



MINUTES

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
November 14, 2016
7:00 PM

I. CALL TO ORDER

President Hayes called the meeting to order at 7:02 PM.

Mayor Hayes stated that the Board takes these budget meetings and this process very seriously as the Village's residents expect. He said that it is a very important process and thanked staff and employees for all they do for the Village of Arlington Heights.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

BOARD MEMBERS PRESENT:

Mayor Thomas Hayes, Trustees Blackwood, Farwell, Glasgow, Labedz, Rosenberg, Sidor, & Tinaglia

BOARD MEMBERS ABSENT:

Trustee Scaletta

STAFF MEMBERS PRESENT:

R. Recklaus, D. Mikula, T. Kuehne, M. Rath, R. Ward, S. Toulomis, C. Perkins, G. Mourning, M. Juarez, D. Ruda, P. Wilkiel,

OTHERS PRESENT:

Greg Zyck & Mike Kelly, Arlington Heights Memorial Library, Various Department Support Staff

IV. NEW BUSINESS

- A. Arlington Heights Memorial Library Budget Review

Mr. Greg Zyck, Treasurer of the Arlington Heights Memorial Library introduced the Library staff and trustees that were present this evening.

Mr. Zyck stated that 2016 was another good year for the Library, saying that the Library received a five-star rating by the Library Journal for the last nine consecutive years, and was number one in the State in the budget category. He stated that the Library has a 0% tax levy for the seventh year in a row. Mr. Zyck went on to give an overview of some of the library's goals and accomplishments which include; expansion of services, permanent extended hours, reorganization of departments for better function, among others. He stated that the budget shows that it is in the negative by \$2.7 million because they want to be transparent, and said that although the money has not been targeted for any particular function or expansion of services yet, it shows place holders for what could potentially happen this year. Some of the capital projects he talked about included; roof replacement, parking lot changes for safety reasons including better signage, and changes to the computer area of the Library. Discussion continued regarding some possible expansion items.

The Mayor and the Board each thanked the Library for doing a great job for the community, and for having another great year with a five-star rating and great budgeting.

TRUSTEE TINAGLIA MOVED, SECONDED BY TRUSTEE LABEDZ, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD ACKNOWLEDGE WITH THANKS THE PROPOSED 2017 BUDGET FOR THE ARLINGTON HEIGHTS MEMORIAL LIBRARY FUND. The motion passed unanimously.

B. Village Budget Overview for 2017 - Randy Recklaus/Tom Kuehne

Mr. Recklaus stated that the Board and staff take the budget very seriously and acknowledged the efforts of all department staff who contributed to the budget document. He commended Mr. Kuehne, Ms. Juarez, and Ms. Ruda for doing a great job of providing good data so that clear decisions could be made. He went on to say that Department Heads put a lot of thought into not only what their department's need and what the priorities are in their service areas, but also with what will fit with the Village Board's values and direction from previous years.

Mr. Recklaus continued by presenting his portion of the 2017 Proposed Budget Overview presentation saying that over the past two years the budget process has been updated. He said that the fiscal year was changed to increase transparency and to be more aligned with the tax levy, and explained the new planning process where staff provides operational assessments in the spring which leads into the Village Board's setting of priorities and helps determine the course of action for the coming year

leading into the budget process.

Mr. Recklaus stated that most importantly, staff tries to present a budget that reflects the Board's tradition of fiscal conservatism, saying that the General Fund is \$291,000 below and the Water & Sewer Fund is \$150,000 below the budget ceilings that the Board set in June. He went on to say that this budget includes a small property tax increase with 100% going to support the Village's significant increases in capital investment that was planned last year.

Mr. Recklaus went on to say that the 2017 General Fund expenditures are only increasing by 0.7% from last year's budget. He also said that there is continued focus on long-term organizational planning, saying that vacancies are not automatically replaced, but that positions are looked at for a better fit in the organizational plan for the Village. He also said that there will be continued examination of business processes which include contracting, reduction in fleet size, and general liability and health insurance.

Mr. Recklaus stated that the proposed 2017 budget maintains existing operations that includes some initiatives and enhanced customer service, and supports an increase in the Village's investment in community infrastructure.

Some of the capital projects he mentioned include the final year of the Emerald Ash Borer Program, the second year of the five-year plan to increase water main replacements, phase II of the two-year planned increase of street resurfacing/reconstruction in order to maintain roads at current level of standards, commencement of the new Police station in July, and the third year of the five-year plan of repairs to the four public parking garages. Mr. Recklaus also said that decisions are being made on a stormwater control infrastructure improvement plan, that staff is prioritizing potential one-time stormwater projects, and planning the implementation of a stormwater utility fee to pay for the one-time projects and to cover the ongoing maintenance costs of a stormwater system. He said that the hope is to have that plan in place to be included in the 2017 CIP process.

