CITY OF CRYSTAL LAKE
AGENDA
CITY COUNCIL
REGULAR MEETING

City of Crystal Lake
100 West Woodstock Street, Crystal Lake, IL
City Council Chambers
October 17, 2017
7:30 p.m.

1. **Call to Order**

2. **Roll Call**

3. **Pledge of Allegiance**

4. **Approval of Minutes – October 3, 2017 Regular City Council Meeting**

5. **Accounts Payable**

6. **Public Presentation**
   The public is invited to make an issue oriented comment on any matter of public concern not otherwise on the agenda. The public comment may be no longer than 5 minutes in duration. Interrogation of the City staff, Mayor or City Council will not be allowed at this time, nor will any comment from the Council. Personal invectives against City staff or elected officials are not permitted.

7. **Mayor's Report**

8. **City Council Reports**

9. **Consent Agenda**

10. **509 Nash Road – Simplified Residential Variation to construct a three-season room.**

11. **Resolution authorizing the execution of an agreement with Willow Creek Church to provide fee-based police services for the church at designated times.**

12. **230 W. Virginia Ave., Suite 450, Knife Experience Store - Retailer Job Creation & Investment Program Matching Grant request for $10,000 in matching grant funds.**

13. **37 N. Williams St., Mum Floral & Design - Retailer Job Creation & Investment Program Matching Grant request for $5,000 in matching grant funds.**

14. **454 Lake Street, St. Thomas the Apostle Church Pre-School – Resolution authorizing the execution of a Crystal Lake Watershed Stormwater Management Facilities Non-Residential Maintenance Plan, Grant of Easement, and Funding Agreement.**

15. **Resolution authorizing the adoption of the McHenry County Natural Hazard Mitigation Plan.**

16. **Stormwater Solutions - Presentation of Proposed Overhead Sewer Program, information only.**

17. **Bid award and resolution authorizing the execution of a contract with Acres Group for tree pruning services.**

18. **Resolution authorizing the execution of an agreement with CDS Office Technologies for the purchase of eleven mobile data computers through the State of Illinois Joint Purchasing Program.**

19. **Resolution authorizing the execution of an agreement with Dell, Inc. for the purchase of forty-one computer desktops and monitors through the Midwestern Higher Education Compact Cooperative Purchasing Program.**

20. **Acceptance of the Annual Audit for the Fiscal Year 2016-2017.**

21. **Council Inquiries and Requests.**

22. **Adjourn to Executive Session for the purpose of discussing matters of pending and probable litigation, the sale, purchase or lease of real property, collective bargaining, and personnel.**

23. **Reconvene to Regular Session.**

24. **Ordinance amending City Code Section 11-9, Foreign Fire Insurance Tax Board and Resolution authorizing the establishment of a Foreign Fire Insurance Tax Account for the Crystal Lake Foreign Fire Insurance Board.**

25. **Adjourn.**

If special assistance is needed in order to participate in a City of Crystal Lake public meeting, please contact Jillian Austin, Executive Assistant, at 815-459-2020, at least 24 hours prior to the meeting, if possible, to make arrangements.

Agenda Item No: 10

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: REPORT OF THE PLANNING & ZONING COMMISSION

Request: Simplified Residential Variation to construct a three-season room on the Everett Avenue side of the house, which is considered the front yard and would extend 7.75 feet into the 40.75-foot average front yard setback.

Robert and Jessica Wilson, owners, Vince Cortese, petitioner
509 Nash Road

PZC Recommendation: Motion to approve the PZC recommendation and adopt an ordinance granting the variation for 509 Nash Road.

Staff Contact: Michelle Rentzsch, Community Development Director

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Background:

- The average front yard setback is used in existing neighborhoods when the current structures vary from the district's standard setback. The average setback was calculated at 40.75 feet, which is greater than the 30-foot district standard.
- The house was constructed to face Nash. A detached garage is on the north side of the house accessed from Nash. The most logical location for expansion is on the south side of the house toward Everett Avenue.

Key Factors:

- Request: Expansion of the house to the south to accommodate a three-season room, which would be 7.75 feet into the front yard setback.

PZC Highlights:

- The Planning and Zoning Commission (PZC) found that this was a very challenging lot as both the lot size and the house layout created a hardship.
- The PZC found that the petition met the Findings of Fact.

The Planning and Zoning Commission recommended **approval (6-0)** of the petitioners' request.

1. Approved plans, reflecting staff and advisory board recommendations, as approved by the City Council:
   A. Application (Wilson, received 09/08/17)
   B. Plat of Survey (Unnamed, undated, received 09/08/17)
   C. Site Drawing Sketch (Cortese, received 09/08/17)

2. The addition shall match the architectural style of the home.

3. The petitioner shall address all of the review comments and requirements of Community Development Department.

Votes Required to Pass: A simple majority vote

Ord. No. .....
File No. ....

DRAFT

The City of Crystal Lake Illinois

AN ORDINANCE GRANTING A VARIATION AT 509 NASH ROAD

WHEREAS, pursuant to the terms of the Application (File #2017-30) before the Crystal Lake Planning and Zoning Commission, the Applicant has requested the granting of a Simplified Residential Variation to allow the construction of a sunroom addition on the Everett Avenue side of the home, which is considered the front yard, which extends 7.75 feet into the 40.75-foot average front-yard setback; and

WHEREAS, the Planning and Zoning Commission of the City of Crystal Lake, pursuant to notice duly published on September 17, 2017 in the Northwest Herald, held a public hearing at 7:30 p.m., on October 4, 2017 at City Hall at 100 W. Woodstock Street, Crystal Lake, Illinois to consider the proposed Simplified Residential Variation; and

WHEREAS, on October 4, 2017, the Planning and Zoning Commission, having fully heard and considered the testimony of all those present at the public hearing who wished to testify, made findings of fact as required by law and recommended to the Mayor and City Council of the City of Crystal Lake that the proposed Simplied Residential Varaition be approved, all as more specifically set forth in that certain Report of the Planning and Zoning Commission in Case #2017-30, dated as of October 5, 2017; and

WHEREAS, it is in the best interests of the City of Crystal Lake that the Variation be granted as requested in said Application.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, McHENRY COUNTY, ILLINOIS, as follows:

SECTION I: That a Variation be granted from the Crystal Lake Unified Development Ordinance to allow the construction of a sunroom addition on the Everett Avenue side of the home, which is considered the front yard, which extends 7.75 feet into the 40.75-foot average front-yard setback for the property at 509 Nash Road (19-06-479-012), Crystal Lake, Illinois.

SECTION II: That the Variation be granted with the following conditions:

1. Approved plans, reflecting staff and advisory board recommendations, as approved by the City Council:
   A. Application (Wilson, received 09/08/17)
   B. Plat of Survey (Unnamed, undated, received 09/08/17)
   C. Site Drawing Sketch (Cortese, received 09/08/17)

2. The addition shall match the architectural style of the home. Petitioner to provide architectural plans for review and approval.

3. The petitioner shall address all of the review comments and requirements of Community Development Department.

SECTION III: That the City Clerk be and is hereby directed to amend all pertinent records of the City of Crystal Lake to show the granting of a Simplified Residential Variation in accordance with the provisions of this Ordinance, as provided by law.

SECTION IV: That this Ordinance shall be in full force and effect from and after its passage, approval and publication as provide by law.

DATED at Crystal Lake, Illinois, this 17th day of October, 2017.

City of Crystal Lake, an
Illinois municipal corporation

_____
Aaron T. Shepley, Mayor

SEAL

ATTEST:

_____
Nick Kachiroubas, City Clerk

Passed: October 17, 2017
Approved: October 17, 2017

Agenda Item No: 11

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Police Services Agreement with Willow Creek Church

Staff Recommendation: Motion to approve a Resolution authorizing the City Manager to execute an Agreement with Willow Creek Church to provide police services for the Church at designated times.

Staff Contact: James R. Black, Chief of Police

Background:

Willow Creek Church is preparing to begin church services at their new location in Crystal Lake, located at 100 South Main Street. They will be conducting a "trial service" on Thursday, October 19, 2017, a Saturday evening service on October 21, 2017, and two (2) services on Sunday, October 22, 2017. After these initial services, Willow Creek Church will only host services on Sundays.

Willow Creek Church staff approached the Crystal Lake Police Department and requested police services on a reoccurring basis, beginning with the "trial service" on October 19, 2017, the Saturday service on October 21, 2017, and all Sunday services, beginning on October 22, 2017. The scope of the police services requested include traffic control, parking lot security, and security patrols of the facility. The Crystal Lake Police Department has historically provided such services for other entities.

