



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 13, 2017
7:00 PM

I. CALL TO ORDER

President Hayes called the meeting to order at 7:01 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 Baldino, Blackwood, Glasgow, LaBedz, Scaletta, Sidor, & Tinaglia

BOARD MEMBERS ABSENT:

Trustee Rosenberg

OTHERS PRESENT:

Greg Zyck & Various Arlington Heights Memorial Library 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 the Library has had a five-star rating by the Library Journal for nine years in a row and that they are hopeful that they will receive it again this year. He said that they should know by December 1st.

He went on to say that the Library has had a 0% tax levy for the eighth year in a row. Mr. Zyck continued by talking about some of the capital projects that are planned which include; a new roof, roof fans, skylight replacement, a boiler, carpeting and an upgraded computer system.

The Mayor and the Board thanked Library Staff for doing a great job for the community.

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 2018 BUDGET FOR THE ARLINGTON HEIGHTS MEMORIAL LIBRARY FUND. The motion passed unanimously.

B. Village Budget Overview for 2018 - Randy Recklaus / Tom Kuehne

Mr. Recklaus and Mr. Kuehne presented the proposed budget and tax levy overview.

Mr. Recklaus said that the budget document is a result of a lot of hard work by staff and done as a team effort. He said that this has been a productive and year, saying that a number of high profile projects were started and completed in 2017, saying that the storm water improvement plan with prioritized projects is underway and funded with the new storm water utility fee, work is underway on the Police Station, and work continues on the expanded road and water main programs. He went on to say that extra steps were taken to realign project timing to make sure that the projects stay in sync.

Mr. Recklaus went on to highlight some of the other things that took place this year which include; a lot of new growth in the Downtown, an increase in workload and in building permits issued, maintaining the 10% staff reduction since the recession, and the new Employee Compensation System. He also said that that communication in the business community is being strengthened and said that he is serving as the Village's representative on the Chamber of Commerce's Board of Directors. Mr. Recklaus went on to say that the Village's new website was implemented, that the Village transitioned to IRMA, and joined the GIS consortium this year.

Mr. Recklaus explained some of the challenges the Village faces which include declining sales tax revenues because of on-line shopping and the reduced amount of revenue coming to the Village from the State. He said that the increase in ambulance fees, without an increase cost to residents, will help fill that gap, but said that threat of further changes by the State will continue to loom over the Village for the foreseeable future. Mr. Recklaus stated that the Board has budgeted conservatively, which leaves the Village in a position to make thoughtful decisions to address those changes. A challenge that he noted is with employee demographics. He said that in addition to the large number of current retirements that were experienced, about a third of remaining employees are eligible to retire. He said that

although that would give the Village an opportunity to adjust to the Village's evolving needs, it also puts a tremendous strain on the organization, because the rapid pace of change is a threat to the institutional knowledge and consistency of our services.

Mr. Recklaus stated that the Village is a top-tier community, and needs to look forward despite the changes in the environment. He went on to give an overview of the strategic priorities for 2018-19 and said that he believes that this budget will put the Village in a position to have another successful year to address the priorities the Board identified. He went on to say that when the State took action in July, they eliminated 10% of income tax coming to the Village and they imposed a 2% fee on home rule sales tax, saying that it is a loss of about \$916,000. He said that staff is continually evaluating changes in the Village's revenue stream and discussing potential cost reductions in the event the State takes further actions. Mr. Recklaus said that the Village needs to be flexible in responding to the landscape as it changes, saying that if further cuts and changes occur throughout 2018 that are beyond the Village's control, or if revenues begin to flatten more quickly than anticipated, we will have to do our best to react while still providing the services that our residents expect.

Some efforts to hold the line include a proposed 2018 budget that is at or below the budget ceilings, a property tax increase devoted to maintaining existing services, total General Fund operating expenditures that are increasing less than 1% over last year's budget, continued focus on long-term and organizational planning, and a continual review of new ways of doing business. Mr. Recklaus then went over some of the key infrastructure projects for 2018 listed in his presentation.

