

**VILLAGE OF LAKE BLUFF
BOARD OF TRUSTEES
REGULAR MEETING
APRIL 9, 2018**

APPROVED MINUTES

1. CALL TO ORDER AND ROLL CALL

Village President O'Hara called the meeting to order at 7:00 p.m. in the Lake Bluff Village Hall Board Room, and Village Clerk Joy Markee called the roll.

The following were present:

Village President: Kathleen O'Hara

Trustees: Barbara Ankenman
Mark Dewart
Eric Grenier
Paul Lemieux
William Meyer
Aaron Towle

Also Present: Joy Markee, Village Clerk
Drew Irvin, Village Administrator
Peter Friedman, Village Attorney
Bettina O'Connell, Finance Director
David Belmonte, Police Chief
David Graf, Fire Chief
Jeff Hansen, Village Engineer
Mike Croak, Building Codes Supervisor
Glen Cole, Assistant to the Village Administrator (A to VA)

2. PLEDGE OF ALLEGIANCE

President O'Hara led the Pledge of Allegiance.

3. AWARD AND PROCLAMATIONS

President O'Hara read the proclamation designating April 2018 *Fair Housing Month*.

4. CONSIDERATION OF THE MINUTES OF THE MARCH 12, 2018 VILLAGE BOARD MEETING

Trustee Ankenman moved to approve the March 12, 2018 Board of Trustees Regular Meeting Minutes as presented. Trustee Lemieux seconded the motion. The motion passed on a unanimous voice vote.

5. NON-AGENDA ITEMS AND VISITORS

President O'Hara stated the Village President and Board of Trustees allocate fifteen minutes for those individuals who would like the opportunity to address the Village Board on any matter not listed on the agenda. Each person addressing the Village Board of Trustees is asked to limit their comments to a maximum of five (5) minutes.

An Arbor Drive resident said the recent house fire promoted her to attend the meeting and inquire of the possibility of installing additional fire hydrants on Arbor Drive.

President O'Hara said the Village is aware of the situation. The Fire Department and Staff will study the possibility and provide information when available.

6. VILLAGE BOARD SETS THE ORDER OF THE MEETING

At the request of those present, Trustee Meyer moved to take Agenda Items #12, #13, and #14 then return to the regular order of the meeting. Trustee Grenier seconded the motion. The motion passed on a unanimous voice vote.

7. ITEM #12 – A RESOLUTION HONORING THE PUBLIC SERVICE OF PUBLIC WORKS SUPERINTENDENT JAKE TERLAP

President O'Hara read the resolution honoring the public service of Public Works Superintendent Jake Terlap and presented him with a framed copy of the resolution.

Public Works Superintendent Terlap said he could not have achieved the listed accomplishments without a good support network, co-workers and great residents. The beauty of working in Lake Bluff is the small town family environment which has helped him to do well and he thanked everyone for their support.

8. ITEM #13 – A RESOLUTION APPROVING A LICENSE AGREEMENT FOR A PORTION OF THE VILLAGE RIGHT-OF-WAY AT 466 SUNRISE AVENUE

President O'Hara reported Amy and Marshall Reavis own the property at 466 Sunrise Avenue and are almost finished building a new house there. For many years, there has been a 4' tall picket fence in front of the property. Since the old fence is dilapidated, they would like to replace it with a new fence of the same style and in the same location. She further reported according to a survey of the property, the fence has been 5.4' into the Village owned right of way on Sunrise Avenue and 16.95' into the Village owned right-of-way on Prospect Avenue (note the large amount of Village owned right-of-way between the public sidewalk and the property) for decades. The new fence will be in the same location and will be approximately two feet behind the public sidewalk. The Village has approved other license agreements to authorize the installation of improvements such as fencing and landscaping on other Village owned property.

Trustee Lemieux stated Staff had told him the location of the fence in the right-of-way has not been an issue in terms of accessing the property.

As there were no further comments from the Board, Trustee Grenier moved to adopt the resolution. Trustee Ankenman seconded the motion. The motion passed on a unanimous voice vote.

9. ITEM #14 – CONSIDERATION OF AN ORDINANCE AMENDING THE LAKE BLUFF ZONING REGULATIONS AND THE LAKE BLUFF MUNICIPAL CODE TO ESTABLISH SHORT TERM RENTAL REGULATIONS

President O’Hara reported on Monday, March 19th the Joint Plan Commission and Zoning Board of Appeals (PCZBA) held a public hearing regarding Short Term Rental (STR) regulations and, after public comment and discussion, voted 4-3 to recommend prohibition of STR in the Village. The PCZBA also discussed certain elements of the draft ordinance including their thoughts on lot size limits for the draft regulations (do not include in regulations), minimum night stay (no consensus to modify the minimum from the current 2 days), and life safety (suggested the Fire Chief and Building Codes Supervisor continue to exam the requirements to help ensure adequate safety for any users). A revised version of the STR ordinance which highlights the differences between the versions presented to the PCZBA on March 19th and the current attached version; the differences include:

- An amendment to the definition of “Short-Term Rental” to exclude the rental of a dwelling unit pursuant to a rental agreement in conjunction with a contract to sell property;
- A typo in Zoning Use Table Footnote No. 15 was corrected so as to reflect the correct period for a pilot program; and
- The use limitation in Section 10-4-5(I)8 was modified to clarify expectations for window egress requirements (part of the Fire Chief’s and Building Codes Supervisor’s continued examination of the regulatory requirements related to safety).