Due to the reoccurring nature of the request, the City's Attorney drafted an agreement between the City of Crystal Lake and Willow Creek Church (attached) that enunciates the police services provided and fees to be paid, and includes typical contract clauses articulating liability, indemnification, and termination options. The City's risk management agency, IRMA, has reviewed the draft agreement. Willow Creek Church staff have also reviewed the agreement and found it acceptable.

Recommendation

It is staff's recommendation to adopt an resolution authorizing the City Manager to execute an agreement between the City of Crystal Lake and Willow Creek Church for the Crystal Lake Police Department to provide specified fee-based police services on agreed-upon dates and times.

Votes Required to Pass: A simple majority of the City Council is required for approval.

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, of McHenry County, Illinois, that the City Manager is authorized to execute an agreement between the City of Crystal Lake and Willow Creek Church for the City Police Department to provide specified fee-based police services on agreed-upon dates and times.

DATED this 17th day of October, 2017

CITY OF CRYSTAL LAKE, an
Illinois Municipal Corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 17, 2017
APPROVED: October 17, 2017

Agenda Item No: 12

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Retailer Job Creation and Investment Program Matching grant request for the Knife Experience, A Fine Cutlery Store, 230 West Virginia Avenue Suite 450, requesting up to $10,000 in matching grant funds.

Recommendations: City Council's discretion:

1. Motion to award $10,000 in Retailer Job Creation and Investment Grant Funds to Knife Experience Store, located at 230 West Virginia Avenue Suite 450, and to adopt a resolution authorizing the City Manager to execute the Grant Agreement with Knife Experience Store, or
2. Motion to deny the grant application request.

Staff Contact: Michelle Rentzsch, Director of Community Development

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Background:

The Retailer and Manufacturer Job Creation and Investment Program was instituted in 2011 as a tool to help attract new businesses to Crystal Lake. This program provides matching grant funding to new and existing retailers and manufacturers who occupy vacant space, rehabilitate store façades, and/or install eligible furniture, fixtures, and equipment (FFE).

KEY FACTORS

Mr. Richard Roberts is seeking to open a fine cutlery store in Crystal Lake. His proposed store will sell a variety of high-quality knives. The store will offer a broad spectrum of products; Boy Scout pocket knives, fine kitchen cutlery, outdoor tools, and collectible knives with rare and/or unique construction and materials.

Brands

1. Arno Bernard Knives: Arno Bernard knives are handmade in Bethlehem, South Africa by Arno Bernard, his 4 sons, and 15 additional craftsmen. They handcraft their knives using a superior quality steel in combination with authentic South African materials to create unique handles. The designs are simple yet beautiful. Though these knives are suited as collector items, they are designed to maximize practicality. Priced $400 to $750

2. Fallkniven Knives: Fallkniven knives are another family firm with roots deep in the soil of Norrbotten, Sweden. The firm began operations in 1984 and is today acknowledged as one of Sweden's foremost knife specialists. The company has gained extensive knowledge and expertise in the decades since its founding, leading to them being designated as "Purveyor to His Majesty the King of Sweden". Fallkniven makes both outdoor knives and fine kitchen cutlery. Priced $100 to $600

3. W.R. Case & Sons Cutlery: W.R. Case & Sons Cutlery is an American manufacturer of premium, hand-crafted knives that are passed down from generation to generation. Founded in 1889 and located in Bradford, Pennsylvania, Case's offerings cover a wide range of product categories, from traditional folding pocket knives and fixed blade sporting knives to limited production commemoratives and collectibles. Priced $25 to $2,500

4. Victorinox: Victorinox is a knife manufacturer based in the town of Ibach, in the Canton of Schwyz, Switzerland. Founded in 1884, Victorinox makes an extensive range of chef's knives that are very popular in professional kitchens. Victorinox has been manufacturing fine kitchen cutlery for many years and has made significant advancements in their design. Their standard cook's knife uses a soft metal which may go blunt quicker, but allows easy and quick sharpening of the knife. They are also made very thin, allowing a better cut through many large food items, and it helps to minimize food splitting before it is cut. Priced $25 to $300

5. Chris Reeve Knives: Chris Reeve knives is located in Boise, Idaho. Chris Reeve won the prestigious Manufacturing Quality Award for the first time in 2000. Since that time, the Chris Reeve company has won that award for manufacturing excellence an unprecedented 14 times over the ensuing 17 year period. Chris Reeve was inducted into the Cutlery Hall of Fame in June 2015. Chris Reeve knives specializes in high quality pocket knives and unique-designed kitchen knives. Priced $400 to $1,000

In addition to the brands outlined above, the store will also feature some of the more common and moderately priced quality brands, including: Buck, Gerber, Estwing (made in Rockford, Illinois), Spyderco, and Benchmade, just to name a few.

Mr. Roberts currently operates SRI Investments, Inc. in McHenry. In order to start his business, he would need to purchase several FFE, such as display cases. He anticipates hiring several sales employees, and expects first year sales in excess of $500,000.

Upon approval of the grant by the City Council, the City and applicant will enter into an agreement that includes all the stipulations for the grant award. The agreement specifies what documentation must be submitted before the payment is disbursed. Additionally, it has provisions to recoup the grant in case the business closes before the required four-year period. The agreement and application are attached. In order for the applicant to receive reimbursement, the business must generate at least $150,000 in taxable sales in its first year.

In order to objectively analyze the applications for funding, eligibility criteria have been established in the Ordinance approving this program. The list below outlines the evaluation of the applicant's request in relation to our eligibility criteria:

1. The program is open to any new sales-tax generating business that will occupy vacant retail

space or a building or that will construct a new building for its business.

☒ *Meets* ☐ *Does not meet*

2. Applicant must meet a minimum annual taxable sales threshold of at least $150,000.

   ☒ *Meets* ☐ *Does not meet*

3. Applicant's business must provide a stocked retail showroom for retail products.

   ☒ *Meets* ☐ *Does not meet*

4. Applicant must provide written proof of employment recruitment and of fixture, furniture, and equipment (FFE) costs.

   ☒ *Meets* ☐ *Does not meet*

5. Applicant must file an application for grant funding prior to commencing improvements.

   ☒ *Meets* ☐ *Does not meet*

6. Grant recipient may re-apply after five years from the date of recipient's previous award.

   ☒ *Meets* ☐ *Does not meet*

7. Eligible FFE includes, but is not limited to, shelving, racks, tables, chairs, furniture, point-of-sale systems, fixed computer equipment used in business operation, televisions located in dining rooms or showrooms, office furniture and appliances.

   ☒ *Meets* ☐ *Does not meet*

The applicant's request has been evaluated based on the above eligibility criteria and their planned purchase of FFE. The current application would meet seven of the seven eligibility criteria.

FUNDING STATUS OF 2017-2019 PROGRAM

For the 2017-2018 Fiscal Year, there is $80,000 budgeted for the Retailer and Manufacturer Job Creation and Investment Program. This is the first application received this fiscal year for the program, so there are sufficient funds for the grant.

Applicant Name/ Business Name	Address	Total Requested	Date Approved	Amount Approved
Knife Experience	230 W. Virginia St #450	$10,000	Pending	Pending
Mum Floral and Design	37 North Williams Street	$5,000	Pending	Pending
Totals		***$15,000***		***Pending***

Recent changes in the Retailer and Manufacturer Job Creation and Investment Program include a provision that the new retailer must show first-year of taxable sales of over $150,000 before the City issues the funds. The applicant was made aware of this requirement.

Votes Required to Pass:

A simple majority of the City Council in attendance.

DRAFT

The City of Crystal Lake Illinois

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is hereby authorized and directed to execute an agreement with Richard M. Roberts, II, on behalf of SRI Investments, Inc., for a New Retailer Job Creation and Investment Matching Grant in an amount not to exceed $10,000.

DATED at Crystal Lake, Illinois, this 17rd day of October, 2017.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
MAYOR

SEAL

ATTEST:

_____
CITY CLERK

PASSED: October 17, 2017

APPROVED: October 17, 2017

Agenda Item No: 13

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Retailer Job Creation and Investment Program Matching grant request for the Mum Floral and Design, 37 North Williams Street, not to exceed $5,000 in matching grant funds.

Recommendations: City Council's discretion:

1. Motion to award in an amount not to exceed $5,000 in Retailer Job Creation and Investment Grant Funds to Mum Floral and Design located at 37 North Williams Street, and to adopt a resolution authorizing the City Manager to execute the Grant Agreement with Mum Floral and Design, or
2. Motion to deny the grant application request.

Staff Contact: Michelle Rentzsch, Director of Community Development

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Background:

The Retailer and Manufacturer Job Creation and Investment Program was instituted in 2011 as a tool to help attract new businesses to Crystal Lake. This program provides matching grant funding to new and existing retailers and manufacturers who occupy vacant space, rehabilitate store façades, and/or install eligible furniture, fixtures, and equipment (FFE).

