

**MINUTES
COMMITTEE-OF-THE-WHOLE
PRESIDENT AND BOARD OF TRUSTEES
VILLAGE OF ARLINGTON HEIGHTS
BOARD ROOM
MONDAY, June 11, 2018 7:30 P.M.**

BOARD MEMBERS PRESENT: President Hayes; Trustees: Blackwood, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor and Tinaglia

BOARD MEMBERS ABSENT: Trustee Baldino

STAFF MEMBERS PRESENT: Randy Recklaus, Village Manager; Tom Kuehne, Director of Finance; Mary Ellen Juarez, Assistant Director of Finance; Alexis Smulson, Accounting Manager; Charles Perkins, Director of Planning and Community Development; William Enright, Deputy Director of Planning and Community Development; Michael Mertes, Business Development Coordinator; Kim Peterson, Recording Secretary

SUBJECTS:

- A. Review of the 12-month Period Ending 12/31/17 Comprehensive Annual Financial Report (CAFR) – Lauterbach & Amen, LLP
- B. Planning Discussion: Southern Third of Block 425
- C. Arlington Heights Business Survey
- D. Customer Relations Survey Results Presentation

Other Business

Adjournment

President Hayes called the meeting to order at 7:30 PM. The Pledge of Allegiance was recited.

A. Review of the 12-month Period Ending 12/31/17 Comprehensive Annual Financial Report (CAFR) – Lauterbach & Amen, LLP

Mr. Recklaus explained how the budget is a plan, a guess of what is going to happen, whereby the CAFR is a report of what actually did happen. Mr. Kuehne further explained that the primary responsibility for preparing the Comprehensive Annual Financial Report is Ms. Juarez's and Ms. Smulson's. Once the report is

prepared, it is audited by an independent auditing firm. Matt Beran, CPA, from Lauterbach & Amen, LLP, presented the results of this audit. Mr. Beran began by first thanking Mr. Kuehne, Ms. Juarez and Ms. Smulson for all of their hard work in preparing the 2017 CAFR and then went on to discuss the Audit Report and the Management Letter.

In the financial section of the Audit Report, Mr. Beran referenced the Certificate of Achievement Award, which the Village applied for and subsequently received, for last year's audit report. Next, Mr. Beran referenced the Opinion Page and explained how the Village received an unmodified opinion from Lauterbach & Amen, which is the highest opinion they give, and essentially means that the numbers in the audit are what they say they are, there is adequate internal control framework in place and the auditor's report itself is in compliance with all governmental accounting standards. Mr. Beran next referenced the Management Discussion and Analysis section, which explains how the Village performed last year. Mr. Beran went on to discuss the fund level financial statements, including the Balance Sheet, which lists all of the fund balances. The total fund balance, which is the amount the Village ended with last year, is \$86.3 million. The general fund ended at \$30.6 million. There was a \$10 million decrease in the overall fund balance, which was a budgeted draw down, due to the new police station and street projects that occurred during the year. In the general fund, there was a decrease of \$660,000. In regards to the Water & Sewer fund, the total fund balance is \$40.7 million. However, when the capital assets are removed, the balance is \$15.7 million, which represents an increase of \$851,000. Lastly, Mr. Beran discussed the pension funds, specifically the Police and Fire pension funds, which increased by \$27 million. This increase is mainly due to the strong stock market. Police is up to 80% funded and Fire is up to 74% funded. IMRF experienced similar growth, due to the strong stock market, and is now 97% funded.

Trustee Rosenberg asked about the increase in the number of retirees and if these retirees are accounted for in these numbers, which Mr. Kuehne stated they are factored in.

Mr. Beran referenced the statistics section of the report, indicating that over the course of the last ten years, the Village has contributed more than 100% of what is asked into the pension funds.

Mayor Hayes thanked Mr. Beran for his report, which he believes adequately reflects the strong financial position the Village is in. Mayor Hayes also commended Mr. Kuehne and the entire Finance Department for the fine work they do.