Mr. Recklaus went on to say that the Village represents only 12% of the property tax bill. Mr. Kuehne said that one of the Village's key goals has always been to keep property tax levy increases as low as possible. He said that since the 2011 property tax levy, four of the six included 0% increases for operations, and explained the increases for the street program. He went on to explain the breakdown of the proposed 2017 property tax levy as shown in the presentation. He explained how it will effect an average homeowner with a \$300,000 home, using a homeowner's exemption of \$7,000 and the new Cook County exemption of \$10,000. He said that with the new exemption, the cost to the homeowners will be less because it pushes more of the tax burden to commercial and industrial users.

Mr. Kuehne continued by explaining that the proposed 2018 total expenditure budget is 2.1% lower than the previous year, and that this is primarily due to the end of the EAB program. He went on to say that budgeted revenues are lower than the expenditures due to the sale of a bond issue in January of 2016.

Mr. Recklaus continued with the presentation noting some of the Village's personnel changes and staffing levels, the leveling off of sales tax, and the

reduction in income tax received from the State. He said that the majority of the Village's workforce and expenditures are in the public safety area, saying that two-thirds of costs in the General Fund go toward the division of public safety services. Mr. Kuehne then gave an overview of some of the limited programs in the 2018 General Fund budget. He also said that although the State passed a budget, it is reported to be unbalanced by about \$1.7 billion, which already includes the income tax they have taken from communities. He said, in regards to the General Fund, that the Village has to continue to be watchful of what is happening with the State.

Mr. Kuehne went on to talk about the Water and Sewer Fund, saying that revenues have come in under budget over the last two years due to wet springs and improved water conservation. As a result, the number of gallons sold is projected to be lower in the 2018 budget, and that the planned increases in the water main replacement program will be stretched out.

Mr. Recklaus gave an overview of some of the 2018 Capital Projects which include; street rehabilitation and resurfacing, sidewalk & curb replacement, and brick paver maintenance. He went on to say that regarding the Storm Water Control Fund, a \$10 million dollar bond will be sold which will be supported with revenue from the storm water fee for backyard drainage improvements, the storm water rehabilitation replacement program, the enhanced Overhead Sewer Program, and the Campbell/Sigwalt & Cypress area improvements. Mr. Recklaus noted that other capital projects planned include a Downtown parking study and continued parking structure maintenance and repairs. He went on to say that out of the Criminal Investigation Fund, some equipment replacement related to the Police station will be purchased, as well as a public safety command vehicle.

Mr. Kuehne gave an overview of some of the other funds. He explained that the Village Board approved switching the Village from a self-insured general liability and workers compensation insurance package to going with the Intergovernmental Risk Management Agency (IRMA), saying that on a combined basis, the 2018 budget now reflects a savings of almost \$185,000.

Mr. Kuehne moved on to the Health Insurance Fund, saying that there have been some high claim years and some low claim years. He explained that the claim projections done by the Village's insurance consultant, HUB, are based on prior and current year claims. Mr. Kuehne said that because of the high claim year in 2016 and because of a higher number of claims and type of claims that came in later this year, it is projected that 2018 will also be a high claim year. He went on to say that over the next couple of years, an increase in premiums and cost to employees can be expected. Mr. Kuehne stated that staff is recommending that the Village and Library take action to ensure that the Health Insurance Fund's reserve stay at an appropriate level, even at a worst case scenario. It was recommended that a \$2.3 million dollar transfer to the Health Insurance Fund by the Village and the Library be completed before the end of 2017 so that the Health Insurance Fund has a healthy reserve by the end of 2018.