KEY FACTORS

Ms. Lynne Lourie is looking to relocate her business, Mum Floral and Design, from Barrington to Crystal Lake. Mum floral design is a boutique shop that sells not only flower arrangements, but also a selection of home accessories, fine art, decorative objects, and women's clothing. Her business is partnering with Twisted Stem and its owner, John Regan. They have had successful business relationships in the past, and look to continue that success. Ms. Lourie has selected a vacant store at 37 North Williams Street, which was the location of Fabric, Fiber, and Finds before that store closed earlier this year.

Upon approval of the grant by the City Council, the City and applicant will enter into an agreement that includes all the stipulations for the grant award. The agreement specifies what documentation must be submitted before the payment is disbursed. Additionally, it has provisions to recoup the grant in case the business closes before the required four-year period. The agreement and application are attached. In order for the applicant to receive reimbursement, the business must generate at least $150,000 in taxable sales in its first year.

In order to objectively analyze the applications for funding, eligibility criteria have been established in the Ordinance approving this program. The list below outlines the evaluation of the applicant's request in relation to our eligibility criteria:

1. The program is open to any new sales-tax generating business that will occupy vacant retail space or a building or that will construct a new building for its business.
   ☒ *Meets* ☐ *Does not meet*

2. Applicant must meet a minimum annual taxable sales threshold of at least $150,000.
   ☒ *Meets* ☐ *Does not meet*

3. Applicant's business must provide a stocked retail showroom for retail products.
   ☒ *Meets* ☐ *Does not meet*

4. Applicant must provide written proof of employment recruitment and of fixture, furniture, and equipment (FFE) costs.
   ☒ *Meets* ☐ *Does not meet*

5. Applicant must file an application for grant funding prior to commencing improvements.
   ☒ *Meets* ☐ *Does not meet*

6. Grant recipient may re-apply after five years from the date of recipient's previous award.
   ☒ *Meets* ☐ *Does not meet*

7. Eligible FFE includes, but is not limited to, shelving, racks, tables, chairs, furniture, point-of-sale systems, fixed computer equipment used in business operation, televisions located in dining rooms or showrooms, office furniture and appliances.
   ☒ *Meets* ☐ *Does not meet*

The applicant's request has been evaluated based on the above eligibility criteria and their planned purchase of FFE. The current application would meet seven of the seven eligibility criteria. Based on documentation provided, City staff projects they will meet the taxable sales threshold in the first year.

While the petitioner's application shows $8,300 in expenses, only $6,400 is eligible furniture, fixtures, and equipment under the grant. The reimbursement of 50 percent will be about $3,200. Since the provided list of requested items appears to estimates, City staff is requesting the grant be awarded in the not-to-exceed amount of $5,000. Actual reimbursement will be based on evidence of actual expenditures.

FUNDING STATUS OF 2017-2019 PROGRAM

For the 2017-2018 Fiscal Year, there is $80,000 budgeted for the Retailer and Manufacturer Job Creation and Investment Program. This is the second application received this fiscal year for the program, so there are sufficient funds for the grant.

Applicant Name/ Business Name	Address	Total Requested	Date Approved	Amount Approved
Knife Experience	230 W. Virginia St #450	$10,000	Pending	Pending
Mum Floral and Design	37 North Williams Street	$5,000	Pending	Pending
Totals		***$15,000***		***Pending***

Recent changes in the Retailer and Manufacturer Job Creation and Investment Program include a provision that the new retailer must show first-year of taxable sales of over $150,000 before the City issues the funds. The applicant was made aware of this requirement.

Votes Required to Pass:

A simple majority of the City Council in attendance.

DRAFT

The City of Crystal Lake Illinois

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is hereby authorized and directed to execute an agreement with Lynn Lourie of Mum Floral and Design, for a New Retailer Job Creation and Investment Matching Grant in an amount not to exceed $5,000.

DATED at Crystal Lake, Illinois, this 17th day of October, 2017.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
MAYOR

SEAL

ATTEST:

_____
CITY CLERK

PASSED: October 17, 2017

APPROVED: October 17, 2017

Agenda Item No: 14

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Crystal Lake Watershed Stormwater Management Facilities Non-Residential Maintenance Plan, Grant of Easement, and Funding Agreement for St. Thomas the Apostle Church Pre-School at 454 Lake Street.

Staff Recommendation: Motion to adopt a Resolution authorizing the City Manager to execute a Crystal Lake Watershed Stormwater Management Facilities Non-Residential Maintenance Plan, Grant of Easement, and Funding Agreement for the St. Thomas the Apostle Church Pre-School location at 454 Lake Street.

Staff Contact: Abigail Wilgreen, City Engineer

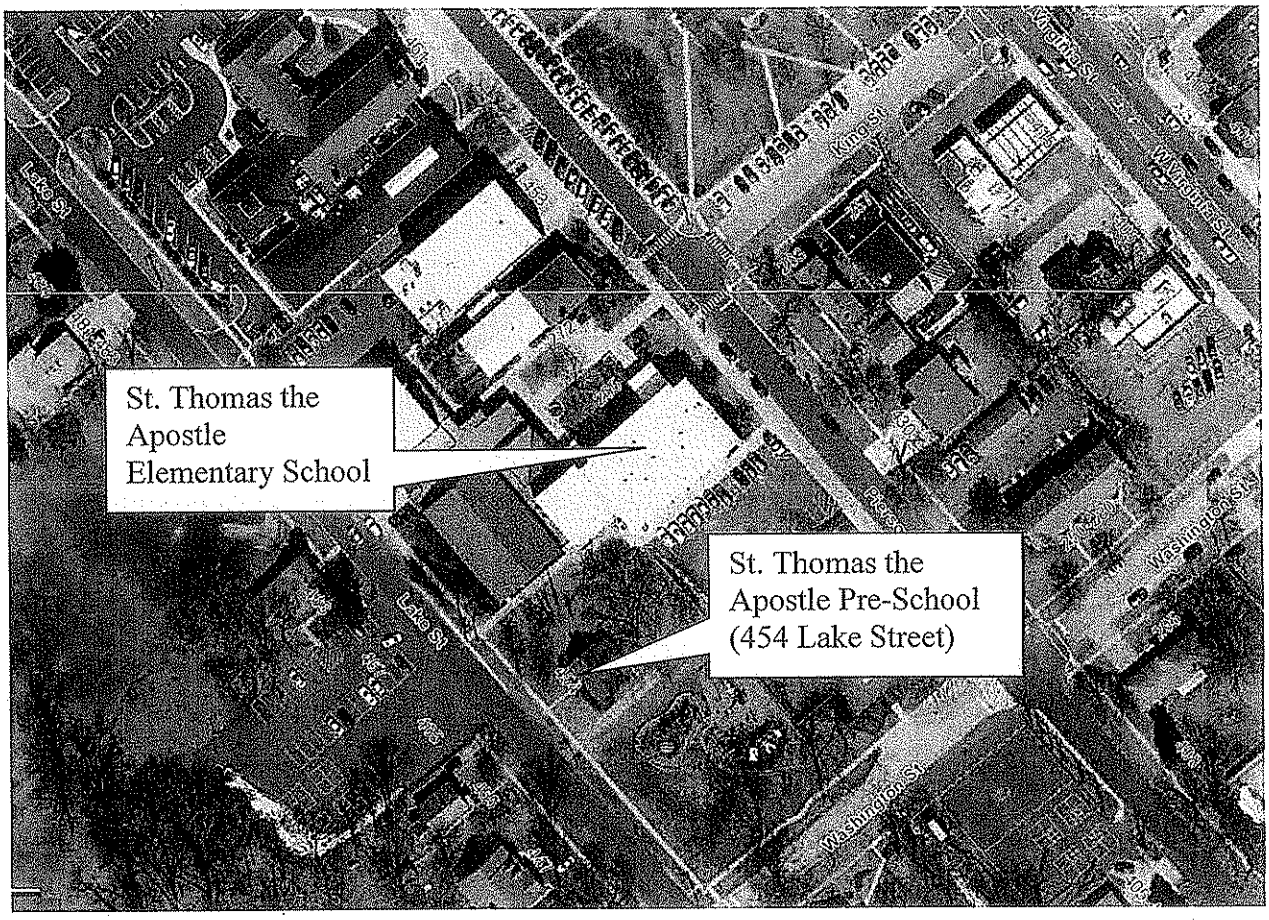
Background:

On November 6, 2007, the City Council adopted the *Crystal Lake Watershed Stormwater Management Design Manual* and the *Crystal Lake Watershed Stormwater Management Program Implementation Plan.* The purpose of both documents is to protect Crystal Lake by regulating the stormwater management practices of properties that develop or redevelop in the watershed.