Mr. Recklaus said the State's budget crisis is looming over us, saying that about 43% of the General Fund revenues either pass through or are shared by the State. He said the question is will the State hold back Village funds. He said that a one-time action would impact some capital planning changes that the Village can handle, but said that if the State were to permanently take a portion of the Village's existing revenue stream, it would require the Village to make changes to its operating and capital plans in addition to seek revenue alternatives. He added that at this time, there does not seem to be any indication or consensus of which way the State will go making it difficult to plan. Mr. Recklaus stated that the Village has been very prudent and has very sound reserves which allows for a thoughtful approach to any State action that may be encountered.

Mr. Kuehne gave his presentation regarding the proposed 2016 Tax levy for the 2017 budget saying that all of it will be going toward the Street

Improvement Program. He stated that the proposed Village tax levy is 1.95%, the library at 0% for a combined total tax levy of 1.38%.

Mr. Kuehne went on to explain that the Police and Fire pension levies went down because the shortened 8-month period was levied as a full year. He said that the effect of that was paying down part of the unfunded liabilities which decreased the annual required contribution that the actuaries come up with. He also said that because interest rate assumptions were exceeded two out of three years, it also helped lower this levy. Mr. Kuehne continued by talking about mortality rate tables, actuary required contributions, and on future Police and Fire Pension tax levies.

Mr. Kuehne continued by saying that property, sales, and income taxes are the growth revenues for the General Fund which pay for the Village's normal expense increases. He expects that sales taxes and income taxes will level off after 2017 and that they are affected by the economy.

Mr. Kuehne explained some of the increases and decreases in revenues and expenditures for all funds in the 2017 budget. Some highlighted items under revenues included the decrease in "Intergovernmental" revenues due to a block grant received for the Northwest Highway/Wilke intersection, the decrease in "Other" revenues that was attributable to the bond issue sold for the new Police station, and the increase in "Transfers In" due to the closing of the EAB Fund. On the expenditure side, Mr. Kuehne highlighted the decrease in "Commodities" due to prior year rock salt purchases and lower projected fuel costs, the increase in "Capital Items" due to the Police station (paying down of the bond proceeds), and the increase in "Transfers Out" which is the transfer of the EAB funds to other funds.

Mr. Recklaus said that two thirds of General Fund money goes to public safety and that 20% of the remaining third goes towards Public Works for maintenance and construction of the Village's infrastructure. Mr. Recklaus finished his presentation by explaining some notable budget changes which includes a new hotel visitor's guide, a proposed new assistant planner position, software and handheld devices for Environmental Health Officers, a one-time professional engineering service for an annual design/oversight schedule change regarding road, water, and stormwater programs, and the annual membership in the Illinois Regional Crime Laboratory.

C. Questions on the Budget Overview

Mayor Hayes thanked staff for their contributions in keeping the Village in a very strong financial position. He asked if there were any concerns with the Village being over the recommended 25% level of reserves. Mr. Kuehne stated that 25% is the minimum level and said that the Village is pretty moderate with being at a 39% level. Mr. Recklaus added that good reserves give the Village better bond ratings and better interest rates. He also said that sales tax has cycles and said that reserves should be high at the peak of a cycle since they will eventually level off. He added that having strong reserves will help in the event the State takes any action where use of

reserves may be needed.

Trustee Farwell asked in the NWMC can do a survey comparing municipalities' reserves. Mr. Kuehne stated that they recently completed one and that it would be forwarded to the Board.

Trustee Sidor stated that the budget looks good and asked Mr. Kuehne if he had any concerns. Mr. Kuehne said that if everything stayed constant in the way that things are with the State, he believes that the Village will be fine. He went on to say that the State is spending more than they are taking in and that it will eventually affect everyone in some way. He said that the State will be looking for revenues everywhere, saying that a lot of Village revenues are pass-through revenues. Mr. Kuehne said he is also concerned with interest rates that are not market driven, saying that once the Feds start to raise them he would feel more confident with the financial system.

Trustee Farwell feels because of the possibility of sales taxes leveling off he feels that the Village should continue to be very business friendly to encourage more businesses to the Village. He asked if there was any alternative plans in the event that the State takes certain revenues. Mr. Recklaus stated that it is difficult to plan for the unknown and said that the budget is a plan and that when things change, the plan would need to be adjusted. Trustee Tinaglia agreed with Trustee Farwell about being business friendly. He said that he is concerned because businesses are struggling and said that although the 1.38% tax levy will be a small increase for residential properties, it will be a larger burden for commercial real estate. Trustee LaBedz added that a lot of money is spent with on-line sales and said that if residents spent their money in Arlington Heights, it will help with their property taxes. Mr. Kuehne agreed, saying that sales taxes are decreasing because of continual record breaking on-line sales.

