staff.

Alderwoman Condon did express concern with reducing or eliminating the parking lot. She noted reducing or eliminating the parking lot may become an issue in the future.

Alderwoman Condon commented on the impact fee reduction request. She did understand that the developer is in business to make a profit. However, the City and the other taxing districts would still have to absorb the cost associate with the impact of a new development. She suggested that maybe a 30% reduction was fair.

Alderman Santi asked Mr. Hoffman if they had a timeline in which the 86 lots will be built-out. Mr. Hoffman stated in 2-3 years depending on the market.
Mr. Hoffman reported that D. R. Horton likes to have an inventory of 10-15 move in ready models, and their biggest competitor is existing homes that are move in ready.

There was some discussion with respect to a letter of credit. Director Polerecky reported that the City does have a performance bond on file and the performance bond would not be released until final acceptance.

Alderman Santi expressed concerns with impact fees being reduced by 50%. He was uncertain if the fees collected after being reduced by 50% would cover the City’s and the other taxing districts costs.

Alderwoman Condon asked Director Polerecky if he was comfortable with reducing the impact fees by 50%. Director Polerecky replied yes. In his opinion having a viable community with new residential development better serves the community at large and encourages other types of development. Director Martin concurred with Director Polerecky’s statement, he too believed residential development drives the local economy.

Alderman Glab commented on the fact that he might consider a reduction in impact fees. However, he was against any reduction in the water and sewer tap on fees. Due to the fact that the City not long ago raised the water and sewer rates to cover the cost associated with maintenance, water treatment and the capital equipment replacement program.

Administrator Morefield commented on impact fees in general. He reported that Staff and the Community Development Committee were in the process of reviewing the fees and he noted that the impact fee schedules for the various subdivisions within the City are all different as the fees were negotiated during the annexation agreement discussions. However, D.R. Horton had stepped forward with this project and staff wanted to be responsive to their request. Staff recommends tabling this matter until September 10th to allow staff time to research other similar communities’ impact fee structures and other comparable factors.

There was some discussion on the fact that for the last four years McHenry Fire Protection District’s Board has waived their impact fees. Alderman Glab asked Staff if they were still collecting the Fire District impact fees. Staff replied no not at this time. Alderman Glab expressed concern with the fact that the fees were not being collected as it states in the Code that only the City Council has the authority to waive impact fees. Alderman Glab noted that many years ago the Council would annually distribute the impact fee contributions to the various taxing bodies. In his opinion this action demonstrated to the community that the taxing bodies were working together and supporting each other.
Administrator Morefield asked Mr. Hoffman what his thoughts were if the City were to limit the impact fee reduction to 18 months or a year to determine what effect the loss in revenue was. Mr. Hoffman thought it was worth a conversation. However, what he would not want to see happen is after 12 to 18 months, of impact fee reductions, home prices increase, the level of interest decreases, and home sales deteriorates.

Administrator Morefield asked Mr. Hoffman what his thoughts were if the City asked D.R. Horton to pay all the impact fees upfront. Mr. Hoffman thought that this matter was also worth a conversation.

Alderman Glab noted that Administrator Morefield brought up some good ideas. He suggested maybe consider annually reviewing the impact fee structure while comparing the number of houses sold and then adjust the impact fees as necessary.

Alderman Condon noted that the Community Development Committee has always been the committee to review the impact fees schedule and recommend changes as needed. She noted that the Community Development Committee has a meeting scheduled for August 28th to discuss this very topic.

Mayor Jett thanked Mr. Hoffman and Mr. Edmeier for their time.

Mayor Jett stated that at this time he would entertain a motion to close the public hearing portion of the meeting. A Motion was made by Alderwoman Condon and seconded by Alderman Devine to close the public hearing. Roll call: Vote: 7-aes: Alderwoman Condon, Alderman Devine, Alderman Mihevc, Alderman Schaefer, Alderman Curry, Alderman Glab and Alderman Santi. 0-nays, 0-abstained. Motion carried.

A Motion was made by Alderman Glab and seconded by Alderman Devine to table this matter until September 10th to allow time for the Community Development Committee to review the impact fee schedule. Roll call: Vote: 7-aes: Alderman Devine, Alderman Glab, Alderwoman Condon, Alderman Schaefer, Alderman Curry, Alderman Glab and Alderman Santi. 0-nays, 0-abstained. Motion carried.