President O’Hara stated it is anticipated that the Village Board will discuss the PCZBA’s recommendation and consider the draft ordinance.

President O’Hara stated this is a governmental institution and rude behavior such as clapping or excessive talking is not appropriate. She said mutual respect is the hall mark of the Village and she would like for that to continue. Also, public comments will be limited to a maximum of three (3) minutes.

President O’Hara opened the floor for public comments.

Robert Isham (resident) said the PCZBA voted to prohibit STRs which is significant since the committee is charged with adjudicating relevant law. The Board is diverse and after dealing with this divisive issue, he thinks it is time for everyone to follow the PCZBA recommendation to prohibit STRs. There has been no relevant data and to draft an ordinance without determining if the Village needs or desires is back ended. The ordinance is a remedy to a need that is not warranted. Mr. Isham said it is wrong to propose something that will change the residential zoning without input from the neighbors living next to STRs. He commented on how the ordinance might impact the Village and asked the Board to prohibit STRs.

David Andersen (resident) shared some positive personal experiences of STRs. He thinks this an important issue and, as citizens, we should embrace our neighbors regardless of their opinions. A vote “no” to him appears closed and he would like a “yes” vote on the ordinance.

Aki Knezevic (resident) said he moved here to feel safe and know his neighbors. This issue is about the character of Lake Bluff which is essential and needs to be protected. He expressed his preference to have a public referendum.

Frank Klepitsch (resident) expressed concern regarding stricter life safety requirements and provided a copy of his letter for the record.

Peter Acker (resident) said he moved to Lake Bluff approximately 10 years ago because of the lifestyle. He is against STRs but supports long term rentals. He read paragraphs from the Lake Bluff Branding Initiative posted on the Village website and said he believes STRs do not have deep sense of belonging to the neighbors or community and will change the feel of the Village. He described the relationship between him and his neighbor and he belief that STRs will change the community. He does not support STRs because of the potential negative financial impact on the Village, increase traffic, out of town visitors and impact on home property values. He asked the Board to please consider not allowing STRs in Lake Bluff.

S.A. Romanoff-Boggess (resident) said she and her husband have lived in Lake Bluff for approximately 26 years. She thanked the Board, PCZBA and Staff for their time and due diligence spent researching STRs. She hopes the Board undertook this process to reach a decision that is truly in the best interest of Lake Bluff. There have been numerous opinions expressed regarding STRs and the overwhelming majority of individuals strongly support a STR ban. She appreciate the effort spent drafting the STR ordinance but it is her understanding the Village does not have the human or financial capital to enforce such an ordinance or monitor the activity. Given the Village's inability to manage and monitor STRs homeowners, combined with the community's vocal disapproval of STRs, she is astounded that the Board is evenly divided over the issue, with the President having the deciding vote. She believe the legalization and operation of STRs will tax already limited Village resources and have a significant detrimental impact on property values, personal safety, homeowner relations and Lake Bluff's cherished neighborhood charm which needs to be protected. There is too much at stake with this issue so she respectfully ask that the Board accept the PCZBA recommendation to prohibit STRs.

Robert Havrin (resident) said there have been a lot of strong opinions but it is a fact STRs have been operating in Lake Bluff for approximately three years without public knowledge or reported incidents. If the activity is properly regulated it will not change the quality of life. He had previously suggested an active member of the PCZBA, strongly against STRs, recuse themselves from the process but was allowed to vote on the matter. He said stricter fire safety requirements should be recommended for every home in Lake Bluff not just STRs. There have been a lot of opinions regarding impact on property values but he feels it is time to move forward.

Dana Wittman (resident) said she is strongly opposed to STRs in Lake Bluff. There have been negative feedback expressed toward individuals that oppose STRs which is not true. This matter for her is about having commercial activity in a residential neighborhood and losing sense of community. She said certain home businesses (garage auto repair, backyard dog kettles, etc) are currently not allowed in residential districts. She asked "why are we considering the commercial practice of residents operating a hotel from their home?" This is inconsistent with the other laws put in place by the Village to protect its residents and property values. She said Lake Bluff is not a tourist town or vacation destination and she believes STRs will impact property value. The Village Branding Initiative reflects how important a sense of community is to Lake Bluff residents and noted residents pay a heavy premium for this lifestyle. She described how her neighbors showed her acts of kindness and said this is what makes Lake Bluff different from other communities. She said the lifestyle needs to be preserved not because we are afraid of strangers, but because we do not want our neighbors to be strangers.

