CITY OF MARENGO
COUNCIL MINUTES
AUGUST 13, 2007

CALL TO ORDER
At 7:13pm, Mayor Lockhart called to order the August 13, 2007 Marengo City Council meeting and then led the "Pledge of Allegiance".

ROLL CALL
Alderman Bradbury, Alderman Shelton, Alderman, Alderman Smith, Alderman Hall, Alderman Secor, Alderman Signore and Alderman Trainor were present. Alderman Spear was absent..

OPENING STATEMENT
Mayor Lockhart made an opening commented on the storm last week. "I know many of you are here because of the storm and I have issued an emergency proclamation under the authority of 20ILCS3305/11. I, Donald B. Lockhart, Mayor of the City of Marengo, do hereby proclaim that a disaster emergency exists in the City of Marengo due to the following reasons: The City of Marengo received six to seven inches of rain in a span of less than 24 hours which caused flooding in low lying areas and significant inflow in the City's sanitary sewer system. As a result of the inflow into the sewer system, the City's waste water treatment plant reached near peak capacity and likewise sanitary sewer mains reached capacity due to storm water inflow. City staff has since been assembled to establish further preparedness and contingency plans in the event of an additional heavy rainfall within our community and cause more flooding. At this time the City of Marengo has responded to twenty-four residential calls for sanitary sewer backups and nine calls for storm water flooding in homes. The City Public Works crews and the Fire Protection District have worked together to pump flood water and sewage from several of these homes. City Public Works, Water and Waste Water staff have been working nearly non stop since the flooding began to occur early in the morning of Tuesday, August 7th. Clean up kits were donated by the American Red Cross [and] had been distributed by the City staff to the affected residents. City crews are currently still working to clean up the aftermath of this extensive rain. City staff is ordered to proceed with all haste to bring this said disaster emergency to a rapid conclusion for the best interest of the residents of the City of Marengo pursuant to Illinois Emergency Services and Disaster Agency Act of 1988 and Chapter 5 of the Emergency Management Agency of the Marengo Municipal Code. This Proclamation is in effect August 7, 2007 and shall expire August 14, 2007 unless extended by the Marengo City Council. Donald B. Lockhart, Mayor."

The Mayor went on to say that several residences had said they tried to call him, however, they received a recording stating his phone was disconnected. He wanted to assure the residents of Marengo that his phone was not disconnected and thought that possibly the storm had affected the phone lines and that was the reason some of the Marengo residences received that recording. He stated he was available to all the Marengo residences and they should feel free to call. He felt the City was very fortunate not to have had any injuries to its residents nor any of their pets, with the exception of someone slipping on water. He stated he appreciated the staff of the Fire Department, Rescue Squad and all the City workers for their assistance and in setting up an emergency plan, anticipating the additional six inches of rain that was predicted for the next night.

PUBLIC PARTICIPATION
Okie Knowles of 304 First Avenue in Marengo, wanted to know what is going to be done about the storm drain and sewer backup issues to fix it in the future. Mayor Lockhart stated he could not stop the rain, he stated he has been to Ms. Knowles house and that they have talked and opened up an insurance claim with the City's insurance carrier, and suggested that she contact her insurance carrier first, if they don't pay he suggested to file a claim with our insurance carrier. Ms. Knowles stated her plumber said that the City system is blocked, and that she should charge the City to jet it. Mayor Lockhart then asked Superintendent of Public Works, Jim Craney whether he was aware of any blockage. Mr. Craney stated he is not aware of any blockages, it was the amount of water going into the Waste Water Treatment at that time. Mayor Lockhart also stated he was not aware of a blockage. Mayor Lockhart said that he heard a rumor that the City discharged raw sewage into the Kishwaukee River. He assured everyone that it is not true, and the City has been in contact with the IEPA since the situation happened.

Dr. Bertrand, Superintendent of Marengo Community High School District #154, distributed a document to the City Council and read a letter regarding the lowering of developer fees to the Council Members. "I would like to make the following comments in regard to the City Council considering lowering developer fees from the resolution approved in April 2007. It should be noted that the fees approved at that time were approximately 70% of what the school districts had actually indicated was the actual financial impact of residential developments on the school district. I would like to provide you with a quick overview of the proposed fees for your consideration. Transition fees are based on the tuition charge from each school district. This is basically the net operating expenditures divided by the average daily attendance or students in the district creating a per pupil tuition charge which comes off of our audit report. Please note that John

