



## **AGENDA**

President and Board of Trustees

Village of Arlington Heights

Committee-of-the-Whole

Board Room

33 S. Arlington Heights Road, Arlington Heights, IL 60005

May 20, 2019

7:00 PM

### **I. CALL TO ORDER**

### **II. PLEDGE OF ALLEGIANCE**

### **III. ROLL CALL OF MEMBERS**

### **IV. NEW BUSINESS**

- A. Swearing-in of Battalion Chief Ron Fraider to Deputy Fire Chief
- B. Swearing-in of Officer Christopher Sefton to Police Sergeant
- C. Departmental Status Report - Finance
- D. Departmental Status Reports - Human Resources
- E. Departmental Status Reports - Fire

### **V. OTHER BUSINESS**

### **VI. ADJOURNMENT**

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.



**Committee-of-the-Whole**  
**5/20/2019**

**Item:** Swearing-in of Battalion Chief Ron Fraider to Deputy Fire Chief

**Department:** Village Manager's Office

Swearing-in of Battalion Chief Ron Fraider to Deputy Fire Chief

**ATTACHMENTS:**

**Description**

**Type**

No Attachments Available



**Committee-of-the-Whole**  
**5/20/2019**

**Item:** Swearing-in of Officer Christopher Sefton to Police Sergeant

**Department:** Village Manager's Office

Swearing-in of Officer Christopher Sefton to Police Sergeant

**ATTACHMENTS:**

**Description**

**Type**

No Attachments Available



**Committee-of-the-Whole**  
**5/20/2019**

**Item:** Departmental Status Reports- Finance

**Department:** Village Manager's Office

**ATTACHMENTS:**

**Description**

Finance

**Type**

Report

# Finance Department

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2019 ANNUAL REPORT

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## Scope of Department Services

The Finance Department is comprised of 17 full-time equivalent (FTE) employees who provide an array of services to various internal and external customers. Internal customers include the Village Board, Village Manager, all Village Departments, employees, and pensioners. External customers include residents, vendors, other governments, bond buyers, purchasers of building and parking permits, and other Front Desk customers.

Over the years the Finance Department has worked to continually improve its efficient delivery of service to all of our customers. Since 2002 the Finance Department has decreased from 22 FTE's to 17 FTE's in 2019, or a decrease in staffing of 23%. This has been accomplished through the use of technology and hiring quality staff.

The Department's scope of services includes key required annual activities, daily/ongoing activities, and a number of special projects that change from year to year. **Attachments A1-A2** provide an outline of these activities and projects. Some of the key annual activities are required by State statute such as the annual audit, annual actuary projections, budget/tax levy, and the annual Treasurer's Report. Other key annual activities that are good government or recommended practice activities include the Village's biennial 5-year Capital Improvement Program and the annual 3-year operating fund projections. It takes the Finance Staff a number of months to complete each of these activities by working extensively with our internal customers. Following the Village Board's approval of these annual and biennial reports, they are posted online for the benefit of the Village's external customers.

The Department's daily and ongoing activities cover numerous functions that relate to all of our customers. These daily services include activities such as payroll, accounts payable and receivable, treasury, general liability insurance claims and Front Desk interactions among others. As an administrative unit, the Finance Department provides accounting and financial internal services to all levels of the Village organization. As such, it is incumbent on Finance Staff to provide accurate, clear, and dependable information in an efficient manner. This information is subsequently delivered on a daily, weekly, biweekly, monthly, quarterly, or annual basis.

There are a number of special projects that arise each year. Some of these are planned for years in advance, while others can arise quickly. Finance Staff has been involved in the Village's efforts to continuously improve our infrastructure. In recent years the Village has completed the EAB parkway tree replacement program, increased the annual street program from \$5.8 million to over \$9 million per year, initiated a multi-year plan to fund storm water control projects, rejuvenated the Village's public parking garages, and constructed a new Police Station. The Village has done an excellent job of planning and executing above ground capital projects, but we also must be vigilant in taking care of our underground infrastructure. The next key capital project for the Village will be to reach and maintain a viable water main replacement schedule, and to reduce our excessive number of water main breaks. As improvements to the Village's

water main system unfold, the Village will need to take steps to coordinate this work with the additional annual street work that is already underway.

Another key project that Finance will be coordinating with the Integrated Services Department (ISD) is a new Village-wide Enterprise Resource Planning (ERP) software for the Village. This software will include the base internal service activities such as accounting, budgeting, payroll, purchasing, and cash receipts. It also will provide centralized capabilities for Human Resources, Building and Planning approval processes, and coordination with the Village's website. The Village's current ERP system was installed in 1996. Although it has been updated over the years, newer software providers offer much more proven capabilities that the Village needs in order to offer the efficiency and online services that are now expected by our residents.

Department Staff will also continue to work on internal staff committees including the Health Insurance Committee, the Parking Committee, the Water Main Replacement Committee, the Arlington Heights Firefighters' and Police Pension Fund Boards, and others. In addition to these types of internal activities, Finance Staff participates in a number of intergovernmental organizations including membership on the Illinois Municipal Retirement Fund Board, member of the Intergovernmental Risk Management Association (IRMA) and its Administration and Finance Committee, staff liaison to the Metropolis Theater, active participation with the Illinois Government Finance Officers' Association, acting as a GFOA national budget reviewer, membership in the High Level Excess Liability Pool, as well as other organizations.

## Workload and Performance Data

There are a number of workload and performance measures that help us manage the Finance Department and that help tell a story of how things are going. Some of these measures include the following:

**Number of vehicle stickers sold** – this tells us whether our sticker sales are on track from year to year. This measure will also help us gauge the success our new enforcement program.

**Water consumption billed (1,000 gallons)** – this continues to be a key number in estimating annual water and sewer revenues. It also provides a view of how weather and water conservation effects this revenue source.

**Parking Tickets, Vehicle Stickers, and Water Bill Payments through the internet** – this data provides us with an idea of how many people currently use this payment option, and it can provide evidence of the results of internet payment marketing efforts now or in the future.

**Number and amount of credit card payments** – provides usage data, and may ultimately provide data for a decision point of whether credit card charges should continue to be a cost of doing business, or if they should be passed on to the customer.

Beyond the workload measures shown above, there are a number of information points that reflect the differences between the Village's desire to provide high levels of service and sustainable infrastructure improvements, versus the long-term financial goals of maintaining taxes and fees at reasonable rates.

**Sales, Income and Use Taxes** – Sales and Income taxes are two of the General Fund's key growth revenue sources, representing 24% and 9% respectively of total revenues. Most of the General Fund's revenues are fairly stable from year to year, but increases in these revenue sources help cover the cost of our expenditure increases. The Village is also monitoring the Use Tax which has started to grow over the last few years. This tax reflects the Village's portion of online sales taxes being remitted through the State. Online sales have continued to eat away at all local governments' sales tax bases. The Village's amount derived from this revenue source has improved, but it does not equal the sales taxes lost to internet sales.

**Building Permits** – this revenue source is an important bellwether of economic cycles as it goes up and down depending on the economy.

**General Fund Reserves** – staff keeps a close eye on this number to maintain our excellent bond rating, and to ensure that the Village can withstand extraordinary storm damages and self-insurance losses, and to provide a buffer during economic downturns. The Village's fund balance policy is to maintain a fiscal year-end balance of at least 25% of General Fund expenditures. Being at or above this level is even more important for Arlington Heights due to our reliance on sales and income tax receipts which are subject to economic cycles.