The *Crystal Lake Watershed Stormwater Management Program Implementation Plan* (Implementation Plan) provides more detail on how the watershed regulations would be executed by the City. The implementation plan gives specific details on what the responsibilities of developers, property owners, and the City are in the watershed.

Per the requirements of the implementation plan, a "Crystal Lake Watershed Stormwater Facilities Non-Residential Maintenance Plan, Grant of Easement and Funding Agreement" (agreement) was created. This agreement is utilized as a template whenever an existing or new development is completed within the watershed. This same agreement has been used for other projects in the Crystal Lake Watershed.

Recently, St. Thomas the Apostle built a new Pre-School building at 454 Lake Street adjacent to their elementary school. A copy of the signed agreement is attached for reference.



Votes Required to Pass:
Simple majority of City Council present.

DRAFT

The City of Crystal Lake Illinois

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager be authorized to execute the Crystal Lake Watershed Stormwater Management Facilities Non-Residential Maintenance Plan, Grant of Easement, and Funding Agreement with St. Thomas the Apostle Church for the property at 454 Lake Street.

DATED this 17th day of October, 2017.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
MAYOR

SEAL

ATTEST:

_____
CITY CLERK

PASSED: October 17, 2017

APPROVED: October 17, 2017

Agenda Item No: 15

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: McHenry County Natural Hazard Mitigation Plan

Staff Recommendation: Motion adopting a resolution authorizing the adoption of the McHenry County Natural Hazard Mitigation Plan.

Staff Contact: Paul DeRaedt, Fire Rescue Chief

Background:

The City has been notified by the McHenry County Emergency Management Agency that the McHenry County Natural Hazards Mitigation Plan for August 2017 has been approved by the Illinois Emergency Management Agency (IEMA) and the Federal Emergency Management Agency (FEMA) and now must be adopted by McHenry County and each municipality. At the November 17, 2009 City Council meeting, the City Council approved the City's participation in McHenry County's Natural Hazard Mitigation planning process, as well as the designation of the Fire Rescue Chief as the City's representative. At the March 15, 2011 City Council meeting, the City Council passed a resolution adopting the inaugural McHenry County Natural Hazard Mitigation Plan.

The McHenry County Natural Hazard Mitigation Plan was created to identify activities that can be undertaken at all levels of government and by the private sector to reduce the safety and health hazards and property damage caused by natural hazards. The Plan focuses on identified major natural hazards facing McHenry County, including floods, severe summer and winter storms, tornadoes, extreme cold and heat events, and drought.

As part of the McHenry County Natural Hazard Mitigation Plan, an action plan was created that identifies a series of action items that support the goals and guidelines of the McHenry County Natural Hazard Mitigation Plan. The action items are assigned to City Departments or to the McHenry County Hazard Mitigation Planning Committee or a department of McHenry County. The designated City Department will be responsible for the implementation of the action items within the City, as staff resources and funding permits. It should be noted that City staff has or is currently in the process of implementing many of the action items identified.

Changes in the 2017 plan compared to the 2010 plan involve the following:

- Updates to referenced standards
- Updates to tables from data received from each municipality (census data, flooding/storm history, ordinance adoptions, flood insurance claims, etc.)

- Action item updates (progress made by each municipality since the adoption of the 2010 plan for each identified action item.)
- Nine (9) additional action items were added to the 2017 plan with Crystal Lake participating in two (2) of these. (action item #'s 30 and 32). Seven (7) were community specific action items (action item #'s 24-29 and 31).

In addition, the development and adoption of a natural hazard mitigation plan allows municipalities to be eligible for Federal Emergency Management Agency hazard mitigation grant program funds. This plan fulfills the federal mitigation planning requirements for FEMA's Pre-Disaster Mitigation Program, Hazard Mitigation Grant Program and Flood Mitigation Assistance Program, and is eligible for credit under the FEMA National Flood Insurance Program's Community Rating System. Hazard mitigation grant funds are made available by FEMA through the Illinois Emergency Management Agency. With the recent flooding events that occurred throughout the City this summer and in previous years, City staff will again be applying for grant funds to mitigate some of the flooding concerns expressed by our residents. Adoption of this plan is necessary in order to apply for these grants.

The attached resolution will formalize the City's adoption of the McHenry County Natural Hazard Mitigation Plan and allow the City to be eligible for hazard mitigation grant funding.

Votes Required to Pass:

Simple majority vote of the City Council

DRAFT

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, ILLINOIS, AUTHORIZING THE ADOPTION OF THE MCHENRY COUNTY NATURAL HAZARD MITIGATION PLAN

WHEREAS, McHenry County is subject to flooding, severe summer and winter storms, tornadoes, drought, and other natural hazards that can damage property, close businesses, disrupt traffic, and present a public health and safety hazard; and

WHEREAS, the McHenry County Hazard Mitigation Planning Committee has prepared a recommended *McHenry County Natural Hazard Mitigation Plan* that reviews the County's options to protect people and reduce damage from hazards; and

WHEREAS, the *McHenry County Natural Hazard Mitigation Plan*, developed as a multi-jurisdictional plan, has been submitted and approved by Illinois Emergency Management Agency (IEMA) and the Federal Emergency Management Agency (FEMA); and

WHEREAS, the recommended *McHenry County Natural Hazard Mitigation Plan* has been widely circulated for review by residents and federal, state, and regional agencies and has been supported by those reviewers; and

WHEREAS the preparation and adoption of a community mitigation plan is a requirement of FEMA in order for McHenry County to be eligible for federal mitigation funds under Section 104 of the Disaster Mitigation Act of 2000 (42 USC 5165), and under 44 CFR (Code of Federal Regulations) Part 201.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE, of McHenry County, Illinois that the *McHenry County Natural Hazards Mitigation Plan, August 2017,* is hereby adopted as an official plan of the City of Crystal Lake; and

BE IF FURTHER RESOLVED, that Fire Rescue Chief Paul DeRaedt is hereby appointed as the City's representative on the McHenry County Hazard Mitigation Planning Committee and he will keep the City apprised of the mitigation action items undertaken by or reported to the McHenry County Hazard Mitigation Planning Committee, and

BE IT FURTHER RESOLVED, that the *McHenry County Natural Hazards Mitigation Plan* identifies a series of action items. The following action items are hereby assigned to the City department(s) as shown below, or to the McHenry County Hazard Mitigation Planning Committee or department of the McHenry County government. The designated City department shall be responsible for the implementation of the action item within the City, as staff resources and funding permit:

Action Item 1: Plan Adoption – Crystal Lake City Council

Action Item 2: Continuation of Mitigation Committee - McHenry County Board.

Action Item 3: Plan Monitoring and Maintenance - McHenry County Hazard Mitigation Planning Committee.

Action Item 4: Watershed Studies - McHenry County Planning and Development Department.

Action Item 5: Expand Stream Gaging Network - McHenry County Planning and Development Department.

Action Item 6: Stream Maintenance Programs – City Public Works Department (primary), City Engineering Division (secondary).

Action Item 7: Prohibited Waterway Dumping Ordinances – City Public Works Department (primary) City Engineering Division (secondary).

Action Item 8: Mitigation of Public Infrastructure – City Engineering Division (primary), City Public Works Department (secondary).

Action Item 9: Continued NFIP Compliance – City Engineering Division.

Action Item 10: Repetitive Loss Areas Study - McHenry County Planning and Development Department with cooperation of the City Engineering Division.

Action Item 11: Identification of Floodplain Structures - McHenry County Planning and Development and GIS Division.

Action Item 12: Investigation of Critical Facilities - McHenry County Emergency Management Agency and GIS Division.

Action Item 13: Critical Facilities Design with Natural Hazards Protection – City Engineering Division (primary), City Fire Rescue Department (secondary).

Action Item 14: Mitigation of Floodplain Properties - Property Protection Projects – City Engineering Division.

Action Item 15: Safe Rooms – City Building Division (primary), City Fire Rescue Department (secondary).

Action Item 16: Community Rating System Participation – City Engineering Division.

Action Item 17: Urban Forestry - Participation in Tree City USA – City Public Works Department (no formal participation anticipated).

Action Item 18: Participation in StormReady – City Fire Rescue Department (no formal participation anticipated).

Action Item 19: Strengthen Building Codes and Code Enforcement Training – City Engineering and Building Divisions.

Action Item 20: Seek Mitigation Grant Funding for Additional Mitigation Planning and Cost Beneficial Projects – City Engineering Division.