Trustee LaBedz asked Mr. Beran to explain the contents of the Management Letter, which Mr. Beran indicated the Management Letter typically contains additional information for management, including industry best practices and internal control items. The Management Letter Lauterbach & Amen, LLP, prepared for our Village, only contained one informational comment for the new accounting standard. There were no additional comments.

Trustee LaBedz, referring to GASB No. 74, inquired about the Village's health insurance plan retired Village employees receive and how these expenses are reported. Mr. Kuehne explained how the Village does not pay anything for health insurance for retirees. Retirees are 100% responsible for the premiums they pay, except for those Police and Fire retirees who were injured in the line of duty and can no longer work. Retired Village employees do have the option to join the Village's health plan, which is why this calculation is done.

Trustee Rosenberg asked if any other plans fall within GASB No. 74, other than the pension and health insurance plans. Mr. Beran stated that GASB No. 74 only includes the Village's health insurance plan. Trustee Rosenberg thanked Mr. Beran for his report.

Mr. Recklaus stated that it is very rare for an organization this size to have as few, or no, comments, as we do. Mr. Recklaus commended Mr. Kuehne, Ms. Juarez and Ms. Smulson for a job well done in preparing the CAFR.

Trustee Rosenberg moved, seconded by Trustee LaBedz, to recommend acceptance of the report.

Upon a voice vote, the motion passed unanimously.

B. Planning Discussion: Southern Third of Block 425

President Hayes, anticipating that Trustee Tinaglia would recuse himself from this discussion, suggested items C and D be moved up on the agenda and item B heard last.

Trustee Rosenberg moved, seconded by Trustee Sidor, to move agenda items C and D before B.

Upon a voice vote, the motion passed unanimously.

C. Arlington Heights Business Survey

Mr. Recklaus explained how, in an attempt to reach out to the people who the Village does business with, the Planning and Community Development Department conducted a business survey. Mr. Mertes will present the results of this survey.

Mr. Mertes presented the findings of the 2017 Arlington Heights Business Survey, beginning with an explanation as to why the survey was conducted. The Planning and Community Development Department, with strong input from the Arlington Heights Economic Alliance, issued an online 18 question business retention survey to all of the businesses in town, in an effort to fulfill a goal identified by the Village Board during their strategic priority planning session last year. The overall purpose of the survey was to get as much feedback as possible; however, the two main goals of the survey were answers to the questions: are businesses in town happy to be here and are they planning on staying.

Mr. Mertes went on to explain how postcards were mailed in early October, and then again in November, to every commercial address in the community. The postcard contained information regarding the purpose of the survey and a link to the website where they can find the survey. The Planning and Community Development Department also sent out four emails from October to December to their business e-contacts, to make them aware of the survey and provide them with the link. Furthermore, the Arlington Heights Chamber of Commerce and Meet Chicago Northwest, sent emails to their local business contacts, in an effort to reach as many businesses in town as possible.

Mr. Mertes stated that in all, 143 businesses responded to the survey, or four and a half percent of the businesses in town. In response to the first of the two main questions the Planning and Community Development Department were looking for answers on, if the business is happy here in Arlington Heights, eighty percent of the respondents said they are "satisfied or very satisfied," with being here in Arlington Heights. Less than ten percent said they are "unsatisfied or very unsatisfied." The two main reasons those businesses gave for being "unsatisfied or very unsatisfied," were property taxes and parking, specifically downtown parking. Unfortunately, the Village cannot do much about the property taxes and Mr. Mertes pointed out how the Village Board is already looking into the issue of parking, as they have already approved a downtown, comprehensive parking study, to try and make the parking situation better. In response to the second main question, if the business is planning on staying in Arlington Heights, eighty five percent of respondents said they have no plans to relocate from the community. Approximately five percent said they are considering relocating, with the primary reason being property taxes.