Green's development of Seven Oaks as shown through a fiscal analysis he provided by Strategy Planning Associates, Inc. uses the same concept of per pupil tuition charge for the fiscal analysis they completed for the development." Dr. Bertrand said he had copies of the analysis if any of the Council Members did not have them, because the numbers he intended to reference were in the Seven Oaks Fiscal Impact Study. "More detailed analysis has been provided. Basically, and all will agree, both taxes and general state aid are delayed by approximately one year. The developer submitted a fiscal report regarding the proposed development dated August 1, 2005 provided by Strategy Planning, Inc. The fiscal report page 22, states both taxes and general state aid are delayed or not realized for one year. This causes the need for transition fee. Until, at which time, the laws change in Illinois to collect taxes currently, transition fees will always be an issue and the shortfalls will always be real. I have also attached an analysis of impact fees based on data from the 2007 construction report School Planning and Management." He explained that was the summary of the second attachment provided. He had complete copies of that report as well, but it was lengthy, but it is out of the journal. "This data compares the Marengo Impact fees with National data as well as Regional data. As you can see the components that make up the fee for Marengo are substantially lower than national levels," he referenced the first attached page he provided the Council Members and explained it provided construction costs from 1970, 1995 and 2006 and provides a median per cost per pupil and indicated what the Marengo fees proposed for elementary, middle and high school. He continued, "in fact, the numbers are more in line with 1995 numbers than 2006 numbers. These numbers are for the fees requested by the school district. The final fees that were passed were lower than requested. A 30% reduction occurred in the four bedroom detached units and based on the cost per pupil requested, the ultimate reductions would have the components in the Marengo Impact fee equivalent to pre 1995 national levels. Obviously, this does not allow the school districts to keep up with the square footage requirements or the cost per square foot. Certainly this would suggest there is no room for further reduction. The regional comparison also comes to the same conclusion. Once again the components for the elementary and middle school and the Marengo Impact fees were significantly lower than the 2006 median regional numbers. A certain conclusion that can be drawn from this is that very reasonable and fair components were used to compute the Marengo Impact fee. In fact the numbers or components, square footage required per pupil, square footage cost and ultimately cost per pupil are cumulatively, all districts, 10% lower than the lowest 25% of all school districts nationally building schools in 2006. Once again, this substantiates that the components that make up the fee are certainly at a minimum, fair and reasonable. In fact, the components that make up the fees could be much higher than approved and still be in line with both national and regional data. In addition and very important, the fees in Marengo also recognize the bond contributions by the development as a credit, as does the fiscal impact study note on page 37. An analysis of any development prior to approval needs to be provided by the Board of Education Administration of the school districts to the municipality. An analysis of this particular development and the fiscal impact to the school district was provided by Strategy Planning Associates. It is critical to define school district for this discussion. Of course, the school district is a building or buildings were children are educated. But ultimately, school districts consist of all current tax payers of the communities where children reside. The operational analysis indicates the significant deficit to the current tax payers. What does this translate to? The impact to the tax payers to District #18 over a 10 year build out of this Seven Oaks development from their report is cumulatively an operational deficit in excess of 2.4 million dollars. At build out, the annual operational deficit to tax payers of District #18 is $350,000.00. This data is on page 28 of the fiscal impact study provided by Strategy Planning Associates. What does this mean to the tax payers of District #18? The tax payers of District #154 will experience surplus over the 10 year build out of $150,000.00, which is on page 37 of the analysis. The annual operating surplus is approximately $37,000.00 at build out. What does this mean to the tax payers of District #154? Both of these include of number of assumptions to include, operating expenditures per pupil, home values of the project, tax rates, credits, etc. Overall, the development will cause an operational deficit to the school districts annually of approximately $277,000.000 at build out. This is forever. To be fair to the developer and current tax payers to both districts, a new fiscal impact study needs to be completed as the 2005 study is outdated. For example, home prices in the last two years have, at best, remained constant while the cost of education has certainly increased. These are the two biggest components of determining the operation deficit to the tax payers of District #18 and District #154. What effect does District #18's recent tax rate increase have on the new analysis? What will tax rates be or need to be as a result of the development? These questions haven't been answered. So, in conclusion, certainly the data supports the components in the Marengo fees both on national and regional basis verifying that both fees are fair and appropriate. In fact, a case can be made for the need to increase the components of the Marengo fee to conform to national and regional norms. Certainly the development which is in the upper 25% of home values in the area can afford to pay the median components of the impact fee on a national and regional basis. The most significant issue is two-fold: (1) the large cumulatively operational deficit as indicated by the developer for the tax payers of District #18 and #154 during the 10 year build out and (2) the annual deficit of more than $277,000.00 as indicated by the developer to the tax payers of District #18 and District #154 as provided in their financial study. Once again, this study needs to be updated to be fair at all. Finally, why would one decrease fees for the developer based on number 1 and 2 above? Additionally, I would question why the school district developer fees which make up 55% of the tax bill would be reduced by a greater percentage than the City of Marengo's which makes up only 22% of the total tax bill. According to the fiscal impact study, the City of Marengo will have a surplus at build out as well as

annually, while the school districts will have a deficit. It appears as the school districts have already given up a lot. Sincerely and thank you for your time."

Mickey Donaldson of 524 Riley Drive in Marengo wanted to thank the City workers for their help during the recent storm, but also wanted to comment about the water runoff from Locust School. She stated her insurance will not cover her charges because they are considering it a flood, but she cannot have flood insurance because she in not in flood plain. She inquired into whether the City and Locust School can work together for a resolution. Mayor Lockhart stated that Alderman Bradbury has already brought this to the attention of the City, and that it will be looked into. Alderman Bradbury stated that she has talked a representative from the school regarding the problem.

Mike Sifers of 303 Second Avenue in Marengo inquired as to whether check valves could be put in for the sewers to avoid backing up into anyone's house. Superintendent Craney stated that check valves need to be installed at the residences. Mr. Sifers suggested the City should look into making it a City Code for check valves on all new construction to help eliminate the sewer back up problem in the future. Mr. Craney said that he and the building department will look into it.

NEW POLICE OFFICER
Michael Moore was sworn in, by Mayor Lockhart, as a police officer in the City of Marengo. He was congratulated and welcomed by the Mayor, the Police Chief and Council Members.

NEW BUSINESS

LIST OF BILLS
Alderman Secor made and Alderman Bradbury seconded a motion to approve the List of Bills as presented. The motion passed with an aye voice vote from: Shelton, Trainor, Hall, Bradbury, Smith, Secor and Signore.

BLOCK PARTY REQUEST ON MAJIC WAY
The City Council received a request for permission to close Majic Way and hold a block party September 1st, from 1:00p.m to 10:00p.m. Seventeen households are on Majic Way, thirteen signed the request. Alderman Trainor moved to approve the block party street closing on Majic Way on the date of Saturday, September 1, 2007 from 1:00pm to 10:00pm, seconded by Alderman Signore. It passed with an aye voice vote from Alderman: Bradbury, Smith, Shelton, Trainor, Hall, Signore and Secor.

