

**VILLAGE OF JOHNSBURG
SEPTEMBER 19, 2017 REGULAR MEETING OF THE
PRESIDENT AND BOARD OF TRUSTEES
(Draft Copy, Not Approved)**

President Hettermann called the meeting to order at 7:00 p.m. in the Village Hall.

Attendees

Trustee Kevin McEvoy
Trustee Mary Lou Hutchinson
Trustee Tom Curry
Trustee Greg Klemstein
Trustee Kyle Frost
Trustee Josh Hagen
Village Attorney Michael Smoron
Special Project Coordinator Rick Quinn
Village Accountant Kim Giovanni

AUDIENCE PARTICIPATION - Mr. Lenart and Mr. Kujawa attended to request the board's reconsideration of the action taken by Board at the previous meeting denying the fence variance at 1524 River Terrace Drive. Mr. Lenart explained that they are both agreeable to leaving the fence in place. Mr. Kujawa confirmed that he would prefer the fence to remain as he would not wish to see tall landscaping installed along the property line, which would further obstruct his view of the river. President Hettermann explained that it is not on the agenda but directed that the matter be included on the next board agenda for consideration. Attorney Smoron explained that he and Ms. Peters discussed including additional language in the ordinance recitals explaining the situation. He explained that the variance, if granted, could still be referred to as an example in the future by someone who wishes to pursue a similar fence adding that future boards will have to look into the details of why this particular variance was granted to understand the extenuating circumstances. Trustee Hutchinson stated that she does not support the variance. She explained that if the fence were to be replaced with a more open fence, similar to what has been granted on waterfront properties in the past, she would be more agreeable to the request. Trustee McEvoy stated that he feels it is a reasonable compromise. President Hettermann agreed and remarked that it is a more aesthetically pleasing fence than some of the open fences in place along the river.

OMNIBUS AGENDA Trustee McEvoy moved to approve the Omnibus Agenda. Trustee Hutchinson seconded the motion. All trustees voted aye on the roll. Motion carried.

- Move to approve the minutes of the September 5, 2017 regular meeting of the President and Board of Trustees
- Move to approve Final Pay Request in the amount of \$59,903.50 to Carmichael Construction for Public Works Facility Interior Improvements
- **Disbursements**
- General Fund \$142,339.99
- MFT
- Waterworks & Sewage Fund 9,164.57
- Debt Service/SSA Fund 825.00
- Total All Funds \$152,329.56

PRESIDENT'S REPORT – President Hettermann requested support of a Proclamation Recognizing October 24th as National Polio Day. Phil Bartmann attended on behalf of the Rotary Club to make the formal request and provide some history on the Rotary's efforts to eradicate polio. He explained that the Rotary is the oldest organization, founded in Chicago in 1905. He added that the Rotary Club established a goal to raise sufficient money to eradicate polio throughout the world and as of 2017, more than \$8 billion has been spent towards meeting that goal. Although it is nearly eradicated from the US, there are still many people afflicted with polio in other parts of the world. Mr. Bartmann explained that October 24th has been declared National Polio Day to draw attention to the work that is being done and the need to continue the efforts being made to eradicate polio. Trustee Curry moved to adopt a proclamation recognizing October 24th as National Polio Day. Trustee McEvoy seconded the motion. All Trustees voted aye on the roll. Motion carried.

AD SHELTER AGREEMENT – Mary Donner was in attendance to discuss the types of advertising that could be allowed. She explained that the board could prohibit political ads or liquor ads. She explained that the City of Woodstock currently has five ad shelters, McHenry County has one at courthouse, and the City of McHenry has four. She stated that in the McHenry County area, you typically see advertising related to Social Security, Goodwill, or other service-oriented messages. Discussion occurred regarding liquor, political or gaming advertising. Trustee Hutchinson moved to approve the Ad Shelter Agreement. Trustee McEvoy seconded the motion. Trustee Hutchinson amended the motion to clarify that no political advertising will be permitted. Trustee McEvoy seconded the amended motion. Trustees Klemstein, McEvoy, Frost, Hagen and Hutchinson voted aye. Trustee Curry voted no. Motion carried.

ORDINANCE 17-18-15 – PIERCE VARIANCE – Ms. Peters explained that the request is for a variance to be granted by the board as per the Village's Zoning Ordinance, they do not need to proceed before the Planning and Zoning Commission due to the special nature of water front properties and established setbacks. She further explained that the petitions are proposing to tear down two existing accessory structures and replacing them with one detached garage which will be located with a rear yard setback consistent with one of the structures already in place located 3.5 feet from the rear property line. President Hettermann remarked that the proposed structure is an improvement to the area. The matter will be included for consideration on the next agenda.

FUND BALANCE POLICY – President Hettermann explained that he further reviewed the proposed Fund Balance policy and reconsidered his thoughts on incorporating the Board's plan into the Appendix. He pointed out that the proposed policy creates guidelines associated with the establishment of reserves and therefore the appendix should be removed entirely as it does not relate to fund balances, but instead addresses how specific revenues are spent. President Hettermann questioned the 3-4 month term proposed in the policy as he thought the recommendation from the auditor was 2-4 months. Ms. Giovanni clarified that the 2-4 month term included in the original draft is based upon GFOA guidelines.

Trustee Hutchinson explained that the purpose for policies is for continuity as they establish written guidelines. She stated that the Village has already established some fiscal policies which are posted on our website. She pointed out that should the proposed fund balance policy be approved the existing fiscal policies will need to be amended as they currently set forth a goal to establish reserves equal to 50% of operational expenses.

