



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
June 22, 2015
7:30 PM

I. CALL TO ORDER

President Hayes called the meeting to order at 7:33 PM.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Roll call was taken with President Hayes and the following Trustees responding: Blackwood, Farwell, LaBedz, Rosenberg, Scaletta, & Sidor.

Trustees Glasgow & Tinaglia were absent.

Also present were: R. Recklaus, D. Mikula, T. Kuehne, J. Massarelli, C. Perkins, C. Papierniak, J. Musinski, M. Juarez, D. Ruda, P. Wilkiel, Various Village Support Staff

IV. NEW BUSINESS

- A. Review of the Proposed FY2016-FY2020 Capital Improvement Program

Mr. Recklaus explained that the update and renewal of the 5-year Capital Improvement Plan (CIP) is a very important and complex process, saying that he was impressed with the seriousness and depth of the Village's planning process and with the level of staff's work. Mr. Recklaus went on to say that projects were prioritized and placed in one of four categories, explaining each category; Obligated, Replacement/Maintenance, Essential, or Discretionary. He added that the prioritization of projects reflects the Board's priorities and values expressed from a survey that they have completed.

Mr. Recklaus said that capital planning is balancing the need for replacing items as their life cycle ends with the timing of available resources. He said the Village has a strong bond rating because capital planning is taken very seriously and that good timing comes from a good understanding of both the Village assets and its finances. He went on to say that the avoidance of bad timing is also important, saying that Village needs to beware of its environment, not only looking at existing assets but at the change of priorities of residents and the condition of the economy when we plan.

Mr. Recklaus gave an overview of three current undefined challenges that are focuses of the Village. The first was with Road Planning. He said that the Village has been experiencing failure to a number of its roads, especially ones constructed in the 60's, which has led to uneven wear to the road system and that because of it, the Engineering Department commissioned a very detailed study to look at pavement conditions and at what funding would be necessary to maintain the roads at acceptable levels. He stated that the study showed that it would take approximately \$2 million more a year to maintain them at acceptable levels than what is currently being funded. He added that the majority of the Village's roads are in good to excellent condition because of good management and maintenance by the Village, but explained that if funding of roads is kept at its current level, the average pavement condition index rating will begin to fall below acceptable levels within the next four years. He said maintenance of the roads should not be deferred, explaining that doing so would cost more in the long run and said staff believes this should be a priority.

Mr. Recklaus said that this year the Village experienced lower than expected expenditures and higher than expected revenues and that it is recommended that a one-time surplus allocation of \$4 million be transferred from the General Fund with \$2 million being transferred to both the Capital Projects and Motor Fuel Tax (MFT) Funds. He explained that this one-time transfer will help this year, but may not be possible in future years. He said that the MFT Fund will continue to have fund balance issues over the next few years and that additional revenue sources will need to be explored.

Mr. Recklaus said the second undefined challenge was storm water planning, saying that the report that will demonstrate the newly developed storm water model, and identify possible improvements and their costs is due next month. He said that this project will be a major undertaking with anticipated costs of tens of millions of dollars with a long-term implementation schedule. He went on to say that staff is talking about scheduling a public meeting with a general presentation sometime after the report is processed, as well as breakout meetings by neighborhoods so that residents will be able to see the impact of the study and to get feedback from them on actual conditions. He said after that staff will identify potential courses of action and alternative funding strategies for the Board to consider. Mr. Recklaus said the good news is that many of the improvements may involve underground infrastructure and that the potential exists to coordinate some of this work

with necessary road and water utility improvements. He added that new revenue will still need to be explored in the Storm Water Control Fund.

Mr. Recklaus said that the third and most serious undefined challenge that the Village faces is the Illinois budget crisis. He said that the difficulty is that not only does the Village not know what impact the State's budget will have for the Village, but we don't know what form it will take. He added that the situation is being monitored continually. He went on to say that because of the uncertainty, he and Mr. Kuehne discussed a different approach to capital planning, saying that they are looking at doing a two track system. He explained that the current CIP document is reflective of track one which focuses on the well-known and well-defined projects and the continuation of what has been projected in the past, saying that it reflects the temporary increases in funding this year, but not any expanded permanent fund increases.

Mr. Recklaus went on to say that track two would include the budgetary impacts of the undefined challenges, expansion of road maintenance and the expanded storm water improvement planning. He said that although these areas will be the biggest areas of focus in the next several months, there is no way to define them with any certainty into this CIP. He finished by saying that this CIP is a creative, hold down the fort type plan and that the money is going predominately towards streets with the rest towards maintenance for 2016.