50/50 SIDEWALK REIMBURSEMENT
Alderman Shelton asked if there is a limit on the amount of money available for reimbursement. Superintendent Craney informed the Council that the limit was $2,000.00. Alderman Shelton moved to approve the request; seconded by Alderman Smith. It passed with an aye voice vote from Alderman: Signore, Secor, Shelton, Trainor, Bradbury, Hall and Smith.

ORDINANCE 07-8-1 DECLARING CERTAIN PROPERTY SURPLUS
Alderman Signore moved to approve the request; seconded by Alderman Bradbury. It passed with an aye voice vote from Alderman: Smith, Shelton, Signore, Trainor, Bradbury, Secor and Hall.

AUTHORIZATION TO EXECUTE THE MCCG AUCTION
Alderman Smith moved to approve the MCCG Auction Agreement for September 22nd at the McHenry County Fairground to dispose of surplus property; seconded by Alderman Shelton. It passed with an aye voice vote from Alderman: Hall, Trainor, Smith, Shelton, Secor, Signore and Bradbury.

AUTHORIZATION TO PURCHASE ACCOUNTING, PAYROLL, UTILITY BILLING AND RELATED SOFTWARE: Decision Systems.
Alderman Signore said he had a concern that the business was really one individual and if something were to happen to the owner, what would happen to the company and would it then mean the City now has a product that has become obsolete. He had no concern the ability of the program to perform. LaVerne Ohlwine, the owner of Decision Systems was at the meeting to answer any questions or address concerns the Council may have for him. He assured the Council that if something did happen to him there were people in place to continue to support the program with development. He offered to write programs to migrate our program to another not supported by Decision Systems, should we choose another company for the upgrade to a window based system. Alderman Smith wanted to know if there was a limitation to the number of records that can be placed in the system. Mr. Ohlwine said it was close to a billion, so the amount would not be of concern. Alderman Smith wanted to know if there was any plan to migrate to Vista operating system. Mr. Ohlwine said he had not started any conversion to Vista, yet. There was a question as to whether the purchase amount of $33,080.00 was all encompassing. Mr. Ohlwine said the amount is based on upgrading the programs listed. There may have been custom modification with the old system that was overlooked which the City requires upgrading, in that case there would be an additional fee. Alderman Smith made motion to move forward with the purchase of the software for the express purpose of replacing the DOS based system to a Windows based system with the amount of $33,080.00 with an initial

payment of $11,050.00 from line item 0151494.00; seconded by Alderman Bradbury. It passed with an aye voice vote from Alderman: Trainor, Signore, Secor, Bradbury, Smith, Shelton and Hall.

REQUEST TO EXTEND A SPECIAL USE PERMIT- SERVICE PRINTING
Administrator Hartman stated Service Printing has requested an extension for their Special Use Permit. The permit is to construct a printing and publication facility on Prospect Street exceeding 5,000 square feet which by zoning ordinance requires a Special Use Permit. The permit was granted, but they have not been able to begin construction. Service Printing has been in contact with the Building Department regarding the circumstances, one being the sanitary sewer system. Administrator Hartman suggested granting the extension to June 30, 2008. Alderman Signore said he thought it was encouraging that Service Printing sent a letter explaining their circumstances and that they are aware of the Special Use Permit required an extension. Alderman Signore moved to approve the request, seconded by Alderman Trainor. It passed with an aye voice vote from Alderman: Secor, Hall, Trainor, Shelton, Smith, Bradbury and Signore.

TRANSPORTATION COMMITTEE APPOINTMENTS
Mayor Lockhart stated he originally appointed the ad hoc transportation committee to study the problems in the City for 90 days, but the need for the committee continued. Mayor Lockhart asked Alderman Shelton to be the Chairman of the Committee and asked Alderman Smith, Alderman Trainor and Alderman Hall to be on the committee as well. Mayor Lockhart sent a letter to the former members of the committee, thanked them for their assistance and invited them to attend the meetings to share their input in the matter. Alderman Bradbury moved to approve the request, seconded by Alderman Secor. It passed with an aye voice vote from Alderman: Hall, Bradbury, Smith, Secor, Shelton, Trainor and Signore.

DISCUSSION REGARDING PROPOSED ZONING ORDINANCE CHANGES
Commissioner Shull presented a memorandum outlining information from the previous CDC meeting. The committee discussed and reviewed the proposed Zoning Ordinance changes. He stated that at the last CDC meeting the Committee unanimously voted to place the proposals before the Council tonight to formalize the proposals to go to the Planning and Zoning Commission for approval. Commissioner Shull stated that he felt there was one item on the second to last page of the outline which proposes to add language to the general provisions of parking and loading, specifically to prohibit the existing gravel areas to be maintained. The purpose is to slowly eliminate gravel parking areas within the City, specifically the right of way area. Commissioner Shull then stated he would take any questions, comments or concerns with respect to Section 8.02j, general provisions parking and loading maintenance to existing gravel for proposal to be sent to Planning and Zoning for recommendation.

Alderman Smith asked if there was a grandfather clause for an existing gravel driveway, or if there was future date that the existing driveways would have to convert to a paved or asphalted driveway. Commissioner Shull stated that an amortization schedule had not been proposed, the new ordinance did not allow any new gravel to be refreshed or to extend the life of the gravel area. Alderman Smith asked if has been considered. Commissioner Shull stated it could be, but has not been brought up in discussions. Alderman Bradbury stated new gravel driveways are not currently allowed by the City. Commissioner Shull confirmed and said new gravel driveways are not allowed as a finished surface; all new driveways and parking areas must be paved with asphalt or concrete. The proposed ordinance is strictly dealing with existing properties.

