COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE MAYOR AND THE BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS COMMUNITY ROOM MONDAY, JUNE 9, 2014 7:30 P.M.

BOARD MEMBERS PRESENT:	President Hayes; Trustees: Blackwood, Farwell, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor and Tinaglia
BOARD MEMBERS ABSENT:	None
STAFF MEMBERS PRESENT:	Bill Dixon, Village Manager; Diana Mikula, Assistant Village Manager; Tom Kuehne, Director of Finance; James McCalister, Director of Building & Health Services; Eileen Hellstrom, Recording Secretary

SUBJECTS:

A. Consideration of recommending to the Liquor Commissioner the issuance of a Class "AA" Liquor License to Mike Ditka's Arlington Heights, LLC dba Ditka's, located at 2000 W. Euclid Avenue
B. Proposed Regulations for Electronic Cigarette Devices
C. Proposed Transfers from the General Fund to the Emerald Ash Borer (EAB), Flood V, Fleet and Capital Projects Funds
D. Trustee Request to Discuss Elimination of Vehicle Stickers
Other Business
Adjournment

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

A. Consideration of recommending to the Liquor Commissioner the issuance of a Class "AA" Liquor License to Mike Ditka's Arlington Heights, LLC dba Ditka's, located at 2000 W. Euclid Avenue

Trustee Rosenberg recused himself from this discussion since Ditka's is a client of his employer.

Mayor Hayes swore in Paul Woodard and Jeffrey Shearer who were present for consideration of the "Class AA" (Full Service Restaurant) liquor license for Ditka's.

Diana Mikula, Assistant Village Manger, said they will be in the space that was formally OTB Trackside Restaurant located at 2000 W. Euclid. The first floor renovations were reviewed by the Planning Department and were determined to be in compliance with the previously approved Special Use for this building. The restaurant is anticipated to have 284 seats. The former OTB Trackside Restaurant with the wagering area has been moved to a new space called Trackside OTB Sports Bar. This space is located west of Ditka's restaurant.

There are five individuals that have financial interest in Ditka's. Mr. Jeffrey Shearer is one of the five individuals who was present at the meeting. Background checks were conducted on the five individuals listed as having financial interest in Ditka's. No convictions were disclosed and no lawsuits, judgments or liens are outstanding. Ditka's will be overseen by Paul Woodard, who is the General Manager. A background check was conducted on Mr. Woodard and no lawsuits, judgments or liens are outstanding. Mr. Woodard does not have an ownership interest in Ditka's.

Mayor Hayes asked Mr. Woodard if he would be present at Ditka's on a daily basis. Mr. Woodard replied yes, he would be the general manager of this facility. Mr. Shearer is a co-owner and would not be present on a daily basis and does not have an official role as a manager.

Mayor Hayes asked if either had been cited with any violations for local liquor laws. Both responded no they had not.

Mayor Hayes asked if either had a license revoked or suspended. Both responded no they had not.

Mayor Hayes asked what the plans are regarding Basset training. Mr. Woodard replied that the entire staff will be Basset trained. There are about 122 employees including the kitchen staff. There will be about 30 servers who will serve alcohol and about 12 bartenders.

Mr. Woodard said the hours of operation are 9:00am on Saturday and Sunday for breakfast. Saturday they are open until midnight, and Sunday they are open until 10:00pm. Monday through Friday Ditka's opens at 11:00am.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE FARWELL TO RECOMMEND THAT THE VILLAGE BOARD OF TRUSTEES RECOMMEND TO THE LIQUOR COMMISSIONER THE ISSUANCE OF A CLASS "AA" LIQUOR LICENSE TO MIKE DITKA'S ARLINGTON HEIGHTS, LLC, DBA DITKA'S, LOCATED AT 2000 W. EUCID (FORMER TRACKSIDE RESTAURANT).

Upon a voice vote, the motion passed unanimously.

B. Proposed Regulations for Electronic Cigarette Devices

Bill Dixon, Village Manager, said the Board of Health met recently and is recommending to the Village Board that the regulations for cigarettes that are now in place in Arlington Heights be extended to cover electronic cigarettes. At the present time, e-cigarettes are an unregulated product with unknown health risks.

James McCalister, Director of the Health Services Department said electronic cigarettes are growing in popularity and most stores that sell cigarettes in Arlington Heights now sell e-cigarette devices. The question is whether or not to allow e-cigarette use in restaurants, movie theater and other public places.

The American Heart Association believes that the use of e-cigarettes should be prohibited in the areas where the use of conditional cigarettes are prohibited. The Board of Health agrees with this opinion.