Mr. Mertes went on to discuss some of the other survey questions, along with the responses they received, including what the anticipated space needs are of the existing businesses over the next five years. The majority of the businesses plan on remaining the same size, although there were a good number of them that are looking to expand their business. Those who are looking to increase their footprint were then asked where they plan on going. The majority of responses indicated

that if they don't stay in Arlington Heights, the plan would be to move to an adjacent community. The next question dealt with the type of business they are, with the most common answers being office and service. Mr. Mertes did however emphasize the wealth of diversity of the businesses in our community. The businesses were also asked how long they have been in business and nearly fifty percent responded they have been in business for over 20 years. Furthermore, approximately sixty percent of these businesses have been in business in Arlington Heights for over 10 years. The next question focused on the number of workers each of the businesses employ and more than two-thirds responded eight or fewer, which highlights the importance small businesses play in this community. In response to some of the other questions that were asked, many of the business owners indicated they own their tenant space, as opposed to leasing it, and many of the businesses indicated they are doing better than they were three years ago. In addition, the majority of the business owners identified their location and the support they receive from the residents, as the greatest asset of owning a business in Arlington Heights. Conversely, the greatest detriment of owning a business in Arlington Heights is taxes and parking, according to Mr. Mertes. The last few questions centered on future business ownership and what the Village could do to make owning a business in Arlington Heights more desirable. Some of the responses indicated establishing a more coordinated process when it comes to the permit process, adopting less restrictive sign codes, increasing the number of community events and creating new marketing and advertising strategies.

President Hayes was pleased with the amount of data that was gathered from this survey and thanked Mr. Mertes for his presentation.

Trustee Sidor is unsure if the data that was gathered in this survey is useful, as he doesn't believe the survey itself asked the businesses the necessary questions to achieve the intended results identified by the Board as a strategic priority. Trustee Sidor is aware of only one question that mentioned processes.

Mr. Mertes explained how the goal of this survey was to make direct connections with the business community and assist any businesses that may be in need of some help. This survey was the first step in determining what processes might require further attention.

Mr. Recklaus indicated that some of the other activities being conducted by the Village focus on processes, including the issuance of comment cards to building permit applicants, which asks for their input as they go through the permit process. This survey was intended to be more of a broad-based diagnostic tool that the Village can use to compare data.

Trustee Sidor asked how many of the businesses who responded to the survey actually went through the permit process. Trustee Sidor also questioned why we don't already know the answers to some of questions that were asked in the survey, such as the size of the business or how long they have been there.

Mr. Perkins stated that we do have this data; however, we asked for this

information because the respondent may wish to remain anonymous. Mr. Recklaus added that such answers can be cross referenced with one another to identify patterns as well.

Trustee Sidor was under the impression that the Chamber of Commerce was already providing most of this information in their SBDA reports, which the Board hasn't received in quite some time.

Mr. Recklaus stated the Village has not received a SBDA quarterly report in over a year, although they did convey to the Chamber how they would like to start receiving these reports again during their last meeting.

Trustee Sidor asked Mr. Mertes how many businesses the Chamber was able to assist with who were experiencing stalled permits, which Mr. Mertes stated there were four.

Trustee Sidor reiterated how he doesn't feel this data is very useful.

Mr. Recklaus believes the real value of these surveys is to set bench marks and then to determine if improvements have been made.

Trustee Blackwood, referring to Question No. 16 of the survey, which asks what programs and events the businesses would like to see, inquired about the number of responses from business owners on the North and South sides of town who would like to see activities. Trustee Blackwood would like to see some special events take place in these areas and not just exclusively in the downtown area.

Mr. Mertes did receive a few responses from some of the business owners in these areas who may be interested in organizing a special event, which Mr. Mertes is more than willing to explore.

Trustee Blackwood suggested that perhaps the Arlington Economic Alliance, the Arlington Heights Special Events Commission, and the local business owners, can get together to discuss some new ideas for events in town and what they can to make the current events bigger and better.

Trustee Scaletta asked about the Arlington Economic Alliance's participation in crafting the survey and if most respondents actually completed the survey.

Mr. Mertes explained how the Arlington Economic Alliance had strong input into the survey, as they received the initial rough draft and made recommendations about what questions could be added and which questions should be removed.

Mr. Mertes stated that the majority of respondents completed the majority of the survey. It appeared that some respondents intentionally skipped some of the questions.

Trustee Scaletta inquired about vacant businesses and who absorbs the lost tax

revenue.