Ms. Rath explained that medical claims vary from year-to-year, saying that health insurance premiums are based on prior year's claims, trend factor, and pharmacy usage. Ms. Rath also explained that one of the purposes of the pre-insurance renewal meeting that was held in June was to look at where the Village is at in the plan (looking at 4 months of full claims) and to determine and evaluate if any necessary plan changes are needed. At that time the Village had 5 large claims (over \$55,000) and was running on expected trend. She went on to say that at the renewal meeting held in August (looking at 7 months of full claims), there were 15 large claims (over \$55,000). She continued by saying that pharmacy utilization is the cost driver in this factor, and said that this is a concern nationwide. She explained that pharmacy costs increase due to numerous specialty drugs prescribed directly related to the type of medical issues employees and retirees are exhibiting. Ms. Rath talked about the increase in claims for both the PPO and HMO plans, the high cost of the PPO plan, and about the new Core PPO Plan being implemented in 2018 that will include preventative services. Ms. Rath finished by saying that lower pharmacy costs were negotiated by our insurance brokers with HUB which will be reflected in 2018, and added that different pharmacy providers with lower costs will also be looked at next year. She also stated that IPBC, a health insurance consortium, will be looked next year to see if there would be any cost savings. In 2019, a carve out post-65 retiree medical plan will be looked at as well.

Trustee Scaletta asked why a large transfer to the Health Insurance Fund needs to be done now. Mr. Kuehne stated that the projections show that next year will be a rough year and said that since it is all Village money it wouldn't make a difference if it was in the General Fund or Health Insurance Fund reserves. He said that another reason to have the funds in the Health Insurance Fund reserves is that when we go out for a bond issue next year and start showing deficits the following year, it can be more problematic in talking to the rating agencies because the Village is already showing a deficit in the General Fund budget for 2017 because revenues are not coming in.

Discussion took place regarding premiums paid by employees and retirees, other community's costs, with comparable benefits for bargaining and non-bargaining employees, and on monitoring future costs, as well as comparisons with other communities.

Mayor Hayes asked if the Library concurred with Staff's recommendation for the Library to transfer \$300,000 to the Health Insurance Fund. Mr. Kuehne stated that there should not be an issue as the Library has reserves available and added that Library staff agrees but will need to bring it to their board for approval.

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE LABEDZ, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD AUTHORIZE STAFF TO

TRANSFER \$2 MILLION FROM THE GENERAL FUND AND TO REQUEST A TRANSFER OF \$300,000 FROM THE ARLINGTON HEIGHTS MEMORIAL LIBRARY TO THE HEALTH INSURANCE FUND DURING 2017, TO STABILIZE THAT SELF-INSURANCE FUND'S RESERVES. The motion passed unanimously.

Mr. Kuehne continued his presentation by saying that the AE & E Fund has a projected annual deficit of \$19,100 and is recommending a \$20,000 one-year transfer from the General fund to the AE & E Fund to cover the deficit this year. He continued by explaining that the deficit was because of some recent new events, as well as increasing costs for the Memorial & Labor Day parades. Mr. Kuehne stated that for 2018 it is recommended that the Village either seek additional sponsorships or determine whether certain events should be discontinued. Mr. Recklaus added that there have been a lot of last minute requests for some of the events that come at a cost, and added that some changes may be made in 2018 and that a balanced A E & E Fund will be made for the following year.

Mayor Hayes thought that this was a good problem to have. He said that the Village is a victim of its own success and thought these costs could be absorbed. He also felt that fundraising and sponsorships for events should not be the responsibility of the Special Events Commission members. Mr. Recklaus said that during 2018 staff will make it a project to come up with ideas, whether it is through sponsorships, fundraising, reductions, cost sharing etc., and come up with recommendations for the Board.

Some of the notable budget changes mentioned for 2018 include a decrease of 1.5 Full time positions, maintaining existing services, a \$10 million Bond issue for storm water control projects, and a new annual asphalt emulsions application program.

C. Questions on the Budget Overview

Trustee Sidor asked what the status was on grants for projects coming up in 2018. Mr. Recklaus stated that for the storm water projects, two grants were applied for. He said that Village did not get one of them and was told, unofficially, the one regarding permeable pavers for the Police Station project the Village did get. He added that it is not yet known how much it will be and that he does not have any other details. Mr. Recklaus went on to say that in planning the Campbell/Sigwalt project, the engineering firm will be expected to be seeking alternative sources of revenue including grants.