Trustee Rosenberg asked about the reserve amount in the Solid Waste Fund and what it was needed for. Mr. Recklaus stated that some of those funds are being contributed to the road fund, but said that long-term it is being monitored and at some point could be a potential source for a transfer out. Mr. Rosenberg asked how the funds would be used. Mr. Kuehne stated that at one time the higher reserve was going to be used to replace the carts, but since then that has become part of the contract. He said that there may be times where an extra pick-up due to a storm may be needed which could be costly. Mr. Kuehne also said that use of that money can be programed to use for a number of capital requirements within a year or two.

D. Review of Department Budgets:

- Board of Trustees / Integrated Services
- Human Resources
- Legal
- Finance
- Building Services
- Planning & Community Development

- Police

Each department gave an overview of their 2017 budgets as well as highlights of their department activities and/or initiatives for 2017

Board of Trustees/Integrated Services

Diana Mikula started by saying that both the Board of Trustees and Integrated Services (ISD) budgets are status quo. Regarding expenditures for Integrated Services, she said that most contractual service line items have been decreased. Mayor Hayes asked about the "One Village Voice" initiative throughout the Village. Ms. Mikula stated that the message is to be clear, concise, and to communicate in a consistent manner in order to improve services to residents and businesses. Ms. Mikula continued by highlighting some ISD activities which include; merging the Discover Arlington website with the new Village's website, possible creation of pop-up events for the Downtown areas, refreshed and improved signage in the garages and service lots, offering a mobile pay option, among others.

Human Resources

Ms. Rath talked about enhanced risk management saying that the Village aims to minimize if not eliminate risks through ongoing analysis, awareness, and identified training. She said that HR remains diligent throughout the recruitment process in identifying top candidates for the Village. She added that 55 positions are anticipated to be filled this year due to vacancies and that approximately 29% of employees are currently eligible for retirement. Ms. Rath continued by saying that throughout 2017 staffing and succession planning, career pathing and if warranted, departmental reorganizations will continue to be worked on. She said that planning for the future and maintaining seasoned employee's knowledge base and future knowledge transfer is imperative for the Village's continued success. Ms. Rath continued by highlighting some HR activities.

Trustee Glasgow asked what the ACA fees were and about the large decrease of that line item. Ms. Rath stated that ACA stood for Affordable Care Act. Ms. Juarez stated that she will provide the Board with more detailed information on that line item. Discussion continued regarding other HR line items including a new vision plan and an enhanced (employee paid) dental plan.

Trustee Sidor asked what type of customer service survey Ms. Rath was planning to have done. Ms. Rath stated that discussions have not yet taken place regarding what that survey will entail but believes residents may be surveyed. She stated that currently there is customer service training for all front office staff. Mr. Recklaus said that mechanisms will be in place to get specific feedback that could be filtered to the departments quickly in order to get a sense of what direction we should go. Trustee Sidor said that surveys are good if information given is good and can be used to implement improved services, and felt that ongoing measurements on how well the Village is doing would be beneficial.

Legal

Ms. Ward stated that the Legal Department budget is status quo. She added that the training line item increased because she will be attending some seminars in order to fulfill her continuing education requirements.

Finance

Mr. Kuehne stated that 2016 was an active year saying that a bond issue was done for the new Police station, that formal bid limits were increased, and that front desk staffing decreased by replacing a vacant fulltime position with a part-time position.

Mr. Kuehne stated that the development of a new storm sewer utility fee option in 2017 is a priority. He explained that it would cover the \$800,000 in annual storm sewer and neighborhood program maintenance type activities, as well as any Board approved storm water infrastructure projects which will be talked about in the first half of 2017 during the CIP process. Mr. Kuehne also said that implementation of the new Paymentus bill payment system solution will be done during 2017. He added that this will consolidate two systems currently in place, Click-to-Gov and payments made through the State's websites at no additional cost to the Village. It will also allow payments through mobile devices, gives the opportunity to receive a bill reminder via text notifications, and allow residents to opt out of paper billing. It is hoped that this will be implemented by July 2017. Mr. Kuehne finished his overview by highlighting various line items in the AE & E fund regarding Village events.

Trustee Rosenberg questioned the increase in credit card transactions and associated fees. Ms. Juarez stated that Paymentus fees are lower than credit card interest charges and said that she can provide the Board with more information on the fee structure.