Communities that have amended their Clean Air Ordinance to prohibit the use of electronic cigarette devices in public places include Chicago, Evanston, Carpentersville and Oak Park.

Dr. Meservey, member of the Board of Health, said the vapors from e-cigarettes is not just water vapor, but there are many products in this vapor that are harmful to our health.

Mayor Hayes said one of the concerns initially was the potential impact on businesses. He asked if the Board of Health has any feedback on what the impact would be on restaurants if the Village were to include e-cigarettes to be restricted.

Dr. Meservey said he made some phone calls and talked to some of the restaurants in town. They said they notice limited use of e-cigarettes in their restaurants and they go outside to use e-cigarettes without being asked.

Trustee LaBedz said this is very important that the use of e-cigarettes be restricted and to treat them the same as regular cigarettes. She referenced what was said regarding the possible negative effects on the business community by restricting the use of e-cigarettes, but said there are plenty of people who go to a variety of establishments because there is no smoking. She is very supportive of this restriction.

Trustee Rosenberg asked Dr. Meservey if e-cigarettes are healthier than regular cigarettes.
Dr. Meservey replied that the nicotine level in e-cigarettes is less than regular cigarettes.

TRUSTEE SIDOR MOVED, SECONDED BY TRUSTEE LABEDZ, THAT THE

COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE VILLAGE OF ARLINGTON HEIGHTS IMPOSE THE SAME REGULATIONS FOR ELECTRONIC CIGARETTE DEVICES AS CONVENTIONAL CIGARETTES WITHIN THE VILLAGE BOUNDARIES.

Trustee Farwell said it will be nice to have continuity with any type of tobacco product in that they will be regulated and handled in the same way.

Trustee Rosenberg asked Mr. McCalister once this is adopted, would notices be sent out to establishments?

Mr. McCalister replied they would get the word out.

Upon a voice vote, the motion passed unanimously.

C. Proposed Transfers from the General Fund to the Emerald Ash Borer (EAB), Flood V, Fleet and Capital Projects Funds

Mr. Dixon talked about the General Fund being projected to have a least a $4.5 million surplus attributable to activity for the fiscal year ending April 30, 2014. A good portion of this surplus is due to one-time revenue receipts as well as expenditure savings.

Long-term projections for the General Fund continue to reflect expenditures climbing faster than revenues, but this past fiscal year's results provide the Village with some needed short-term financial flexibility. The Village has a number of long-term capital needs to address, including parkway tree replacement due to the Emerald Ash Borer infestation, the new Police Station, potential flood remediation costs, and other capital costs.

It is proposed that the Village consider making the following transfers from the General Fund:

1. Transfer $1.3 million to the EAB Fund. This would allow the Village to decrease the upcoming $10 million bond issue that is planned for capital improvements in the Capital Projects Fund.
2. Transfer $1 million to the Flood V Fund. This would provide sufficient funding to extend the neighborhood drainage improvement program and the sewer back-up rebate program.
3. Transfer $1.4 million to the Fleet Fund. This fund is an internal service fund that is funded through annual depreciation charges paid by departments that utilize Village vehicles.
4. Transfer $500,000 to the Capital Projects Fund. Over the past year the Village Staff Pavement Committee developed a plan to resurface 9.2 miles of Village streets. This was more than the FY2015 budget would allow. The proposed $500,000 would cover the difference.

See Attachment A

Trustee Rosenberg suggested the money not be transferred to the EAB fund and more money be used for street improvements and resurfacing.

Tom Kuehne, Director of Finance, said the reason behind the recommended transfer to the EAB fund was to lower the debt service amount to pay it off sooner. This would give the most financial flexibility in terms of debt levels without increasing property taxes and he wanted to get this paid off as soon as possible to have more options.

Mr. Kuehne spoke with Jim Massarelli, Director of Engineering who said he could use another $600,000 for the street reconstruction program in the NFT fund. The program could also use another $600,000 in the Capital Projects fund for road resurfacing. This would be an additional $1.2 million dollars total, which includes the $500,000 that was originally proposed and would require another $700,000.

Trustee Rosenberg thought it would make sense to do this now while we have the opportunity to resurface the extra miles of roadway. He has seen significant deterioration of the streets this year compared to the past.

Trustee Scaletta asked about the transfer of $1.4 million to the Fleet Fund.

