

**MINUTES OF REGULAR BOARD MEETING  
WAUKEGAN PORT DISTRICT**

**April 18, 2017**

**Waukegan Harbor and Marina  
Harbor Control Building – Conference Room  
55 South Harbor Place, Waukegan, IL**

**The following Board members were present:**

Gene Bach  
Grant Farrell  
Mike Melius  
Randy Podolsky

**The following Board members was absent:**

Joe Legat  
Jorge Torres

**The following Board member was voted in via conference call:**

Tom Evers

**District Counsel:**

Thomas Morris

**Members of the Port District Staff present:**

Phil Cook, Siegel-Gallagher, Mgr. Marina Accounting  
Alain Giudice, Siegel-Gallagher, VP Marina Division  
Skip Goss, General Manager, Airport  
Tom Cepariski, General Manager, Harbor  
Joe Seidelmann, Harbor Maintenance Supervisor  
Cathy Smith, Administrative Assistant  
Mary Louise Schram, Administrative Assistant

**Other Public Attendees:**

David Bucaro, US Army Corps of Engineers  
Greg Weykamp, Edgewater Resources  
Tom McIntosh, Harbor Slip Lessee  
Eric Hellquist, Waukegan Yacht Club  
Jim Hellquist, Waukegan Yacht Club  
David Shaw, The Harbor's Edge

**Call to Order**

Chairman Farrell called the meeting to order at 2:00 PM.

**Roll Call**

## **Pledge of Allegiance**

## **Approval of Remote Participation/Voting**

Motion by Mr. Podolsky, second by Mr. Melius:

To approve remote participation for Mr. Evers

All members present voted aye and the Chairman declared the motion carried.

## **Chairman Remarks / SG Management**

### **Chairman Remarks**

Chairman Farrell welcomed everyone to the meeting. He recognized the considerable activity by WPD staff as they manage many projects and ongoing requirements to prepare for the season. He continues to attend the Friday management meetings to stay informed and current.

Chairman Farrell distributed a memo and recommended Bob Hamilton's nomination, as WPD Board Treasurer with a request for action at next month's WPD Board meeting. Chairman Farrell highlighted that Bob Hamilton would be a good asset to the Board as he is knowledgeable and has strong skills in finance and aviation.

Chairman Farrell noted that the General Managers would cover specific projects in detail during their reporting.

Chairman Farrell shared with the Board that Don Cento is not in town this week.

**SG Management Remarks** - none

### **Public Comments**

Tom McIntosh shared with the Board that his boat had a severe electrolysis problem last summer. The analysis of the problem indicated that either the dock or another boat in the Harbor has an electrical problem. To avoid the potential repeat of the problem this summer, he requested and received a new slip location. His question to the Board: Has the problem been identified to the dock or other source?

Mr. Seidelmann responded that the docks were evaluated and are not exhibiting any problem with stray electrical current.

Mr. McIntosh recommended that in the absence of the docks as a source of the problem that the boats in the Harbor be tested this summer to ensure boater and water safety. He noted that even though swimming and being in the water is prohibited at the Harbor, that he is concerned about kids who may 'break' the rules and safety for any divers.

Mr. Podolsky stated that when the boats are back in the water, the WPD would conduct additional testing and assessment.

Mr. Seidelmann noted that it might be difficult to determine the source of the problem if it is intermittent.

Mr. McIntosh shared that some harbors require each boat be checked for stray currents (electrical) as they enter a Harbor to dock/stay.

Chairman Farrell requested a report on the analysis of the problem.

Chairman Farrell asked if there were any additional public comments. There were none.

### **Harbor Master Plan Adoption**

Chairman Farrell recognized Greg Weykamp, Edgewater Resources, to address the Harbor Master Plan adoption.

Mr. Weykamp stated that a March 22, 2017, public meeting was held to review the proposed Harbor Master Plan. The next step in the process is for the WPD Board to adopt the plan as a guiding plan.

Mr. Melius asked about the funding source for the plan.

Chairman Farrell stated that there is no specific single funding source identified at this time.

Mr. Weykamp stated that this is a conceptual plan adoption. Each improvement is brought before the Board for approval along with the specifics of funding the project. Funding opportunities will be identified to leverage multiple funding sources, including, but not limited to, grants, private, public, etc.

Mr. Podolsky stated that multiple projects supported by multiple funding sources begins to build momentum. He asked Mr. Weykamp for clarification about whether or not a Boating Infrastructure Grant (BIG grant) applied to new construction only, or demolition of existing infrastructure.