Building Services

Mr. Touloumis said that being new to the Village, this is his first time going through the budget process. He said the opportunity for restructuring presented itself because of the challenges of current staffing levels, but said that long-term the department will be in a better place to better service the public. He is hoping to be fully staffed by the end of the year. He thanked Mr. Recklaus and other Directors for their help and support in getting acclimated to the Village's systems and processes. Mr. Touloumis highlighted some of the department's goals which include; a vacant space pre-inspection pilot program where he is working with the Chamber of Commerce to look for ways to promote business friendliness, and to update the Building Codes in order to keep up with current technologies. He continued by going over some of the changes in various line items.

Mayor Hayes said that in regards to the review and updates to codes, specifically the electrical code, that two vacancies on the Electrical Commission should be filled as soon as possible. He asked staff that if they know of any licensed electricians that would be interested being on the

commission to let him know.

Trustee Rosenberg asked about the cost of code books and the availability of viewing them online. Mr. Touloumis said that he was not sure when updated code books would be available online, and added that print books are better for referencing especially for inspectors. Mr. Recklaus said that it is important to understand how inspectors use these code books, saying that all their work involves referencing them and that they will have them for years. Trustee Tinaglia felt that having updated codes will be a great bonus internally and externally so that there will be more reliance on consistency. He talked about how there can be complications with local amendments for all code books and felt that the more current the Village stays with adopted codes and with less local amendments, the easier it will be to get things done in the community. Mr. Touloumis agreed. Trustee Tinaglia asked Mr. Touloumis what he thought about having standardized fees for permits instead of them being based on calculations. He thought it may be easier and more straight forward. Mr. Touloumis stated that at his last position he put together a presentation on six different fee models which had both pros and cons. He said that he can provide some models to the Village Board and the Building Code Review Board for review.

Trustee Sidor asked about the upgrades in cell phones for the department. Mr. Touloumas stated that the fire inspectors are moving to field pads and are piggy backing off of the Fire Department's software that is already in place for little to no cost. He added that the costs are mainly for the cellular charges for being connected.

Planning & Community Development

Mr. Perkins highlighted and gave brief overviews of some of his department's initiatives for next year which include; the new Police station oversight, corridor improvements, creation of a new entry level assistant planner position, and a revamped hotel visitor's guide to name a few.

Mr. Perkins went on to explain two adjustments to the proposed budget, saying that when the budget was prepared, \$50,000 was budgeted for the Chamber of Commerce Small Business Retention Agreement, but since then a new agreement was adopted that slightly increased that amount to \$51,250. He said that the other budget adjustment was for the Downtown Streetscape Improvement and explained that \$86,000 was budgeted for the consultant estimate for a Dunton Avenue crosswalk, but that after discussions with the Engineering Department it was agreed that the first phase should be to address and alleviate drainage issues in front of Metropolis and do the mid-block walkway in front of Metropolis. He said that the cost was a little less, but at a Committee of the Whole meeting the Board expressed their desire to include pedestrian activated signage, so the Downtown Streetscape budget increased to \$95,000. Trustee Glasgow asked that the record show the two budget amendments presented by Mr. Perkins. Mr. Kuehne explained that when the Board takes action on the entire budget, it will include any amendments made during these discussions.

Mr. Perkins continued by giving brief statuses of the Village's TIFs. He also talked about the new Police station, saying that architect and construction firms were retained and that a schematic design is close to being done. He also said that there are internal bi-weekly meetings and that they are close to a design development phase. Mr. Perkins finished by saying that early bid packages are being worked on for the fourth floor renovations, in order to create long-term storage needs, and for renovations of the former Fire Academy, now called the Police Annex, in order to move some of police equipment and long-term storage out of the Police Department before their move because of construction on the new building. He also said that there are ongoing efforts to identify a proper and cost effective site for a temporary police facility.

Trustee Sidor asked about the market research study for Downtown entertainment. Mr. Perkins said that is an outgrowth from the Board's strategic priority to strengthen the Downtown and enable its continued success as an entertainment venue. He said that there will be continued marketing of the vacancies, review of past surveys and studies, analysis of existing uses, matching available space with targets, and if wanted, conducting another survey/needs analysis. He noted that businesses would prefer to have the Downtown marketed more.