Mr. Kuehne introduced the new Budget Coordinator, Denise Ruda saying that she joined the Village four weeks ago and is replacing Pam Robb who is retiring very soon. Mr. Kuehne then gave an overview of each of the following Funds explaining that the first three funds have a good short-term balance, but said funding issues will need to be addressed over the next two years.

Capital Projects Fund

Mr. Kuehne started by saying that the two key revenue sources in the Capital Projects Fund is the allocation of property taxes and a percentage of the home rule sales tax which provide funding for many different types of capital projects with a significant amount of money being allocated to the street programs over the next two years. He said that in total \$8.8 million is being allocated from the Capital Projects Fund & MFT Funds for the Village's Street Resurfacing/Rehabilitation and Pavement Crack Sealing Programs in 2016. Mr. Kuehne said that in addition to the capital project's efforts for the streets, the General Fund has had about \$400,000 budgeted for the in-house paving program since 2013 and added that Public Works is suggesting that a new pavement patching program of \$200,000 be created in order to help keep the Village's streets maintained. He said that depending on what the State does, it is hoped that the program could be built into the 2016 General Fund budget.

Trustee Scaletta asked what the status was on the replacement of brick pavers. Mr. Papierniak said that a consultant was selected and that tours of some communities were done with one more scheduled in July, and said there have also been discussions on maintenance and on product types. He added that a presentation to the Board can be done sometime in July. Trustee Scaletta questioned the funding amount for the brick paver program, wanting to make sure that it is not to be spent on current brick paver maintenance until other paving options are explored. Mr. Papierniak stated that \$395,000 is what is available through the existing sidewalk program for the next two years and that those funds will go towards the Downtown and will not be spent until direction and/or approval is received from the Board. Mr. Recklaus said that there is a certain amount of money allocated to the sidewalk program in general with funds shifted to the Downtown area over the next two years. He added that part of the study is to identify a potentially long-term, more cost effective way of maintaining the sidewalks in Downtown and that a range of options will be looked at.

Trustee Rosenberg asked Mr. Papierniak to talk about the Building Asset Management Plan and the Work Asset Management System. Mr. Papierniak answered saying that the Building Asset Management Plan is going to be an inventory, condition assessment, life span estimate, and estimate of costs for all the building components of the Village's municipal buildings. This would include roof, HVAC equipment, lighting, parking lot, exterior brick, carpeting, paint, among other things. He said that this will be a tool for budgeting and maintenance going forward. Mr. Papierniak said that the Work Asset Management Program is an upgrade based on asset control for all of the work order systems.

Trustee Rosenberg asked about the Teen Center Roof. Mr. Recklaus said that a long-term plan should be looked at for the Teen Center because of some high maintenance costs that are coming up, saying that the Board will be getting correspondence regarding this soon. He noted that there is a tenant in the building with a lease. Trustee Rosenberg felt that having a lease should not be the criteria or sole purpose to keep the Teen Center building running. Trustee Rosenberg also asked if alternative roofing methods could be looked at for all Village owned properties that need repair over the next five years in order to reduce costs. Mr. Recklaus said that budgeting is being done conservatively and that staff will continue to look at ways to keep costs down. Trustee Farwell questioned the \$300,000 costs of the Downtown train depot slate roof. Mr. Papierniak explained that not only is slate expensive, the labor involved is expensive as well; explaining that the cost budgeted is for full replacement of the roof because of the failure of the slate. He also said that the use of less costly materials will be looked at before the bidding process.

Trustee Rosenberg asked about the Kennicott/Dundee Road pedestrian area. Mr. Massarelli stated that the Village entered into an agreement with IDOT about eight months ago to improve that stretch of Dundee in order to make it more bikeway and pedestrian friendly. He explained that the \$150,000 that is

budgeted is Village's portion of the improvement not the total cost of the improvement, and said that it is anticipated that the work will begin in the spring of 2016.

Trustee Blackwood asked about concrete street repairs and its funding saying that she has received calls regarding that, and has seen some significant cracking on side streets in the Surry Ridge area. Mr. Papierniak said that funds are transferred from Public Work to Engineering for concrete panel replacement that is done under the Engineering Department's sidewalk and general street resurfacing program, but is dependent on Public Works' operations and if any funding is available towards fall. He added that some small minor replacement can be done in-house. Trustee Sidor questioned how efficient and economical shoulder repairs are when they fail within five years. Mr. Papierniak explained that edge grinding is done when total edge failure is seen and so that the base failure does not get worse. He stated that extending the life span of a road five years is a success because it buys time until it meets Engineering's criteria for full replacement and for available funds to be budgeted. He added that Public Works will re-patch areas that are in need.