**Property Tax History** – the Village has continued to work hard to keep property tax increases as low as possible.

**Debt Service Levy** – from a long-term financial perspective it is advantageous for the Village to keep its debt service payments level from year to year. This way the property tax levy does not fluctuate from year to year. This requires long-term planning for large capital projects based on the debt retirement schedule. The Village could use a portion of future debt retirements as a way to decrease property tax levies, however there will always be long-term capital needs that should not be deferred.

**Infrastructure Survey** – this past year Finance staff completed a survey of other area communities to compare the Village's annual capital infrastructure spending. As shown in **Attachment B**, you can see we compared very favorably in regard to street work, but the Village's water mains are older than the average, and we have a much higher number of water main breaks per year.

**Bond Rating** – the Village's current bond rating is very high with an AA+ rating from Moody's Investor Services. This high rating allows the Village to sell bonds at the most competitive rates, which results in lower debt service costs.

**Village Staffing Levels** – since 2002 the Village’s staffing levels have decreased by 10%, and we have been able to maintain a high level of services with less staff. However, in the event of another major recession it would be difficult to reduce administrative staffing levels further.

**Community Survey** – these survey results are included in the Village’s annual budget document, and compare area communities based on revenues received from an average homeowner. Even with our high level of services, as shown in **Attachment C** we have been able to maintain a cost position that is in the middle of the pack.

## Key Accomplishments – Past Year

Beyond the annual budget, capital, audit, and treasury reports, there have been a number of additional key accomplishments that were completed over the past year:

- A long-term alternative revenue report was completed and presented to the Village Board. No new revenues sources were implemented, but the Board directed staff to prepare a multi-year plan to raise fees and fines over time. The Board also directed staff to develop a plan to increase vehicle sticker enforcement in order to improve compliance.
- Last year Finance continued to work with the Human Resources Department in evaluating health insurance options, including consideration of joining an intergovernmental health insurance cooperative. At that time there was not a financial or operational reason to join this group, but it will be reviewed again next year. This year the committee is considering a pharmacy formulary and a post-65 health insurance product carve-out as a way to reduce the Village’s costs and long-term exposure.
- Implemented a new printing/mailing/e-billing provider for vehicle stickers and water bills.
- Received Board approval to implement new vehicle sticker enforcement procedures. Cross-checked vehicle registrations with the State’s motor vehicle department, to be followed by late notice letters with a higher penalty. If vehicle stickers are still not purchased, a code enforcement ticket will be mailed to the vehicle owner.
- Prepared a Board approved plan to pay off a portion of the Police and Fire Pension long-term liabilities through the use of \$3 million in 2018 General Fund surplus monies. Per the Village’s actuary, this will save the Village approximately \$6.4 million between now and 2040.

Projects still to be completed during 2019:

- Complete the multi-year fine and fee increase schedule.
- Complete (w/PW) the five-year water & sewer rate study for the Board’s review.
- Work with the Village’s Financial Consultant on a 2019 Bond Refunding issue that could save the Village about \$600,000 over the remaining eight years of the bond.
- Work with ISD to develop an RFP for an ERP software implementation consultant.
- Review and revise the capital accounting and budget definition.

- Plan for the proposed change in pay periods from the current paid to date method, to a pay date one week after the pay period ends.
- Request for Proposals for the 5-year municipal audit engagement.

## Current and Anticipated Challenges

Balancing General Fund revenues and expenditures, and keeping property tax increases as low as possible is a challenge that is addressed each year. This is especially challenging during times of market downturns when our growth revenues of sales and income taxes flatten or decrease, along with potential investment income losses. The status of the State of Illinois' budget can also present significant financial challenges for the Village. Questions have arisen such as: Will the State continue to take a portion of the Village's revenues (income tax receipts)? Will there be an expansion of slots to the Arlington Park Racetrack? Answers to these questions over the next few years could have negative or positive consequences for the Village.

In regard to infrastructure, the Village has taken great strides over the last few years to provide ongoing funding for streets and storm water control projects. On the other hand, the Village had planned to be able to increase its water main replacement program more than it has to date. Due to wet spring weather over the last few years and improved water conservation by our residents, the annual amount of water use has decreased. As a result, less water and sewer revenues have come in than projected which caused the Village to scale back the planned increases to the water main replacement program. As shown in the infrastructure study noted earlier, the Village has a significantly higher rate of water main breaks than our neighboring communities, and the average age of our water mains is older at 65 years. Our challenge is to find a way to "catch-up" and maintain an adequate water main replacement program at the industry recommended annual 1% system replacement rate. Funding options for the Board's review will be presented during the upcoming water and sewer rate study scheduled for completion in August or September 2019.

The new ERP software system mentioned earlier will present some challenges and key decision points. With the assistance of a consultant, the Village will determine the software wants and needs of each Department. The Village's current antiquated system, Central Square, has a number of limitations which hamper efficiencies, including:

- Antiquated purchasing processes: Credit card payments are difficult to process, requiring manual print outs and approvals. Purchasing descriptions are brief due to character limits.
- Newer systems are more integrated: Payroll, HR, Police tickets, Building permits, Cashiers, Accounts Payable, and Purchasing would benefit from better module to module integration.
- The Village's current system uses separate databases for vehicle stickers and tickets. These databases are not tied into the cashiering system requiring dual data entry.
- A new system will likely improve and expedite approval processes between Departments for permits, building and planning reviews, payroll, and purchasing.

- There aren't many third-party software vendors still willing to work with Central Square.
- A third-party report writing system, COGNOS, is currently used to write reports. However, this system is difficult to use, and downloads to Excel do not convert properly at times.

Implementing a new system will present a number of internal challenges. Converting data from the old system to the new system will be tedious and will likely require some manual entry. No new system will be perfect for all Departments, and the new ERP software system may require the Village to alter some of its existing processes in order to work within the confines of the standard software package. The Village will also be cognizant that some staff members may be resistant to change, and we will have to provide for ongoing communication and training for all staff members. Finally, most modules will require that the old and new systems run parallel for a period of time in order to ensure the accuracy of the new system.

A current challenge is administering the increased enforcement of the vehicle sticker program. Finance sent out letters to those vehicle owners listed on the State's motor vehicle list who have not purchased a vehicle sticker. The State's list is dated and there has subsequently been large number of calls and complaints being fielded by the Department. It is anticipated that after a couple of years of administering the new enforcement procedures that the scofflaw rate will decrease significantly.

Another challenge was the recently completed partial staff reorganization with the concurrence of the Village Manager. The Village's Accountant recently retired, and as with all vacancies, the Village reviewed the overall needs of the Department. Based on this review the Accountant and Budget Coordinator positions were combined and the vacant position was downgraded to an Accounting Assistant position. This revised position now handles some basic accounting duties, may take on some of the computational duties previously handled by Human Resources, and is the primary back-up for the Payroll position. The Finance Department had lacked a highly trained back-up for our complex Payroll function, and this change provides a much needed improvement. Transitioning to these revised job duties will require a number of months of training on investment software and on the Village's payroll requirements.

## Potential New Initiatives to Explore in the Future

- One of the most exciting projects that Village staff will be working on over the next few years is an analysis and implementation of the new ERP System outlined above. This system will touch the entire organization in some way, and it is anticipated that the Village will be able to attain new efficiencies in our provision of services.
- During the upcoming water and sewer rate study and next year's biennial Capital Improvement Plan, Village staff will provide the Board with a proposed long-term debt financing plan that reflects the maturity of some of the Village's older bond issues over the next seven years. The intent of the plan will be to provide the Village Board with some decision points on what capital projects may require future debt financing, when this

financing might occur, and how the Village can space out its planned financing to provide for capital project funding in the future.