Action Item 21: Implementation of the Water Resources Protection Action Plan – McHenry County Water Resources Department and City Public Works Department

Action Item 22: Development of a Public Information Strategy – McHenry County Hazard Mitigation Planning Committee and City Fire Rescue Department.

Action Item 23: Property Protection References – City Fire Rescue Department.

Action Item 24: Warning System for Dunham Township – No Participation.

Action Item 25: Power Outages for the Community of Algonquin – No Participation.

Action Item 26: Replace Main Drain Tiles in Hebron Township – No Participation.

Action Item 27: Tornado Siren at Public Works Facility in the Village of Richmond – No Participation.

Action Item 28: Review of Storm Sewers/Drainage System Maintenance for the Village of Richmond Addressing All Hazards – No Participation.

Action Item 29: Outreach Projects (Seminars, Pamphlets, etc.) in the Village of Richmond – No Participation.

Action Item 30: Develop a Reliable Means for Citizens in Crystal Lake to Receive Official Information from the City – City Fire Rescue Department.

Action Item 31: Remote/Regional Salt Storage for McHenry County – No Participation.

Action Item 32: Include the McHenry County Natural Hazards Mitigation Plan into Other Plans

and;

BE IT FURTHER RESOLVED, that the City Clerk is hereby requested to distribute a certified copy of this Resolution to the McHenry County Emergency Management Agency Director and IEMA.

DATED this 17th day of October, 2017

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
Aaron T. Shepley, Mayor

SEAL

ATTEST

_____
Nick Kachiroubas, City Clerk

PASSED: October 17, 2017
APPROVED: October 17, 2017

Agenda Item No: 16

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Stormwater Solutions: Proposed Overhead Sewer Program

Staff Recommendation: Proceed with development of a citywide Overhead Sewer Matching Grant Program and associated budget amendment for future City Council approval

Staff Contact: Michael Magnuson, Director of Public Works

Background:
The stormwater flooding in June and July resulted in both surface flooding and high groundwater levels that affected homes and businesses. The high groundwater levels also impacted the City's sanitary sewer system with significant volumes of groundwater infiltrating into the system. These high groundwater levels contributed to sanitary sewer backups in some homes. Nine (9) reported sanitary sewer backups were reported during the storms with eight (8) occurring in homes and one business. Of these, Public Works is aware of six claims of damage to date. Some of the properties with backups from the storms have experienced backups in previous events.

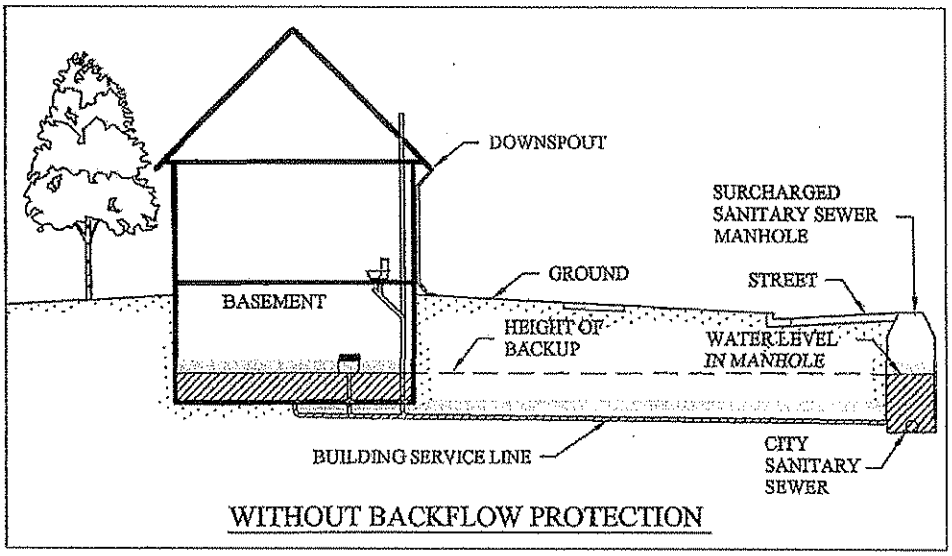
Sanitary sewer backups result in financial impacts to both the City and the homeowner.

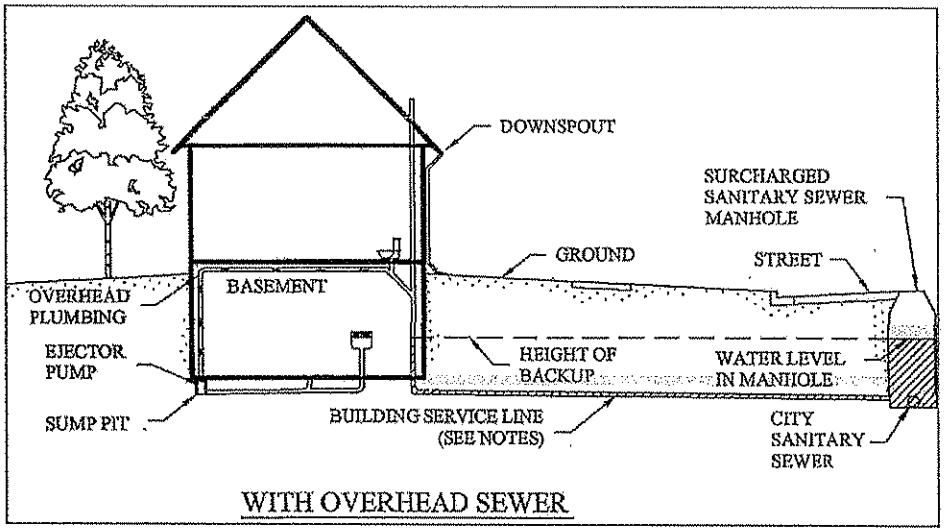
Sanitary sewer backups occur in older homes that have a sanitary service line below the floor elevation in the basement level. Current City building codes and regulations require that all new construction utilize overhead sewers (ejector pumps) for lower levels of a home to prevent sanitary sewer backups.

There are several methods for homeowners to minimize backups and these include:

- Horizontal check valves (one-way valve)
- Gate valves (shut off valves)
- Overhead sewer (inside or outside of dwelling unit)

Check valves can clog with debris and both check valves and gate valves can fail under certain high-pressure circumstances. Gate valves require the homeowner to be home and manually shut the valve during high flow events. The overhead sewer solution offers the most protection of the three by elevating the sewer service line above the level of the sanitary sewer in the street and combining this with a vertical check valve at the ejector pit. An exhibit depicting a home with and without an overhead sewer is depicted below:





Discussion:

To combat and minimize groundwater inflow and infiltration (I & I) into the system, Public Works budgets funds each year for sanitary sewer/manhole lining and grouting. With over 176 miles of sewer and hundreds of manholes, this effort alone will not eliminate the potential for backups from I & I.

A number of municipalities in the Chicagoland area have instituted programs to assist homeowners with improvements to reduce and eliminate the potential for back-ups. Most all of these programs include an overhead sewer program whereby the municipality provides matching grants in the form of reimbursement for conversion of an older home's sanitary service to an overhead configuration. A partial list of area municipalities with such programs include:

Arlington Heights	Libertyville	Elmhurst	Roselle	Glen Ellyn
Oak Park	Glenview	Northbrook	Wheaton	Lombard
Champaign	Barrington	Palatine	North Aurora	

The majority of these programs provide a 50% match for eligible construction costs subject to a maximum limit. The programs typically include an application process, approval of bids and construction permit, homeowner agreement, inspection and reimbursement. Some programs provide funding preference to those homes that have documented a sanitary sewer back up.

Recommendation:

The Public Works Department would like to proceed with developing an overhead sanitary sewer matching grant program for the City of Crystal Lake. The program would have the following public benefits:

- Reduce City costs and expenditure of City resources associated with responding to, investigating and documenting back-ups.
- Safeguards the public health by reducing the potential for back-ups into homes.
- Reduces the risk of potential claims against the City.

The program would generally consist of the following:

- Limited to existing residential properties only (no new construction).
- Limited to overhead sewer improvements (no check valves or gate valves.)
- Provide a 50% match up to a maximum of $7,500.
- Limit eligible costs to plumbing related to improvements inside of home (no drywall, interior finishes, carpeting, etc.) and limit outdoor eligible costs to restoration of grass surfaces (no landscaping, trees, fences, etc.)
- Plumbing improvements must meet current building codes, including venting.
- An application process (three bids), approval process with homeowner agreement, permitting, inspection and reimbursement.
- Agreement and inspection to include verification that sump pumps and downspouts are not connected to sanitary sewer service.