Trustee Sidor also asked about whether to go with a print or digital Hotel Visitor's guide. Trustee Blackwood stated that the hoteliers felt it was important to have something tangible in the rooms. She felt that having guides that show season by season highlights would work best so that things do not get outdated. She added that the Village has to compete with communities that have preferred hard covered books in rooms. Mr. Perkins said hotel customers see publications that drive them to other communities, and said that the idea is to come up with something that would be in the room that would drive the message of come and have fun in Arlington Heights. Mr. Recklaus said that over 200,000 rooms get booked in Village hotels yearly and said that the Village needs to have something in the room stating that they are in Arlington Heights and here are things you can do. Trustee Tinaglia voiced his concern with why Arlington Heights hoteliers suggest guests visit other communities, and asked how we can convince them to direct their guests to places in Arlington Heights and how spending within the community would benefit their own business. Discussion continued regarding promoting Arlington Heights.

Police

Chief Mourning started by saying that the Police Department had a busy and productive year and met all their established goals and objectives. He then gave some highlights from the past year which include; first place in State and national awards for their traffic safety program, the 10th consecutive national award for the National Night Out program, being named one of the 100 safest cities in America, recipient of the Clayton J. Hall Memorial Award for having the best overall traffic safety program in the nation, and receiving

an award from the Illinois Homicide Investigator's Association for solving a cold case homicide from 1973.

Chief Mourning continued by giving his presentation on the Police Department's 2017 activities which include their membership in the Northern Illinois Regional Crime Lab (NIRCL) for improved evidence (forensic) turnaround, explaining that the membership will be funded by the Criminal Investigations Fund. Other activities include Opioid Task Force recommendations, and continued involvement with the design/construction of the new police station and the moving into a temporary facility in May. Trustee Glasgow stated that he is fully supportive with membership with the NIRCL because of the turnaround time of forensics.

Chief Mourning said that next year they will have their reaccreditation done onsite, before the national hearing before the Commission on Law Enforcement Accreditation. He went on to say that a five-year strategic plan was developed two years ago which the department relies upon as a guideline for implementing new programs and goals & objectives. He said that this year's plan includes developing a personnel policy in conjunction with HR that addresses medical marijuana use by employees. Chief Mourning went on to say that additional educational safety initiatives by the Traffic Bureau will develop a multi-year plan for the use of forfeiture funds, continued participation in the Illinois and National Traffic Safety Challenge, and implementation of an automatic scheduling system for the patrol division. He stated that a goal is to increase the number of officers trained through the 40-hour gang school, enhance officer awareness of fire operations/perspectives in emergency situations, and increase the percentage of crisis intervention team trained officers.

Trustee Glasgow asked about the difference in projected actual to budgeted amount of the Overtime Sworn line item. Chief Mourning stated that the difference is due to the amount of vacancies that were experienced which created shift shortages in the patrol division. He said that there were a number of unexpected retirements this year, and said that by the end of this year 13 new officers will have been hired. He added that it will be balanced by reduced expenditures for officer's salaries and credits from workers' comp.

Trustee Glasgow stated that residents have asked why more officers are hired when there has been a 20% decrease in arrests and asked Chief Mourning why that is. Chief Mourning said that the overall crime rate has dropped significantly over the same time period, and said that Arlington Heights has the lowest staffing ratios in the northwest suburbs compared to workloads. He said that the lower amount of arrests may be a temporary downturn in activity, and said that the department will avoid knee jerk reactions to a one year increase or decrease in crime stats or arrests, and look for longer patterns before changes are made. He said that a reduction in staff is not justified. Mr. Recklaus stated that a detailed study of twenty one communities in the northwest suburbs and the north shore was done by the Village of

Glenview which showed that Arlington Heights has the lowest number of sworn personnel per 1,000 residents. He said that it was important to note that although crime activity is a factor in the equation, you have to consider the number of miles and length of the community that Arlington Heights patrols, and being able to respond within a certain period of time. Trustee Tinaglia agreed and felt that increased police presence and education in certain areas of the community will help thwart illegal activity. He stated that the two departments in the Village that he doesn't want to see compromised are Police and Fire.

Trustee Rosenberg also agreed and asked why the number of DUI arrests went down. Chief Mourning said that not only the Village, but all adjacent area communities are experiencing a decrease in DUI'S and said that there is no one definitive reason. Trustee Rosenberg also asked about the increase in the Overtime Sworn line item in the Criminal Investigation Fund. Chief Mourning explained that the Department applied for a grant that has a \$20,000 matching portion and said that if the grant is not received the money will not be spent. He also said that this grant is similar to previous initiatives where mental health outreach workers are teamed with sworn officers to try to make contact with people in order to try to get them help.

V. OTHER BUSINESS

VI. ADJOURNMENT

Trustee GLASGOW moved, seconded by Trustee TINAGLIA to adjourn the meeting at 10:27 P.M. The motion carried unanimously.