D. Review of Department Budgets:

- Board of Trustees / Integrated Services
- Human Resources
- Finance
- Building & Life Safety
- Planning & Community Development
- Police

Each department gave an overview of their budgets as well as highlights of their department activities and/or initiatives for 2018

Board of Trustees/Integrated Services

Mr. Recklaus stated that there were no major initiatives proposed for the Board of Trustees. Ms. Mikula stated that Integrated Services includes IT and GIS. She wanted to acknowledge and thank Community Relations Coordinator, Nancy Kluz for her dedication and leadership in implementing the Village's website. She also acknowledged IT Manager Robert Taraszka for his leadership especially with the Police Department in moving to the temporary facility.

Some initiatives for Integrated Services in 2018 are;

- Continued evaluation and implementation of parking solutions for the Downtown parking system which will include continuing to evaluate, identify and improve signage in all of the parking garages.
- Success with the new GIS service provider
- Performance benchmark cooperative
- Validation of the mission and scope of Boards and Commissions
- Special Events program review

Trustee Labeledz asked if a mobile app for parking will be implemented. Ms. Mikula said that the mobile app is hoped to be in place by the end of this year. It will be promoted by signage, and social media outlets.

Trustee Tinaglia asked that the wall along the sidewalk facing Highland Avenue in the Vail Garage be considered to be cut down, saying that it is not a structural wall. He stated that he hears from many and believes it is a safety problem because while people are walking, drivers cannot see them crossing that drive aisle. Ms. Mikula stated that it could be looked at as part of the parking study that is planned. Trustee Sidor agreed, saying that as a temporary fix maybe some mirrors can be installed. Trustee Sidor also asked if businesses, patrons and residents would be interviewed as part of the study. Mr. Recklaus stated that Planning will be spearheading the study, and said that the scope of services has not yet been written, and feels that talking to the business community would have to be part of the scope.

Ms Mikula stated that one of the initiatives to improve organizational effectiveness and reduce operational costs is to look at implementing a village-wide document management system, which would track, manage, store documents, reduce paper, and streamline day-to-day business activities for employees in all departments. She said the hope is to have a vendor selected by the fall of this year. She finished by saying IT's budget is down .8% for next year and that there has been a decrease in staff because of the retirement of the GIS manager.

Trustee Tinaglia asked if the implementation would help with FOIA requests. Ms. Mikula stated yes, saying that there is a website software solution that provides better tracking. Mr. Recklaus stated that this will make researching

old documents easier and much quicker in response to FOIA's, adding that all the benefits of this new program are not yet known.

Human Resources

Ms. Rath stated that this year forty positions were vacant and hopes that most of them will be filled by year end. She said that currently one third of employees are eligible to retire this year, and one third next year. She added that the process and implementation of the Class & Comp Study led to the review and structure of each department, including succession planning.

Ms. Rath continued by giving an overview of three priorities for 2018 for the HR department which include; targeted customer service training, follow-up customer service training, and the strengthening of the use of technology and web resources for HR functions. She said that a customer service survey is planned with results in early 2018, and done every two years, in order to compare trends and to gauge to see where the Village is, how it's been, and where it wants to go. As far as the use of technology, she said HR is looking at expanding web-based recruiting, better utilization of the HR information system program, on-line benefit enrollment for employees and retirees, and streamlining HR related forms.

Trustee Sidor asked who the customer service survey will be sent to. Mr. Recklaus stated that it is a randomly selected survey that will be sent to 2,200 households, with the hope of getting a 20% response. Ms. Rath stated that one point of the survey is to get out information on what services the Village provides, and said some residents will receive it via e-mail and others through the mail. Trustee Scaletta was concerned with doing a combined survey of letting residents know about services, with their interactions with the Village. He felt that because good customer service is a Village Board goal, the survey should be sent to residents that have utilized services, and have interacted face-to-face with the employees of the Village in order to see if significant advances forward have been made. Mr. Recklaus stated that a survey for every step of the process is being planned for the Building Department, with expansion to other departments if successful.