Mike Brown (resident) thanked the Board for their efforts on this difficult issue. Mr. Brown said he is against STRs because he believes it is heavily damaging the community structure. It has been mentioned,

that if STRs are not allowed, than Lake Bluff is not inviting or open. He shared examples of how STRs has affected the neighborhoods. These type of activities are not welcoming or a sign of a good community. This matter is damaging the social fabric of the community and needs to stop so healing can begin, and if forced upon people it will worsen.

Debra Wilbur (resident) shared a personal neighboring encounter and said an STR individual would not have any skin in the game. She do not believe Lake Bluff is a community of evil minded people or here for any personal reasons or vendettas. The taxpayers have stated they do not want STRs in the community. The Board should have promised to protect and serve all Lake Bluff residents to the best of their ability and stay true to the community. The overwhelming majority of the community as well as the PCZBA has recommended prohibiting STRs and she ask the Board to vote “no” on STR regulations.

Patricia Havrin (resident) said taking in renters do not mean the homeowner is not a caring person. She commented on other safety risk factors that impact the community. She said STRs have been operating for an extended period of time without an incidents. She said STRs could demonstrate how welcoming the community is and she do not understand what is wrong with hosting STRs.

Richard Hegg (resident) said he has not heard enough compelling facts to indicate the draft ordinance will not manage STRs and feels we are making a large issue over something that is not a big deal in the community.

Mary Francoeur (resident) said she has lived in Lake Bluff for 58 years. It is her understanding the ordinance has a two year limitation and then a decision would be made. She thinks everyone have a viable point and she is in favor of the ordinance because STRs have not been an issue. She is in favor of the ordinance and reevaluating the pilot program after the trial period.

Kathryn Briand (resident) said this is no longer about the subject of STRs but procedures. She expressed her concern regarding the integrity of the process. She asked “what would be the rationale for not supporting the PCZBA recommendation?”

Julie Asbury (resident) said she supports a STR ban. She said the majority of feedback indicates people do not support STRs mainly because of how it can effect property values. The proposed ordinance has 45 nights/year, 15 stays/year and 2 night minimum and said regulations cannot be enforced if the activity is not monitored. Since Lake Bluff began the process Park Ridge, Mettawa, Vernon Hills, South Barrington and Rosemont have prohibited STRs and said Lake Bluff needs to be added to the list. She showed a slide with a comment from the PCZBA draft minutes and commented on how there have been no facts presented to support STRs. She said there appears to be relationships that might be affecting the process. She showed emails received pursuant to the Freedom of Information Act. She said she believes the entire process has not passed the sniff test and she feels there is an appearance of favoritism. She said the majority of community feedback is negative and the PCZBA has recommended prohibiting STRs and she thinks it is time to do what is right. She said please vote for what is best for the majority of the community and back the PCZBA recommendation.

Bill Herman (resident) said he moved to Lake Bluff because of the safe environment but now he is concerned about his children’s safety because he lives close to an STR. He shared some personal experience with renters of STRs such as people attempting to enter his residence or asking where the party house is located. Mr. Herman said there might be legal issues moving forward because there is an

appearance of impropriety regarding this situation, and discussed other legal matter. He recommend a public referendum.

Brenda O'Neill (resident) said she and her granddaughter both live close to STRs. There are two STRs operating in her neighborhood and she has observed fighting and excessive trash left outside. She said Lake Bluff does not need STRs and asked the Board to think if the children needs to be exposed to transients. Ms. O'Neill said she cannot believe the matter has progressed this far.

Liz Kenton (resident) said she is disappointed in what she has witnessed tonight. She feels in conjunction with the comments expressed and the PCZBA recommendation the only decision could be to ban STRs.

As there were no further public comments, President O'Hara asked for comments from the Board.

