

APPROVED MINUTES
VILLAGE OF LAKE ZURICH
Board of Trustees
70 East Main Street



Monday, March 18, 2024 7:00 p.m.

1. **CALL TO ORDER** by Mayor Thomas M. Poynton at 7:00 pm.
2. **ROLL CALL:** Mayor Thomas Poynton, Trustee Dan Bobrowski, Trustee Mary Beth Euker, Trustee William Riley, Trustee Marc Spacone, Trustee Roger Sugrue, Trustee Greg Weider. Also in attendance: Village Manager Keller, Asst. Village Manager Duebner, Village Atty. Uhler, Management Services Dir. Kordell, Police Chief Husak, Finance Dir. Sparkowski, and Public Works Dir. Brown.
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC COMMENT**

Chris Stachowiak of 2 Newgate Court, Lake Zurich, spoke in favor of Lake Zurich's plan to transition to Lake Michigan water.

Paul Smith of 1167 O'Malley Drive, Lake Zurich, spoke in opposition of the Village transitioning to Lake Michigan water and thanked the board for its transparency.
5. **CONSENT AGENDA**
 - A. Approval of Minutes from the Village Board Meeting of March 4, 2024
 - B. Approval of Executive Session Minutes from the Village Board Meeting of February 20, 2024
 - C. Approval of Semi-Monthly Warrant Register Dated March 18, 2024 Totaling \$669,518.09
 - D. Ordinance Approving the Annual Official Zoning Map of the Village of Lake Zurich (Assign Ord. #2024-03-562)

Summary: Illinois statutes require all municipalities annually publish an updated zoning map by March 31 of each year. The 2024 zoning map has been updated to include rezoned parcels for the new School District Transition Program Center at 315 Surryse Road, a re-subdivision at 154 Oak Street to create two single-family lots, and a re-subdivision of the lot at 629 Rose Road to create two industrial lots.
 - E. Agreement with Suburban Concrete for 2024 Concrete Flatwork Program in the Amount Not-to-Exceed \$175,000

Summary: The 2024 budget includes \$175,000 in the Non-Home Rule Sales Tax Fund for concrete curb and sidewalk repairs. This years' investments will focus on the Wicklow subdivision and move into the industrial park. A competitive bid opening on February 28, 2024 resulted in six bids received, with the most competitive bid received from Suburban Concrete of Mundelein.
 - F. Ratification of Change Order #1 from the WT Group to Add the Paulus Park Chalet Facility to ADA Access Audits in the Amount Not-to-Exceed \$1,500

Summary: In January 2024, the Village Board approved an agreement with the WT Group to conduct access audits and an American with Disabilities Act transition plan in compliance with Title 2 of the ADA in the amount not-to-exceed \$52,042.58. A change order is requested in order to add one more public facility to the scope of work, the Paulus Park Chalet, for an additional \$1,500, bringing the total not-to-exceed amount to \$53,542.58.

G. Resolution Requesting State Permission for Detours Related to Memorial Day Parade on May 27, 2024 (Assign Reso. #2024-03-084)

Summary: The proposed resolution authorizes a request to the Illinois Department of Transportation to close State Route 22 to facilitate the American Legion Memorial Day parade between the hours of 9:00 am to 12:00 pm on May 27, 2024.

Actions: A motion was made by Mayor Poynton, seconded by Trustee Spacone, to approve the Consent Agenda as presented.

AYES: 6 Trustees Euker, Riley, Spacone, Sugrue, Weider, Bobrowski

NAYS: 0

ABSENT:

MOTION CARRIED.

6. NEW BUSINESS

A. Ordinance of the Village of Lake Zurich, Lake County, Illinois, Approving a Development Agreement between the Village of Lake Zurich and the Greenhill Company and Smalley Steel Ring Company (Assign Ord. #2024-03-563) (Trustee Bobrowski)

Summary: The Greenhill Company, doing business as Smalley Steel Ring at 555 Oakwood Road, is requesting tax increment financing assistance from the Village to support a multi-phased, multi-year expansion effort that will not be complete until 2040. Smalley Steel Ring has been operating in Lake Zurich for over 20 years and is a global supplier of wave springs, retaining rings, and section rings that are used in precision manufacturing for multiple industry segments. The company currently employs about 600 full-time positions in the industrial park and plans to continue hiring 30-40 employees each year as new square footage comes online. The company intends to expand its operations in Lake Zurich with an added 200,000 square feet of new building space, including 86,000 square feet of office, 100,000 square feet of warehouse, and 13,420 square feet of manufacturing/production space. This development will cost at least \$51 million over the next ten years.