Finance

Mr. Kuehne talked about some of the accomplishments that the Finance Department was involved in during 2017 which include; moving General Liability and Workers' Comp to IRMA, increased parking fees, development of storm water utility fees, the Class & Comp Study, the Police Station project, and the increase of ambulance fees. He went on to explain some of the goals for 2018 which include; new revenue sources and continuing to look for ways to cut expenditures, review and update the Village's Investment Policy as necessary, expand online payment options, and to plan and sell a \$10 million G.O. Bond issue for storm water control projects.

Mr. Kuehne went over some of the other funds. He stated that in the Capital Projects Fund, Finance is looking to replace two copiers, one in the department, and the other is the color copier in mailroom that is shared by

everyone. He added, regarding costs, that a lease versus buy option will be looked at.

Trustee Scaletta said, in regards to the AE & E Fund, the Village puts a tremendous amount of revenue towards various events in helping them be successful, and thought that it is important that the Village gets recognized as a sponsor of the Promenade of Art and the Taste of Arlington. Mr. Recklaus said that discussion can take place with Community Relations Coordinator Nancy Kluz, and with Jon Ridler of the Chamber.

Building Services

Mr. Touloumis highlighted some of the goals of the Building Department for 2018 which include; re-evaluation of the code enforcement process (to be shared among departments), review of current fire inspection process with focus on high risk structures and occupancies, implementation of the newest Building Code by the 4th quarter next year (and ordinance language improvements), hiring of a part-time administrative assistant to improve front desk customer service, and to establish continuous feedback systems to improve service and efficiency. Mr. Touloumis went on to say that the workload is higher than ever before, both in applications and permits received, as well as in the amount of inspections being done. He explained that the assistance at the front counter will help free up the supervisor who can help him with doing analysis of what needs to be done in the department. He said that a lot of automation can be done with administrative portions of work that is currently being done manually and that causes delays.

Regarding the Building Department budget, \$30,000 is requested for the Administrative Assistant position, and \$10,000 for supplemental operations for third party inspections and plan reviews, and staff overtime for inspections and plan reviews.

Trustee Tinaglia felt that code enforcement processes are important and needs to get better. He also felt that, regarding adopting the 2018 Illinois Building code, that there needs to be consistency between municipalities. He felt that it was important to have less amendments, modifications, and deviations from the code which would make things easier for everyone. Trustee Tinaglia said that it has been a long time since permit fees were looked at and suggested, in an effort to cover some costs, the Village look at what other municipalities are charging for permits. Trustee Scaletta felt that the Building Code Review Board will be very supportive of adopting the new code and with having less amendments and modifications.

Trustee Sidor voiced his concerns with the manual processes and with the need for time to be freed up for Mr. Touloumis to get to the efficiencies that are needed. Mr. Recklaus said that the part-time person will help, as well as having the flexibility of having some contract help at peak times. Mr. Recklaus explained that data collections processes are underway and are needed before good decisions on where to go and what needs to be

improved are decided. He went on to say that Mr. Touloumis is trying to get the Building, Planning, and Engineering departments to speak the same technological language so that there will not be any handoff issues. He finished by saying that there will be a new management analysis position that will be working on a lot of interdepartmental IT projects, and will spend time with the Building department to help Mr. Touloumis get through some of these issues. He said some notable changes should be seen this next year.

Planning & Community Development

Mr. Perkins gave an overview of some of the department's strategic priorities that are currently being worked on which include the Police Station, continued implementation of corridor enhancements, and a Downtown Parking & Usage Study among others. Mr. Perkins went on to say that the Planning Department budget is status quo. He said that there has been a reduction in temporary help, as well as a significant reduction in professional services. Regarding economic development, it is consistent with what has been budgeted over the last couple of years, saying that the budget is for funding the Chamber of Commerce small business agreement and annual funding.