Mr. Weykamp stated that the grant is a 1:1 match that covers new construction, preferably not the removal of existing structures or infrastructure, in order to maximize the grant match.

Chairman Farrell stated that the next step, if adopted by the Board, would be to develop a 5 – 6-year plan based upon the recommendations of Edgewater Resources to prioritize the phased-in plan.

Mr. Podolsky reminded the Board that one of the benefits of this plan and the funding possibilities is that different projects can occur simultaneously.

Mr. Weykamp recommended a financial feasibility study as a next step in the process after an adoption. The study would identify demand, noting that a first priority would be to focus on projects that would build revenue-generating infrastructure. Docks may be self-funding. The plan will show incremental improvements that will provide detail and revenue sources. No plan would displace any boater, as they are an important revenue source.

Mr. Bach cautioned the Board about the 25-year life cycle of a harbor and that the north end of the harbor is nearing that marker. It is his recommendation that any feasibility plan recognize the ongoing infrastructure improvements needed.

Motion by Mr. Podolsky, second by Mr. Melius:  
To adopt the Harbor Master Plan presented by Edgewater Resources, Inc.

All members present voted aye and the Chairman declared the motion carried.

Mr. Podolsky thanked Mr. Weykamp and Edgewater Resources for their commitment to the WPD and the adopted plan, and for going above and beyond the scope of their engagement.

## Approval

### **March 2017 Regular Board Meeting Minutes**

Motion by Mr. Podolsky, second by Mr. Bach:  
To approve the March 2017 regular board minutes.

All members present voted aye and the Chairman declared the motion carried.

### **March 2017 Closed Meeting Minutes**

Motion by Mr. Podolsky, second by Mr. Bach:  
To approve the March 2017 closed meeting minutes.

All members present voted aye and the Chairman declared the motion carried.

### **Elect Assistant Secretary**

Chairman Farrell shared with the Board that he asked Mr. Podolsky to be the Assistant Secretary for the Board. In the event that Mr. Legat is unavailable to conduct Board business, Mr. Podolsky will be able to ensure that Board business that requires the Board Secretary's signature will occur without interruption.

Motion by Mr. Melius, second by Mr. Evers:  
To approve Randy Podolsky as Assistant Secretary

All members present voted aye and the Chairman declared the motion carried.

### **March 2017 Check Approval**

Mr. Melius asked about the expenses associated with IT support fees and questioned the number of items.

Ms. Smith stated that each IT support fee line represents a different IT expertise, i.e., infrastructure, website, etc. Ms. Smith will coordinate with Ms. McCarthy to develop the name of each line item to improve recognition and type of expense.

Mr. Melius asked for additional detail about the insurance premium reimbursement.

Ms. Smith responded that it is reconciliation for a one-time double payment for the F-111 insurance related to the Airshow.

Mr. Podolsky requested that the line item be clearly renamed and all expenses for the F-111 project be tracked, noting that WPD should expect one day to be reimbursed from the Foundation for these expenses. He also noted that if this expense is a receivable, then WPD should be tracking the advanced monies to not only ensure that they are paid back but that they are accurately reflected within the budget as a receivable. This would include the initial payment approved by the Board to relocate the aircraft, and any subsequent expenses paid by WPD.

Chairman Farrell stated that he has often thought that WPD should consider setting up a 501(c) (3) to receive/recognize donations that support the Airshow (or otherwise) to provide a tax deduction to donors. He asked counsel whether donations given to WPD directly would qualify for a tax donation without a 501(c) (3).

Mr. Morris will evaluate the tax donation status of our entity and report to Chairman Farrell.  
Mr. Goss was directed to monitor this account.

Mr. Melius requested improving clarity of the budget by adding footnotes to project numbers. There was general agreement by the Board that this would be beneficial.

Motion by Mr. Podolsky, second by Mr. Melius:  
To approve the March 2017 check approval as presented to the Board.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

### **March 2017 Financial Report**

Mr. Podolsky, noting that Mr. Torres, Treasurer, was unable to attend the meeting, posed the following questions and observations related to the financial report on his behalf.

On the payment summary page, can the vendor name be used instead of the bankcard name as a better description?

Noting that the Harbor promotional expenses are at 90% of budget, he requested Mr. Ceparski to present an updated budget for marina promotional expenses for the remainder of the year and requested clarification of the expenses that fall under the promotional line item.

The 2017 Total Budget column is not accurate. The Percent of Total Budget column is not accurate.

Mr. Cook was directed to provide answers and updates to the above questions and observations at the next meeting.

Mr. Melius asked Mr. Cook for the actual YTD Harbor revenue.