Trustee Rosenberg questioned the Northwest Highway Corridor Landscaping Improvements, and asked if it was something that can be deferred if needed. Mr. Papierniak said that sections of the five acre area to be improved had some standing water and some extreme slopes. He said that the concept was to work with the Planning Department to develop a plan that would include native plants that are easily maintained and be able to handle a harsh environment. He explained that because of the size of, and the \$1.2 million dollar cost of the improvement, it was decided to extend the program out to ten years. Mr. Recklaus stated that this improvement has been talked about extensively, saying that although this is aesthetic, it is also a significant gateway to our community. He added that this is an area that will not be maintained unless the Village does it and that it will distract further development if a long-term solution is not found. He said that staff didn't want to defer the study and wanted to develop a plan of what could be done and at what costs, and to also look at grants and other partners for funding long-term. Mr. Papierniak added that having a plan in place enhances the chances of getting a grant.

Trustee Scaletta said that he didn't want to spend \$1.2 million dollars in re-doing landscaping next to railroad tracks, saying that priorities need to be established. He went on to say that in looking at the Village's capital projects funding and ending balance, he is not in support of the Northwest Highway Corridor Landscaping Improvement. Trustee Farwell concurred, saying that because of the uncertainty of the State, this one item can affect other budgets. Mayor Hayes said that the first projected expenditure in 2016 is \$50,000. Mr. Recklaus explained that this amount is for an estimated cost of a study and landscaping plan, saying that staff wanted at least a concept so that grants and partnerships could be looked into. Trustee Scaletta asked if some things can be done in-house since we have a landscape planner on staff

saying that he is not in support of developing an entire plan. Mr. Perkins said that Planning can work with Public Works in identifying key areas, but said some areas entering the Downtown area are in need of upgrading. Trustee Farwell said he would like to see volunteer community efforts such as the Arlington Garden Club.

Trustee Scaletta moved, seconded by Trustee Farwell to remove the Northwest Highway Corridor Landscaping Improvement Plan from the CIP.

Trustee Rosenberg agreed that we should not pay for a plan to be developed, but that he would like for the plan to stay in the CIP in case a grant or other funding sources can be found. Mr. Recklaus suggested taking a slower approach to see what can be done in-house and with community groups. He also suggested leaving the plan in the CIP knowing that it is something the Board wants to discuss before the plan moves forward. Mayor Hayes said that since there is no expenditure of funds, he would prefer to keep the plan in place for possible grants. Trustee LaBedz stated that she is concerned with removing the entire plan from the CIP because she would like to see some focus on the Downtown gateway area that is in need of repairs. Trustee Scaletta asked if a revised CIP request for this project can be done. Mr. Recklaus said that a possible alternative could be to leave the 2016 budgeted amount of \$50,000 in the plan and remove the future year's amounts, noting that a long-term plan would need to be done at some point in the future. Trustee Scaletta said that he is not in favor of using any of the \$50,000 for a consultant. Trustee Scaletta amended his motion.

Trustee Scaletta moved, seconded by Trustee Farwell to change the Northwest Highway Corridor Landscaping Improvement Plan to a total budgeted amount of \$50,000 for 2016 and to move the remaining yearly budget amounts of \$140,000 to Unfunded Projects.

Ayes: 7

Nays: 0

The motion carried.

Motor Fuel Tax (MFT) Fund

Mr. Kuehne explained that that an additional revenue source will need to be considered in the near future for the MFT Fund.

Storm Water Control Fund

Mr. Kuehne stated that the two main projects of this fund are the neighborhood drainage improvement program and a proposed storm water rehab/replacement program. He said that \$500,000 is budgeted in this fund for storm sewers, explaining that the Water and Sewer Fund takes care of the water mains and the sanitary sewer mains. Mr. Kuehne went on to say that there is a limited fund balance and added that if the programs are continued

without a dedicated source of funding, the fund balance will go to a negative position in a few years.

Trustee Rosenberg asked about the different neighborhood drainage improvement expenditures. Mr. Massarelli stated that because of increased staff workloads, a consultant will be hired to help with a design plan so that improvements can be made in areas of need on a yearly basis. He explained that the neighborhood drainage improvements are not for water that enters the home, but are for backyards where water sits and does not drain. He explained that the basic premise for this project is to extend public utilities, storm sewers, to the front of the property or the easement and then the homeowner would hire a contractor to connect to them. Discussion continued regarding unimproved streets and storm sewers, and the use of special assessments for storm sewer improvements.