## Conclusion

Through the Village's conservative budgeting practices, by looking for ways to reduce costs, and by continuing to look toward the future, the Village has been able to maintain a strong financial position. As technology and society changes, the Finance Department will continue to look for ways to adapt and improve our services. One of the keys to our ongoing stability will be to continue looking a number of years ahead, and to plan accordingly.



## SCOPE OF SERVICES: ACTIVITIES AND PROJECTS

Attachment A1

### Key Required Annual Activities

|                                                       | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Audit                                                 |     |     |     |     |     |     |     |     |     |     |     |     |
| Actuary                                               |     |     |     |     |     |     |     |     |     |     |     |     |
| Treasurer's Report                                    |     |     |     |     |     |     |     |     |     |     |     |     |
| CIP (Bi-Annual)                                       |     |     |     |     |     |     |     |     |     |     |     |     |
| 3-Year Operating Fund Projections/<br>Budget/Tax Levy |     |     |     |     |     |     |     |     |     |     |     |     |

### Daily/Ongoing Activities

|                                                     |  |
|-----------------------------------------------------|--|
| Payroll                                             |  |
| Utility Billing                                     |  |
| Purchasing                                          |  |
| Accounts Payable                                    |  |
| Accounts Receivable                                 |  |
| Accounting                                          |  |
| Treasury                                            |  |
| General Liability Insurance                         |  |
| Front Desk/Collections                              |  |
| FBT Collections                                     |  |
| Customer Service Representative                     |  |
| Metropolis Building Management<br>(with Legal & PW) |  |
| Monitor Metropolis Theater Finances                 |  |

## SCOPE OF SERVICES: ACTIVITIES AND PROJECTS

## Attachment A2

## Special Projects

|                                           | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| New Printing/Mailing Billing Provider     |     |     |     |     |     |     |     |     |     |     |     |     |
| New Vehicle Sticker Enforcement           |     |     |     |     |     |     |     |     |     |     |     |     |
| Transfer General Fund Surplus to Pensions |     |     |     |     |     |     |     |     |     |     |     |     |
| Review Health Insurance Program (with HR) |     |     |     |     |     |     |     |     |     |     |     |     |
| Fee and Fine Plan                         |     |     |     |     |     |     |     |     |     |     |     |     |
| RFP for ERP Consultant (with ISD)         |     |     |     |     |     |     |     |     |     |     |     |     |
| Proposed Pay Period Change                |     |     |     |     |     |     |     |     |     |     |     |     |
| Water & Sewer Rate Study (with PW)        |     |     |     |     |     |     |     |     |     |     |     |     |
| 2019 Bond Refunding                       |     |     |     |     |     |     |     |     |     |     |     |     |
| RFP for 5-Year Audit Engagement           |     |     |     |     |     |     |     |     |     |     |     |     |
| GFOA National Budget Reviewer             |     |     |     |     |     |     |     |     |     |     |     |     |
| IMRF Board Member                         |     |     |     |     |     |     |     |     |     |     |     |     |
| HELP Board Member                         |     |     |     |     |     |     |     |     |     |     |     |     |
| IRMA Board Member                         |     |     |     |     |     |     |     |     |     |     |     |     |

**SURVEY OF COMPARABLE MUNICIPALITIES  
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME  
AUGUST 2018**

| <b>ANNUAL ESTIMATED PAYMENTS:</b> |                                             |                          |                            |                                                                  |                            |                                       |                                              |                                         |                           |                                                     |                                                  |                        |                                                    |                                                               |
|-----------------------------------|---------------------------------------------|--------------------------|----------------------------|------------------------------------------------------------------|----------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------|---------------------------|-----------------------------------------------------|--------------------------------------------------|------------------------|----------------------------------------------------|---------------------------------------------------------------|
| <u>Municipality</u>               | <u>2018<br/>Passenger<br/>Veh. Stickers</u> | <u>Garbage<br/>Bill*</u> | <u>Yard<br/>Waste Bill</u> | <u>Combined**<br/>Residential<br/>Water &amp;<br/>Sewer Bill</u> | <u>Storm Water<br/>Fee</u> | <u>Home***<br/>Rule<br/>Sales Tax</u> | <u>Food &amp;<br/>Beverage<br/>Sales Tax</u> | <u>Municipal<br/>Motor Fuel<br/>Tax</u> | <u>Entertain.<br/>Tax</u> | <u>Electric<br/>Utility Tax</u><br>12,300<br>kWh/Yr | <u>Gas<br/>Utility Tax</u><br>1,700<br>therms/Yr | <u>Telecom<br/>Tax</u> | <u>2017****<br/>Municipal<br/>Property<br/>Tax</u> | <u>Total<br/>Estimated<br/>Annual<br/>Homeowner<br/>Costs</u> |
| Assumptions for<br>Average Family | 2<br>Cars                                   | 12<br>/Yr                | 48<br>Bags/Yr              | 144,000<br>Gallons/Yr                                            | Estimated<br>Fee/Yr        | \$6,000<br>/Year                      | \$3,000<br>/Year                             | 650<br>Gallons/Yr                       | \$2,400<br>/Year          | \$1,400<br>/Year                                    | \$1,650<br>/Year                                 | \$1,200<br>/Year       | \$78,900<br>EAV                                    |                                                               |
| 1. Rolling Meadows                | 60.00                                       | \$359.40                 | \$0.00                     | 2,196.00                                                         | 54.36                      | 60.00                                 | 60.00                                        | 26.00                                   | 0.00                      | 75.03                                               | 85.00                                            | 72.00                  | 1409.94                                            | \$4,457.73                                                    |
| 2. Hoffman Estates                | 0.00                                        | \$204.00                 | \$139.20                   | 1,746.36                                                         | 24.00                      | 60.00                                 | 60.00                                        | 162.50                                  | 144.00                    | 69.00                                               | 85.00                                            | 72.00                  | 1159.83                                            | \$3,925.89                                                    |
| 3. Mount Prospect                 | 90.00                                       | \$234.96                 | \$0.00                     | 1,759.20                                                         | 0.00                       | 60.00                                 | 30.00                                        | 26.00                                   | 0.00                      | 43.17                                               | 24.99                                            | 72.00                  | 901.83                                             | \$3,242.15                                                    |
| 4 Wheeling                        | 0.00                                        | \$248.04                 | \$0.00                     | 1,287.36                                                         | 30.00                      | 60.00                                 | 30.00                                        | 0.00                                    | 0.00                      | 75.03                                               | 85.00                                            | 72.00                  | 1314.47                                            | \$3,201.90                                                    |
| 5 Elk Grove Village               | 50.00                                       | 237.12                   | \$120.00                   | 1,728.00                                                         | 0.00                       | 60.00                                 | 30.00                                        | 0.00                                    | 0.00                      | 75.03                                               | 34.00                                            | 72.00                  | 757.44                                             | \$3,163.59                                                    |
| <b>6 Arlington Heights</b>        | <b>60.00</b>                                | <b>\$214.56</b>          | <b>\$129.60</b>            | <b>1,134.24</b>                                                  | <b>75.00</b>               | <b>60.00</b>                          | <b>37.50</b>                                 | <b>0.00</b>                             | <b>0.00</b>               | <b>75.03</b>                                        | <b>85.00</b>                                     | <b>72.00</b>           | <b>960.21</b>                                      | <b>\$2,903.14</b>                                             |
| 7 Des Plaines                     | 60.00                                       | \$205.68                 | \$0.00                     | 1,166.40                                                         | 109.44                     | 60.00                                 | 30.00                                        | 26.00                                   | 0.00                      | 70.23                                               | 42.50                                            | 72.00                  | 959.42                                             | \$2,801.68                                                    |
| 8 Schaumburg                      | 0.00                                        | \$0.00                   | \$0.00                     | 1,797.60                                                         | 0.00                       | 60.00                                 | 60.00                                        | 19.50                                   | 120.00                    | 0.00                                                | 0.00                                             | 72.00                  | 486.02                                             | \$2,615.12                                                    |
| 9 Park Ridge                      | 90.00                                       | \$0.00                   | \$0.00                     | 1,430.04                                                         | 0.00                       | 60.00                                 | 30.00                                        | 26.00                                   | 0.00                      | 68.63                                               | 34.00                                            | 72.00                  | 635.93                                             | \$2,446.61                                                    |
| 10 Buffalo Grove                  | 0.00                                        | \$254.40                 | \$0.00                     | 851.04                                                           | 60.96                      | 60.00                                 | 30.00                                        | 0.00                                    | 0.00                      | 75.03                                               | 85.00                                            | 72.00                  | 954.69                                             | \$2,443.12                                                    |
| 11 Palatine                       | 60.00                                       | \$240.00                 | \$0.00                     | 846.48                                                           | 60.00                      | 60.00                                 | 30.00                                        | 0.00                                    | 0.00                      | 75.03                                               | 0.00                                             | 72.00                  | 985.46                                             | \$2,428.97                                                    |