Staff has identified $80,000 in funding that could be allocated to the program from the Water and Sewer Fund this fiscal year. The $80,000 would fund at least 10 conversions at a maximum match of $7,500. Funding in future years would be subject to the annual budgeting process.

Agenda Item No: 17

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Tree Pruning Services Contract Award

Staff Recommendation: Motion to award the contract for tree pruning services to the lowest responsive and responsible bidder, Acres Group, and to adopt a resolution authorizing the City Manager to execute a contract with Acres Group in the amount bid.

Staff Contact: Michael Magnuson, Director of Public Works

Background:

On October 6, 2017, the City of Crystal Lake publicly opened and read aloud the bids received for tree pruning services. The Public Works Department Urban Forest Management Plan strives to achieve a healthy, sustainable urban forest and improve the natural resource management within the City. One of the goals of the Plan is to trim parkway trees on a 5-year cycle. The program covers only trees that require routine arboriculture pruning to correct structural problems or growth patterns which would eventually obstruct traffic or interfere with sightlines or signage. One of the main objectives of this pruning is to raise the crown of the trees to stay consistent with City policies.

The 2017/2018 program will trim approximately 1,100 trees within the Lakeview Business Center and a portion of the Coventry neighborhood. The breakdown of bids is as follows:

	Bid Price per Tree
√ Acres Group Landscaping Wauconda, IL	**$30.00**
Advanced Tree Care Lincolnshire, IL	$60.00

√ Indicates the lowest responsive and responsible bidder

Recommendation:

The Public Works Department has reviewed all bids received for completeness and accuracy in accordance with the invitation to bid documents. It is the recommendation of staff to award the Tree Pruning Services contract to the lowest responsive and responsible bidder, Acres Group. Acres Group has performed these services for the City in the past with favorable results.

Votes Required to Pass:

Simple Majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City Manager is authorized to execute a Contract with Acres Group for Tree Pruning Services in the amount bid.

DATED this 17th day of October, 2017.

CITY OF CRYSTAL LAKE,
an Illinois municipal corporation,

By:_____
MAYOR

SEAL
ATTEST

_____
CITY CLERK

PASSED: October 17, 2017

APPROVED: October 17, 2017

Agenda Item No: 18

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: State of Illinois Joint Purchase Contract for Mobile Data Computers for Public Safety Vehicles

Staff Recommendation: Motion to adopt a resolution authorizing the City Manager to execute an agreement with CDS Office Technologies for the purchase of eleven (11) mobile data computers in the amount of $32,725.00 through the State of Illinois Joint Purchasing Program.

Staff Contact: Gregory A. Fettes, Director of Information Technology

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Background:

Every year, as a part of the budget preparation process, Information Technology staff review the City's inventory of Mobile Data Computers with the Public Safety Departments, in concert with long-term planning for equipment replacement, to determine the necessity for replacements during the next Fiscal Year. As a part of this review, age of the equipment and the types of repair orders received over the course of the unit's lifetime are all taken into consideration.

Mobile Data Computers are utilized in both Police and Fire Rescue Department vehicles to provide computer aided dispatching, communications and geographic information system information in the vehicles. In addition, the Mobile Data Computers provide the ability for report writing and computer aided citation issuance as well.

The typical replacement cycle for Mobile Data Computers that are in continuous use is generally every four (4) to five (5) years. As a computer ages, particularly machines that are in continuous use, their electronic components deteriorate. This component deterioration can be hastened and made worse through the challenging conditions encountered by Public Safety vehicles, namely the extremes of heat and cold experienced throughout the year and the constant vibration experienced as the vehicle is driven. The most noticeable result of electronic component deterioration is a marked increase in component failures and a significant slowdown in the performance of the machines.

The current Fiscal Year budget provides for the replacement of eight (8) Mobile Data Computers in the Police Department and three (3) Mobile Data Computers in the Fire Rescue Department. The Panasonic CF-54 Toughbook laptop (14" screen) has been evaluated and determined to meet the needs of the departments, at a lower cost than the previously utilized laptops.

State Joint Purchasing contracts which have been publicly procured by the State of Illinois, have been awarded to CDS Office Technologies for Mobile Data Computer Technology. The hardware in the State Joint Purchase contracts is Panasonic Toughbook branded hardware. The City has utilized Panasonic hardware in public safety vehicles for many years with excellent results.

Sufficient funding is available in the FY2017-2018 budget for this project.

Recommendation:

It is the recommendation of Information Technology to purchase eleven (11) mobile data computers from CDS Office Technologies in the amount of $32,725.00 through the State of Illinois Joint Purchasing Program.

Votes Required to Pass:

Simple Majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City is authorized to participate in the State of Illinois Joint Purchasing Program and that the City Manager is authorized to execute a contract with CDS Office Technologies for the purchase of eleven (11) mobile data computers in the amount of $32,725.00 from the State of Illinois Joint Purchasing Program.

DATED this 17th day of October, 2017.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL

ATTEST

_____
CITY CLERK

PASSED: October 17, 2017
APPROVED: October 17, 2017

Agenda Item No: 19

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Midwestern Higher Education Compact Cooperative Purchasing Program for Desktop Computers

Staff Recommendation: Motion to adopt a resolution authorizing the City Manager to execute an agreement with Dell, Inc., for the purchase of forty-one (41) computer desktops and monitors in the amount of $35,740.11 through the Midwestern Higher Education Compact Cooperative Purchasing Program.

Staff Contact: Greg Fettes, Director of Information Technology

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Background:

Every year, as a part of the budget preparation process, Information Technology staff review the City's inventory of data processing equipment, in concert with long-term planning for equipment replacement, to determine the necessity for replacements during the next Fiscal Year. As a part of this review, age of the equipment, what role the equipment plays in the organization, and the types of repair orders received over the course of the unit's lifetime are all taken into consideration.

The typical replacement cycle for corporate desktop machines that are in continuous use is generally every four (4) to five (5) years. As a computer ages, particularly machines that are in continuous use, their electronic components deteriorate. The most noticeable result of this deterioration is a marked increase in component failures and a significant slowdown in the performance of the machine. As machines become slower and must be taken out of service more often for repairs, a significant impact on employee productivity can result. In addition, after several years of service, computer monitors begin to lose their clarity and brightness, which results in difficulty for employees viewing the information on their screens.

As a part of the FY2017-2018 budget, a total of forty-one (41) new and replacement desktop machines were identified. Most of the machines identified for replacement have already reached or will reach an age of at least five (5) years by the time they are replaced.

The Midwestern Higher Education Compact Cooperative Purchasing program has awarded a competitive RFP to Dell, Inc. for desktop computers. The price offered through this contract of approximately $871.00 per unit is well below the retail price (approximately 44% off the retail price) and is below the approximately $1,000.00 price of machines purchased through the State Joint Purchase program for the past several years.

The City has had significant experience with Dell hardware, both through desktop purchases in the past, as well as higher end server purchases for many years. We have been satisfied with the quality of the hardware Dell produces.

Sufficient funding is available in the FY2017-2018 budget for this project.

Recommendation:

It is the recommendation of Information Technology to purchase forty-one (41) computer desktops and monitors from Dell, Inc., in the amount of $35,740.11 through the Midwestern Higher Education Compact Cooperative Purchasing Program.

Votes Required to Pass:

Simple Majority

DRAFT

RESOLUTION

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE that the City is authorized to participate in the Midwestern Higher Education Compact Cooperative Purchasing Program and that the City Manager is authorized to execute a contract with Dell, Inc., for the purchase of forty-one (41) computer desktops and monitors in the amount of $35,740.11, from the Midwestern Higher Education Compact Cooperative Purchasing Program.

DATED this 17th day of October, 2017.

CITY OF CRYSTAL LAKE, an Illinois Municipal Corporation

BY: _____
Aaron T. Shepley, Mayor

SEAL

ATTEST:

_____
Nick Kachiroubas, City Clerk

PASSED: October 17, 2017
APPROVED: October 17, 2017

Agenda Item No: 20

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Annual Audit for the Fiscal Year 2016-2017

Staff Recommendation: Motion to adopt a Resolution accepting the Comprehensive Annual Financial Report of the City of Crystal Lake for the Fiscal Year ending April 30, 2017.

Staff Contact: George Koczwara, Director of Finance
Laura Herrig, Assistant Finance Director
Stephanie Wrolson, Accountant

Background:
The City of Crystal Lake Fiscal Year 2016-17 Comprehensive Annual Financial Report (CAFR) has been completed. This report is management's annual financial report to the taxpayers, governing council, oversight bodies, investors and creditors of the City. This report provides a historical picture of the City's financial status as of April 30, 2017 and activities for the year (May 1, 2016 to April 30, 2017). **Selden Fox, Ltd. has expressed that the City's financial statements present fairly, in all material respects, the financial position of the City for the fiscal year ended April 30, 2017 (a "clean" opinion).** The report is available on-line at the City's website, under the "About Us" tab, under "Website Transparency."