Mr. Kuehne said when the fleet fund was set up there are two ways to pay for cars in the future. The Fleet Fund is an internal service fund that is funded through annual depreciation charges paid by departments that utilize Village vehicles. The increased cost of vehicles over time is covered by interest earnings on the Fleet Fund's investments. For a number of years interest rates have been held down by the Federal Reserve as one of its tools in addressing the national recession. This has resulted in a decreased funding status for the future replacement of Village vehicles.

He said the Fleet Fund balance has been going down over time and at the end of FY2013 it was about 60% funded. By transferring monies to this fund it will help get the fund towards the minimum where it needs to be at around 75%-80% funded.

Mr. Kuehne said operating surpluses are good to use for one time capital infrastructure purposes which is what is proposed here.

Trustee Scaletta said he feels that $1.4 million is a lot of money to transfer to the Fleet Fund even though he knows the Village has many vehicles. Mr. Kuehne replied that over a number of years the Fleet Fund has been going down and this would be a good opportunity to make this fund more fiscally solvent. If this fund is increased now it will help with operations down the road.

Trustee Scaletta agrees with Trustee Rosenberg concerning the roads and due to this past winter it has exasperated the problem. He wants to make sure the money is used responsibly.

Trustee Farwell asked when this decision has to be made.

Mr. Kuehne said this should be done during the fiscal year 2014 period since this is a fiscal year 2014 surplus and should be completed no later than July.

Trustee Farwell said he wants the citizens to understand that this Board understands that this is their money and this is not an administration that has a spend or lose mentality.

He said we don't know what the upcoming Flood Study results will show. He would like more information regarding the Fleet Fund.

Mr. Kuehne said right now the Fleet Fund has accumulated depreciation of $10.9 million dollars. The fund should have that much cash available since the cars have depreciated and we need that much to pay for them down the road. Currently we have $6 million dollars in the Fleet Fund which is 60% funded. In the past this fund has been 75% funded or more. With vehicle expenditures increasing, this fund will go down even more. Before the fund gets to a danger zone it would be a good idea to put more money into this fund.

Trustee Glasgow asked about the recurring costs of #2, #3, and #4. He asked what the plan is to make sure there are no recurring funding for #2, #3, and #4.

Mr. Kuehne said for #2, there is no recurring funding. Once Flood V funding is gone it is done and there is no more funding. He was recommending additional funds to carry on the neighborhood drainage improvement program as well as the overhead sewer program.

Trustee Glasgow would like to see how the Fleet Fund would be funded year after year before this $1.4 million would be transferred to this fund.

Trustee Glasgow agrees that the roads need to be taken care of.

Trustee Tinaglia asked if there was a surplus a year ago around this time.

Mr. Kuehne replied that last year around this time there was a surplus and a large amount was put towards streets.

Trustee Tinaglia said what he hears from residents that is most concerning is flooding and taxes. He feels this surplus should be put towards flood control. He is not sure about putting the money towards the Fleet Fund.

Trustee Blackwood said the two issues that stand out for her are flooding and the roads. From the perspective of the resident they are not going to be happy if their basement is still flooding and there are potholes on the streets in Arlington Heights.

Mayor Hayes agrees with the Board in that we are looking at basic essential needs with respect to these proposals. It will ultimately benefit the residents in a number of ways. This will help keep the cost down in the future in these areas and result in a lower tax levy.

Trustee Rosenberg reminded the Board that whatever is decided tonight or a month from now regarding the surplus of funds, it doesn't have to be permanent and can be moved to different funds with Board action. Down the road if funds need to be moved around, this would be possible.

Trustee Scaletta said he agrees with $1 million to the Flood V Fund, agrees with the $1.4 million to the Fleet Fund pending receipt of follow-up information, he also agrees with the $500,000 to the Capital Projects Fund to help resurface the roads, but as far as the $1.3 million to the EAB Fund he would like to take some of this funding and add to the Capital Projects Fund for more road work.

He would like to transfer the surplus as follows: $600,000 to the EAB Fund, $1 million to the Flood V Fund, $1.4 million to the Fleet Fund and transfer $1.2 million to the Capital Projects Fund.

Trustee LaBedz said she concurs with Trustee Scaletta regarding taking some of the funds from the EAB Fund and increasing the Capital Projects Fund.

Mr. Dixon recommended adding a phrase at the end of the motion saying "pending the receipt of the Fleet Fund back-up information."

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE SIDOR, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD APPROVAL OF THE PROPOSED TRANSFERS FROM THE GENERAL FUND OF $600,000 TO THE EAB FUND, $1 MILLION TO THE FLOOD V FUND, AND $1.4 MILLION TO THE FLEET FUND, AND $1.2 MILLION TO THE CAPITAL PROJECTS FUND USING PROJECTED SURPLUS MONIES AS OF THE END OF FY2014 PENDING RECEIPT OF THE FLEET FUND BACK-UP INFORMATION.