Trustee Grenier thanked everyone for their comments. The STR review process included listening to residents specific arguments, researching and ultimately coming to a decision which the Board has been entrusted to make on behalf of the Village. Also, he appreciated the request from a resident to do a pilot ordinance because the types of arguments indicated there will be few minds changing on this matter. Someone asked the question "Whose mind has been changed throughout the process?" at the first workshop meeting, and no one raised their hand. Trustee Grenier said it is easy to say "Put this to a referendum" and go with the majority. However, the Board should make the decision because it has been entrusted with that responsibility and has done its due diligence. He hopes the community will understand whatever decision is made and he believes the Board will continue working together regardless of the decision. Trustee Grenier stated he supports STR because he does not see any risk to the community. He said there was no data found which indicated home values would be negatively impacted but on the other hand it is widely recognized that there is extreme difficult in isolating STRs as a factor in home buying decisions whether good or bad. Trustee Grenier said he has spoken with real estate agents, mostly in Lake Forest where STRs occur unregulated, and none of the agents felt STRs were likely to be a significant factor in a home buying decision. He said STRs have allowed a few community members to stay in their home and out of the real estate market. The property value discussion is significant and should be considered. Trustee Grenier said he thinks it is best to allow a two year trial while activities in STRs are relatively low noting the primary objective would be to evaluate compliance and enforcement challenges. Trustee Grenier explained how he believes STRs would impact local merchants and property rights. The State Constitution requires that laws be reasonable designed to serve health, safety and welfare. He does not see how banning a fundamental property right, with long standing tradition in our country, is reasonable justified by risks to health, safety, and welfare that are already addressed by existing laws. Trustee Grenier commented on risk mitigation, noting the draft ordinance includes elements to reduce adverse events. The market profile of purposeful visitors is not a projection of who is going to be here, but rather an accounting of who was actually using STRs prior to the cease and desist order. Trustee Grenier stated, based on the information presented to the Board, he cannot support a precedent setting denial of a fundamental homeowner's right to share their home with whomever they desire. He is hopeful this compromise will allow us to fully vet the impact of this activity in broad daylight in Lake Bluff.

Trustee Meyer stated disagreement is healthy when in the context of respectful and thoughtful dialogue and the community is better when ideas are advanced. He said people can disagree without becoming enemies and this is the guiding principle needed to reunite the community. Trustee Meyer stated his vote remains the same to prohibit STRs in Lake Bluff. He believes that, in context of Lake Bluff, a STR imposes a negative risk to neighbors and their property values. He would like to focus on the dialogue expressed by many neighbors of STRs in Lake Bluff who believe their property value will be adversely

affected. From an economics point of view, neighbors of STRs are in the best position to know the answer to the question at hand. To state their property might be worthless is an admission against their economic interest. He said admission against economic interest carries credibility and he personally believes it has greater weight than theories and hypothesis of those who do not have a direct economic interest. Trustee Meyers said he appreciate the opinion of the several Trustees who hold views to the contrary but he respectfully disagrees. A person's home is their largest investment and making public policy this must be taken into account as well as what might adversely impact that investment. However, on the other side of the debate is property rights and the right to rent; to prohibit STRs would have a minimal impact on property rights. He said property owners are free to engage in longer term rentals in a traditional manner and those rights are already factored into pricing for homes in Lake Bluff based on efficient market theory. Trustee Meyers said he would vote against the ordinance based on that economic analysis. He clarified that his intended vote is not against openness and innovation because he believes Lake Bluff is welcoming to all; where citizens, businesses, and leaders embrace innovation as well as new plans for the future. The intended vote is because he has done his best to put aside bias and emotion and engage in a fair analysis. He urged the following to action vote against the ordinance, vote on the ordinance, move forward and reunite as a Village.

Trustee Lemieux stated he intends to vote in favor of the ordinance. He understands there have been approximately five STRs operating simultaneously in the community without public knowledge. He believes there have been a bit of a trial which indicated that this activity was a non-event except for two neighbors on East Scranton Avenue. Trustee Lemieux said his rationale for supporting STRs is because he was a short term renter at the Harrison Conference Center in 1987 and the experience gave him an opportunity to observe the community before moving to Lake Bluff. He chose this community over other North Shore communities because he did not see Lake Bluff as insular but as an open and welcoming community. He sees prohibition of STR as a step toward being insular. He stated the Lake Forest Leader published an article following the PCZBAs decision indicating that Lake Bluff is becoming insular and unwelcoming. He believes STRs will benefit many, not the few, and he feels strongly that STRs will benefit the community economically. In regards to discussion regarding commercial versus residential use he does not see STRs as changing the fundamental use of character of the community, particularly in the manner which the ordinance was drafted. Trustee Lemieux said the property right issues cuts both ways and commented on the feedback received on the email sent by Village Clerk Markee. Although, this was not a referendum or definitive survey it demonstrated sensitive gathering of information from young adults with children. He said the review of STR bans in other communities did not reveal a single case where the Administration or Governing Body made a serious effort to understand how STRs could operate and does not see how their decisions without the due diligence are relevant to Lake Bluff. Trustee Lemieux said he worries about pitting neighbors against neighbors, but he believes Lake Bluff residents can behave civilly. He and Trustee Grenier were concerned about how this would impact Staff and they were told the ordinance is manageable. In regards to guest safety, Fire Chief David Graf and Building Codes Supervisor Mike Croak are completely satisfied with the life safety provisions in the draft ordinance. Trustee Lemieux said property value was discussed and a local relator did submit her opinions in a letter which indicated STRs did not impact home sales. He finds it difficult to imagine property becoming a nuisance and negatively impacting neighboring home values with the envisioned draft ordinance. Trustee Lemieux said the proposal is based on a two year trial period and it does not make sense to him to have a public referendum regarding trial period for STRs. It is his firm belief the continued conflict on this issue has the potential to negatively impact homes values. The State set the threshold for citizens bringing a public referendum forward, which would amount to less than 300 signatures for Lake Bluff citizens. The Board is not preventing this action, he just did not want to be a party to the proceedings

over for the next six months. Trustee Lemieux said he is in favor of the pilot program as well as tweaking or ending the program if it does not work.