Alderman Trainor stated she had received frequent complaints from neighbors about a property on Dietz Street that had a gravel parking lot area. With the recent rains, the condition of the parking lot has gotten worse. She stated that she and Commissioner Shull have talked about what could be done because the gravel is washing down the street, on to other properties and may eventually end up in the sewer system. The last conversation regarding this property was that some gravel was filled in over some areas where it had been washed away and some culvert pipes were to be fixed or replaced because they were cracked and had holes in some areas. She wanted to know if the culverts had been replaced. Commissioner Shull stated that the project was not complete, but it was on Public Works agenda to be completed for the summer maintenance. Alderman Trainor informed the Council that her personal preference would be to see the existing gravel driveways be replaced, which is the purpose of this language.

Superintendent Craney said some of the areas were along the streets, with people parking in the right of way. Alderman Signore asked if it was legal for the resident to park in that area. Superintendent Craney said that it was something they were going to have to review.

Mayor Lockhart asked Commission Shull if he knew the number of gravel driveways in the City currently. Commissioner Shull stated he didn't know the exact number, but would say that there was more gravel right of ways than driveways. Supt. Craney agreed with Commissioner Shull. Alderman Signore stated that another issue is that many of the gravel driveways are probably not compliant driveways. If the City is to tell a resident that they cannot bring in gravel to fill the hole, it needs to be replaced with an asphalt driveway, the resident may or may not have the set back required that is necessary to achieve that asphalt or concrete

driveway. Alderman Signore wanted to know what would be done in that situation. Commissioner Shull said that in the past, Washington and Prairie for example, as a matter of practice and policy, was to allow the existing gravel area to be paved enough though it did go through the property line. An effort was made to have some green space between the driveway and property line.

Mayor Lockhart stated that he was concerned for senior citizens or people on fixed incomes, and he asked for an estimated cost amount for an asphalt driveway. Commissioner Shull said he had seen costs from $3,000 - $5,000. Mayor Lockhart felt it was a considerable amount of money to put in an asphalt driveway for those on fixed incomes. Alderman Signore said this was the reason for bringing this to the council for discussion. He also stated that he is familiar with the property Alderman Trainor mentioned. He wanted to know if the Council felt the City should enforce the paving upgrade with a six or eight unit apartment building having gravel before a resident who has an eight foot wide driveway.

Alderman Bradbury asked if this ordinance were to change and gravel can no longer be installed, how it would be enforced. Commissioner Shull stated there are ways to tell when new gravel has been laid, with the line and consistency. If it is discovered that new gravel was laid, then the owner would be fined, given notice to remove it, or notice to pave it to be in compliance with the proposed ordinance. Commissioner Shull acknowledged that enforcement would be a difficult challenge. Alderman Signore agreed with Alderman Bradbury in the fact that enforcement would be an issue, and as a City there are other things that may need attention first. Commissioner Shull said that the focus was more on the gravel parkways as opposed to the gravel driveways. Alderman Signore wanted to know who would be responsible for the cost of converting the right of way from a parkway to green space. Would it be the City's responsibility to bring in dirt and seed the area? Supt. Craney said he believed it was the property owner's responsibility to maintain the area, he believed the requirement was in an ordinance. Alderman Signore asked the Council if anyone had an issue with looking at possibly repealing the existence of gravel in the parkway, as opposed to in every single driveway. Alderman Trainor suggested looking at it for the multi-family units, and creating an amortization schedule as not to blindside the owner with the cost. Alderman Bradbury also suggested creating an amortization schedule for investment property.

Alderman Secor asked City Attorney Arevalo what were the legalities of applying the ordinance to multi-family units. Attorney Arevalo stated a Public Hearing process would need to be conducted, then the City would have to determine the distinctions between the zoning classifications. The problem is that some of these projects would be in different classifications and singling out multi-family units may result in owners feeling victimized and added if it is not a legal issue, it will become a policy/political issue. Alderman Trainor said regardless of the outcome, someone will more likely than not feel victimized. She felt the City had an obligation to assist in eliminating some of the run-off gravel into our storm sewers, and from adjoining property.

Alderman Signore asked if there would be reclamation options for driveways no longer needed. Commissioner Shull stated that it would be a difficult decision. A recent scenario had a gravel driveway fifty years ago, but it had not been used and grass grew over it. The owner laid gravel over the grass, which was allowed because it had previously been graveled. Alderman Signore asked if dirt was laid over existing parkway, and then seeded for grass, would it be acceptable. Commissioner Shull said yes, it would be acceptable.

Alderman Trainor said she thought Maryanne was doing an excellent job, and that the reports provided show how Maryanne is spending her time and where she is finding building code maintenance policy violations. Alderman Trainor added that she felt enforcement was less of an issue today then it ever was in the past. She suggested that a list be compiled of locations that meet the criteria, then provide written notification to those owners of the new requirement, which would make it easier to enforce compliance.

Alderman Smith asked if Commissioner Shull was looking for a motion to approve everything on the list. Commissioner Shull stated that they were looking for was a consensus to pass the proposals on to the Planning and Zoning Commission for recommendation and a public hearing. Alderman Signore stated he was in favor of reintroducing grass into the parkways, however it will reduce the available parking spots. Because on-street parking is not permitted, and if the driveway may not be increased due to current ordinance, where are those people going to park? Mayor Lockhart wanted to know how many would need to be replaced and if there was an estimated cost. Alderman Shelton asked Supt. Craney for his recommendation. Supt. Craney said years ago the City planned on changing the ordinance which brought up the parking issues. He said in some places the gravel in the right of way was the only place for the residences to park because the building housed multiple units. He felt it would be difficult and there would be problems with parking and replacing the area to make it a green area, with the major concern being parking. Alderman Signore said in his ward, he thought the right of way parking was more of a convenience than a necessity. It is more convenient to park in the parkway than behind another vehicle in your driveway, then have to move the vehicles around when someone left. Superintendent Craney said he could have his team go around the City and calculate how many properties would be affected and forward the information