The following voice vote was recorded:
Ayes: 8 Nayes: 1

Ayes: Trustee Blackwood, Farwell, Glasgow, LaBedz, Scaletta, Sidor and Tinaglia
Nayes: Trustee Rosenberg

The motion carried.

D. Trustee Request to Discuss Elimination of Vehicle Stickers

Mr. Dixon said two Village Trustees expressed interest in investigating whether the Village could eliminate its vehicle stickers. Along with the vehicle stickers the Village's annual license application form includes information for the sale of dog tags. The Staff proposes that both of these license fees be reviewed in conjunction with each other.

A number of communities have chosen to eliminate their vehicle sticker and dog tag programs.

See Attachment B

In order to preserve the General Fund's long-term financial flexibility, Staff recommends that should the Committee-of-the-Whole wish to recommend the elimination of vehicle and dog licenses that an alternate revenue source be implemented to cover the lost revenue. Staff has identified the following revenue options:

A. Additional Food & Beverage Tax (FBT)
   1% = $1.87 million <u>or</u> .75% = $1.4 million

B. Additional Property Tax
   4.6% = $1.4 million

Trustee Glasgow said his concern was that the vehicle sticker was instituted back in the 1930's. He has seen vehicle stickers be eliminated in other municipalities. There are residents who don't purchase a vehicle sticker and this is not fair for residents who do purchase them.

Trustee Glasgow asked Mr. Dixon what the policy is on the enforcement of the Vehicle Sticker. Mr. Dixon said it is enforced in conjunction with parking tickets or vehicle accidents.

Trustee Glasgow asked if he didn't want to buy a vehicle sticker would he receive a ticket. Mr. Dixon replied that it is not an active program.

Trustee Glasgow's concern is that it does create a fairness issue for residents who buy their vehicle sticker and residents who don't buy vehicle stickers. Additionally it creates a disparity between Arlington Heights and other municipalities since they don't have vehicle stickers.

Mr. Kuehne discussed that Buffalo Grove has no vehicle stickers which was done in 2007; Hoffman Estates eliminated their vehicle sticker in 1997 in conjunction with the telecommunication tax which brought in much more revenue than vehicle stickers. Schaumburg eliminated their vehicle stickers in 2009 and this was done when they instituted their first ever property tax and was significantly more revenue than the vehicle sticker. Wheeling eliminated their vehicle stickers in 1996 in conjunction with the .25 home rule sales tax which brought in more revenue.

Trustee Glasgow doesn't think additional property tax would be a popular thing to do, but the additional Food & Beverage Tax is a way to make up the revenue.

He asked if there was any enforcement program for dog licenses. Mr. Kuehne replied no there is no active enforcement program.

Trustee Tinaglia said it is obsolete to have vehicle stickers and doesn't think it's necessary anymore. He wanted to talk about Fuel Tax as opposed to Property Tax or Food and Beverage Tax.

Mr. Kuehne said the Fuel Tax was proposed in the past in regards to using it for MFT for the streets. That would only bring in around $250,000 a year which is not a big revenue generator. Revenue loss would be close to $1.4 million from eliminating vehicle stickers and animal licenses.

Trustee Tinaglia said additional Property Tax is out of the question. He would be one hundred percent in favor of changing this ordinance.

Trustee LaBedz asked if there are any benefits to retain these licenses.

Mr. Kuehne said he spoke with the Police Department and they said they could possibly lose the ability to track a suspicious vehicle if the State of Illinois' information was not updated but this would be rare. In regards to a lost dog, the first place they go to is the county's rabies vaccination records which the Police Department has access to, plus some dogs are micro chipped so this would not be an issue from their perspective.

Trustee LaBedz wanted to clarify that there would not be any negative effects from doing away with these licenses other than the monetary aspect of it.
Mr. Kuehne said that was correct.

Trustee Scaletta said he understands the reason behind trying to eliminate vehicle stickers but he would be opposed to increasing the Food & Beverage Tax to pay for the short fall from eliminating vehicle stickers. Our residents need to be able to promote their business and host events and raising the Food & Beverage Tax is something he is not interested in doing. He is willing to look at a variety of other ways to make up the shortfall.

Trustee Farwell concurs with Trustee Scaletta. He sees the annual income that the Vehicle Stickers and Animal License's generate but he does not like the alternatives.

