

**Minutes of the
Finance Committee Meeting
Of
August 17, 2016**

Attendees:

Trustee Don Jensen – Committee Chairperson
Peggy McHugh – Finance Director
Jon Kindseth – Village Administrator

Trustee Regina Miller - Member
Trustee Linda Sittig - Member
Sandi Pastell – Administrative Assistant

Guests:

Lee Bledsoe – Al's Tap
Adeel Abbas – Beach Park Citgo
Pritesh Patel – Marathon – Green Bay Road
Roshini – Marathon – Sheridan Road

John Coroneos – Cardinal Liquors
Joy Shah – BP
Irshad Kahn – Mobil

Roll call was taken and the meeting brought to order at 6:05 p.m.

Points of Action: Chairman Jensen then asked if there were any updates to the Points of Action from the July 20, 2016 meeting. Jon Kindseth stated there are no new updates.

July 20, 2016 meeting minutes: Chairman Jensen then asked for a motion to approve the July 20, 2016 meeting minutes. Trustee Sittig asked about the status of the dead tree issues that the Village is having. Jon stated that staff does increase the amount each year; however, we still have a long way to go. Jon Kindseth stated that we have been getting pricing through different tree removal services. Trustee Miller gave Jon an article from the August 4, 2016 Zion Benton Newspaper that Zion has a plan to remove dead/diseased trees citywide and that maybe we can piggyback with them. Jon stated he will take a look at the article; however, at the moment we are concentrating on the trees that are causing an immediate safety issue. Chairman Jensen suggested that the first step in an EAB killed tree removal program must be an inventory of Village owned trees so as to learn the scope of the problem. Chairman Jensen then asked for a motion to approve the July 20th meeting minutes. Trustee Miller made the motion to approve. Trustee Sittig seconded. Upon voice vote the July 20, 2016 minutes were approved unanimously.

Monthly Finance Report: Chairman Jensen then moved the discussion to the Monthly Finance Report. Peggy McHugh said that we are early on into the year and our expenses are under budget. Peggy stated that all the field work for the audit has been completed. Chairman Jensen asked about the vehicle replacement fund and Peggy stated that it is a transfer but not the “additional” transfer. Chairman Jensen asked if we could adjust the formula for the target year to date. Peggy stated that the present targets are based on linear regression over many years. Chairman Jensen asked about the franchise tax and Peggy stated that it is a timing issue. Chairman Jensen asked about the water/sewer expenses and are we fully allocating our fundsas, based on this report, these funds give the impression that the rate being charged are more than adequate to cover expenses and then some, when this is known to not be the case. Peggy stated that it does not include capital and depreciation. Chairman Jensen asked about the water tower painting expense (for example). Peggy said that this was not included in this line. Peggy stated we could budget the depreciation, which would be a change in the format and that it can be discussed. Peggy also stated that with the audit, it is all combined. Trustee Miller asked about the IEPA SRF loan (for the new SSAs) and if we have received the check. Peggy stated that we should receive it any day now.

SSA 9 – 12 Expense Summary: Chairman Jensen then moved the discussion to the new SSA projects. Peggy McHugh stated that it is the same as last month and that we are waiting for the final disbursement after the final restoration.

Liquor License Changes: Chairman Jensen then moved the discussion to Liquor License changes. Chairman Jensen stated that this has been brought to this Committee as there has been concern after the adoption of a change to the Class F-1 Liquor License stating that the gas stations are no longer allowed to sell hard alcohol. Chairman Jensen stated that at the last Board meeting a few of the owners came and expressed opposite views. Chairman Jensen stated that there will be no arguments or debates during this meeting; however, he will allow a short comment from each of the business owners. Chairman Jensen explained that this Committee can only recommend that an issue be placed on the Board agenda.

John Coroneos from Cardinal Liquors stated that Chairman Jensen stated there were two issues as to why this is at this Committee and they are the loss in sales tax and the liquor license fees. Chairman Jensen said no, that is not why it is at this Committee; however, those are two items to consider. John Coroneos said that it is logical that once the gas stations stop selling hard alcohol that residents will then move to the liquor stores for their purchases; therefore, no loss of sales tax to the Village. Lee Bledsoe asked if the Village is lowering the price for the beer and wine license. Jon Kindseth stated that no, the fee stayed the same and that this Ordinance has been in effect since June 23rd. John Coroneos stated that in 2006 the ordinance read the fee to be \$1,500.00 and it was for beer and wine only. Lee Bledsoe stated that the Village has already lost over \$40,000.00 in liquor license revenue as the Village did not raise the gas stations fee to a Class C as they should have. Lee Bledsoe stated that if the Village is going to once again allow the gas stations to sell hard alcohol then the Village should charge them the same as they do the liquor stores. Lee Bledsoe stated that he and John bought a liquor store and the gas station owners bought gas stations and if they wanted to rely on liquor sales, they should have purchased a liquor store.

Irshad Kahn of the Mobil on Lewis says his store is small and that they make pennies on the dollar with gas sales and they have to sell other items to make money. Irshad Kahn stated that most of his sales are from Zion residents and that he can prove it. Irshad stated that if the Village does not consider allowing them to sell hard alcohol again, these people will not go to a liquor store in Beach Park, they will go to Waukegan or Zion to make their purchases.