to the City Council. Alderman Smith said he would appreciate that information, Alderman Signore concurred. Administrator Hartman said that conducting a Public Hearing regarding the potential changes to this ordinance does not obligate the City Council to make those changes. Alderman Bradbury suggested adding a clause that allowed for an appeal if it truly causes an impossible problem for them, and allow for an exception in rare instances. Attorney Arevalo said that there may be instances where an exception process can be built into the Ordinance. He used Harvard, as an example. He said that Harvard had passed an overnight parking ban and build in an exception process into the Ordinance. He said that it may be a financial hardship issue or there is no other parking option for the homeowner. He said the City would need to be prepared to handle the exception request, as there may be many to consider. Alderman Signore agreed that maybe the City should consider a hardship situation, as Harvard. Alderman Shelton moved to have the Planning and Zoning Commission to hold a public hearing regarding the proposed ordinance changes, seconded by Alderman Secor. It was passed with an aye voice vote by Alderman: Smith, Bradbury, Shelton, Trainor, Hall, Signore and Secor.

DISCUSSION AND CONSIDERATION OF ECONOMIC DEVELOPMENT INCENTIVE PACKAGE- WHG COMPANIES, LLC

EDC Coordinator David Ross read a letter from Chairman Hank DeBoer. "Dear Mayor Lockhart and Marengo Alderman, please accept my apologies for not being able to personally attend this session of the City Council. Family vacation and grandchildren dictate otherwise. On behalf of the nine members of the Economic Development Commission I have asked for our ED Coordinator to present this letter to you. The City of Marengo has a unique opportunity to site a much needed hotel. This effort will be very beneficial to our fine City and the efforts of the Marengo Economic Development Commission. I am certain the current administration understands the importance of this exceptional business opportunity. The long term benefits of this extraordinary project more than outweigh any short term concessions required to make the project viable. Dave Ross, our coordinator, will give you the numbers. Please take a close look at the entire picture. This may be the start of significant economic growth and development which the City desperately needs to provide the services our citizens need and deserve. This project will enhance the economic climate of Marengo, assist in the maintenance and reduction of the personal property tax base, and create new jobs. This project meets the directives given to the Commission when it was established in 2005 by Mayor Lockhart and the Marengo City Council. These directives have been incorporated into the goals and objectives adopted by the Commission. The Commission has done its due diligence in pursuing other similar opportunities and finds the thirty-one plus room hotel project proposed by WHG Companies, the best fit for the current economic development climate of Marengo. We encourage you to approve the incentives proposed tonight. Thank you for your time and consideration, Hank DeBoer, Chairman."

Coordinator Ross had a DVD presentation of the marketing and promotional materials for the City of Marengo, however was unable to get the program to play and apologized for not being able to show the presentation.

Coordinator Ross then commented that the Council Members are aware that the EDC has spoken with WHG Companies that is looking to build a hotel in Marengo and provided details of the proposal the EDC would like to offer. General terms about the incentive programs/packages that the City of Marengo offers had been discussed. Mr. Ross provided some benefits of having a 1.6 million dollar hotel project, which included the creation of seven to eight jobs, improve the property tax revenue, attract sales tax revenue, a bed tax of five percent and some indirect sales, assuming an occupant staying overnight uses the facilities in town. Mr. Ross felt a hotel in Marengo would promote travel and tourism in the area. He proceeded to explain the proposed incentives and tax abatement program of $200,000.00. The proposal included a three year ninety percent (90%) abatement, a three year sales rebate for the sales taxes generated by the hotel and received by the City of Marengo, and a three year rebate of the bed tax collected by the project. In addition, the EDC suggested waiver or reduction of the building permit and inspection fees which are estimated at $5,000.00, waiver or reduction of sewer and water hook up fees, estimated at $10,000.00 and waiving the liquor license fee, estimated at $1,500.00. As an additional incentive, WHG Companies would be eligible for the Marengo Revolving Loan Fund of up to $120,000.00, which is $15,000.00 per job, assuming eight jobs. Mr. Ross stated he researched other communities with similar projects and felt the proposal was not uncommon or unreasonable.

Alderman Signore wanted to know if sales tax and bed tax rebates were a set amount or the specific three year length of time. Mr. Ross said the EDC intended to propose the sales tax and bed tax rebate would be offered for three years, however, if the three years was insufficient generated a minimum of $200,000.00, the rebates only would be extended until such time the $200,000.00 figure is reached. Likewise, if the rebate of the bed and sales tax allowed for the $200,000 amount to be realized before the end of the three years, the developer would receive the additional amount through the end of the full three years. Alderman Signore wanted to know how the numbers used for the estimate were determined. Mr. Ross explained the estimates for sales and bed tax were based on sixty-five percent (65%) occupancy of a thirty-one room hotel, charging $80.00 for an average night stay.

Alderman Bradbury wanted to know what would happen, if at the end of three years the hotel changes hands or closes down. Mr. Ross stated the City Attorney has been requested to allow for the incentive agreement to include a provision requiring WHG Companies to reimburse the City, should the company decided to disband or close the hotel either during the three year incentive period or in the three years following that period.

Alderman Trainor wanted to know if the City will have any control over the architectural design of the hotel. Commissioner Shull said he knew the Northwest Commerce Development (area in which the hotel would be built), had an association that provided for specific design and building materials. Mr. Ross said the agreement could include the City to be able to approve the appearance of the hotel.

There was discussion about how the bed tax and sales tax rebate would be refunded. Alderman Signore suggested the agreement include a specific time frame, whether monthly, quarterly or semi-annually to avoid any confusion as to when the rebates would be expected by the hotel company. Alderman Bradbury wanted to verify that what the City was offering was a competitive proposal for both the City of Marengo and the developer and was acceptable to the developer. Mr. Ross said he believed it was beneficial to all. Alderman Bradbury said she was in favor of the hotel and the incentive package as presented.