State law (65 ILCS 5/8-8) requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

In addition, on July 16, 2014, Public Act 98-0738 was signed into law. It relates to new requirements concerning the audit of annual financial statements. The effective date of this act was January 1, 2015. This Act was added to the Illinois Municipal Code and requires the auditor to perform the following within sixty days after the issuance of audited financial statements:

- Provide a copy of the management letter and audited financial statements to the Municipality's Corporate Authorities. If the county or municipality maintains a website, these reports shall be posted to the website.
- Present the information from the audit to the Municipality's Corporate Authorities either in person or by a live phone or web connection during a public meeting.

Comprehensive Annual Financial Report, Communication with Those Charged with Governance, and Management Letter

Comprehensive Annual Financial Report (CAFR)

The CAFR is a thorough, detailed presentation of the City's financial position and activities for the year. **The 2016-17 CAFR was audited by Selden Fox, Ltd. The City received a "clean" opinion (see page 2), the highest obtainable.** As indicated in the CAFR, the auditors note:

> In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the City of Crystal Lake, Illinois as of April 30, 2017, and the respective changes in financial position and where applicable cash flows thereof, and the respective budgetary comparison for the General Fund, the Motor Fuel Tax, Fire Rescue and Home Rule Sales Tax Funds (major Special Revenue Funds) for the year ended, in conformity with accounting principles generally accepted in the United States of America.

The CAFR is a valuable tool that enables City officials and investors to make financial decisions from sound and timely information. The report provides an independently audited accounting of the financial condition of the City. The CAFR contains a set of financial statements comprising the financial report of the City that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). GASB provides standards for the content of a CAFR in its annually updated publication Codification of Governmental Accounting and Financial Reporting Standards. The CAFR is composed of three sections: Introductory, Financial and Statistical. It combines the financial information of fund accounting and Enterprise Authorities accounting.

Communication with those Charged with Governance and Management Letter

Currently, Auditing Standards require two separate communications following the audit of the financial statements. The Auditor's **Communication with Those Charged with Governance** requires the communication of: the auditor's responsibilities under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. As indicated in the attached Communication, the auditors:

- Found the disclosures in the financial statements are neutral, consistent, and clear.
- Encountered no significant difficulties in dealing with management in performing and completing the audit.
- Encountered no disagreements with management.

Also included in this Communication are adjusting entries, entries made by City staff to account for post-year-end transactions (for example, to record IEPA loan proceeds that will be drawn following payments the City made at year end for services rendered in connection with the construction of the second digester at Wastewater Treatment Plant #2 and to record receipts of IEPA loan proceeds as a debt of the City). Adjusting entries also include reclassifying debt due within the next fiscal year, from a long-term liability to a short-term liability and reclassifying a portion of contributions made to IMRF from a General function or activity to the Public Safety and Highways and Streets functions for GASB 34 reporting purposes. Finally, adjusting entries were made in order to account for the City's net pension liability, as required by GASB Statement 68. All three types of entries occur regularly during the normal course of an audit.

The second communication following the audit of the financial statements which requires the communication of deficiencies in internal control that meet the definition of a material weakness or a significant deficiency (**Management Letter**). **The attached Management Letter does not include any information of any deficiencies.** The attached Management Letter highlights upcoming GASB pronouncements.

In addition to the two required communications, the auditor may communicate other matters to those charged with governance that are not required by US Auditing Standards if the auditor feels such matters are of importance to the local government. These communications may be combined into one report or delivered in separate reports.

GASB 67 and 68

Different standards-setting bodies have authority for establishing accounting reporting standards for the different levels of government. Accounting and financial reporting standards for the federal government are recommended by the Federal Accounting Standards Advisory Board (FASAB). Accounting and financial reporting standards for state and local government in the United States are set by the Governmental Accounting Standards Board (GASB).

The Governmental Accounting Standards Board (GASB) is the source of generally accepted accounting principles (GAAP) used by state and local governments in the United States. As with most of the entities involved in creating GAAP in the United States, it is a private, non-governmental organization. The GASB is subject to oversight by the Financial Accounting Foundation (FAF), which selects the members of the GASB and the Financial Accounting Standards Board, and funds both organizations.

The mission of the Governmental Accounting Standards Board is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

The GASB recently established new reporting requirements for "defined benefit" pensions plans. (Defined benefit pension plans guarantee a certain level of benefits based on a calculation, typically including years of service, as opposed to the 401k-type plans for which benefits depend on contributions and the performance of the investments). In summary, the requirements stipulate that governments providing defined benefit pensions to 1) recognize their long-term obligation for pension benefits as liabilities on the balance sheet for the first time, 2) more comprehensively and comparably measure the annual costs of pension benefits, and 3) enhance note disclosures and Required Supplementary Information for pension plans. GASB took this action by adopting Statements 67 and 68, which supersede Statements No. 27 and 50. (More detailed information on these GASB statements can be found at their website at www.gasb.org.)

These new reporting requirements affects how the City reports pension obligations rather than how the City funds its pensions. These changes have been incorporated into the City's Comprehensive Annual Financial Report (CAFR). Statement 67 was incorporated in the CAFR for fiscal year ending April 30, 2015 while Statement 68 is being incorporated in the attached CAFR for fiscal year ending April 30, 2016.

According to a GASB press release, Statement 67 "addresses financial reporting for state and local government pension plans. Statement 68 establishes new accounting and financial reporting requirements for governments that provide their employees with pensions."

Statement 67 does not have much of an impact on the City's reporting requirements; instead, it affects the reporting requirements of the actual plans. There are three different types of pension plans: single-employer plans, agent multiple-employer plans, and cost-sharing multiple-employer plans. In Crystal Lake's case, all eligible non-sworn employees are part of the Illinois Municipal Retirement Fund (IMRF). IMRF is an agent multiple employer plan. Crystal Lake police officers and firefighter/paramedics are part of their respective public safety pension plans. The Crystal Lake Police Pension Plan and the Crystal Lake Firefighter's Pension Fund are single-employer plans.

Prior to implementing GASB 68, employers recognized annual pension cost under a funding approach, wherein pension expense was the annual required contribution to the plan. A pension liability arose when there was a difference between the annual contributions required and the annual contributions made. With the implementation of GASB 68, employers recognize a liability in their financial statements as employees earn their pension benefits (i.e., as they provide services to the government).

Statement 68 will only impact what information will go on the City's financial statements. It does not affect the City's cash position. The City's statutorily required contribution formulas to IMRF and the Police and Firefighters' pension funds are unchanged. Instead, the City has to recognize a liability for future pension benefits in excess of accumulated resources. This will not impact how much the City has to contribute. These changes will reduce the City's equity in its financial statements, but not its actual equity in the bank. On the balance sheet, there will be a liability for the unfunded portion of the pension plans.

In summary, the impact will be that:

- Accounting liabilities will be higher than funding liabilities
- Accounting liabilities are recorded for the first time
- Contribution rates will not increase because of these new requirements
- Initially, there may be some confusion

Certificate of Achievement for Excellence in Financial Reporting Program (GFOA CAFR Program)

The Government Finance Officers Association (GFOA) is a professional association of approximately 17,500 state, provincial, and local government finance officers in the United States and Canada. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), is comprised of individuals with expertise in public-sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

For the twenty-seventh consecutive year, the City's financial report has been prepared to comply with the high standards of the GFOA Certificate of Conformance for Excellence in Financial Reporting Award Program criteria.

Recommendation

It is staff's recommendation to adopt a Resolution accepting the Comprehensive Annual Financial Report of the City of Crystal Lake for the Fiscal Year ending April 30, 2017. Members of the audit firm and Finance Department staff will be present at the meeting to address any questions.

Votes Required to Pass:

Simple majority

DRAFT

RESOLUTION TO ACCEPT THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF CRYSTAL LAKE FOR THE FISCAL YEAR ENDING APRIL 30, 2017

WHEREAS, the City of Crystal Lake has prepared financial statements provided for in a Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended April 30, 2017; and

WHEREAS, Selden Fox, Ltd, an independent audit firm, ("Auditor") has audited the financial statements contained in the CAFR of the City of Crystal Lake in accordance with Generally Accepted Accounting Standards and Government Auditing Standards; and

WHEREAS, it is the Auditor's responsibility to express an opinion on these financial statements based upon their audit; and

WHEREAS, in the opinion of the Auditor, the financial statements as audited present fairly, in all material respects, the financial position of the City of Crystal Lake as of April 30, 2017, and the results of its operations for the year then ended in conformity with Generally Accepted Accounting Principles; and

WHEREAS, the Auditor has presented the information from the audit to the City Council in person during the October 17, 2017 City Council meeting.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Crystal Lake, McHenry County, Illinois, as follows:

Section 1. The City Council be and hereby accepts the audited Comprehensive Annual Financial Report, the Communication with those Charged with Governance, and Management Letter for the City of Crystal Lake for the fiscal year ending April 30, 2017.