Pritesh Patel, owner of the Marathon on Green Bay Road said that all of the stations around him sell hard alcohol and that he gets customers from Wisconsin and Zion and that they are not going to go to a Beach Park liquor store either.

Adeel Abaas from the Citgo on Lewis Avenue then gave a presentation for him and Joy Shah of the BP on Sheridan Road as well as the others. Adeel handed out a business owners packet to each Committee member. Adeel told the Committee that the gas stations combined pay \$185,000.00 in sales taxes to the State of Illinois in the past six months and that is what the Village will lose if we do not allow them to sell hard alcohol. Chairman Jensen stated that the Village only receives 1% of that. Adeel stated that they only purchase approximately 5-6 cases of alcohol and that he has provided in the packet the name of their distributors and their phone numbers so the Village can verify that. Adeel stated that hard alcohol sales are what allows all of the gas stations to remain open. Adeel stated that he will lose his business if the Village does not allow him to sell hard alcohol and he will be out on the streets. Adeel stated that he is the sole provider for his family. Trustee Sittig asked if 100% of his business is the selling of hard alcohol. Adeel said no, but 50% of his profits comes from the sale of hard alcohol.

Adeel stated that the gas stations will stop selling hard alcohol at 10:00 p.m., will pay for the proposed tobacco license and will only sell 750 ml bottles of hard alcohol. Chairman Jensen said that he saw the proposal from the meeting they had with staff; however, he does not understand why the restriction on the size of the bottle. Adeel stated that they do not want to take that business from the liquor stores. Adeel stated they will also remove all alcohol signage and pay \$2,000.00 for the liquor license. Roshini from the Marathon on Sheridan Road stated they

must have hard alcohol sales in order to stay in business. John Coroneos stated that he does not understand how hard alcohol can be 50% of a gas stations business.

Chairman Jensen said that the Village does not have to approve any of the guidelines offered. Chairman Jensen stated that if the Village were to reverse their decision and use the Administrator's recommendation for grandfather and atrition, the owners need to realize that if they sell their station, the new owners will automatically be changed to only allow beer and wine sales. Chairman Jensen asked staff if Speedway has requested a liquor license. Jon Kindseth stated that they have discussed selling beer and wine only and that some of the Speedway stations do not sell alcohol at all.

Jon Kindseth stated that the Mayor met with two of the gas station owners and that the Mayor made it perfectly clear that all gas stations could be changed to only be allowed to sell beer and wine at some point in the near future. The one gas station is the Marathon on Sheridan and Yorkhouse and the other is the vacant station on Green Bay Road. Jon Kindseth stated that there are other communities where their licensing is much more stringent.

Chairman Jensen then thanked all of the business owners for attending this meeting and he stated to the Committee that he would like their thoughts on the matter. Chairman Jensen stated that he would like the Administrator to draft something up to bring back to this Committee for review and possible recommendation to the Board. Chairman Jensen also stated that a lot of these issues have been brought up at the Public Safety Committee and Trustee Sittig stated that some of these issues are still on their agenda for future meetings.

John Coroneos asked if this Committee only deals with the revenue of the Village and Chairman Jensen told him not necessarily. This issue had to come through a Committee as it has to be recommended by a Committee, doesn't matter which one, before the issue can be placed on the Boards agenda. Jon Kindseth stated that the reason this issue is on this Committee's agenda is at the Liquor Commissioner's stated that this issue could be reviewed in any committee upon the Chairman's request. Jon stated that the ordinance is in place already and it was the Mayor that put the issue on the Board agenda. Lee Bledsoe stated that it should stay the way it is right now as allowing the gas stations to sell hard alcohol hurts their sales.

Chairman Jensen stated that it may or may not change. Chairman Jensen then asked the Committee for their thoughts on the issue. Trustee Sittig stated that she is in favor of the decision that was made on June 23rd to allow the gas stations to sell beer and wine only and stated it should remain that way. Chairman Jensen then asked Trustee Miller her thoughts. Trustee Miller stated that she also is in favor of only allowing the gas stations to sell beer and wine only and that the ordinance should stand. Chairman Jensen stated that due to the fact that two out of the three Committee members are in favor of leaving the ordinance as is, this issue will not be recommended to the Board for review. Chairman Jensen thanked the business owners for their input.

Warrant List: Chairman Jensen then moved the discussion to the warrant list. Chairman Jensen asked about the pond control at \$2,800.00. Jon Kindseth stated that the Village usually spends \$10,000.00 a year on the pond control. More discussion was had in regards to pond control.

New Business: Chairman Jensen then moved the discussion to new business. Hearing none and there being no further public comment, Chairman Jensen then advised that the next meeting will be on Wednesday, September 21, 2016 at 6:00 p.m.

Adjourn: Chairman Jensen then asked for a motion to adjourn. Trustee Sittig made the motion to adjourn. Trustee Miller seconded. Upon a voice vote, the motion was approved unanimously. The Finance Committee meeting was adjourned at 7:20 p.m.

Next Finance Committee Meeting: Wednesday, September 21, 2016 at 6:00 p.m.