Call to Order
Mayor Wayne Jett called the regular meeting scheduled for September 24, 2018 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 Comment
Mayor Jett asked if anyone in attendance wished to comment on any items listed on the consent agenda. Those in attendance offered no comments.

Consent Agenda
Motion to Approve the Following Consent Agenda Items:

A. Resolution designating the Importance of Manufacturing to our community and designating October 5, 2018 as National Manufacturing Day in the City of McHenry;
B. Updated Investment Policy as recommended by the Finance and Personnel Committee;
C. Pay Authorization #1 to Maneval Construction Company, Inc. for the Timothy Lane/Clover Avenue Water Main Replacement Project, in the amount of $17,257.54;
D. Pay Application Requests #27 and #28 to William Brothers Construction for the McHenry Wastewater Treatment Plant Improvements in the amounts not to exceed $55,161.81 and $42,552.08;
E. Issuance of Checks in the amount of $445,901.06.
F. Payment of Bills in the amount of $653,503.55.
Mayor Jett asked if any of the Council Members wished to remove any items listed on the consent agenda for separate consideration. The Council Members offered no comments. There being no further discussion on the motion, a Motion was made by Alderman Curry and seconded by Alderman Mihevc to approve the consent agenda items A-F as presented. Roll call: Vote: 7-ayes: Alderman Curry, Alderman Mihevc, Alderman Schaefer, Alderman Glab, Alderman Santi, Alderman Devine and Alderwoman Condon. 0-nays, 0-abstained. Motion carried.

Individual Action Items Agenda:
Motion to accept a proposal for the donation of funds for improvements to Walsh Park and to amend the Fiscal Year 2018/2019 Budget, increasing Fund 280 (Developer Donations) by $70,000, to undertake improvements to Walsh Park.

Director Hobson discussed the Walsh Park donation along with the proposed park improvements and the budget amendment. He reported at the September 10th City Council Meeting the Council Members voted 5-2 to accept the anonymous donation in the amount of $70,000 to be used towards the redesign and redevelopment of the Walsh Park along with a budget amendment in the amount of $70,000. However, those Council Members that voted against the proposed project expressed concerns with respect to the anonymity of the donation due to public perception and that the fact that the project was being completed as a design build without ascertaining additional bids. However, since that time the donor Mr. Kit Carstens and his family understood the concerns and have decided to announce the donation in hopes to gain full Council support for the project. In addition, Staff has received additional quotes for the reconstruction of the seawall, the lowest quote was $28,600 from Shore Werks.

Alderman Curry thanked the Staff for ascertaining additional quotes. He questioned if Staff was looking for reconsideration of the original motion to include acceptance of the donation from Mr. Carstens and awarding the contract to Shore Works. A brief discussion ensued with respect to the motion. Attorney McArdle recommended this motion be tabled and a motion to ratify or amend the previous motion be placed on the next consent agenda.

A Motion was made by Alderman Santi and seconded by Alderman Curry to table item 6.A. to allow for an amendment to the original motion and reflect the changes in the status of the Walsh Park improvement proposal. Roll call: Vote: 7-ayes: Alderman Santi, Alderman Curry, Alderwoman Condon, Alderman Devine, Alderman Mihevc, Alderman Schaefer and Alderman Glab. 0-nays, 0-abstained. Motion carried.

Motion to adopt an Ordinance authorizing the Execution of an Amendment to the Existing Annexation Agreement for the Oaks at Irish Prairie, dated August 29, 2005, relative to removal of the Clubhouse, changes to Architectural Standards, and the reduction of Impact Fees.
Attorney Mc Ardle stated prior to moving on to the next agenda item he suggested the Council may want to consider having a conversation with D.R. Horton representative Mr. Hoffmann regarding the 50% reduction in impact fees.

As this matter requires a super majority vote and if there is not 6 Council Members in favor of reducing the fees for a two year period there might be concessions that can be agreed upon prior to the vote. In addition, this may have a direct impact on the Council’s consideration with respect to amending Section 8, Developer Donations, of the City Subdivision Ordinance and on amending Article IV of Chapter 26, Water and Sewer Capital Development Fee, Section 26-202 of the City Municipal Code. With that said, Attorney Mc Ardle recommended placing agenda items 6.C. prior to considering agenda item 6.B. The Council Members concurred with Attorney Mc Ardle’s recommendation.

Mayor Jett opened the discussion to the Council Members. Alderman Santi thanked Staff for gathering all the additional information. Alderman Santi continued on to express concerns with the impact fee reduction percentage and the time period. He noted that Staff had reported that there are consultants that specialize in determining the appropriate impact fees and this type of study by a third party would take six to twelve months. He suggested contracting with a firm to conduct the study and offering D.R. Horton a 50% impact fee reduction for twelve months.