\*AH Garbage Bill based on estimated once per week pick-up cost for comparison purposes. Rates include carts and/or SWANCC fees where applicable.

\*\* Rate/100 cubic ft. x 1.3367197 = rate/1000 gals.

\*\*\*Home/Rules Sales Taxes are on general merchandise only, not applied against vehicles or qualifying food, drugs, or medical appliances.

\*\*\*\* Municipal tax only, does not include libraries, schools, special districts, or other taxing authorities.

Sources: Surveys: Arlington Heights (08/18), / Cook County Clerk website / Municipal websites / Codes

# Comparable Municipalities Infrastructure Survey

Attachment B

|                                                     |                           |                        |                                            |                    | Average Annual Spending for: |                            |                               |                               | Average Annual Spending for: |                   |                  |                  |                                 |                            |                    |
|-----------------------------------------------------|---------------------------|------------------------|--------------------------------------------|--------------------|------------------------------|----------------------------|-------------------------------|-------------------------------|------------------------------|-------------------|------------------|------------------|---------------------------------|----------------------------|--------------------|
| Municipality                                        | # of Miles of Water Mains | Avg Age of Water Mains | Avg # of Water Main Breaks Last Five Years | Annual Breaks/Mile | Water Main Replace/ Rehab    | Storm Sewer Replace/ Rehab | Sanitary Sewer Replace/ Rehab | Combined Sewer Replace/ Rehab | Water Main Replace/Mile      | # of Street Miles | Road Resurfacing | Road Reconstruct | Road Patching and Crack Sealing | Total Annual Road Spending | Road Spending/Mile |
| Arlington Heights                                   | 260                       | 65                     | 250                                        | 0.962              | \$2,500,000                  | \$500,000                  | \$300,000                     | \$100,000                     | \$9,615                      | 241               | \$6,100,000      | \$1,800,000      | \$1,360,000                     | \$9,260,000                | \$38,423           |
| Buffalo Grove                                       | 182                       | 38                     | 50                                         | 0.275              | \$1,000,000                  | \$200,000                  | \$1,000,000                   | N/A                           | \$5,495                      | 114               | \$1,500,000      | \$500,000        | \$300,000                       | \$2,300,000                | \$20,175           |
| Des Plaines*                                        | 225                       | 74                     | 108                                        | 0.480              | \$5,000,000                  | \$2,000,000                | \$1,000,000                   | \$500,000                     | \$22,222                     | 141               | \$1,000,000      | \$6,000,000      | \$400,000                       | \$7,400,000                | \$52,482           |
| Elk Grove Village                                   | 153                       | 40                     | 71                                         | 0.464              | \$600,000                    | \$3,300,000                | \$1,100,000                   | N/A                           | \$3,922                      | 136               | \$1,100,000      | \$150,000        | \$100,000                       | \$1,350,000                | \$9,926            |
| Hoffman Estates                                     | 255                       | 44                     | 33                                         | 0.129              | \$750,000                    | \$160,000                  | \$500,000                     | N/A                           | \$2,941                      | 152               | \$4,000,000      | \$2,000,000      | \$300,000                       | \$6,300,000                | \$41,447           |
| Mount Prospect                                      | 160                       | 54                     | 48                                         | 0.300              | \$2,000,000                  | \$100,000                  | \$1,000,000                   | \$800,000                     | \$12,500                     | 135               | \$4,127,000      | N/A              | \$135,000                       | \$4,262,000                | \$31,570           |
| Palatine                                            | 246                       | 60                     | 80                                         | 0.325              | \$2,000,000                  | \$300,000                  | \$250,000                     | N/A                           | \$8,130                      | 160               | \$2,100,000      | \$1,500,000      | \$255,000                       | \$3,855,000                | \$24,094           |
| Park Ridge                                          | 139                       | 75                     | 27                                         | 0.194              | \$850,000                    | N/A                        | N/A                           | \$550,000                     | \$6,115                      | 128.2             | \$1,100,000      | N/A              | \$300,000                       | \$1,400,000                | \$10,920           |
| Rolling Meadows                                     | 90                        | 53                     | 60                                         | 0.667              | \$600,000                    | \$450,000                  | \$700,000                     | N/A                           | \$6,667                      | 62                | \$600,000        | \$900,000        | \$75,000                        | \$1,575,000                | \$25,403           |
| Schaumburg                                          | 273                       | 40                     | 45                                         | 0.165              | \$1,000,000                  | \$110,000                  | \$550,000                     | N/A.                          | \$3,663                      | 205               | \$3,700,000      | \$2,800,000      | \$500,000                       | \$7,000,000                | \$34,146           |
| Wheeling                                            | 138                       | 35                     | 30                                         | 0.217              | \$750,000                    | \$500,000                  | \$400,000                     | N/A.                          | \$5,435                      | 75                | \$2,000,000      | \$500,000        | \$100,000                       | \$2,600,000                | \$34,667           |
| AVERAGE                                             |                           | 53                     |                                            | 0.380              |                              |                            |                               |                               | \$7,882                      |                   |                  |                  |                                 |                            | \$29,387           |
| * Des Plaines higher due to use of gaming revenues. |                           |                        |                                            |                    |                              |                            |                               |                               |                              |                   |                  |                  |                                 |                            |                    |



**Committee-of-the-Whole**  
**5/20/2019**

**Item:** Departmental Status Reports- Human Resources

**Department:** Village Manager's Office

**ATTACHMENTS:**

**Description**

Human Resources

**Type**

Report

# Human Resources Department

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2019 ANNUAL REPORT

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## Key Services and Functions

Human Resources (HR) is an internal services Department that works with all Village Departments on a daily basis. We are adaptive, resilient and quick to change. Despite HR's integral role, of all the departments in our organization, the Human Resource department likely has the least popular reputation.

HR is like your doctor, that you would rather never see or need. When the HR Director calls you and asks you to come by her office, you may assume that something bad is about to happen to you. However, many employees don't realize that HR also actually works to benefit the Village employee and the overall work environment.

The simplest way to think about what Human Resources does is to think of any employment-related issues that an individual encounters from when they look for employment until they leave employment. It encompasses everything from on-boarding an employee (orientation) all the way through the employee's exit interview.