Mr. Recklaus explained how all taxpayers are equally responsible for making up this lost tax revenue.

Trustee Scaletta also supports the idea of other areas in town hosting special events; however, he is unsure of how these events can take place given space constraints.

Trustee Scaletta believes coordinating a focus group might be a better approach when trying to gather this type of information, which Mr. Recklaus is not opposed to doing.

Lastly, Trustee Scaletta questioned whether or not the SBDA is in default, as they have not produced any reports. Mr. Recklaus does not believe they are in default, although he does think the program is in need of revamping. Mr. Recklaus indicated that these conversations are already underway with the Chamber and the program is evolving. Mr. Recklaus will ask for the activity reports to resume. Trustee Scaletta is concerned with the Village paying for a service and not receiving anything in return.

Trustee Tinaglia commended Mr. Mertes for the fine report he presented to the Board tonight.

Trustee Tinaglia stated that taxes, parking, permits and approvals are the topics he encounters most often when speaking with local business owners. Trustee Tinaglia is most interested in improving the permits and approvals process and would like to see the Village hire a "Permit Coordinator" to act as a liaison between the Village and the public and help facilitate the permit process.

Trustee Glasgow believes the SBDA is in default, as they have not produced the reports they agreed to in their contract. Trustee Glasgow wants the reports, or he will demand the contract be modified.

Trustee Glasgow, referring to the question in the survey that asks the business owners to identify what the greatest detriment of owning a business in Arlington Heights is, asked what the "other" responses were. Mr. Mertes stated that many of the answers he received for this question were all over the place, therefore he decided to lump them together.

Trustee Glasgow believes this was a very good survey and thoroughly enjoyed reading this report. Trustee Glasgow would like for the public to see this report.

Trustee LaBedz asked Mr. Mertes if he captured all of the responses, even those that didn't provide any real information, and Mr. Mertes said he did, for the sake of consistency.

Trustee Rosenberg is in agreement with his peers when it comes to summarizing

the "other" responses, as some of the responses were similar and probably could have been grouped together.

Trustee Rosenberg would also like for this report to be shared with the public, which Mr. Recklaus agrees with.

Trustee Rosenberg commented on the parking survey that is going to be conducted this year and asked if the problems with business employees parking on the streets still exists, which Mr. Perkins stated it does.

Trustee Sidor does not believe the SBDA is necessarily in default and asked to see a report produced by them that is unfiltered and unedited by staff.

Mr. Recklaus does believe, that despite the fact that we have some problems, Arlington Heights is still a good place to do business and businesses are flourishing here.

D. Customer Relations Survey Results Presentation

Mr. Recklaus provided a brief overview of the purpose of the customer relations survey and discussed some of the highlights of the survey. The customer relations survey was conducted primarily to determine if we are improving, or worsening, and why. It's a way to keep score, and make sound decisions, rather than overreacting to negative criticism that we may receive. There were three areas of focus including, the perception of quality of Village Services and Programs, the perception of the Customer Service received from Village Staff and the perception of the Village's communications with residents.

Mr. Recklaus explained how the survey was administered by NIU's Center for Governmental Studies. Invitations to participate in the survey were sent out to 2,200 randomly selected households, and approximately 500 responses were received either through the mail or electronically. The demographics of those who responded to the survey essentially mirrored our actual demographics. The survey contained 38 questions, with the most basic question asking how you would rate the overall quality of services. Ninety-two percent of the respondents answered "good or excellent." Seven percent responded "fair or poor." The question, suggestions for additional programs, received very few responses, and for those who did respond, the majority answered "don't know." Mr. Recklaus believes this response indicates that residents are generally satisfied with the range of services that are provided. The next highest response to this question was "improve leaf removal." Trustee Scaletta asked about the number of people who made a comment, along with giving their answer, and Mr. Recklaus indicated that most did not comment, although he did not have those exact numbers. Moving on in the survey, Mr. Recklaus indicated that sixty-six percent of the respondents did have contact with the Village over the past two years and eighty-one percent did not need to be transferred to get assistance, which is a statistic Mr. Recklaus is very proud of, as this has been one of his goals since joining the Village of Arlington

