

**MINUTES
WINNETKA VILLAGE COUNCIL
REGULAR MEETING
September 6, 2016**

(Approved: September 20, 2016)

A record of a legally convened regular meeting of the Council of the Village of Winnetka, which was held in the Village Hall Council Chambers on Tuesday, September 6, 2016, at 7:00 p.m.

- 1) Call to Order. President Greable called the meeting to order at 7:00 p.m. Present: Trustees Andrew Cripe, William Krucks, Penfield Lanphier, Scott Myers, Christopher Rintz and Kristin Ziv. Absent: None. Also present: Village Manager Robert Bahan, Assistant to the Village Manager Megan Pierce, Community Development Director Mike D'Onofrio, Finance Director, Tim Sloth, Assistant Water & Electric Director Giovanni McLean, Director of Water & Electric Brian Keys, Village Attorney Peter M. Friedman, and approximately 25 persons in the audience.
- 2) Pledge of Allegiance. President Greable led the group in the Pledge of Allegiance.
- 3) Quorum.
 - a) September 13, 2016 Study Session. All of the Council members present indicated they expect to attend.
 - b) September 20, 2016 Regular Meeting. All of the Council members present indicated they expect to attend.
 - c) October 4, 2016 Regular Meeting. All of the Council members present indicated they expect to attend.
- 4) Approval of the Agenda. Trustee Rintz requested Item 5(c) be pulled from the Consent Agenda for discussion under New Business.
- 5) Consent Agenda
 - a) Village Council Minutes.
 - i) August 16, 2016 Regular Meeting.
 - b) Warrant List. Approving the Warrant List dated August 12 – September 1, 2016 in the amount of \$2,161,108.40.
 - c) Resolution No. R-46-2016: Purchase of Two Stormwater Pumps (Adoption). This item was pulled from the Consent Agenda for discussion under Item 10(a), New Business.

Trustee Lanphier, seconded by Trustee Ziv, moved to approve the foregoing items on the Consent Agenda by omnibus vote. By roll call vote, the motion carried. Ayes: Trustees Cripe, Krucks, Lanphier, Myers, Rintz and Ziv. Nays: None. Absent: None.
- 6) Stormwater Report. None.
- 7) Ordinances and Resolutions. None.

8) Public Comment.

Richard Kates, 1326 Tower Road. After Mr. Kates complimented the Village on conducting a stormwater survey, he accused the Village of delaying the opening of a new ice cream store in the Hubbard Woods business district.

Manager Bahan said the delay is being caused by a dispute between the landlord and the new tenant.

Mr. D’Onofrio explained the dispute centers around who will pay for a revision in the approved plans, and he added it is the responsibility of the project’s architect to develop a compliant plan.

Sue Connaughton, 162 Fuller Lane. Ms. Connaughton said the flooding in her street is unacceptable.

Lee Ann Rechtin, 123 Fuller Lane. Ms. Rechtin said when the street floods, emergency vehicles cannot respond to residents on her street if the need arises.

Manager Bahan explained the Village’s flood survey will conclude in a few weeks, and the Council’s October Study Session will be devoted to a discussion of “quick fixes.” He offered to send Public Works engineers to talk to the two residents.

9) Old Business.

a) 5 Indian Hill Road, Subdivision and Zoning Variation: Policy Direction.

Mr. D’Onofrio reviewed this request for a subdivision on the subject property. The proposal has been revised to address neighbors’ concerns since the Council first discussed the request on July 5.

Hal Franke, attorney for the applicants. Mr. Franke said there was a meeting with the neighbors at the Council’s request on July 5. He noted the Village’s subdivision code does not contain a series of standards for approval, only requirements that must be met. He stated a case has been made for granting a zoning variation in this instance, citing reasonable return as an issue.

JoAnn Hudson, the applicants’ real estate broker. Ms. Hudson said the home was bought in 1999, and that in the current market environment, “McMansions” are difficult to sell.

After the Council discussed flag lots and asked several other questions, President Greable called for public comment.

Dana and Laura Connell, 2 Indian Hill Road; Baird Smart, 112 Church Road; Kevin Sheridan, 7 Indian Hill Road; Dave Hawkins, 3 Indian Hill Road; Ernie MacVicar, One Indian Hill Road; and Tom Willard, 100 Church Road. All of these neighbors spoke in opposition to the requested subdivision and zoning variation.

Attorney Friedman explained the Council’s standards for subdivision approval are “practical difficulties and particular hardships.”

Mr. Franke rebutted the neighbors’ opposition claims and could not confirm that the applicants would be open to restrictions on any new development on a proposed new lot.

The Council discussed the application in depth, with several Trustees feeling the request should be denied and others wanting to approve, resulting in a tie, with three for and three against. Attorney Friedman explained since the Zoning Board of Appeals voted to recommend denial of the application, the Council needs at least four Trustees voting yes on an approval Ordinance, and the Village President is not eligible to cast a tie-breaking vote.