More specifically, our HR department manages recruiting, benefits, wellness, class and compensation, risk management, labor and employee relations, compliance, staff development and performance management for all budgeted 435 Village employees. HR interacts and works with each Village Department in establishing long-term strategies for growth and development of both its employees and the organization as a whole.

While not all employees have face-to-face interaction with HR, they all interact with the policies and procedures that HR develops and oversees. For example, if you have ever applied for any type of leave, attended training, requested time off, had a performance evaluation, received a pay increase, or been disciplined, then you have interacted with a policy or procedure that HR manages and maintains. Our main function is risk management. Human Resources provides a wide range of assistance and support to the department heads, supervisors and employees of the Village of Arlington Heights. From ensuring a safe work environment, to helping employees understand their rights and responsibilities, employee relations, benefits and compensation, through assisting managers to attain and retain the staff they need, the HR staff works diligently to help maintain a highly-motivated workforce.

We have become a true function within the Village providing structure as well as managing its most important resource - our employees.

## ORGANIZATIONAL OVERVIEW

### *Who Is Human Resources?*

Including myself, there are four full-time employees and one intern in the HR Department. While being cross-trained in every HR area and balancing varying compliance issues, each staff member has clear duties and responsibilities.

My role is the Director of the HR Department. My duties include planning, managing and coordinating all duties of the Department. As such, my duties vary daily. For example, I may spend days immersed in employee relations, coaching supervisors how to have a difficult conversation with an employee, and other days I review and rewrite personnel policies. I am also a resource to other Directors regarding application of policies and rules, employee issues, and coaching employees on their work performance.

Kelly Livingston is the Assistant Human Resources Director coordinating recruitment for entry-level and promotional sworn positions in Fire and Police, as well as assisting with all Village recruitment. Additionally, Kelly assists in numerous safety and risk management functions including the Village's Safety Committee and the Accident Prevention Board. She works closely with the Workers Compensation program and is the conduit between the Village's Third-Party Administrator and employees.

Joan Bokina is the Village's Employee Benefits Coordinator, and manages the Village's numerous benefits functions including all medical, retirement, and accruals. She schedules all training in this area and is responsible for the Medicare Part D prescription rebate program that the Village receives annually. As Joan is adept in creating reports in both excel and other programs, she works closely with Integrated Services Department (ISD) and other Departments gathering required data. She also works in conjunction with the Village's payroll coordinator.

Eileen Hellstrom is the Department's Administrative Assistant; however, she is actually the analytical link of the Department. She manages the day-to-day activities of the Department and conducts various surveys and tests candidates for open positions. Eileen coordinates recruitment for all non-sworn positions and coordinates the Village's bi-annual employee physical program as related to Fire, Police and Public Works employees.

HR is fortunate to have an intern. The intern learns about and assists with many of the HR functions. We take great pride in this position and use every opportunity to train and mentor our interns. Given the exposure and responsibilities provided to our interns, I am proud that every intern we have had has gone onto gain full-time employment in the HR field.

## Workload and Performance Data

### RECRUITMENT/TALENT MANAGEMENT

Recruitment is at the core of what we do in Human Resources, we are responsible for recruiting for all vacant positions. This is the first step in creating a positive culture at the Village. Through the recruitment process the culture can change based on the quality level of employees that join our Village.

The chart below illustrates all Village positions filled for the last six years. This includes all new hires as well as promotional positions.

| Total Village Positions Filled Per Year    |      |      |      |      |      |      |
|--------------------------------------------|------|------|------|------|------|------|
|                                            | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| <b>Police (Permanent)</b>                  | 9    | 13   | 6    | 12   | 2    | 7    |
|                                            |      |      |      |      |      |      |
| <b>Fire (Permanent)</b>                    | 6    | 8    | 3    | 6    | 6    | 6    |
|                                            |      |      |      |      |      |      |
| <b>All Non-Union Positions (Permanent)</b> | 24   | 12   | 15   | 33   | 13   | 30   |
|                                            |      |      |      |      |      |      |
| <b>Temporary Positions</b>                 | 61   | 52   | 50   | 48   | 46   | 43   |
|                                            |      |      |      |      |      |      |
| <b>Total Positions Filled</b>              | 100  | 85   | 74   | 99   | 67   | 86   |

In addition to all other positions, as the liaison to the Fire and Police Commission, I coordinate the recruitment process for both entry-level and promotional positions in both the Fire and Police Department. The recruitment process varies but has similar components for both sworn and non-sworn positions. HR, along with the Police and Fire Departments and the Fire and Police Commission, are dedicated to filling vacant positions with qualified candidates. Both entry-level and Police Sergeant and Fire Lieutenants are interviewed by the Fire and Police Commission to create an eligibility list.

The chart below illustrates Fire and Police Commission meetings for the past six years, along with the number of interviews and employees hired. The Fire and Police Commission meetings include interviews for entry level Firefighters and Police Officers, and also includes interviews for Police Sergeant and Fire Lieutenant positions.

| Fire and Police Commission meetings held |      |      |      |      |      |      |
|------------------------------------------|------|------|------|------|------|------|
| Year                                     | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| <b># of Meetings</b>                     | 17   | 39   | 22   | 29   | 18   | 32   |
| <b># of Interviews</b>                   | 21   | 101  | 54   | 92   | 44   | 95   |
| <b>Hired</b>                             | 13   | 14   | 10   | 22   | 9    | 17   |

Along with the Fire and Police Commission meetings and interviews, the HR Department also runs testing for Fire and Police positions. For example, the Department recently completed the written portion of testing for entry level Firefighter and Fire Lieutenant. We are in the planning stages for entry level Police Officer and Police Sergeant testing. We conduct each of these tests biennially.

The chart below illustrates the number of interviews conducted for the past three years in the recruitment process for all non-bargaining unit positions.

| <b>Interviews conducted for the past 3 Years</b> |             |             |             |
|--------------------------------------------------|-------------|-------------|-------------|
| <b>Year</b>                                      | <b>2016</b> | <b>2017</b> | <b>2018</b> |
| <b># of Interviews</b>                           | <b>117</b>  | <b>54</b>   | <b>104</b>  |

We seek to promote internally; however, we always hire the most qualified candidates for all positions. In 2017, of the twenty-one (21) positions filled, sixty-two percent (62%) were external candidates. In 2018, of the forty-three (43) positions filled, fifty-six percent (56%) were external candidates, averaging fifty-eight percent (58%) for the past two years for all Village positions. The Village is currently recruiting for twelve full-time vacancies plus various temporary/intern positions.

We are currently in process for the Police Officer testing which will be conducted in January of 2020. The recruitment team continues their demographic outreach and recruitment sources with the goal of expanding inclusion through a targeted recruitment strategy.

| <b>Police Officer written exam</b> |                      |                       |
|------------------------------------|----------------------|-----------------------|
| <b>Testing Year</b>                | <b>Number Tested</b> | <b>Percent Passed</b> |
| <b>2012</b>                        | 191                  | <b>68%</b>            |
| <b>2014</b>                        | 293                  | <b>83%</b>            |
| <b>2016</b>                        | 219                  | <b>83%</b>            |
| <b>2018</b>                        | 215                  | <b>75%</b>            |

The Village tested for Firefighters in October 2018. Due to the changes related to the Fire Hire Act which went into effect in 2011, guidelines were established for hire allowing preference points for direct fire training and certifications. These candidates are likely to have experience in Fire service, understand the duties and responsibilities of the position, and thereby go through the entire recruitment process typically very smoothly. This is reflected in the higher scores test beginning in 2014 shown below.

| <b>Firefighter written exam</b> |                      |                       |
|---------------------------------|----------------------|-----------------------|
| <b>Testing Year</b>             | <b>Number Tested</b> | <b>Percent Passed</b> |
| <b>2012</b>                     | 346                  | <b>50%</b>            |
| <b>2014</b>                     | 345                  | <b>80%</b>            |
| <b>2016</b>                     | 342                  | <b>78%</b>            |
| <b>2018</b>                     | 280                  | <b>81%</b>            |

We have shifted the focus in HR from a tactical perspective to creating a long-term talent management organization. Talent management is best understood as managing the hiring, training, and retention of great employees.