Section 2. City Staff is directed to post all required documents per Public Act 098-0738 on the City of Crystal Lake website.

DATED this 17th day of October, 2017.

CITY OF CRYSTAL LAKE, an
Illinois municipal corporation,

By:_____
MAYOR

SEAL
ATTEST

_____
CITY CLERK

PASSED: October 17, 2017
APPROVED: October 17, 2017

Agenda Item No: 24

City Council
Agenda Supplement

Meeting Date: October 17, 2017

Item: Foreign Fire Insurance Tax Board City Code Amendment and Resolution Establishing a Foreign Fire Insurance Tax Account

Staff Recommendation: Motion to adopt an ordinance amending City Code Section 11-9, Foreign Fire Insurance Tax Board and to adopt a Resolution authorizing the establishment of a Foreign Fire Insurance Tax Account for the Crystal Lake Foreign Fire Insurance Board.

Staff Contact: George Koczwara, Director of Finance

Background:

In Illinois, a Foreign Fire Insurance Tax is levied on fire insurance companies which are not incorporated under the laws of the State of Illinois. These companies are required to pay a tax in an amount not to exceed two percent of the gross receipts from insurance policies affecting properties within the city limits. The City is authorized to levy the tax, which is collected by the Illinois Municipal League "in the name of and for" the City. The City is required by statute to appropriate the tax moneys "only for the maintenance, use, and benefit of the department," and the foreign fire insurance board is empowered to determine the discrete purposes for which the moneys will be expended.

At the January 1, 2017 City Council meeting, the City Council adopted an Ordinance amending the City Code to clarify the use of the proceeds of the Foreign Fire Insurance Tax Revenues and to expressly levy the foreign fire insurance tax. At the August 1, 2017 City Council meeting, the City Council repealed the City's Foreign Fire Insurance Tax.

The attached proposed Ordinance will further amend the City Code by amending the bond requirements of Section 11-9 of the City Code. The attached proposed Resolution will authorize the establishment of a Foreign Fire Insurance Tax Account for the Crystal Lake Foreign Fire Insurance Board.

Recommendation:

It is staff's recommendation to amend City Code Section 11-9, Foreign Fire Insurance Tax Board, and to adopt a Resolution authorizing the establishment of a Foreign Fire Insurance Tax Account for the Crystal Lake Foreign Fire Insurance Board.

Votes Required to Pass:

Simple majority

DRAFT ORDINANCE NO. _____
FILE NO. _____

AN ORDINANCE FURTHER AMENDING SECTION 11-9 OF THE CITY CODE OF THE CITY OF CRYSTAL LAKE AND REPEALING THE FOREIGN FIRE INSURANCE TAX

WHEREAS, pursuant to Article 11, Division 10 of the Illinois Municipal Code, 65 ILCS 5/11-10-1 et seq., the City of Crystal Lake (the "***City***") has previously enacted an ordinance, as codified in Section 11-9 of the City Code of Crystal Lake (the "***City Code***"), to impose a foreign fire insurance tax at a rate of two percent (2%), to regulate the collection and management of foreign fire insurance taxes in a Foreign Fire Insurance Tax Fund (the "***FFI Fund***"), and to provide for the establishment of a Foreign Fire Insurance Board (the "***FFI Board***") to manage such funds; and

WHEREAS, the City Council has subsequently amended Section 11-9 of the City Code, including the reduction of the foreign fire insurance tax rate to zero percent (0%); and

WHEREAS, the Mayor and City Council have determined that it is in the best interests of the City and its residents to amend Section 11-9 of the City Code as hereinafter set forth;

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Crystal Lake, McHenry County, Illinois, as follows:

Section One: Recitals. The foregoing recitals are incorporated herein as findings of the Mayor and City Council.

Section Two: Amendment. Subsection (d)(6) of Section 11-9 of the City Code of the City of Crystal Lake is hereby amended, so that said Section shall hereafter be and read as follows:

Section 11-9: Foreign Fire Insurance Tax Board.

* * *

(d) Procedure for use and accounting of tax fund.

* * *

6. The Board's Treasurer shall provide a bond to the City in an amount equal to **$50,000.00** ~~1.5 times the average amount of FFI Tax moneys received by the City~~ to ensure the faithful performance by the Treasurer of duties imposed by law and the Board. The bond, the form and content of which

shall be approved by the Mayor, shall be conditioned on the faithful performance by the Treasurer of his or her duties, and shall indemnify the City and the FFI Tax Fund for any loss by reason of any neglect of duty or any act of the Treasurer.

* * *

Section Three. Effective Date. This Ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet form in the manner provided by law.

AYES:

NAYS:

ABSENT:

PASSED this ___ day of October, 2017.

APPROVED by me this ____ day of October, 2017.

_____
MAYOR

ATTEST:

_____
DEPUTY CITY CLERK

DRAFT

CITY OF CRYSTAL LAKE

RESOLUTION AUTHORIZING THE EXTABLISHMENT OF A FOREIGN FIRE INSURANCE TAX ACCOUNT FOR THE CRYSTAL LAKE FOREIGN FIRE INSURANCE BOARD

WHEREAS, pursuant to Division 11-10 of the Illinois Municipal Code and Section 11-9 of the City Code of the City of Crystal Lake (the "***City***"), the City has received moneys (the "***FFI Funds***") relating to foreign fire insurance companies doing business in Crystal Lake; and

WHEREAS, pursuant to Section 11-9(d) of the City Code, the City Council may by resolution transfer all FFI Funds into an account (the "***FFI Tax Account***") that will be under the sole control of the Crystal Lake Foreign Fire Insurance Board (the "***FFI Board***") and its Treasurer (the "***FFI Treasurer***"); and

WHEREAS, the City has received a bond for the FFI Treasurer in conformity with Section 11-9(d)(6) of the City Code; and

WHEREAS, the City Council has previously designated certain financial institutions as depositories for City Funds and designated signatories; and

WHEREAS, the City Council has determined that it is in the best interests of the City and its residents to establish the FFI Tax Account in accordance with the terms hereinafter set forth;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Crystal, McHenry County, Illinois:

Section 1: Incorporation of Recitals. The foregoing recitals are hereby expressly incorporated into and made a part of this Resolution.

Section 2: Establishment of FFI Tax Account. The City Council hereby designates Baxter Credit Union (the "***Bank***") as a designated City financial institution and authorizes and directs the City's Finance Director to establish, within 21 days after the date of this Resolution, a bank account of the City with the Bank to be referred to as the FFI Tax Account, subject to the following terms and conditions:

a. The FFI Tax Account shall be the property of the City;

b. Withdrawals from the FFI Tax Account shall be made only upon the authorization of FFI Board as evidenced by an appropriate written instrument signed by the FFI Treasurer and at least one of the following additional persons: (i) the FFI Board chair, or (ii) the FFI Board vice-chair; and

c. Following the establishment of the FFI Tax Account, the FFI Board shall only authorize withdrawals from the FFI Tax Account for an Authorized Expenditure in accordance with Section 11-9(a)(2) of the City Code.

Upon confirmation that the FFI Tax Account has been established as hereinabove provided and the necessary signature cards have been delivered to the Bank, the City's Finance Director shall deposit all of the FFI Funds currently on hand with the City into the FFI Tax Account. Notwithstanding the preceding sentence, nothing in this Resolution shall preclude the City's Finance Director to cause the FFI Funds to be delivered to the Clerk of the Circuit Court for the 22d Judicial Circuit, McHenry County, Illinois, in connection with the matter captioned "*City of Crystal Lake Fire Rescue Department Foreign Fire Insurance Tax Board, et al., v. City of Crystal Lake, et al.,* Case No. 17 MR 587" in lieu of depositing the FFI Funds directly to the FFI Tax Account. Any additional FFI Funds that the City may hereafter receive shall be promptly deposited into the FFI Tax Account (or delivered to the Clerk of the Circuit Court, as the case may be).

Section 3: Effective Date: This Resolution shall take effect and be in full force and effect immediately on and after its passage and approval.

ADOPTED this ____ day of _____ 2017, pursuant to a roll call vote as follows:

AYES:

_____

NAYS:

_____

APPROVED ____ day of _____ 2017.

_____
Mayor

ATTEST:

_____
City Clerk