Administrator Hartman stated he was hesitant to waive building permit fees and water sewer fees because there is an actual cost incurred and those cost will need to be absorbed by the City. Mr. Ross stated he understands the concern. He and Mr. DeBoer have discussed that matter and felt that the waiver of the fees tells the business that the City is willing to put a little bit of its own money into this project to ensure success and make the project viable. Alderman Signore agreed that waiving the fees showed good faith on our part. Alderman Smith wanted to know if there was a way of softening the cost to the City of waiving water and sewer fees by shifting that amount by increasing the rebates. Mr. Ross stated he did not know, and that the figures are estimates, and that nothing says they cannot waive the permit and inspection fees and simply reduce the water and sewer fees, as long as the waiver, reductions and rebates came to the $200,000.00 figure. Alderman Signore said he felt the project would benefit the City and could do so in a more rapid time period than other projects that had been presented, such as the TIF district. Mayor Lockhart wanted to add that the information provided by the EDC estimated each overnight hotel guest spends approximately $50.00, which would mean the City could expect to generate that amount in sales. Mr. Ross stated he was looking for a commitment tonight from the City Council on the proposal. Alderman Smith moved to approve the incentive package to WHG Companies in the amount of $200,000.00, subject to an agreement being prepared by City Attorney and negotiated as discussed. The motion was seconded by Alderman Bradbury and approved with an aye voice vote by Alderman: Trainor, Secor, Smith, Signore, Bradbury, Hall and Shelton.

OLD BUSINESS

RESOLUTION ESTABLISHING DEVELOPMENT CONTRIBUTIONS AND IMPACT FEES FOR NEWLY ANNEXED TERRITORY

Administrator Hartman stated that as directed the Alderman put together figures and they have since been compiled to achieve our target figure which is a ten percent (10%) overall reduction to the formal schedule 07-4-A and presented the paperwork with the results. Alderman Trainor asked how the figures were determined. Administrator Hartman said that the new figures were a straight average of all the entries. Alderman Trainor wanted to know about the figures for District 18. The numbers on the spreadsheet from Administrator Hartman was in a fixed cell that could not be altered, yet the new numbers presented were modified. Administrator Hartman explained that the fee was manipulated based on a formula that affected all the school districts equally. He further went on to explain that a development would not affect both grade schools, so a reduction in District 165 resulted in a proportionately reduction of District 18.

Alderman Signore asked the other alderman if the new fees were accepted, would each alderman stand by these fees when someone complains they are too high. Alderman Trainor stated that she voted for the lesser fees and was comfortable with what we had, but the discussion of fees kept surfacing to the point where she felt it was becoming more of an issue than a benefit. She went on to say that she would stand behind the new figures. Alderman Smith and Alderman Shelton both said yes. Alderman Bradbury stated she wanted to readdress the reason she wanted to reduce the fees was due to several builders commenting how high our impact and transition fees were. She also felt that if our fees were too high, there would be no development. Alderman Smith stated he definitely did not cut the school district fees by the nine percent (9%) that appears to be across the board, but cut more out of the City of Marengo fees. He was hoping not to impact the school districts as much. Otherwise, he felt the City met the target. Alderman Signore added he was concerned for District 18 as he felt that district would most likely not realize any property tax revenue from a business because most new businesses would be within the City limits of Marengo.

Administrator Hartman stated that the five bedroom single family fee was higher than the previously approved amount because of the Council's decision to have the five bedroom at $1,500.00 less than the four bedroom. Alderman Trainor stated that she would like to discuss the Park District fee because the

spreadsheet reflects a lower amount than our current ordinance amount. This means if a piece of land currently within the Marengo City limits is developed, the amount to be paid by a developer will be higher by about $600.00 than for newly annexed land. Administrator Hartman explained the original spreadsheet reflected per the ordinance Park District Fee prior to the inflation in January of this year. Alderman Signore wanted to know if there was requirement for a developer to provide something to the Park District for new annexation other than the impact fee. Administrator Hartman said the Park District would provide some criteria on type of land that would be accepted, which is in addition to the impact fee. Alderman Bradbury stated that although these numbers do not reflect exactly what she wanted, she felt the target of ten percent (10%) less had been met, which was the goal and would accept the new figures. Alderman Signore asked how everyone felt about the water connection and sewer fees going down. Alderman Bradbury stated she did nt care for it and that they do not reflect her numbers. Alderman Hall moved to approve the resolution 07-8-A adopting the fees to establish development contributions and impact fees for newly annexed territory (superseding resolution 07-4-A), seconded by Alderman Bradbury. The motion was approved with an aye voice vote from Alderman: Secor, Shelton, Smith, Bradbury, Trainor, Signore and Hall.

MAYOR'S STATEMENTS AND REPORTS

Alderman Bradbury excused herself and abstained from the next issue at hand. Mayor Lockhart informed the Council of a meeting today between the City, the Marengo Rescue Squad and the Marengo Fire Protection District (MFPD) regarding dispatch fees. He asked Administrator Hartman to provide the details of the meeting. Administrator Hartman said that they met with Chief Bradbury, Chief Beckwith and Assistant Chief Fraser. Administrator Hartman stated that MFPD and the Marengo Rescue Squad requested the elimination of the base fee and the double call out fee, a three year structure of a per call for $18.95 for the first year, $20.84 for the second year, and $22.92 for the third year. In addition they threw out for consideration that the Village of Union could be provided by a base fee and including a 25% increase for the first year. Administrator Hartman stated that there were no representatives from the Village of Union present to endorse the proposal. Chief Kottke raised a concern on the operational standpoint and stated that to ensure staffing the fifth dispatcher is needed. Administrator Hartman stated that the Council needs to first consider the service and the hiring a fifth dispatcher and secondly, provide feedback on the MFPD's proposal. The last City proposal that was on the table was no base fee, work with the double charges and $30 per call. Now, the proposal is no base fee, work with the double charges and the cost per call as mentioned. Alderman Shelton asked about the current charges. Administrator Hartman stated the current charges are a base fee of $2,925.00 a year and $13.75 per call. A two year average, including double bill outs reflected 1184 calls in addition to that of the Police Department. The figure was based on a compilation provided by the MFPD.