Trustee Lemieux stated Section 10-4-5(D)(2) of the draft ordinance states “properties with adjacent driveways may not be used as short-term rentals if the on-site parking required by subsection (D)(1) of this Section results in restricted or reduced parking access to the neighboring property” and recommended removing “if the on-site parking required by subsection (D)(1) of this Section results in restricted or reduced parking access to the neighboring property”. The Trustees continued to discuss their voting intentions.

Trustee Ankenman stated there have been a lot of opinions and facts shared by the Board and public but she is interested in addressing new findings such as the PCZBAs recommendation to ban STRs. The Board relies on the PCZBAs extensive expertise to do the heavy lifting and conduct public hearings and the Board should take its recommendation.

Trustee Dewart said the Lake Bluff community has always valued its sense of tradition in many respects, and there are aspects of the Village that we seek to preserve. The openness and acceptance of the Village has extended more than a century since the community first opened its doors and heart to the Lake Bluff Children’s Home, which served disadvantaged children throughout the Chicagoland area. He said he believes Lake Bluff may be open to sharing the community with those from out of town on a limited basis and definite period of evaluation. He said there has been noted concerns for property values with STRs and an absence of clear evidence to support the degradation of property values. It would seem the STR scenario described in the ordinance, where the owner has an active and continuing presence role as a property owner, has fewer risks to property values as opposed to a home rented for 30 days without an owner present to exercise responsibility for the property. Further, the expected scope of STRs is expected to be more limited than the number of homes that are in long term rental agreements in Lake Bluff. Trustee Dewart said it has been noted that private property is a fundamental human right, restrictions on these right are a slippery slope, and banning certain activities such as STRs or other home businesses should be carefully considered. There are many home businesses and it is his understanding that such commercial activity in a private residence does not impact its classification as a residential property. He said erosion of this fundamental right is a concern for everyone. Trustee Dewart said he believes the tenets in the proposed ordinance provide a reasonable level of oversight and are consistent with existing guidelines in the Illinois Bed and Breakfast Ordinance. He said STRs offers property tax owners a means to defray cost of homeownership be it payment of taxes or enhancements to the property. He said a nearby Lake Michigan town have documented how STRs have had a positive economic impact on local business activities. Trustee Dewart said it is sad that Lake Bluff has lost businesses such as hardware and grocery stores because they were no longer sustainable. He said home sharing and summer rentals have endured in Lake Bluff but the business model has changed. Trustee Dewart said he supports allowing STRs for a defined period of time subject to the provisions in the proposed ordinance.

Trustee Towle stated he remains opposed to STRs because of how this could impact property value. He does not believe people his age, which he believes is the greater home selling market, would buy a home next to an STR. Also, he believes this is commercialization in a residential zoning district. He would argue there is a difference between a commercial activity in a home and the commercialization of a home. He does not think the Trustees will change their minds based on anything said tonight, but whatever the decision, the Board and community must be able to move forward in a productive and civil manner. Trustee Towle said he believes STRs put pressure on neighborhoods but strong neighbors leads to strong neighborhoods and a strong community and Lake Bluff’s charm will only be affected if this decide

changes us. He said no matter if STRs are allowed, or not, objections from neighbors concerning activities such as chicken and bee keeping should be considered. Trustee Towle said compromise can be reached through productive conversation but he is not willing to join the trend of us versus them. It is time to move forward. He is still opposed to STRs.

Village Attorney Peter Friedman stated Trustee Lemieux made the motion to approve the draft ordinance. Trustee Grenier seconded the motion. During the discussion Trustee Lemieux requested to amend Section 5(D)(2) to read “properties with adjacent driveways may not be used as short-term rentals.” He said, without objection, the amendment could be included in the vote for first reading of the ordinance.

In response to a question from Trustee Grenier, Trustee Lemieux stated the PCZBA thought parking restrictions obviated the need for a lot size restriction and now he is concerned this could potentially be a nuisance to neighboring properties. Following a brief conversation, Trustee Lemieux rescinded his request to amend the ordinance.

Trustee Towle recommended Section 10-4-5(H) be amended to read that “all STRs must have a fire alarm system monitored by a UL certified central station”.