We are changing the focus from “is this person a good fit for this role?” to “is this person not only a good fit for this role, but also for the organization as a whole, and for future roles they may

inhabit?" Considering the Village's aging workforce and the four-year pension-eligible statistics below, we need to continue to outreach to young candidates, such as through our continued internship programs for high school and college students.

| <b>Attrition Rates for the next Four Years</b>                        |                                      |                                      |                                  |                                  |
|-----------------------------------------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|
|                                                                       | <b>2019<br/>Pension<br/>Eligible</b> | <b>2020<br/>Pension<br/>Eligible</b> | <b>2021 Pension<br/>Eligible</b> | <b>2022 Pension<br/>Eligible</b> |
| Non-Union                                                             | <b>22%</b>                           | <b>24%</b>                           | <b>25%</b>                       | <b>30%</b>                       |
| Union                                                                 | <b>7%</b>                            | <b>11%</b>                           | <b>15%</b>                       | <b>15%</b>                       |
| <b>Grand Total all<br/>Village<br/>employees<br/>Retiree Eligible</b> | <b>29%</b>                           | <b>35%</b>                           | <b>40%</b>                       | <b>45%</b>                       |

Due to the anticipated attrition including retirements, we need to redefine the Village's core values as we continue to evolve and hire new staff. Talent management differs from other HR processes because the HR Department needs to work with each individual department to determine appropriate job descriptions, candidate objectives and training. Talent management is also more strategic, and is a long-term plan closely associated with overall Village goals, while HR is more tactical, dealing with the day-to-day management of people.

#### ONGOING RISK MANAGEMENT

Human Resources has an active role in risk-management. Risk Management is not something that gets checked off a list, it is a continuous activity. Having a risk-management process means that the Village has a proactive process to identify and evaluate potential risks, and has strategies in place to reduce or remove the risk.

Human Resources has varied roles in risk management. First, people are a source of risk. For example: shortage of employees, understaffing, subpar completion of work, employees refusing to take on additional responsibility, or key employees leaving with little or no notice. Second, how do employees manage risk while they are doing their job? For example: employees must be empowered to use their creativity to solve unexpected problems, make decisions, go the extra mile for our residents, suggest changing workplace procedures, or even an employee recommending a talented friend to apply for a position in the Village.

To understand fully how Human Resource Management (HRM) and risk management are interrelated, one must first understand HRM. HRM is a process that can be broken down into specific activities: job analysis, writing job descriptions, hiring, orientation, training, employer/employee interactions, performance appraisal, compensation, and discipline. Understanding these activities helps explain the relationship between human resources and risk. Failure to successfully carry out any of these activities can increase risk and may penalize the Village by not being aware of what its people are or could be contributing. Effective HRM

also helps employees accomplish their career goals.

Human Resource risks are present at every step of the employment life cycle; hiring, retention, employee relations, daily work expectations, safety and employment separation. With the anticipated attrition rates at the Village, we are aware of the risk in losing years of specialized institutional memory, and we must remain prepared in planning for the future.

Human Resources takes a proactive approach and makes sure that planning is always at the forefront of our mind. If it isn't, the consequences will sneak up on you and these issues have a habit of snowballing. So to be safe, we aim to always look forward and anticipate and address foreseeable issues ahead of time.

## Key Accomplishments

The HR Department defines success as being able to respond to the needs of our current and future employees effectively and efficiently. We work at being proactive, anticipating needs and requests. We aim to create a work environment where employees can be happy, healthy and able to contribute to the goals of the Village.

HR has expanded the Village's culture of employee development through various training and other initiatives. We are currently in the design phase of an enhanced onboarding program, wherein we schedule orientations, provide risk-management training, and meetings geared particularly to new employees. We are looking to more actively engage supervisors and all departments in this process.

As a result of the Customer Service/Relations Survey conducted with Village residents, an interdepartmental workgroup has been established to develop Village-wide standards embracing the "One Village Voice" concept. The "One Village Voice" initiative was developed by the Village Manager and the ISD. This message conveys to all Village employees the importance of speaking in "One Village Voice" that is clear consistent and courteous. As public sector employees we all wear the hat of customer service professionals. "One Village Voice" highlights the importance of the customer service role; we continually look at ways to improve our communication both externally with the public and internally between departments.

The Human Resources Department also looks for ways to expand the use of technical resources. The electronic employment application process has been streamlined to allow candidates to fill out a job application and submit a cover letter and resume at the same time. Job candidates can self-administer pre-employment tests from their location and do not have to come into the HR Department for completion.

HR works directly with ISD to create custom reports on reporting data for the ongoing Benefits audit and has expanded the use of the Villages Employee Intranet with benefits and wellness information.

Employees are notified electronically for their upcoming biannual physicals and request for attendance at the Villages Accident Prevention Board and other meetings.

HR is reviewing the Village-wide use of “Target Solutions,” a software that offers Public Sector employers technology for training, compliance, operations and workforce management, through electronic file storage and employee information. The Human Resources Department is analyzing its use for employee training, record keeping and dissemination of documents such as personnel policies and other related documentation. In addition, relevant training can be completed by employees anywhere, anytime with 24/7 on convenience and mobile access.

Employee benefit coverage is an essential part of both attaining and retaining great employees. We seek to maintain consistent coverage levels with minimal disruption. The Village’s insurance team comprised of members from Human Resources, Finance and the Village Library continually meets with the Village’s Broker of record (HUB) to review and strategize cost saving measures in how to reduce medical claims and prescription drug costs. This is an ongoing process and strategic planning has already begun for 2020 and beyond.

## LABOR-MANAGEMENT RELATIONS

Our Police and Fire bargaining unit members are represented by two unions. Accordingly, we have certain obligations including negotiating labor contracts and occasional labor-management issues. The HR Director along with the Village’s In-House Counsel and the Assistant Village Manager comprise the Village Administration’s negotiation team. We seek to maintain our positive relationship with both of our Unions. Both contracts expire on December 31, 2019 and we anticipate negotiations to begin in the Fall of 2019.

In addition, a review and revision of all non-bargaining unit employees’ performance evaluations have been revised and implemented for use in 2019.

## Review of Current and Anticipated Challenges

Recruitment in the public sector has become increasingly competitive. We continue to create a culture that is strategic in its recruiting to ensure that technical skills are identified and practiced by all employees. Currently the Village of Arlington Heights is an employer of choice. Our challenge is to maintain this prestige, continuing to be innovative and open to changes that come along the way.

The Village as an employer can have an impact as our work directly affects the lives of our citizens and all who travel through or enjoy the many amenities of the Village. We need to be cognizant of the ever changing needs of our employees and structure a work and benefit environment to continue to attract the best and the brightest.

With the anticipated succession rates here at the Village and in conjunction with the low national unemployment rates, we must continually be cognizant of the emerging workforce. This is an opportune time to re-evaluate our incentive and benefit offerings to recruit and retain employees.