Alderman Trainor asked if this was with the City hiring one additional dispatcher. Administrator Hartman replied Chief Kottke had requested that in order to ensure adequate staffing during busy times, the Council give consideration to hiring a fifth dispatcher during peak times. Alderman Trainor asked which shift, and Chief Kottke stated that it would be the afternoon shift and his concern is with the anticipated growth and increase of projected calls, an additional dispatcher will be needed. He said he also intended to ask for a sixth dispatcher for the coming budget year. Alderman Signore asked if an additional dispatcher was on the A or B list for this year. Administrator Hartman stated that it was not on either list. It was something that was not discussed. Chief Kottke said he had been working with the City and sympathized with the growing pains the City has. He was concerned and wondered at what point is the decision made to jeopardize public safety? During disaster drills, Chief Kottke said he brings in another dispatcher. In the past, he said had a patrolman pulled off the road to assist dispatch. Right now, he felt due to the volume of calls, the patrolman is needed on the road to ensure public safety. Alderman Shelton asked what kind of short fall the City would feel if there was an additional dispatcher hired. Administrator Hartman stated fifty percent (50%) of the expense of the new dispatcher would be assigned as clerical duties. Eighty percent (80%) of the remaining would be the responsibility of the police department, based on call volume which left the remaining twenty percent (20%) at $41,710.00. This amount is the estimated cost of dispatching the Marengo Fire Protection District, the Marengo Rescue Squad and the Union Fire Department. The MFPD proposal estimated revenues would be $28,437.00 based on the average calls. The short fall would be approximately $13,000.00 with the fifth dispatcher. Alderman Trainor wanted to know if the $41,710.00 was the cost to cover that is currently not in the budget. Alderman Hartman said the fifth dispatcher is not in the budget, however, there was enough in the budget in the operation cost. He referred to the $41,710 as a cost attributable to providing the service to the other entities. Alderman Signore wanted to know how much our budget would suffer if the other entities went elsewhere as the City would no longer be receiving the revenue for the call outs. Administrator Hartman stated the loss to the City would be approximately $40,000.00 was budgeted as income received. Alderman Signore asked if they choose to go to another place for dispatching services, can the City cut back on a dispatcher? Chief Kottke said no. The City has had four dispatchers for a number of years and has not kept up with the growth the City has had. There are other duties that are assigned to the dispatchers; it would not be possible to cut back. Chief Kottke added that the volume in the dispatch area required retaining the personnel even with the potential loss of 1,700 calls. Alderman Smith wanted to know if the cost could be attached to an annexation agreement or pull from

reserves to pay for the additional dispatcher. Administrator Hartman explained the annexation agreements are a one-time revenue end and would only assist in that year. The added dispatcher is a recurring, yearly operational cost. The reserves could be used to cover the short fall between the estimated revenue and the expense. Alderman Trainor offered that the operational impact fee that was approved for new annexation is to be used for the purpose of hiring new personnel.

Alderman Shelton felt there was a real advantage to keeping all the entities together. He was disappointed with the MFPD and Rescue Squad because they said they were willing to pay a fair amount and felt they should not have to subsidize the Police Department, now with the added dispatcher, the City would be subsidizing the MFPD and Rescue Squad. He would be willing to look at adjusting the proposed figures so they would be fair to all parties involved. Alderman Smith agreed that for community continuity, it would be best to keep all the entities together. Alderman Trainor suggested that the fire and rescue could contribute part of the impact fees they received to offset the difference.

At that point, Chief Bradbury addressed the City Council. He said the fire department has fire alarms that are being monitored. The Fire Department was intending to change to a wireless system. He explained how the wireless alarm system functions and that by changing to a wireless system could bring in as much as $30,000.00 revenue a year. The phone company is currently getting income from the phone based monitoring systems. The City would get the income from the wireless system. He said it was a process that would take about six months to convert. Chief Kottke said he was unsure how receptive the resident and business owners would be to converting to a wireless service. Chief Bradbury said if the City went with the wireless system, the resident or business owner would not have the option. They would have to hook up to the wireless service. He added that most would not object as they would be saving approximately $10.00 per month by not having to pay for the additional phone line charge.

Chief Bradbury also stated that the proposal allowed for a ten percent (10%) increase per year that he felt was a substantial increase that was fair and equitable. Alderman Signore asked which entity would be responsible for enforcing the change to the wireless system. Chief Bradbury stated the Fire Department would be in charge of enforcing compliance with the wireless system. Alderman Signore said he thought this was a way to bridge the gap and wanted to know if a clause could be added to the agreement stating the Fire Department would enforce compliance. Chief Bradbury said the department wanted to go wireless. It reduced the number of false alarms received, especially in inclimate weather. Currently the City did have an Ordinance that required monitoring, but the City would be responsible in passing the Ordinance to convert to wireless monitoring.