Trustee Sidor asked what the Planning Department's role was with the Police Department construction. Mr. Recklaus stated that Mr. Perkins is the project manager. Trustee Sidor asked about total estimated costs, including all fixtures and furnishings. Mr. Perkins stated that there were several funds that the Police Station is being funded from including a Construction Fund with \$27.985 million. He went on to explain that the Board approved a Guaranteed Maximum Price (GMP) with Riley Construction, and said that Riley has gone out and bid all the sub-trades which came in under what was estimated. Mr. Perkins continued by giving a brief overview on the other accounts and their amounts budgeted for the Police Station project, saying that things were going well so far.

Trustee LaBedz thought that the planned parking study is very critical and felt because of all the businesses opening up, the sooner it gets done the better, and felt that the cost is worth the data that would be received from it. Mr. Perkins stated that a draft of the RFP should be reviewed with various Village departments in January. He stressed that the main part of the study will need to be done in the summer in order to capture the regular Thursday and Friday events, including the theatre and ballroom. Trustee LaBedz also asked if the study would include traffic patterns Downtown. Mr. Perkins said initially the thought was for the study to solely be focused on parking and garages, and traffic patterns in the garages, saying that a Downtown traffic study is a whole different scope.

Trustee Tinaglia asked how long the study will take to capture the data, Mr. Perkins stated that it will take at least a couple of weeks. Trustee Scaletta thought that in spending the \$75,000 on the parking study, a lot of data will be needed. Trustee Scaletta asked if any discussion or evaluation of valet parking will be done. Mr. Perkins stated that a couple of businesses already

have valet, and said that it can be looked at further as well, and added that everything to do with parking should be looked at.

Trustee Glasgow asked Mr. Perkins if he had enough people in his department. Mr. Perkins stated that he could always use more explaining that the contract planner that did 85% of permit reviews is gone and that the new entry level planner will be trained on doing plan reviews. He said that we will have to see how things go next summer after the entry level planner is trained. Mr. Perkins added that streamlining some of the permit reviews to departments have helped.

Trustee Blackwood asked what the “develop of scope of services Village-wide for rebranding initiative” was. Mr. Perkins stated that this initiative came from the strategic planning session that the Board had, saying that the Planning Department was asked to take that statement and come up with some steps as to where the Village goes with that. He said that the first step would be, in the first quarter or first half of next year, to come up with a summary report or memo outlining various options, updating data on what other communities have done, and laying out various options and potential costs for the Board to consider. After that, it would be determined how the Village would move forward, whether it would be a full-fledged branding study, or just looking at making changes in another direction with less cost or impact. Trustee Blackwood thought it was important not to forget about branding, and determine who we are, and then proceed to reinforce and promote that.

Police

Chief Mourning stated that the Police Department had a busy and productive year and met all their established goals and objectives. He gave an overview of some of the things that will be worked on next year which include; investigate the use of drones as a shared resource with the Fire and Public Works Departments, acquiring a firearms training simulator for the new police facility with the hopes of using grant money, a joint project with the Fire Department to acquire a police command vehicle using available forfeiture funds, and to complete the construction of the new Police facility.

Chief Mourning stated that regarding the budget, that there have been few variances from 2017, and stated that it is anticipated that the department will come in under budget this year.

Mayor Hayes asked what the sharp decrease in DUI arrests was attributed to. Chief Mourning stated that the decrease has been a regional trend. He added that it somewhat mirrors the number of traffic accidents that the Village has had over the last 8-10 years, and that the use of Uber services was a factor in these decreases.

V. OTHER BUSINESS

VI. ADJOURNMENT

Trustee TINAGLIA moved, seconded by Trustee LABEDZ to adjourn the meeting at 9:52 P.M. The motion carried unanimously.