Mr. Cook responded that the recognition of revenue is accrual based which is why it appears that the Harbor has no earnings. There is \$920K in deferred income from October 2016 to now. He will add this topic to his discussions with Ms. McCarthy.

Motion by Mr. Podolsky, second by Mr. Melius:  
To approve the March 2017 financial report subject to the Board receiving clarity from staff on the questions and observations noted.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

**Closed Session** – The Board did not require a closed-session at this meeting.

### **Harbor General Manager Remarks**

## **Operations/Status Report**

Mr. Ceparski presented his report with PowerPoint slides and a copy of his report can be found in the Board Packet. The highlights of his report include:

There is considerable activity at the Harbor as staff readies resources for the season. Staff continues to identify low-cost, high-impact improvements.

Lake Michigan Research and Education Center (LMREC) development progress continues as do meetings with the user group and design firm with ongoing discussions regarding space utilization.

Earth Day initiative this Saturday at the Harbor with the IDNR, City, CAG, as well as other public and private groups all participating. A good example of a low-cost, high-impact project.

Renovations and improvements around the marina continue.

The Harbor and Airport initiative to share staff labor resources was implemented.

Slip set-up continues. The 65-foot slips are all rented and only three slips remain available for the 60-footers.

At the end of March 2017, the year-over-year data in revenue slip occupancy, new boaters, and returning boaters are all up. There is a four-year trend, which shows that WPD is retaining and gaining more boaters.

Chairman Farrell requested Mr. Ceparski email his slides to the Board members not at the meeting, Mr. Evers (teleconference), Mr. Legat (absent), and Mr. Torres (absent).

Mr. Podolsky noted that the old non-operative cranes on the Gillen property and near the Yacht Club, if not certified, will be removed.

Mr. Ceparski will follow-up on the cranes and their status.

## **New Business**

### **a. Waukegan 107 Study – US Army Corps of Engineers**

David Bucaro, US Army Corp of Engineers presented the Waukegan 107 Study: Shoaling on the Channel and Correction to the Board via PowerPoint slides. To summarize his presentation:

Shoaling has increased over the last 10 years resulting in increased costs for maintenance dredging and decreased commercial shipping activity.

The Army Corps is recommending a feasibility study and need funding partners to participate. IDNR and National Gypsum have contributed a combined \$225k toward the study cost.

The Army Corps is looking for additional participation by WPD and other stakeholders in the amount of \$130K.

Mr. Bucaro shared the history of the channel depth and dredging from 1977 to current. If the channel depth becomes 14 feet or less, the harbor will be declared closed.

Mr. Bucaro's presentation slides referenced the Federal Interest Determination (FID) Report, which evaluated a range of possible solutions and recognized three alternatives that were economically justified. In March 2016, the Army Corp approved the alternatives and have been looking for funding partners.

- Alternative 1    Excavate the fillet beach.  
Least desirable alternative. Difficult to execute due to the associated habitat.
  
- Alternative 2    Breakwater modification.  
Greatest benefit for the cost and most likely alternative.
  
- Alternative 3    Up drift sediment trap.  
Collects sand to be redirected back to IL Beach State Park.  
Alternative preferred by the State of IL.

Final solution could be a combo of Alternative 2 and 3, which would improve the viability of the Harbor.

The benefit/cost ratio for the project: 6.4 to 1, which is a very good score. All estimated costs and breakdown are contained in the report.

Cost Sharing Breakdown, The Army Corps is requesting:

- \$130K    WPD and other stakeholders (19% of project. \$65K/year for two years)
- \$120K    IDNR
- \$100K    National Gypsum

The matching grant dollars go away if the feasibility cost-sharing agreement is not executed by September 30, 2017. Minimally, a letter of intent is needed from all potential partners.

Mr. Melius requested that WPD produce a statement/document to share with the public that describes why it is important for Waukegan to keep the commercial businesses at the harbor, including the "harbor of refuge" designation and benefits.

Mr. Bucaro recommended that the Board review the feasibility cost-sharing agreement as they continue their discussions about joining the feasibility study.

Chairman Farrell acknowledged the need for WPD to reach out to the other business and community partners who will benefit from an open harbor to request their financial support of the feasibility study costs.