We also need to be aware of the skills shortage for certain positions in the recruitment process. The low number of people entering the trades is beginning to affect recruitment in the Building and Life Safety Department, particularly in the code enforcement area. Data reflects a shrinking number of qualified candidates testing for police officer, not just here, but nationwide. This can be a result of pay and low morale—the so-called Ferguson Effect—but also of differing qualifications for employment.

We may also want to take another look at the concept of retirement. Nearly 80% of all employees nationally expect to continue working during traditional retirement years according to a recent survey by the Employee Benefit Research Institute. Government pensions were designed and adopted at a time when it was popular to retire early. Today, the trend is to continue working, maybe in an entirely different career.

It is becoming more common for organizations to offer flexible work schedules, allow for shifting from full-time to part-time work, and allow some employees to transition to less stressful or demanding jobs. Understanding the limitation of the Village's retirement systems, we may want to consider what options may be available to some of our employee groups. In addition, this may allow for a smooth transition of knowledge/institutional transfer from one to employee to another so that the many years of institutional memory, knowledge, relationships, leadership and skills do not vanish.

While the breadth of the HR functions continues to expand, due to mandated reporting, enriched employee benefits, recruitment and employee relations, we continue to search for better ways to work smarter. The Village's current Enterprise Resource Planning (ERP) system is restrictive in that it causes considerable disruption in HR workflow due to the software limitations, functionality and flexibility to communicate across all departments. The lack of cross functional exchange of data creates an environment ripe for errors as data is replicated in numerous databases. The lack of online services for all employees hinders the flow of data between departments and can limit our competitive advantage with job candidates due to outdated software.

With the current ERP limitations there is an increase in time filling open positions, sharing candidate information with the recruitment team, the interview process, through to the final offer. A new ERP system would not only increase efficiency and productivity in several areas of workflow but would also offer access to current data, streamline compensation processing, create simplified and uniformed reporting, provide additional financial transparency, make informed business decisions, and ensure accountability.

The Illinois Workers' Compensation Act provides benefits to employees who are injured at work. The Human Resources Department along with the Villages Safety Committee meet monthly to discuss and review any injuries that have occurred. The Committee looks to minimize risks of workplace injuries and illnesses and ensures compliance with federal and state health and safety

regulations. Committee members identify problems, utilize insights to seek solutions, and have the authority and expertise to implement policies which ensure an effective safety program.

VAH currently works with a consortium for Workers Compensation – Intergovernmental Risk Management Agency (IRMA). IRMA offers a spectrum of services to manage risk and prevent loss that are tailored to address specific member loss profiles, including on-line courses, on-site and regional programs, and monthly newsletters. Nurse case managers are assigned to all claims resulting in lost work time. They attend all appointments with the employees, allowing them to more closely monitor the treatment and progress of the employee. This has resulted in faster approval of appointments and treatment and enables IRMA to immediately address any concerns with either the employee's lack of improvement or concerns on the treatment plan in place.

At this time, we need to prepare for the legalization of marijuana for recreational use in Illinois. While passage of this law remains somewhat uncertain, we need to anticipate the potential impact in the workforce.

## Potential New Initiatives to Explore in the Future

### RECRUITMENT TRENDS

With the competitive talent environment, we need to continue to make VAH appealing to the entire workforce. The emerging workforce has changed, and we need to be cognizant how to keep our employees motivated, challenged and engaged.

Employees want to work on teams and projects that require brainstorming and involve other departments. Identifying stretch goals and communicating across departments should be encouraged while not losing sight of their own departmental responsibilities. Employees crave specific feedback and thrive on learning new skills through ongoing training.

We all want to work but desire work-life balance. While this may appear to make employees look lazy, that is not the case. While some employees may want to vary their work hours, they think nothing about checking their work emails and texts at 12:00 am.

Employees want to work for an organization that is doing something important for the residents they serve and for the community as a whole. Just getting a paycheck and getting the job done is no longer sufficient. Managers and supervisors must clearly state and continually reinforce the value and benefits their services provide.

### Issue of Civility At Work

A variety of societal pressures have heightened stress and conflict in all workplaces over the past several years. This behavior leads to greater interpersonal conflict in some circumstances. How leaders and team members treat each other is not a problem unique to local government. Research shows that incivility is pervasive throughout nearly every organization. Bullying, rudeness and indifference from co-workers combined with the improved economy can drive employees to quit their jobs.

In the public sector, expectations are increasing and there is continued pressure to do more with less. The reality is that public sector employees' focus is shifting from simple compliance with regulations and reports to citizen/customer satisfaction. It is important that senior leaders model the expected behavior in all their interactions on a daily basis. Leaders must also coach their staff to practice positive behaviors and redirect any skewed behaviors. Just as leaders hold employees accountable for performance measures, they must also hold staff accountable for workplace civility and great customer service.

The HR Department stresses the importance of personal and organizational civility to all Village employees. We are implementing civility awareness training and are looking to expand it to all Village employees.

## BENEFIT TRENDS

With the changing demographics of the Village's workforce, benefits prove to be an even more important factor in employee loyalty and retention than ever before. As expectations continue to evolve, and employees become more engaged, employees will look for advice and help in understanding how to best leverage their benefits and make informed decisions about their benefits.

In an era of personal responsibility, growing concerns about financial security are leading employees to take a more active role in planning for their financial future.

## RESOLVE FINANCIAL WORRIES

There is a growing sense of financial concern for economic security for workers. Financial worries can interfere with employee's productivity at work. Among younger workers, 67 percent said they stress over finances every day. This includes immediate and longer-term financial issues relating to college loans, health insurance, resources and time to care for aging parents and relatives in addition to having savings in lieu of a sudden income loss.

The Village has three defined benefit plans, the Illinois Municipal Retirement Fund (IMRF), the Police Pension, and Fire Pension fund. For those employees who have entered public sector employment after January 2011, a Tier Two retirement system has been put in place by the above three pension funds, thereby increasing both the vesting and retirement ages for that employee group.

As we believe it is important for employees to have another avenue for retirement, we offer a defined contribution plan, a "457 plan," for which all employees are eligible. While being financially astute, sixty-five percent of all Village employees contribute to the 457 plan. However, the Village's 457 plan ranks number one in terms of assets as compared to other contributors in the state of Illinois. The Village also has a payroll Roth program and a voluntary IMRF contribution program.

With the influx of younger workers and the concern that employees switch jobs more often than ever before, statistics show that 45% will switch jobs within 2 years and only 28% expect to stay at a job for 5 years. The future of these statistics remains unknown as traditionally our employees stay working for us until the time of retirement. However, we need to be cognizant that benefits can bridge the loyalty gap and drive the retainment of our employees.

## BENEFITS

Benefits can also be personalized by tailoring them to employees based on stage of life. Addressing how benefits can address employees' life events can bring the focus to the individual. Life events that are experiences that occur at different junctures in the lives of employees; from getting married and possibly starting a family, dealing with personal and family medical needs and caregiving responsibilities, funding education or other financial challenges and retirement. Additionally, employees are requesting flexible work hours, and extended paid leave such as paid parental time off, leave to care for elderly parents, flexible grief practices and pet insurance.

There are many things employers can do with benefit plans to help address the financial burdens that can become a distraction for employees. Voluntary benefits also can help with the stress, and risks employees face at different stages of their lives.