Administrator Hartman stated they were looking for direction from the Council as to the hiring of the fifth dispatcher and accepting the new fee structure. Alderman Signore wanted to know if a fifth dispatcher is hired now, would the Marengo Police Department be looking for a sixth dispatcher for the next budget year. Chief Kottke said yes, the estimated increased call volume and anticipated growth he felt warranted another dispatcher. Alderman Signore said he was willing to accept the new fee structure as proposed based on realizing additional funds for converting to wireless. He wanted to see something added to the contract with reference to the wireless conversion and if for whatever reason the conversion did not happen, there would be some safeguard put in place for the shortfall of funds, such as the other entities paying more per call. Alderman Trainor said she felt the City needed another dispatcher, regardless if the other entities stayed with the City and she was in favor of hiring the fifth dispatcher. Alderman Smith agreed and added he would like to draft the Ordinance with regard to converting to wireless as soon as possible to get the revenue the wireless system would provide. Alderman Shelton said he felt the proposed fees were too low and suggested charging the $2,900 base fee for the first year in addition to the increased per call fee as proposed because he felt it would be a year before the City would see any revenue from wireless monitoring. Alderman Hall felt a dispatcher should be hired and that a $13,000 deficit was better than a $41,000 deficit, which is what the City would be responsible for if the other entities decided to change dispatching centers. Alderman Secor said he would like to see all the entities stay with Marengo dispatching and see continuity and hire the additional dispatcher. Alderman Signore reiterated that he felt the numbers were fine but wanted to see some safe guarding with regard to the wireless system, whether it is the $2,900 base fee or some recapture if the wireless conversion does not pan out.

Mayor Lockhart suggested agreeing to the hiring of the additional dispatcher and have the contract for eighteen months and readdress the effectiveness of the wireless conversion. Chief Bradbury addressed the Council again and said, “Obviously [the City] wants us to pay for part of the fifth dispatcher, what about the sixth? And what about the seventh dispatcher? Are you going to want us to pay for part of that? [If that is the case, the dispatch fee charged by the City will be] way above Seecom. Chief [Kottke] is going to need two dispatcher, whether we stay or not. He needs the help. But I’m not going to pay more than I will at Seecom, that’s not going to happen. I cannot justify that to the citizens that pay fire department taxes. . . I don’t mind paying our share, I disagree with Scott [Hartman]’s percentage. I’m not saying he did anything improper, I just disagree with them.” He went on to say the Fire Department and Rescue Squad only needed one dispatcher, and they could get that dispatcher at Seecom and if the City intended for those

departments to pay for the sixth and seventh dispatchers, they would go to Seecom. He was asking for clarification on the additional dispatchers. Would their department be responsible for paying twenty percent (20%) each time a dispatcher was added? Alderman Signore said he did not feel the MFPD or the Rescue Squad should have to pay their proportionate share if the City felt the need to add a dispatcher. He added he felt the City should not be spending more money than it had to spend and if the City did spend more money than it had to spend then required the MFPD or Rescue Squad to pay, that isn't fair.

Chief Bradbury also stated he was hoping for a contract to cover a longer period of time. If the decision is made to move to Seecom, he would rather do it sooner than later because Seecom charges an additional $11.00 per call for the first year. His preference would be to change with a lesser call volume than what future years may provide. He wanted a long term contract, at least three or four years. Four years at a ten percent (10%) increase each year Chief Bradbury felt was more than fair.

Mayor Lockhart said there would be more talk with the entities and would be looking for a contract to be drawn for three years to be presented at the next City Council meeting on August 27th. Alderman Bradbury returned to the Council Chambers.

DEPARTMENT HEAD AND STAFF REPORTS

BUILDING DEPARTMENT

A written report was submitted. Alderman Secor asked Commissioner Shull about the requirements of ejector pits, Commissioner Shull stated that they are required on all, except if their sewer outflow is above the curb line, i.e. crawlspace. Alderman Secor said he had spoken to a group of residences who had heard that the City was lax in enforcing the ejector pit requirement and that was the reason for the flooding and sewer problems.

WWTP DEPARTMENT

A written report was submitted. Mayor Lockhart confirmed that there was no sewage dumped into the Kishwaukee River. Mr. Fiepke confirmed and added the City was operating at above capacity. Alderman Bradbury stated she would like to thank the City Employees for all the hard work and time.

ASSISTANT ADMINISTRATOR

Joshua Blakemore said he had spoken to the McHenry County Emergency Agency regarding the proclamation of emergency. The McHenry County coordinator could then forward the proclamation and request the Governor declare this a disaster area, but they were not that hopeful.

Next Council meeting he was hoping to present the formal results of the survey.

PUBLIC WORKS

Written reports were submitted by the Street Dept., WWTP and Water & Sewer Dept. Mr. Craney said with the recent storms there were trees down and lines down. He felt the crew did a good job. There was a question as to when Route 20 was scheduled for completion. Mayor Lockhart said he thought it was scheduled for completion by September, Mr. Craney said he thought the same. Mr. Craney said he did not know if the recent rains would delay Route 20 beyond September.

POLICE DEPARTMENT

Chief Kottke said in reference to the potential additional storm the area was expecting, he said it appeared as though the storm would stay to our north and would not affect our area as anticipated.

He said number three on his report reflected simulator training, which he has received positive feed back from the officers. He said on the 20th of August, the Police Department will be working with the City of Woodstock Police Department and the Sheriff's Department on employment training. He wanted to send six of the Marengo Police Officers to train.

ENGINEERING DEPARTMENT

Written reports were submitted by Baxter and Woodman. Alderman Secor wanted to know if Darryl Gavle could provide a reason as to why some homes had flooded basements or sewer back up while others did not. Mr. Gavle had some possible suggestions, such as elevation of the home. Alderman Secor said all the people he spoke with that had sewer back up in their basements also had the issue in the spring with rusty water and wanted to know if it was a coincidence or if there was some correlation. Mr. Gavle said he did not know.

Motion was made by Alderman Signore to go into Executive Session for possible litigation, seconded by Alderman Secor. The motion passed with an aye voice vote from Alderman Secor, Signore, Shelton, Hall, Bradbury, Smith and Trainor.

ADJOURNMENT

Mayor Lockhart asked for a motion to adjourn the August 13, 2007, Marengo City Council meeting at 11:17p.m. Alderman Signore so moved; seconded by Alderman Shelton. The motion passed with a unanimous aye voice vote.

Submitted by: Theressa A. Hoschouer,
City Clerk