**b. Approval for NorStates Bank land purchase**

Mr. Podolsky brought to the Board an approval request for NorStates Bank land purchase. The parcel is west of the railroad tracks and south of the maintenance yard, and is often referred to as Diamond Scrap Yards (designated letter Y on the approved Harbor Master Plan). He stated that the property has been inspected. The Phase I Environmental study was completed by Deigan Associates and the report has been sent to EPA. The EPA's "comfort letter" received back acknowledges that WPD was not the polluter of the property. The building on the property is slab on grade. As long as WPD does not contribute or disturb the existing pollution, it would have no obligation for future

cleanup of the site. The purchase price is \$10K, as previously approved by the Board, with approximately 30 days to proceed to close. There is a building on the site which is in fair condition; currently has no electric service; experienced a small fire in the past; and, the overhead door has been damaged as a result.

Motion by Mr. Bach, second by Mr. Podolsky:  
To approve the land purchase from NorStates Bank.

Discussion:

Mr. Melius asked Mr. Podolsky for the definition of 'disturbing' as related to the EPA letter.

Mr. Podolsky explained that 'disturbing' is going underground to the level of, or disrupting, the pollution. WPD will not have an obligation for cleanup of existing conditions if it does not approve a project that would be categorized as 'disturbing' that soil. New construction, or possibly use of the existing building, could require a vapor barrier. If the motion were approved, the next step would be to tell the bank to proceed and organize to meet the timing required to close.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

(NOTE: After the vote, Mr. Evers departed the meeting. Quorum was still present.)

**c. Approval of License-Use Agreement for Foundation Mechanics**

Mr. Ceparski reported that the Army Corps has a subcontractor interested in leasing space and internet services from WPD while working on improvements to the government pier. WPD negotiated a short-term license agreement: \$2,000 deposit of which \$1,000 is non-refundable to cover legal and other costs, with rent of \$350.00 per month for seven months.

Motion by Mr. Podolsky, second by Mr. Melius:  
To approve the License-Use Agreement for Foundation Mechanics.

On a roll call vote, all members present voted aye and the Chairman declared the motion carried.

**Board Comments** - none

**Airport General Manager Remarks**

**Operations/Status Report**

Mr. Goss reported that the airport continues to operate status quo, noting that the first quarter activity has been a bit slower. The highlight of the last month was the agreement approval between the Lake County Forest Preserve District (LCFPD) and the Waukegan Port District (WPD). Mr. Goss stated that he will take the lead on this project and the next step is a meeting with the IGA within the next 30-days.

Mr. Melius noted that the fuel income is way down and requested an explanation.



Mr. Goss stated that Baxter is down to one plane, AbbVie's flights are down, and Signature's gas prices remain high. Mr. Goss added that he anticipates Baxter's expansion plan for a new building coupled with sub-leasing their existing space will increase airport activity and related revenues.

**New Business**

- a. **Approval of permit to conduct an Airshow/Aviation Event to Waukegan Airshow, Inc., September 9, 2017. Insurance will be provided per previous years.**

Motion by Mr. Podolsky, second by Mr. Bach:  
To approve a permit to authorize Waukegan Airshow, Inc. to conduct an airshow/aviation event on September 9, 2017, at the Waukegan International Airport.

All members present voted aye and the Chairman declared the motion carried.

- b. **Approval to purchase the Suddard Property.**

This topic was tabled until required documentation, specifically, the property appraisal, is received by WPD.

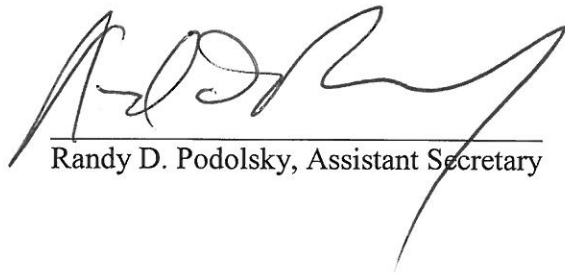
**Board Comments** - none

**Adjournment**

Motion by Mr. Podolsky, second by Mr. Melius:  
To adjourn.

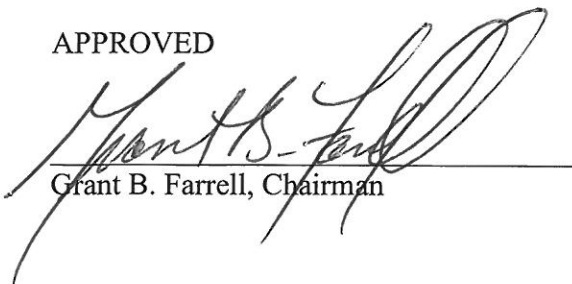
All members present voted aye and the Chairman declared the meeting ended.

Meeting adjourned at 3:35 PM



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Randy D. Podolsky, Assistant Secretary

APPROVED



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Grant B. Farrell, Chairman