The proposed TIF redevelopment agreement is intended to help offset this significant investment in Lake Zurich with a rebate of up to \$15.3 million of TIF revenue over the next 22 years. This equates to approximately 30% of the overall costs of this massive industrial expansion. The performance-based rebates are tied to the completion of five project phases set forth in the agreement. Seventy-five percent of the TIF increment generated annually by the project will be directed toward the rebates, up to the cap limits assigned to each completed project phase.

The remaining 25% of the increment generated annually by the project, and all TIF increment after the Developer has reached the maximum reimbursement amount, will go to the fund balance for the Industrial TIF District. This balance will then be available for future funding of industrial park infrastructure, such as stormwater management, water and sanitary sewer main replacements, and road resurfacing.

Management Services Director Kordell discussed the long-range plans of Smalley Steel Ring Company and the long-term TIF package agreement between the village and the company. He explained the company is set to grow through a five-phase plan increasing the size of the facility, operations, and hiring more staff in the future while staying in Illinois.

Joe Lukas, Senior Vice President with Smalley Steep Ring, gave a presentation on Smalley's future plans, explaining its five-phase approach for expansion. Trustees and the Mayor thanked Smalley for investing in Lake Zurich and for the plans for future growth.

Actions: A motion was made by Trustee Bobrowski, seconded by Trustee Euker, to approve Ordinance #2024-03-563 of the Village of Lake Zurich, Lake County, Illinois, Approving a Development Agreement between the Village of Lake Zurich and the Greenhill Company and Smalley Steel Ring Company.

AYES: 6 Trustees Euker, Riley, Spacone, Sugrue, Weider, Bobrowski

NAYS:

ABSENT:

MOTION CARRIED.

- B. Ordinance Determining to Become a Member of the Central Lake County Joint Action Water Agency, Approving the Admissions Agreement to the Central Lake County Joint Action Water Agency, and Authorizing All Necessary Acts (Assign Ord. #2024-03-564) (Trustee Spacone)**

Summary: The decision to transition to Lake Michigan water has been analyzed and discussed in Lake Zurich since at least 2011 when the Village was granted a conditional Lake Michigan water supply allocation from the State of Illinois. In May 2023, the Village Board adopted a resolution expressing the intent of Lake Zurich to work towards full membership into the Central Lake County Joint Action Water Agency (CLCJAWA) to bring Lake Michigan water to Lake Zurich.

The next step in the Lake Michigan water initiative is for the Village to adopt the CLCJAWA admissions agreement, which will legally bind the Village to the CLCLJAWA amended agency agreement from 2013, its amended by-laws from 2020 and its water purchase and sale contract from 2013. Upon approval of the proposed Ordinance and admissions agreement, the Village becomes a full member of the CLCJAWA Board of Directors with full voting rights into future CLCJAWA decisions.

The agreement commits the Village to paying 100% of CLCJAWA's costs of extending water infrastructure to bring Lake Michigan water to Lake Zurich. The agreement also establishes the capital contribution of \$21,857,496 based

on CLCJAWA's established formula and the 7,352 housing units currently on the Village's water system. The agreement also specifies that CLCJAWA is offering the Village a thirty-year, no-interest payment plan to fulfill the capital connection obligation.

After lengthy, careful and exhaustive consideration of the long-term potable water supply options available to the Village, including the costs and complications of remaining reliant on the deep water aquifer, Staff recommend approval of this agreement committing Lake Zurich to join CLCJAWA and to take the next steps toward bringing Lake Michigan water to the community.

Public Works Director Brown discussed how the Village has researched extensively on the transition to Lake Michigan water and that multiple meetings have been presented to the public over years on the transition plan.

Trustee Riley asked for a brief summary and explanation of why the Village needs to change water sources. Director Brown explained that environmental, regulatory, and sustainability challenges are the main factors to transition to Lake Michigan water, as the main regulatory cost comes from radium removal and disposal.

Village Manager Keller discussed that regulatory compliance and cost effectiveness were studied and moving to Lake Michigan water is a more viable, sustainable long-term potable water source versus relying on deep aquifer wells. Mayor Poynton and Trustees agreed that no other viable options were available other than transitioning to Lake Michigan water. The Board and Staff discussed how other towns were waiting next in line to obtain State IDNR water allocation permits to connect to Lake Michigan water and Lake Zurich is currently in the use-it-or-lose-it phase for its State permit.

Actions: A motion was by Trustee Spacone, seconded by Trustee Weider, to approve Ordinance #2024-03-564 Determining to Become a Member of the Central Lake County Joint Action Water Agency, Approving the Admissions Agreement to the Central Lake County Joint Action Water Agency, and Authorizing All Necessary Acts.