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Heights team. Another question asked was, how do you rate your overall experience with the Village, eighty-two percent responded with a "good or excellent" answer. The number one response as to why an individual answered "good or excellent" was because the staff was knowledgeable and professional. This question is one of the big measures that Mr. Recklaus would like to track over time. People always remember how they feel after they make contact with someone. The survey also captured the Village communications, including the seventy-four percent who have visited the Village's website. Since the inception of the new website, ninety-four percent of the respondents said the information on the website is very helpful. Sixteen percent of the respondents have watched the Village's public access channel and twenty-eight percent said they were not aware the Village had a public access channel. Eighty-nine percent of the respondents said they are "somewhat or very satisfied" with the job the Village does providing information. In addition to the statistical data gathered by the survey in regards to Village communications, Mr. Recklaus acknowledged how resident demographics play a role in how individuals receive their information. The final statistic Mr. Recklaus commented on, and found the most perplexing, was the difference in perception of service levels between the 60004 and 60005 zip codes. Mr. Recklaus believes the Village needs to research this anomaly some more.

Mr. Recklaus announced the creation of a new inter-departmental customer service team that will be asked to identify some reasonable standards that can be applied across the organization when it comes to customer service, what are ways that we can enforce these standards and how can we communicate our customer service values across the organization.

The Village is also looking for new ways to communicate information to residents, according to Mr. Recklaus. A quarterly email newsletter is now being produced, with a hard copy newsletter in the works. The Village is continuing to use social media as a means of communication as well.

President Hayes believes this survey was a worthwhile exercise in gathering objective data to gauge how we are doing and thanked Mr. Recklaus for his report.

Trustee Glasgow would like the results of this survey made available to the public, perhaps on the public access channel. Trustee Glasgow commended Mr. Recklaus for the time and effort he, and other Village employees, put into this report.

Trustee Glasgow found it very interesting that the main reason why people call the Village is to discuss permits.

Trustee LaBedz really enjoyed reading the results of this survey.

Trustee LaBedz inquired about the difference in perception of service levels between 60004 and 60005 zip codes, and if these geographical areas can be narrowed down even more, to assist in identifying more precisely where these individuals are that feel they are being less served. Mr. Recklaus is interested in knowing this information as well, and will look into breaking down the zip codes

even more, the next time this survey is conducted.

Trustee LaBedz believes the Board should take another look at leaf removal and see if our Village should change the process.

Trustee Tinaglia acknowledged Mr. Recklaus' desire as Village Manager to create a culture of customer service, and conducting this type of a survey, proves his commitment to this organization. Trustee Tinaglia appreciates Mr. Recklaus' efforts.

Trustee Scaletta was very pleased with this survey, and not just with the results, but also with the residents who took the time to respond.

Trustee Scaletta is in favor of taking another look at the leaf pickup program as well.

Lastly, Trustee Scaletta wants to encourage staff to follow up on any issue that is brought to their attention by a resident, which Mr. Recklaus agrees with.

B. Planning Discussion: Southern Third of Block 425

Trustee Tinaglia recused himself from this discussion, as he is staying clear from anything that happens on this project because of his project on the other portion of this site.

Mr. Recklaus explained how the goal of tonight's informal planning discussion is to provide some feedback to staff and the property owner regarding the types of things the Board would like to see staff and the property owner pursue on this property. Since the CA Ventures project was voted down, Mr. Recklaus would like to know if any project that does move forward, is reflective of the Village Board's views, values and standards.

Mr. Perkins provided an aerial view of the southern quarter of Block 425, and explained the history of the comprehensive plan and how the area has changed over the years. This particular site has bounced back and forth between mixed use and high density residential, which is what the land is now designated for. The setbacks for this site have not changed.

Mr. Perkins explained how this site is an "edge" site and presented some pictures of other high density multi-family housing situated next to single family homes, in other nearby towns.

Mr. Perkins asked the Board to provide staff with the best direction possible for this site, without a formal proposal in front of them. Specifically what height, what setbacks and what density they are looking for. Mr. Perkins would like to have this information readily available, in the event another developer is interested in this site, he can tell them what the Board is willing to accept.