Trustee Hutchinson referred to the past year's Management and Discussion Analysis. She explained that there were items included in the analysis that have been identified as challenges by the board each year and referred to discussions that took place during previous budget reviews regarding the inability to fully fund certain budgetary items such as road resurfacing, police pensions and contributions towards reserves. She explained that a survey was conducted to obtain feedback on how to address these and other underfunded items such as residential garbage and recycling service. In response to the survey, the

Village eliminated the sanitation levy and changed to a direct bill system for residential garbage and recycling. Additionally, the Board agreed to pursue a referendum to increase the local share of sales tax by ½%. Trustee Hutchinson passed out copies of the letter sent to residents regarding the referendum and expressed concern that the once the referendum was approved, the monies received from the additional taxes collected were not being utilized in accordance with what was represented in the literature sent out regarding the referendum. She stated that minimal revenues were directed at road resurfacing and no money was directed towards police pensions or reserves. She reviewed the projects pursued with the additional funds and explained that although they may all be important projects, they should be supported by other general fund dollars as they are not consistent with the intended use of the funds. Trustee Hagen questioned the statement that the Village did not fund the stated areas. Trustee Hutchinson iterated that they were not funded. Ms. Peters clarified that additional monies have been contributed towards police pensions over the past few years on an increasing basis. Ms. Giovanni explained that the increased police pension contribution included in the budget is consistent with a plan that will enable the Village to meet the 90% required contribution level by 2022.

Trustee Hutchinson stated that the Village reviews a road resurfacing analysis each year during the budget review and the Village engineers have indicated that ideally roads should be resurfaced every 12 years. She added that the Village realizes meeting that goal is unrealistic but we are not even meeting the 20 year goal identified in budget presentations the last several years. Ms. Peters clarified that analysis' prepared in the past did not consider the miles of road resurfaced through grant dollars received. Additionally, the 12-year resurfacing plan is unnecessary for most of the roads, many of which have lasted 20 or more years. Ms. Peters explained that the Village just completed an updated road analysis utilizing a new rating system standardly used in the industry. She further explained that the public works department is performing far more road patching and other maintenance, which has helped to extend their life expectancy. She added that in the past when a road was in disrepair, it was resurfaced but we are better equipped today and have the knowledge and capability to perform more intermediary repairs, which help further the life of our roads and in doing so helps to keep costs down. Trustee Hutchinson stated that even if we are able to reduce the amount of miles needed to be resurfaced each year by half, we are still not meeting that goal. She explained that the purpose of the appendix included within the fund balance policy is to define how specific revenues are spent so that they are directed at the purpose for which they were established.

President Hettermann stated that the funds are being spent consistent with what was expressed in the referendum correspondence which indicated that the funds would be directed to support road resurfacing and other underfunded capital items. He explained that the plan for those revenues which was approved by the board was in response to feedback received from residents. He restated that the discussion regarding how revenues are spent is part of the budget review and inclusion of the matter within the Fund Balance appendix is not appropriate. He explained that trustees are elected into office to act in the best interest of the Village and they do so by fully reviewing all revenues and expenditures each year during the budget review. He further explained that he feels a separate policy dictating the use of revenues is not necessary and only ties the hands of the board who should be depended upon to act responsibly.

President Hettermann stated the same argument was made when a sunset clause was being proposed for the utility tax. The Board agreed that a sunset clause was unnecessary, as the tax will be reviewed each year with all other revenues and expenses during the budget review. Trustee Hutchinson reinforced that the appendix provides written guidelines for how specific revenues are spent. Ms. Peters clarified that President Hettermann's recommendation to remove the appendix is based upon the information being inconsistent with the intent of the policy. She pointed to the paragraph regarding assigned fund balances and explained that per the policy, the definition of "fund balance" is "the difference between assets and liabilities in a governmental fund" or simply put, the amount left over at the end of the year. She explained that the appendix does not address fund balances but instead addresses how specific revenues received by the Village are spent. She suggested that the board could chose to address how revenues are

spent in a different policy but that it does not seem appropriate in the Fund Balance Policy. Finance Committee Member Laurie Cwerenz explained that in accounting you do have assigned revenues within fund balances. Ms. Peters concurred, but pointed out that they are related to what is left over at the end of the fiscal year which this past year would equate to approximately \$14,000; they do not relate to the total revenues coming in for a given year and how they will be spent. Trustee Hutchinson iterated that she believes the appendix is appropriate and should remain in the policy.

Trustee Hutchinson moved to approve the Fund Balance Policy as proposed. Trustee Curry seconded the motion. Trustee Klemstein stated that he understands Trustee Hutchinson's desire to establish written guidelines as to how certain revenues are spent but does not believe those guidelines are appropriate in the Fund Balance Policy. Trustees Curry and Hutchinson voted aye. Trustees Klemstein, McEvoy, Hagen and Frost voted no. Motion failed. Trustee Hagen moved to adopt the Fund Balanced Policy with the Appendix and any reference to it removed. Trustee McEvoy seconded the motion. Clarification was provided that the reference to 3-4 months of operating expenses was acceptable in the policy. Trustees Hutchinson and Curry voted no. Trustees Klemstein, McEvoy, Hagen and Frost voted aye. Motion carried.

RECESS FOR CLOSED SESSION – Trustee McEvoy moved to go into closed session to discuss the acquisition or lease of real property for use by the Village. Trustee Hagen seconded. All Trustees voted aye on the roll. Motion carried at 9:08 p.m.

RETURN TO REGULAR SESSION – Trustee Klemstein moved to return to regular session. Trustee Hutchinson seconded the motion. All Trustees voted aye on the roll. Motion carried at 9:22 p.m.

ADJOURNMENT – Trustee Curry moved to adjourn the meeting. Trustee Klemstein seconded the motion. All Trustees voted aye. Motion carried at 9:23 p.m.

Respectfully Submitted

Claudett E. Peters
Village Administrator