Alderman Glab stated that he couldn’t support reducing the impact fees as long as it included reducing the sewer and water impact fees. In his opinion, this action would have a direct impact on the average City resident who will continued to be burden by the debt service incurred with the expansion of the South Water Treatment Plant.

Alderman Glab commented on the fact that part of the discussion surrounding the impact fee reduction included ensuring the City of McHenry provided a competitive market for developers who were considering areas in which to develop. He noted that some of impact fee information with respect to other communities that would be in direct competition with the City has not been obtained. However, he has to make a decision on what he believes is the best for all residents in the City and can’t support this initiative.

Administrator Morefield noted that the capitol development fees generated by any of the new developments listed in the report would not carry the South Water Treatment Plant expansion debt service. However, by increasing the number of users on the water and wastewater systems would increase revenue and over time reduce the debt service. Alderman Glab asked Administrator Morefield where the newly collected water and sewer impact fees would be allocated. Administrator Morefield reported that the impact fees collected would go into the Capital Development Fund to fund future expansions. Administrator Morefield continued on to report that the current water capacity is at 57% and sewer capacity is at 76% so the City does have the capacity to absorb the additional 350 homes including the stand alone lots with minimal
impact on the water and sewer systems. Alderman Glab questioned if future Councils could change the way in which the fees were structured and reallocate those fees to other funding sources. Administrator Morefield replied he supposed they would have the authority to do so.

Alderwoman Condon noted that the Council’s responsibility today was to vote on the items under consideration, not to predict the future. She strongly supports the revitalization of the uncompleted subdivisions in the City and increasing the quality of life for those residents impacted.

Alderwoman Condon continued on to state that the 50% impact fee reduction is still better than collecting no revenue. She too would rather see a 30% impact fee reduction. However, she is absolutely willing to support a 50% impact fee reduction if the incentive attracts developers to develop the land that has been vacant for decades. In addition, Alderwoman Condon believes this is what is best for the community as a whole.

Alderman Schaefer asked if by adding additional users to the systems would shorten the term of the debt service. Finance Director Lynch replied yes, she noted that the new users were not included in the original study. However, by increasing the number users would reduce the terms of the debt service. Administrator Morefield reported that the new homes would generate $83,000 annually which would be utilized for water/sewer maintenance and to pay off debt service.

Alderman Curry commented on the fact if the City is not collecting water/sewer impact fees and the sewer capacity reaches 80% the City is then required by the IEPA to beginning planning for a future expansion. He wondered if the City would then have to increase water and sewer rates.

Alderman Curry commented on the surrounding communities’ impact fee schedules that were included in the packet. He noted that the 2007 graphic depicts the City of McHenry impact fees lower than Lake in the Hills, City of Crystal Lake and Cary the only impact fees lower than the City’s was Richmond. He expressed concern with the 50% reduction to the impact fees. He was uncertain if that is the appropriate percentage. He suggested 21%-25% might be more appropriate.

Alderman Schaefer noted that in the recent years the City home values have increased. Alderman Glab stated that in his opinion when you increase housing stock home values decrease.

The Council Members offered no other comments. Mayor Jett asked if anyone in attendance wished to comment on this matter. Resident Brian Snehen approached the podium. He thanked Mayor Jett for his vision and revitalizing the downtown district. Mr. Snehen commented on the fact that the recent housing market crash had an impact on many neighborhoods. Many
neighbourhoods have vacant homes and vacant lots which increases crime. He proceeded to thank Mayor Jett for allowing the public to speak out on this matter. He reminded the City Council Members that the voters are watching and listening.

Ms. Dawn Lucas approached the podium. Ms. Lucas discussed the vandalism and crime occurring within the Oaks at Irish Prairie Subdivision. She discussed the burden HOA dues has on those property owners living within an uncompleted subdivision. In closing, she noted that the taxpayers and voters are watching the City Council Members actions and take this matter very seriously.

Mr. Brian Wilson approached the podium. He too supported the 50% impact fee reduction. Mr. Wilson thought the development incentive was a positive way to revitalize the uncompleted subdivisions.

Mr. Christopher Nemec stated he also lives in an uncompleted community with many vacant lots and supports the impact fee reduction. Mr. Nemec believes that by enticing developers to build homes will have a positive impact on the local economy and increase property tax revenues for the City.

Mayor Jett asked if anyone else in the audience wished to comment on this matter. Those in attendance offered no other comments. Mayor Jett proceeded to invite D.R. Horton representative Mr. Derrick Hoffman to comment on their request for amendments to the existing Oaks at Irish Prairie Annexation Agreement. Prior to Mr. Hoffman speaking Attorney McArdle reported that after listening to all of the Council Members comments he suggested in order to obtain the number of required votes D.R. Horton may want to consider either amending their request to a 50% impact fee reduction for one year or a 25% impact fee reduction for two years. Mr. Hoffman thanked the Council Members for their input and after listening to the public comments he knows moving forward with this development is the right thing to do for the community. On behalf of D.R. Horton Mr. Hoffman stated that they would be comfortable accepting a 50% impact fee reduction for one year. He thanked the Council Members for their time and the community for their support.