Water & Sewer Fund

Mr. Kuehne stated that due to the five-year rate increase schedule that passed last fall, the Village has some aggressive plans to improve the water main replacement program and increase expenditures from \$500,000 to three million a year by 2020. He also said it includes increases for the water tank repainting program as well as the sewer rehab program. He finished by saying that this fund is in good shape for the next five years.

Trustee Rosenberg asked about the Emergency Generator Upgrades and Replacements Project. Mr. Musinski stated that some of the sewage lift stations are in need of replacement generators which will be phased in over the next five years and be replaced with natural gas generators. He also said that the auto transfer switches will be modernized.

Municipal Parking Fund

Mr. Kuehne stated that in the long-term, the Parking Fund is in a decent position. He explained that there was a two million transfer-in from the General Fund to help pay for multi-year parking structure maintenance program that is ongoing. He said that there has not been any parking fee increases in some time and that over the next year, the Parking Committee will be looking at bringing the revenues and expenditures in line as long as our parking fees would be comparable with what the market is. Trustee Scaletta asked if that would include a modernization of the way to pay to avoid people having to come to Village hall for permits and avoid having to put money into boxes. Ms. Mikula stated that the Parking Committee is exploring some applications where people can pay by phone app. She said that automated pay stations will be looked at down the road, saying that there will be costs and ongoing maintenance associated with them. Mr. Recklaus added that technology is moving fast in this area and said that some communities are finding that their enforcement costs and efforts are reduced when the process is digitized. Mayor Hayes wants to make sure that

if we go to something more technically advanced in the way commuters pay to park, that it remains user friendly.

Emerald Ash Borer Fund (EAB)

Mr. Kuehne stated that this fund has been ongoing since FY2012 and that it is scheduled to end in 2017. He said that once the program ends, approximately three million will be available for transfer back to the General Fund or to other areas at the Board's direction. Trustee Sidor wanted to thank the administration for the way they approached the EAB project

Public Building Fund

Mr. Kuehne explained that the last project running through this fund is the construction of a new Police Station.

Other Funds

Mr. Kuehne stated Other Funds includes two internal service funds, one for fleet operations and the other for IT operations, as well as the TIF IV Fund.

Unfunded Projects

Trustee Scaletta questioned why the Metra Star Line was still listed in Unfunded Projects. Mr. Perkins explained that it's a very long-term project and that the tollway is currently doing expansions and are planning to allow space to accommodate for the Metra Star Line. He also said that PACE has received a significant grant to run bus rapid transit along the I-90 corridor. He noted that it is left in the Unfunded Projects because the Board previously passed a resolution supporting it and committed to some level of funding towards a potential station if the project moves forward.

Trustee Rosenberg thanked the Finance Department staff and all department heads for all their efforts and time in putting the CIP together. Trustee Sidor expressed his gratitude for including graphs in the CIP which he found helpful.

Mr. Recklaus stated that the Village budgets very conservatively saying that in doing so there are no surprises, but good surprises. He said that this past year the Village ended with a surplus in the General Fund, but said that we cannot count on that, particularly with what is happening with the State. He said that although the economy is improving, we have to keep focused on the challenges.

Trustee Blackwood said to Mr. Kuehne's credit that this is not the first year that he has made comments about looking for alternative sources of funding. She said that one of the biggest concerns she has had over the last two to three years is that of essential services. She said that it is disappointing in what Springfield is doing to municipalities, especially with the

Motor Fuel Tax Fund which we rely on for maintenance of roads. She believes that not only the CIP, but the entire budget needs to be looked at and be reprioritized.

Trustee Rosenberg moved, seconded by Trustee Farwell, that the Committee-of-the Whole recommend to the Village Board that the Board approve, as of April 30, 2015, transfers-in of \$2 million to the Capital Projects Fund and \$2 million to the MFT Fund be made from the General Fund for roadway projects using FY2015 General Fund surplus funds.

Ayes: 7

Nays: 0

The motion carried.

Trustee Scaletta moved, seconded by Trustee Sidor, that the Committee-of-the-Whole recommend to the Village Board that the Board approve the proposed 2016-2020 Capital Improvement Program and that the first year of the Program totaling \$21,613,300 be incorporated into the Village's proposed 2016 budget.

Ayes: 7

Nays: 0

The motion carried.

Mayor Hayes thanked all those involved in the CIP process for all their hard work.

V. OTHER BUSINESS

VI. ADJOURNMENT

There being no further business to discuss,

Trustee Scaletta moved, seconded by Trustee Farwell to adjourn the meeting at 9:17 p.m. The motion carried unanimously.