As there were no further comments from the Board, Trustee Lemieux moved to approve first reading of the ordinance as amended. Trustee Grenier seconded the motion. The motion passed on the following roll call vote:

Ayes: (4) Dewart, Grenier, Lemieux and President O’Hara
Nays: (3) Ankenman, Meyer and Towle
Absent: (0)

Prior to casting her vote, President O’Hara stated differences of opinion are fine and definitely a fabric of this community, but attacks on people’s integrity is a new low. People should be able to have intelligent discussions or disagreements without reverting to that type of behavior. She said earlier this year she asked two Trustees to review all the arguments expressed by both sides and report back to the Board. What they came up with was that there are really no facts to substantiate claims on either side. What is fact is that prior to a quarrel that escalated between two neighbors who share a driveway there had been no complaints or problems reported though there seemed to be at least four STRs operating in the Village for a period of time. It is also fact that our neighbors to the south, the City of Lake Forest, has absolutely no rules or restrictions regarding STRs in their community and STRs are allowed to operate and advertise freely, with no restrictions for several years, without any incidents. President O’Hara said the suggestion that the Village put this question to an advisory referendum because the Board is divided on this issue is not good government. The Board and PCZBA has often had divided votes, and the Board has decided in the past not to go with an advisory board’s recommendation. It would be a total disruption of local government process or procedures if, anytime there is dissent or controversy, it needs to go to referendum. This has never been done in this community. Referendums have been for such critical issues such as annexation, bond issuance and whether the Village should adopt home rule. She said she is concerned because this controversy frankly has obscured what really is a potential danger to the well-being of our community, which is currently a strong proposal for a takeover by the City of Lake Forest of our 121 year old volunteer Fire Department and the threat of the disruption of our ambulance contract with them, which would dramatically affect our volunteer culture and pocketbooks. Also, the shenanigans going on right now in Springfield where local municipalities are under assault by certain proposed bills in the State Legislature which could impact municipal sovereignty and tax dollars. President O’Hara said she will be

going with several other North Shore Mayors to meet with State leadership to voice concern regarding proposed bills that threaten current and future financial health and sustainability. She said the proposed ordinance is a compromise, something that seems out of fashion in today's world. It does not ban STRs or allow them to operate unfettered without specific controls. The restrictions of no more than 15 times or 45 days, registration fees, and other regulations will definitely narrow opportunities for anyone wanting to undertake this for a two year pilot. President O'Hara said the Board has been divided on this ordinance but we are definitely united in moving forward as we have done in the past to work together on behalf of the Village. Therefore, she votes in favor of the STR ordinance.

President O'Hara allowed a brief recess for those desiring to leave the meeting and reconvened at 9:12 p.m.

10. ITEM #7A – WARRANT REPORT FOR MARCH 16-31 AND APRIL 1-15, 2018 AND MARCH 2018 PAYROLL EXPENDITURES

President O'Hara reported expenditure of Village funds for payment of invoices in the amount of \$130,016.52 for March 16-31, 2018, expenditure of funds in the amount of \$156,133.55 for April 1-15, 2018 and payroll expenditures in the amount of \$392,522.14 for March 2018. As such total expenditures in the amount of \$678,672.21.

In response to a comment from Trustee Lemieux, Village Administrator Drew Irvin stated the Village consultant, Urban Forest Management, was brought in to assist with the review of a permit application and governing documents submitted by The Roanoke Group to remove approximately 150 trees on the Stonebridge Development Property. The expenditure is a pass-through consultant fee which the Village will recover.

As there were no questions from the Board, Trustee Meyer moved to approve the Warrant Report. Trustee Dewart seconded the motion. The motion passed on the following roll call vote:

Ayes: (6) Dewart, Grenier, Lemieux, Meyer, Towle and Ankenman
Nays: (0)
Absent: (0)

11. ITEM #7B – INFORMATIONAL REPORT REGARDING AN FY-18 BUDGET CHANGE (IMRF FUND)

Village Administrator Irvin stated the Village Code authorize him to amend the budget in a limited manner and the informational report was submitted to provide transparency regarding a \$12,175.22 adjustment increase to the IMRF Fund. There were no questions from the Board.

12. ITEM #15 – A PUBLIC HEARING CONCERNING THE VILLAGE OF LAKE BLUFF PROPOSED FISCAL YEARS 2019-20 BIENNIAL BUDGET

President O'Hara reported as required by law, the Village must hold a public hearing on the Tentative Biennial Budget after which hearing the budget may be revised and passed without any further inspection, notice or hearing. Consistent with past practice, first reading of the budget ordinance will follow this public hearing with second reading and adoption of the budget anticipated at the next Board meeting on April 23rd. Notice of this hearing was published in the Lake County New Sun on March 29, 2018.

President O'Hara declared the public hearing open.