Alderman Curry asked Mr. Hoffman if he could estimate how many homes will be built this year. Mr. Hoffman noted that since the discussion with respect to the annexation agreement amendments they have lost several months of the building season. However, he anticipates maybe ten homes will be built this season.

Alderman Curry questioned at what time are the impact fees paid and when does the building permit expire. Director Polerecky reported that the impact fees are paid at the time of permit and expires one year after the time of issuance.
Alderwoman Condon noted that she believes the City should conduct an impact fee study in the near future. In addition, she noted with all due respect to Mayor Jett that many of redevelopment projects throughout the City began prior to Mayor Jett’s term in office. However, Mayor Jett continues to promote and encourage redevelopment and revitalization efforts. Alderwoman Condon commended Director Martin for his vision and hard work with encouraging new businesses to open shops in the City.

There being no further discussion on this motion, a Motion was made by Alderman Mihevc and seconded by Alderwoman Condon to adopt an Ordinance authorizing the Execution of an Amendment to the Existing Annexation Agreement for the Oaks at Irish Prairie, dated August 29, 2005, relative to removal of the Clubhouse, changes to Architectural Standards, and the reduction of Impact Fees by 50% for 1 year. Roll call: Vote: 7-ayes: Alderman Mihevc, Alderwoman Condon, Alderman Devine, Alderman Curry, Alderman Schaefer, Alderman Santi and Mayor Jett. 1-nay: Alderman Glab, 0-abstained. Motion carried.

Motion to approve An Ordinance Amending Section 8, Developer Donations, of the City of McHenry’s Subdivision Ordinance; and, An Ordinance Amending Article IV of Chapter 26, Water and Sewer Capital Development Fee, Section 26-202, Amount, of the City of McHenry’ Municipal Code, both providing for the reduction of fees by 50% through September 24, 2020. The conversation regarding this matter was an inclusive conversation with respect to the reduction in impact fees. There being no further discussion on this matter, a Motion was made by Alderman Condon and seconded by Alderman Santi to approve an Ordinance Amending Section 8, Developer Donations, of the City of McHenry’s Subdivision Ordinance; and, An Ordinance Amending Article IV of Chapter 26, Water and Sewer Capital Development Fee, Section 26-202, Amount, of the City of McHenry’ Municipal Code, both providing for the reduction of fees by 50% through September 24, 2019. Roll call: Vote: 6-ayes: Alderwoman Condon, Alderman Santi, Alderman Schaefer, Alderman Curry, Alderman Mihevc and Alderman Devine. 1-nay: Alderman Glab, 0-abstained. Motion carried.

Discussion Only Items
There were no items listed under “Discussion Only Items”.

Staff Reports
Director Hobson thanked the Sunrise Rotary Club for hosting the Octoberfest in Peterson Park. He reported it was a successful event. Alderman Schaefer questioned if the Rotary Club was pleased with the event location. Chief Birk on behalf of the Sunrise Rotary Club reported that they were very pleased with the event’s outcome and the location.

Mayor and City Council Comments
Neither the Mayor nor the Council Members provided any reports.
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 no action to follow.

A Motion was made by Alderman Schaefer and seconded by Alderman Santi to enter into executive session to discuss probable or imminent litigation as permitted by 5 ILCS 120/2 (c) (11) with no 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 McArdle, Director Martin, Director Schmidt, Director Polerecky and Deputy Clerk Meadows entered into executive session 8:08 p.m.

Reconvene/Roll Call
The Council Members along with Administrator Morefield, Attorney McArdle, Director Martin, Director Schmidt, Director Polerecky and Deputy Clerk Meadows returned to the public meeting at 8:36. A Motion was made by Alderman Santi and seconded by Alderman Curry 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 8:38 p.m. Roll call: Vote: 7-ayes: Alderwoman Condon, Alderman Devine, Alderman Mihevc, Alderman Curry, Alderman Schaefer, Alderman Glab and Alderman Santi. 0-nays, 0-abstained. Motion carried.

Respectfully submitted,
Debra Meadows

Mayor

Deputy Clerk
Executive Session

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A Motion was made by Alderman Schaefer and seconded by Alderman Santi to enter into executive session to discuss probable or imminent litigation as permitted by 5 ILCS 120/2 (c) (11) with no 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.

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Respectfully submitted,

Debra Meadows

[Signatures]