Administrator Morefield reported that staff also provided information regarding the possible impact fee reduction to the other taxing bodies.

Public Comment
Mayor Jett asked if there was anyone in attendance that wished to address the Council Members. Resident Mr. Carl Hurtig approached the podium. He strongly expressed his concerns and
frustration with the City placing a referendum question on the November 6th General Election Ballot asking the voters if they would support expanding the Recreation Center that will include an indoor pool, a gymnasium and an outdoor family aquatic park and issue bonds, in an amount not to exceed $30,000,000, to construct these improvements. He thanked the Council Members for their time.

Mayor Jett asked if anyone else in attendance wished to address the Council Members at this time. The audience offered no additional comments.

Consent Agenda

Motion to Approve the Following Consent Agenda Items:

A. Block Party Request - Temporary Closure from 1906 Hemlock Street to 1914 Hemlock Street on September 1st from 1:00 p.m. to 8:00 p.m.;
B. August 6, 2018 Council meeting minutes;
C. Issuance of Checks in the amount of $110,342.78.
D. Payment of Bills in the amount of $341,736.75.

Mayor Jett asked if any of the Council Members wished to remove any items from the consent agenda. Alderman Schaefer noted that on page 8 of the minutes a resident’s name was incorrect. Deputy Clerk Meadows will amend the minutes to reflect the correct name. A Motion was made by Alderman Glab and seconded by Alderman Santi to approve the consent agenda items A-D as presented. Roll call: Vote: 7-ayes: Alderman Glab, Alderman Santi, Alderman Schaefer, Alderman Curry, Alderman Mihevc, Alderman Devine, Alderwoman Condon. 0-nays, 0-abstained. Motion carried.

Individual Action Item Agenda.
No individual action items were listed on the agenda.

Discussion Only Items.
No discussion items were listed on the agenda.

Staff Reports.
Director Hobson thanked the Rotary Club for hosting the Blues, Brews and BBQ three day event. He thought the event was a great representation of the community coming together and the event was well received.

Mayor and City Council Comments.
Alderman Schaefer asked for an update on the Pearl Street and Lincoln Road improvements. Engineer Strange reported that all the underground work has been completed and the sanitary sewer work will begin this week along with the concrete curb and sidewalk reconstruction. The Lincoln Bridge reconstruction should begin in September. Alderman Glab commended the Public Works Department for taking on bigger projects and doing a great job completing them.
Executive Session

Motion to enter into Executive Session to discuss probable or imminent litigation as permitted by 5 ILCS 120/2 (c) (11).
Mayor Jett stated at this time he would entertain a motion to enter into executive session to discuss probable or imminent litigation as permitted by 5 ILCS 120/2 (C) (11) with a possibility of action to follow.

A Motion was made by Alderman Mihevc and seconded by Alderman Schaefer to enter into executive session to discuss probable or imminent litigation as permitted by 5 ILCS 120/2 (c) (11) with possible action to follow. Roll call: Vote: 7-ayes: Alderman Curry, Alderman Santi, Alderman Glab, Alderman Schaefer, Alderman Mihevc, Alderman Devine and Alderwoman Condon. 0-nays, 0-abstained. Motion carried.

The Council Members along with Administrator Morefield, Attorney Smoron and Deputy Clerk Meadows entered into executive session 8:25 p.m.

Reconvene/Roll Call

The Council Members along with Administrator Morefield, Attorney Smoron and Deputy Clerk Meadows returned to the public meeting at 9:27. A Motion was made by Alderman Devine and seconded by Alderman Mihevc to reopen the public meeting. Roll call: Vote: 7-ayes: Alderman Schaefer, Alderman Santi, Alderman Glab, Alderman Curry, Alderman Mihevc, Alderman Devine and Alderwoman Condon. 0-nays, 0-abstained. Motion carried.

Adjournment

There being no further public business to discuss, a Motion was made by Alderwoman Condon and seconded by Alderman Devine to adjourn from the public meeting at 9:30 p.m. Roll call: Vote: 7 ayes by unanimous voice vote. 0-nays, 0-abstained. Motion carried.

Respectfully submitted,

Debra Meadows

[Signature]
Mayor

[Signature]
Deputy City Clerk