AYES: 6 Trustees Euker, Riley, Spacone, Sugrue, Weider, Bobrowski

NAYS:

ABSENT:

MOTION CARRIED.

C. Agreement with CDM Smith for Lake Michigan Water Source Route Study in the Amount Not-to-Exceed \$300,000 (Trustee Spacone)

Summary: As the Village continues its transition to Lake Michigan Water, a detailed route study is necessary to provide project engineering and design details. A preferred route will be identified and up to two additional corridors for inclusion as potential routes. Alternatives will be developed to address known issues, provide an initial attempt at optimizing the route, and adjust

the terminus point to Oakwood Park. The study will be funded through the Village's water and sewer enterprise fund.

Amrou Atassi, Senior VP of CDM Smith, discussed the feasibility study for routes to connect at the Vernon Hills connection point at Route 83 to bring Lake Michigan water to Lake Zurich. Trustees and CDM Smith discussed potential hurdles to the route study. CDM Smith identified routes that would be studied for the most efficient route and addressed concerns from the Trustees about obtaining permits and easements with outside stakeholders. CDM Smith discussed the study would likely take four months to complete and meetings will be scheduled with outside stakeholders immediately in order to discuss potential permits and easement allocations.

Actions: A motion was made by Trustee Spacone, seconded by Trustee Euker, to approve an Agreement with CDM Smith for Lake Michigan Water Source Route Study in the Amount Not-to-Exceed \$300,000.

AYES: 6 Trustees Euker, Riley, Spacone, Sugrue, Weider, Bobrowski

NAYS:

ABSENT:

MOTION CARRIED.

D. Resolution Providing for the Submission of the Proposition at Referendum of Whether the Village of Lake Zurich shall Increase its Current Local Sales Tax of One-Half Percent to a Rate of One-Percent (Assign Reso. #2024-03-565) (Mayor Poynton)

Summary: The proposed Resolution formalizes the exact language to appear on the November 5, 2024 General Election ballot asking Lake Zurich voters to increase the local Non-Home Rule Sales Tax from 0.5% to 1%, with the increased revenue to be used to fund the costs of transitioning to Lake Michigan as the community's potable water supply.

The Village estimates that the transition to Lake Michigan water may cost up to \$150 million, corresponding to a financing cost of approximately \$7.4 million annually over 30 years. If voters decide to approve a referendum increasing the local Non-Home Rule Sales Tax to 1%, the Village would be substantially less reliant on increasing water usage rates for Lake Zurich households, as the annual sales tax revenue generated would cover \$2.5 - \$2.7 million each year of the annual financing costs. Approximately 40% of current sales taxes are generated by nonresidents, contributing toward infrastructure investments that benefit the entire community.

As previously recommended, the increase in sales taxes would allow the Village to significantly reduce future water rates, while still having adequate resources to complete and finance the Lake Michigan water project.

Manager Keller explained how Lake Zurich's phased-in rate increase for the next five years are based on usage amounts and said that about one-third of funding cost for the Lake Michigan water project could be funded by non-

residents, as research has shown that 40% of Lake Zurich sales tax revenue is produced by non-residents. If residents were to vote yes on a referendum in November to raise the sales tax by 0.5%, this would go to fund the Lake Michigan water project. If residents voted yes to raise the sales tax amount, then the Village would prepare an amended ordinance to change the 5-year rate structure for user rates of the water-rate schedule.

Actions: A motion was made by Trustee Weider, seconded by Trustee Riley, to approve Resolution #2024-03-565 Providing for the Submission of the Proposition at Referendum of Whether the Village of Lake Zurich shall Increase its Current Local Sales Tax of One-Half Percent to a Rate of One-Percent.

AYES: 6 Trustees Euker, Riley, Spacone, Sugrue, Weider, Bobrowski.

NAYS:

ABSENT:

MOTION CARRIED.

7. **PRESIDENT'S REPORT / COMMUNITY UPDATE**
8. **TRUSTEE REPORTS**
9. **VILLAGE STAFF REPORTS**
 - A. **Monthly Data Metric Reports**
10. **ADJOURNMENT**

A motion was made by Trustee Euker, seconded by Trustee Spacone, to adjourn the meeting.

AYES: 6 Trustees Euker, Riley, Spacone, Sugrue, Weider, Bobrowski.

NAYS: 0

ABSENT:

MOTION CARRIED.

The meeting adjourned at 8:03 pm

Respectfully submitted by:-

Erin Rauscher, Assistant to the Village Manager

Approved by:



/s/Mayor Thomas M. Poynton

3/20/2024