Krucks, seconded by Myers moved to deny the application: By roll call vote the motion passed. Ayes, Trustees Krucks, Myers, Cripe, and Lanphier. Nays: Trustees Rintz and Ziv. Absent: None.

10) New Business.

- a) Resolution No. R-46-2016: Purchase of Two Stormwater Pumps (Adoption). Manager Bahan explained the purchase of these extra pumps will round out the Village’s inventory for emergency preparedness.

After a brief discussion, Trustee Rintz, seconded by Trustee Cripe, moved to adopt Resolution No. R-46-2016. By roll call vote, the motion carried. Ayes: Trustees Cripe, Krucks, Lanphier, Myers, Rintz and Ziv. Nays: None. Absent: None.

- b) Water Main Replacement and Water Rate Study. Mr. Keys explained that much of the Village’s water delivery infrastructure is over 100 years old, and many of the water mains are undersized for modern use. Last December, the Village hired Burns & McDonnell to develop a long-term replacement plan and companion funding strategy. The project scope included development of a prioritization plan for the replacement of water mains, determining the appropriate pace of replacement, and performing a rate study of the Village’s water system.

Mr. Keys reported the first two steps of the project are completed, and Burns & McDonnell has prepared a preliminary report, *Water Main Replacement Plan and Water Rate Study*, which summarizes the preliminary recommendations. The consultant needs some direction from the Council before proceeding further and issuing a final report with cost of service and rate design elements included.

Mr. Keys introduced Claus Dunkelberg and David Naumann from Burns & McDonnell. Mr. Dunkelberg gave background on the project and also reviewed the project objectives and methodology. He then gave a detailed explanation of the water main replacement approach, and noted that many other towns are grappling with the same challenge of aging infrastructure and limited funds to pay for repair and replacement. The proposed replacement cycle for Winnetka is 100 years.

Mr. Naumann reviewed Step #2, financial planning to provide sufficient revenues to fund the Water Department’s capital needs. After noting that nationally, water rates are rising faster than general inflation, Mr. Naumann explained his financial planning method relies on consumers paying for what they use; therefore, the recommended funding mechanisms are rate-based. After reviewing three renewal/replacement scenarios, he recommended Scenario #1 as the scheme with the most benefits that would jumpstart a replacement project, mitigate the need for erratic rate increases and minimize reliance on debt.

The Council expressed distaste for significant rate increases, and Mr. Keys reviewed recent past rate increases. Manager Bahan noted the water main replacement program

could be rolled into a capital improvement program similar to the Public Works Department's road rehabilitation program.

The Trustees asked a number of questions, including:

- How do Winnetka's operation and maintenance costs (O&M) compare to those of neighboring towns?
- How do other communities pay for their water main replacement?
- What type of replacement plans are other communities using?
- Is it possible to lower the suggested rate increases and replace water main at a slower level?
- Could Winnetka buy water from Wilmette or sell water to other communities?
- What are comparable communities experiencing in their water rates and replacement costs? (Of more interest than national averages.)

Mr. Keys explained:

- Staff would have to do more research to benchmark O&M costs;
- Even if the Village buys water elsewhere, the distribution system needs to be operational;
- Selling water to other towns would require major capital improvements to the Water Plant to increase its capacity;
- If replacement rate is too slow, there is a tipping point at which the number of service failures will become untenable;
- The Council could end or hold the payment in lieu of taxes as the water rates rise, or consider a loan from the General Fund to get a start on a replacement program;
- Approximately one-third of the cost is shaved off when water main replacements are done in tandem with street rehabilitation projects.
- The situation is challenging at a time when flooding is an urgent issue, so a slower ramp-up on water main replacement may be more palatable.

Trustee Rintz recommended ending the practice of "payment in lieu of taxes" as it lacks transparency, and he requested monthly water bills from other towns that buy their water, not just North Shore residents.

Trustee Krucks suggested the Village put its Aaa bond rating to use by issuing debt, noting this is the perfect project for borrowing.

After more discussion, Mr. Keys said he would follow up with these items: (i) staff will propose a modest increase for the 2017 Budget; (ii) he would continue to plan to replace water mains in conjunction with road repairs where possible; (iii) several variations of the recommended scenario, Scenario 1, will be developed for the Council to discuss; and (iv) the requested data will be gathered for Council consideration. He explained once Steps 1 and 2 are finalized, the rate design portion of the project could begin.

11) Appointments. None.

12) Reports.

a) Village President. None.

b) Trustees. None.

c) Attorney. None.

d) Manager. None.

13) Closed Session. None.

14) Adjournment. Trustee Myers, seconded by Trustee Ziv, moved to adjourn the meeting. By voice vote, the motion carried. The meeting adjourned at 11:03 p.m.

Deputy Clerk