Finance Director Bettina O'Connell stated the 2023 Strategic Plan includes the mission to provide vision, stewardship, and valued services, and fosters a vibrant community culture to enhance our quality of life in Lake Bluff. The fundamentals of which are directly correlated to the planning and commitment of resources to which the budget is the building block. She began with slide presentation with the 2023 Strategic Plan noting the Villages organizational goals are also the basis for the budget the focus on Fiscal Responsibility in 1) Sense of Community, 2) Economic Development, 3) Stability, 4) Environmental Sensibility, and 5) Public Assets. She stated FY19 is the first year of the second Village Biennial budget, this type of budgeting, gives residents more certainty, better utilizes the administrations time, allows for diligent reviewing, and supports an orderly spending pattern.

Finance Director O'Connell showed a slide of the Village funds and stated the budget is organized by Funds which allows for the allocation of resources. She said not all activities of local governments have the same financial objectives and the various funds in the budget account for activities with different objectives.

Finance Director O'Connell acknowledged the correction made by Trustee Ankenman to the transmittal page regarding fiscal year total planned expenses.

Finance Director O'Connell stated the FY19-20 budgeted operational expenses are consistent with the prior biennial budget. The operating budget (all costs except capital and contingency) for the Village and the Library is \$11.18 million for FY19 and \$11.11 million for FY20, both representing about a 2.0% and 1.3% increase respectively when compared to FY2018.

Finance Director O'Connell showed a slide of the operating budget highlights and stated a balanced operating budget is presented, with operating revenues expected to exceed operating expenditures. She stated the Village continues to balance available resources with the cost of providing appropriate services, and added, the draft budget highlights include the draft Fund Balance projections for FY18- FY20 including assumptions for capital expenses and annual contribution to the Water Fund in payment of an incremental water meter replacement program. The General Fund Revenue projections remain fairly flat assuming no further changes are made to the Local Government Distributive Fund, while General Fund budgeted expenses are reduced primarily due to declines in the Public Works Capital expenses. The Interfund Transfers were reassessed and vehicle/equipment useful lives and values were charted cyclically, increasing the annual contributions to the replacement fund approximately \$100,000. The FY19-20 Budget includes the new Capital Improvement Project fund that was created for the purpose of utilizing General Fund reserves to address the proposed public works projects.

Finance Director O'Connell reviewed the revenue streams beginning with the 2019 projected revenue and stated economically sensitive revenues are similar to the prior year. The significant change in revenue from FY19 to FY20 are the anticipated Grant Funds in the Capital Fund. She said a grant reimbursement in the amount of \$1 million is projected for the Moffett Road Culvert and a \$400,000 grant reimbursement for the Metra Train Station renovations. She reviewed the revenue sources noting a 6-year history comparison to the budgeted upcoming two years further exhibits (i) the stability of property tax revenues, (ii) the sales tax revenue increase related to the additions in the western business corridor level building revenues projections, and (iii) grant revenues pike in 2019 due to one-time reimbursements for the Metra Train Station renovations and Moffett Road slope, road and repairs.

Finance Director O’Connell showed a slide of the 2017 Property Tax rates and stated, from a tax bill perspective, the Village strives to balance taxes, user fees, and other revenue sources to enhance financial flexibility and security. The Village represents 9% of the total tax bill. The distribution of the 2017 Property Taxes will be collected in budget year 2019.

Finance Director O’Connell showed a slide of the General Fund balance and stated the change in fund balance in FY18 is due to a \$2 million dollar transfer to the newly created Capital Project Fund. These contributions bring the general fund balance accumulations earmarked for capital in FY17 back the policy range of 50%.

Finance Director O’Connell showed a slide of the expenditure overview with a summary of Village funds. She stated the chart does not include the Library and represents all Village funds except Interfund transfers. The operating costs remain about the same with some reductions because of changes to street light expenses, parkway maintenance costs, contractual labor in the sewer division, and telephone costs.

Finance Director O’Connell showed a slide of the three Library Funds and stated the Library’s new long range plan is under development. FY16-17 was the busiest in the Library’s history, with 115,349 checkouts and 72,581 recorded visits. The Library is on pace to beat this total in FY17-18. The main Library building is nearing 40 years in age, and the Wood Building Annex is now 12 years old. The roof of both the main building and the annex need replacing – one-time additional capital costs and use of reserve are due to this facility project. Minor repairs are ongoing, and the Staff and Board of Trustees for the Library remain committed to providing safe, accessible, and welcoming facilities.

Finance Director O’Connell showed a slide of the 2019 projected expenditures and stated the capital outlay is a major part of the Budget Plan with 30% of expenses attributed to improvements. She reviewed the 2020 projected expenditures noting changes to percentage as capital completions reduce the capital outlay category to 25% of expenses.