President Hayes has always considered this location site to be part of the downtown

and doesn't think putting single family homes or two-story townhomes would be putting this property to its highest and best use. Therefore, President Hayes thinks a high density residential building that is four to four and a half stories tall, with self-contained parking and the appropriate setbacks, so we're sensitive to the concerns of the adjacent residential neighborhood on two sides of it, maximizes the property to its best. A high quality building will not compromise the neighborhood.

Trustee Sidor agrees with President Hayes that a four to four and a half story building with the proper setbacks makes the most sense. Safety is a big issue in the downtown area.

Trustee Glasgow, referring to the picture Mr. Perkins presented of an "edge" high density residential property located in Naperville, feels this is much better architecturally as an edge property than what has been proposed in the past. Trustee Glasgow would consider voting in favor of a proposal that is similar to this building; however, he will not vote for any proposals that are higher than this building, which is four stories. Trustee Glasgow is concerned with the parking and traffic issues that will most likely occur when putting in this type of building. Trustee Glasgow believes Arlington Heights has a shortage of townhomes.

Trustee LaBedz also likes the looks of the Naperville property, and like Trustee Glasgow, will not vote for any proposals higher than four stories. Trustee LaBedz also agrees with Trustee Glasgow when it comes to a shortage of townhomes in Arlington Heights. Trustee LaBedz would like to see a variety of housing in town for people of different income levels.

Trustee Blackwood would be in favor of a five story building, because of the parking garage that is adjacent to this site. Trustee Blackwood believes the building should be a high density, rental development, with parking underneath. Trustee Blackwood doesn't really see much of a difference between the latter drawings CA Ventures proposed and the Naperville development.

Trustee Rosenberg voted for the CA Ventures project and does not see a lot of difference between the architectural design of that project and the Naperville project. Trustee Rosenberg views this location as part of the downtown, therefore he is in favor of a five story, high density, residential development, with self-contained parking.

Trustee Scaletta supported the latter CA Ventures project, although he was in favor of incorporating recessed balconies, as he believes this would have helped blend the building with the surrounding neighborhood. Trustee Scaletta would like to see a high density, residential development, as he feels this would add to the vibrancy of the downtown area. Trustee Scaletta is worried that Arlington Heights will fall behind in terms of development, if we don't do something soon on this site.

Mr. Recklaus asked Trustees LaBedz and Glasgow, if a proposal came before them that offered something other than townhomes, will it be an automatic "no" for them. Trustee LaBedz is not opposed to a rental building on this site, as long as it is

no higher than four stories. Trustee Glasgow has heard from some of the residents in this area that they would like to see some green space as a transition to the downtown area where it's dense. Trustee Glasgow is concerned with the number of rental units a development like this would have and if the rental market takes a downward turn, there would be a bunch of vacant apartments. Trustee Glasgow agrees with Trustee LaBedz that we need to offer housing options to people of all income levels. Trustee Glasgow is not ruling out rental, but he wants to make sure the rental market is strong enough to support this type of development.

Trustee Sidor would like to see an affordable housing element, if this is going to be a rental development, to accommodate those who earn entry level salaries, i.e., police officers, firefighters, teachers.

Trustee Glasgow would like to see some additional affordable housing as well.

President Hayes asked if staff has enough direction, which Mr. Recklaus stated they do.

President Hayes asked if there was anyone in the audience that would like to address the Board on this agenda item, understanding that there is no specific proposal on the table.

Brad Doty, of 24 S. Mitchell, read off some statistics regarding the amount of tax revenue that is lost every year this property site remains undeveloped. Mr. Doty believes we need more apartments, as there are already plenty of townhomes and condominiums in town. Mr. Doty does not see the difference between the Naperville development shown tonight and the CA Ventures project. Mr. Doty wants something to be done with this property soon, as money is being lost every day.

Other Business

None

Adjournment

Trustee Glasgow moved, seconded by Trustee Scaletta to adjourn the meeting at 10:20 p.m. Upon a voice vote, the motion passed unanimously.