Trustee Glasgow said the reason he brought this up is because anyone can choose not to buy the vehicle sticker. This is not enforced so chances are you would not be punished for doing so. It is not fair for the citizens who buy their stickers. The vehicle stickers take an incredible amount of staff time. He would like to see some other funding options to replace the vehicle stickers and animal license revenue. Or, have a far more efficient means of registering vehicles so everyone ends up paying for a vehicle sticker.

Trustee Tinaglia replied that he is not in favor of a Food & Beverage Tax or a Property Tax increase to cover the revenue from vehicle stickers. He feels this is something the Board should work on and talk about and find other creative ways to cover these costs.

Other Business
None

Adjournment

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE LABEDZ TO ADJOURN THE MEETING 9:35 P.M.

Upon a voice vote, the motion passed unanimously.

ATTACHMENT A

1. Transfer $1.3 million to the EAB Fund. This would allow the Village to decrease the upcoming $10 million 2014 bond issue that is planned for capital improvements in the Capital Projects Fund. By combining this proposed transfer with $1.5 million of the EAB Fund's existing fund balance, the Village could reduce the planned 2014 bond issue from $10 million to $7.2 million. As per the Village's FY2015 budget plans, the 2014 bond issue will free up available resources in the Capital Projects Fund to be transferred to the EAB Fund for the removal and replacement of parkway trees. The debt service for the $10 million bond issue was planned to be paid off after seven years, but a $7.2 million bond issue could be retired in five years. This would provide the Village with earlier access to bond funding options for its other long-term capital needs.

2. Transfer $1 million to the Flood V Fund. Within six years it is projected that the Flood V Fund will have expended the remainder of this fund's monies that have been used for the neighborhood drainage improvement program and the sewer back-up rebate program. This transfer would provide sufficient funding to extend these programs for another 2.5 years based on current budgeted amounts.

3. Transfer $1.4 million to the Fleet Fund. The Fleet Fund is an internal service fund that is funded through annual depreciation charges paid by departments that utilize Village vehicles. The increased cost of vehicles over time is covered by interest earnings on the Fleet Fund's investments. However, for a number of years interest rates have been held down artificially by the Federal Reserve as one of its tools in addressing the national recession. This has resulted in a decreased funding status for the future replacement of Village vehicles.

4. Transfer $500,000 to the Capital Projects Fund. Over the past year the Village staff Pavement Committee developed a plan to resurface 9.2 miles of Village streets. The Committee understood that this level of street resurfacing was more than the FY2015 budget would allow, but the list was maintained in the event that exceptional bid prices were received or another funding source was forthcoming. The FY2015 budget currently has sufficient funding to cover 8.2 miles of street resurfacing. The proposed $500,000 transfer to the Capital Projects Fund would cover the 1 mile difference.

Recommendation

It is recommended that the Committee-of-the-Whole recommend to the Village Board approval of the proposed transfers from the General Fund of $1.3 million to the EAB Fund, $1 million to the Flood V Fund, and $1.4 million to the Fleet Fund, and $500,000 to the Capital Projects Fund using projected surplus monies as of the end of FY2014.

ATTACHMENT B

MUNICIPAL FOOD BEVERAGE TAX RATES

PASSENGER VEHICLE STICKER SALES

ANIMAL LICENSES / TAGS SALES

	Arlington Heights	Buffalo Grove	Des Plaines	Elk Grove	Evanston	Hoffman Estates	Mount Prospect	Naperville	Palatine	Rolling Meadows	Schaumburg	Wheeling
Food & Beverage Tax	1.25%	1%	1%	1%	6% Liquor Only	2%	1%	1%	1%	2%	2%	1%
								2.5% in defined Downtown Area				
Vehicle Stickers Passenger Vehicles Only	$30.00	None	$30.00	$25.00	$75.00 Wheel Tax*	None	$36.00	None	$30.00	$30.00	None	None
Animal License/Tags	$12.00 Dogs Only	$10.00 Cats/Dogs	$2.00 - $5.00** Cats/Dogs	$5.00 Cats/Dogs	$15.00, $10.00 (Neutered) Cats/Dogs	$5.00, $2.00 (Seniors) Cats/Dogs	None	$8.00, $4.00 (Neutered) Cats/Dogs	$7.00 Cats/Dogs	$10.00, $5.00 (Neutered) Dogs Only	None	$11.25*** Cats/Dogs

*No stickers issued

** Varies on number of pets as well as being discounted for seniors

***One time fee - Good for life of animal

F:\Excel\Survey Copies\3 10 14 FBT - Vehicle Sticker - Animal License Survey