Finance Director O’Connell showed a slide of the chart reflecting operating expenditures and stated the capital expenditure budget of \$4.84 million represents 30% of the total budget in FY19 and is 6% higher than the prior year budget. The chart illustrates actual changes in capital versus operation expenditure from FY15-FY20. She showed a list and cost for upcoming capital improvements which included the public works capital projects, water fund projects, specific vehicle and equipment replacement are shown in the vehicle replacement fund schedule. She concluded the presentation by thanking the Board, Finance Committee and Staff for their support and work during the collaboration phase of the budget process.

Trustee Grenier said he thinks the Fund Balance is a good thing and likes the fact the Village is holding the line in operational expenses which is very important.

13. ITEM #8 – VILLAGE ADMINISTRATOR’S REPORT

Village Administrator Irvin had no report.

14. ITEM #9 – VILLAGE ATTORNEY’S REPORT

Village Attorney Peter Friedman had no report.

15. ITEM 16 – AN ORDINANCE ADOPTING THE BIENNIAL BUDGET FOR THE VILLAGE OF LAKE BLUFF FOR THE FISCAL YEARS COMMENCING MAY 1, 2018 AND ENDING APRIL 30, 2010

Trustee Lemieux moved to approve first reading of the ordinance. Trustee Meyer seconded the motion. The motion passed on the following roll call vote:

Ayes: (6) Grenier, Lemieux, Meyer, Towle, Ankenman and Dewart
Nays: (0)
Absent: (0)

Following a request from President O’Hara, Trustee Meyer moved to adopt the resolution honoring the public service of Public Works Superintendent Jake Terlap. Trustee Dewart seconded the motion. The motion passed on a unanimous voice vote.

16. ITEM #10 – VILLAGE PRESIDENT’S REPORT

President O’Hara stated the Lake Bluff Police and Fire Departments responded to a house fire, and although other Fire Departments arrived to help contain the fire, the structure could not be saved. The collaboration of agencies from the Rockland Fire Protection District amongst others was wonderful and there was no loss of life which is significant.

Member Dewart said he thinks the collaboration was stupendous as well as the resources available to the Village.

17. ITEM #11 – ACCEPTANCE OF THE CORRESPONDENCE

President O’Hara introduced the correspondence from the Informational Reports on March 9, 16, 23 and 30, 2018.

Trustee Grenier moved to accept the correspondence as submitted. Trustee Towle seconded the motion. The motion passed on a unanimous voice vote.

18. ITEM #17 – A RESOLUTION AMENDING THE VILLAGE OF LAKE BLUFF BUDGETARY AND FINANCIAL POLICIES MANUAL

President O’Hara reported in March 2015 the Village Board approved amendments to the Budgetary and Financial Policies Manual pursuant to the issuance of Governmental Accounting Standards Board guidelines (GASB Statement 54) entitled Fund Balance Reporting and Governmental Fund Type Definitions, which required changes in financial reporting and required the government to adopt a policy regarding fund balance classifications. She further reported at their February 22nd and March 17th meetings the Finance Committee reviewed Water Fund net position and the accounting methodologies of financial reporting with regards to the depreciation expense policy. The review included discussion concerning the fund balance policy which requires maintaining a reserve of 25% of operating expenses plus fully funding three years of booked depreciation expense. After evaluation and discussion the Finance Committee unanimously supported modifying the fund balance policy. The policy directive is to maintain a reserve of 25% of operating expenses plus fully funding two years of booked depreciation

expense, while supporting a budgetary infrastructure allocation of two hundred and fifty thousand. The recommended revision on pg. 4 of the manual has been highlighted for the Village Board's consideration.

Trustee Lemieux stated this is a conservative approach because most communities only do 25% and the fact the Village adds back depreciation is still a very conservative approach. The Village should continue to consider going to one year depreciation because there is a lot of capital tied up that does not need to be and, as good financial stewards, the Village should allocate its resources.

As there were no further comments from the Board, Trustee Dewart moved to adopt the resolution. Trustee Lemieux seconded the motion. The motion passed on a unanimous voice vote.

19. ITEM #18 – TRUSTEE’S REPORT

There was no Trustee's report.

20. ITEM #19 – EXECUTIVE SESSION

At 9:31 p.m. Trustee Towle moved to enter into Executive Session for the purpose of discussing Executive Session Minutes (5 ILCS 120/2(c)(21)) and Appointments to Public Office (5 ILCS 120/2(c)(3)). Trustee Meyer seconded the motion. The motion passed on a unanimous voice vote.

There being no further business to discuss, Trustee Meyer moved to adjourn out of executive session. Trustee Grenier seconded the motion and the motion passed on a unanimous voice vote at 9:35 p.m.

21. ITEM #17 – ADJOURNMENT

Trustee Dewart moved to adjourn the regular meeting. Trustee Meyer seconded the motion and the motion passed on a unanimous voice vote. The meeting adjourned at 9:36 p.m.

Respectfully Submitted,

R. Drew Irvin
Village Administrator

Joy Markee
Village Clerk