Voluntary benefits are sometimes called supplemental insurance or employee-paid benefits and are offered through the workplace where employees can choose to buy them in addition to the core benefits they may get as part of a benefits package. Voluntary benefits are offered to employees at no direct cost to the Village. Voluntary benefits may prove to be a critical game changer for employers in the ongoing battle to win and keep good employees. It's important to think more strategically about them in 2020 and beyond. The key is to stay engaged with the workforce staying fully aware of the risks employees face and then provide those benefits choices that address those risks.

## CREATING A CULTURE OF HEALTH – WELLBEING

As we are continually concerned about the rising cost of health care, we are focusing on how to encourage our employees to behave in ways that will help them lead healthier lives. We are expanding our focus from Wellness which traditionally focuses on behaviors to Wellbeing which is a more inclusive, holistic approach. Wellbeing incorporates all aspects of our employee's lives to improve total health. We are looking to expand this concept by focusing on financial, physical, social, community and mental well-being thereby creating a culture of health within the Village.

If employees lead healthier lives, they may increase the potential for avoiding costly medical procedures and claims. Healthier employees are more productive, maintain high morale, and minimize medical costs.

As mental health concerns continue to rise not only in our community but within our workforce, we must be continually cognizant of our employees need for the Village's Employee Assistance Program (EAP). Our statistics show that among the pool of those members who utilize the EAP,

the Village of Arlington Heights' employees has the highest member participation for the past two years. This work-based intervention program is designed to identify and assist employees and their eligible family members in resolving personal problems that may be negatively affecting their performance at work, such as marital, financial or emotional problems; family issues; or substance or alcohol abuse. EAPs may also offer a wide array of services covering basic legal assistance and referrals, adoption assistance, help finding elder care services, wellness programs, and provide training.

Much of what HR will focus on in 2019 and beyond is understanding and improving the employee experience. We have learned that technology alone will not solve problems in the workplace and is no replacement for one-on-one conversations which can keep both managers and employees productive and engaged.

We will continue researching and implementing creative strategies and solutions for recruiting and staffing given the changing demographics of the workplace

We will continue to build and foster our relationships with everyone we come into contact with. While respecting these relationships, we are aware this is the key to both our and their success.

We must remember that our most valuable resource is our employees. When we give our employees opportunities to do and be their best, we get the best from our employees in return.



**Committee-of-the-Whole**  
**5/20/2019**

**Item:** Departmental Status Reports - Fire

**Department:** Village Manager's Office

**ATTACHMENTS:**

**Description**

Fire

**Type**

Report

# Fire Department

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2019 ANNUAL REPORT

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## Scope of Department Services

### KEY SERVICES AND FUNCTIONS

The Fire Department provides fire suppression, emergency medical service (EMS), specialty rescue, and educational services for the Village's residents and businesses. In 2018 the Department responded to 10,329

calls. Each year the ratio of EMS to fire calls continues to increase. In 2008 66% of the Department's calls were for EMS; for 2018 that figure is 73%.

The Department has a Class 1 public protection rating from the Insurance Services Office. Only a few hundred of the more than 46,000 fire departments in the country have achieved this rating.

All Firefighters have achieved Basic Firefighter Operations certification; all Lieutenants are Fire Officer I certified; Chief Officers are Fire Officer II certified. Fire Chief Andrew Larson, Deputy Chief Pete Ahlman, and Division Chiefs Richard Manthy and Dwayne Wood have completed the Chief Fire Officer program, making them eligible for the highest certification conferred by the Office of the State Fire Marshal. Two Battalion Chiefs are currently enrolled in the program.

The Public Education/Fire Prevention office works to meet the safety needs of our Firefighters, and the safety and educational needs of Village residents through programs like the Katie Project smoke detector initiative and CARE, the Village's program to address the opioid epidemic. In addition, the Public Education Lieutenant reviews construction documents in the Village review process, identifying operational issues.

Thirty-four members of the Department are members of one of the Department's four specialty teams and have received additional training and certification in those disciplines - hazardous materials mitigation; water rescue; technical rescue; and fire investigation.

## ORGANIZATIONAL OVERVIEW

The Fire Department has a staff of 108 sworn Firefighters and three administrative support personnel (two part time). There are eight Command Staff positions, 16 Lieutenants, and 84 Firefighters assigned as shown on the attached organizational chart. The Command Staff is made up of the Fire Chief, two Deputy Chiefs (one administrative; one operational), two Division Chiefs (one EMS; one Training), and three Battalion Chiefs (one for each of the three 24-hour shifts).

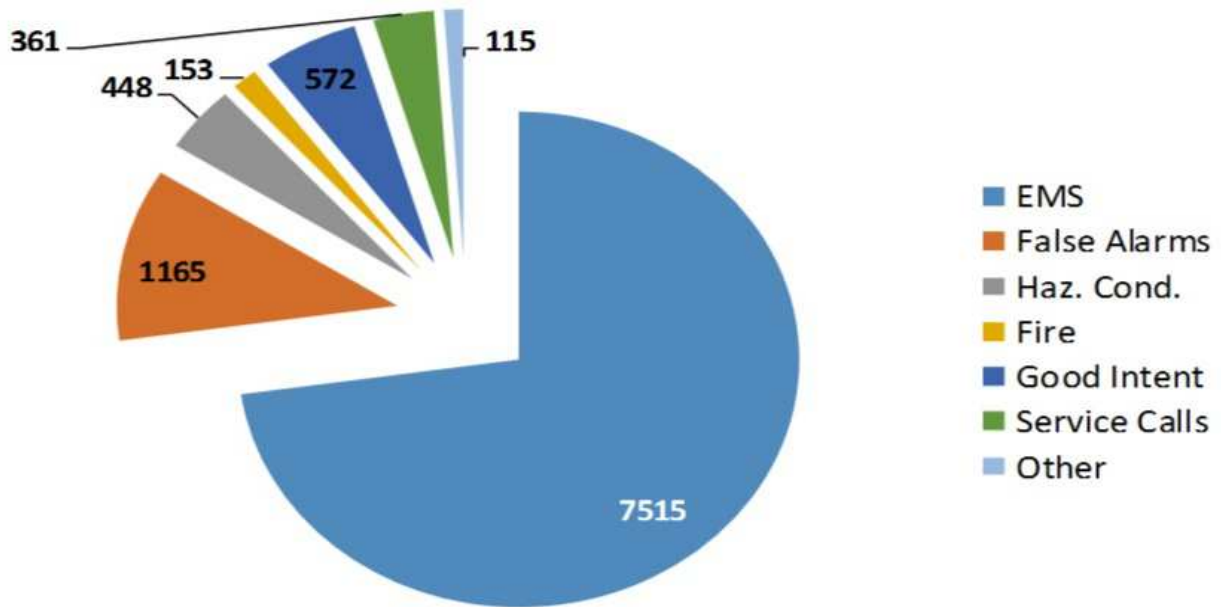
The Department operates out of four state-of-the-art fire stations with two ladder towers (one reserve), five fire engines (two reserve), six ambulances (two reserve), and three rescue squads (one reserve). There are also miscellaneous response/service vehicles.

MABAS (Mutual Aid Box Alarm System) is a multi-state cooperative providing fire, EMS and specialized incident responses in an efficient, coordinated manner. Our Department is one of 12 northwest suburban departments in MABAS Division 1. The MABAS system requires coordination, standardization, reliability, and partnering to achieve faster and better response to emergencies. Members of our specialty teams, who respond to incidents in Arlington Heights, also respond to incidents in other areas and states as members of MABAS Division 1 specialized incident operational teams.

## WORKLOAD AND PERFORMANCE DATA

Our call volume in 2018 was the highest in our history – 10,329 calls; 2,814 fire and 7,515 emergency medical service calls, broken down as follows:

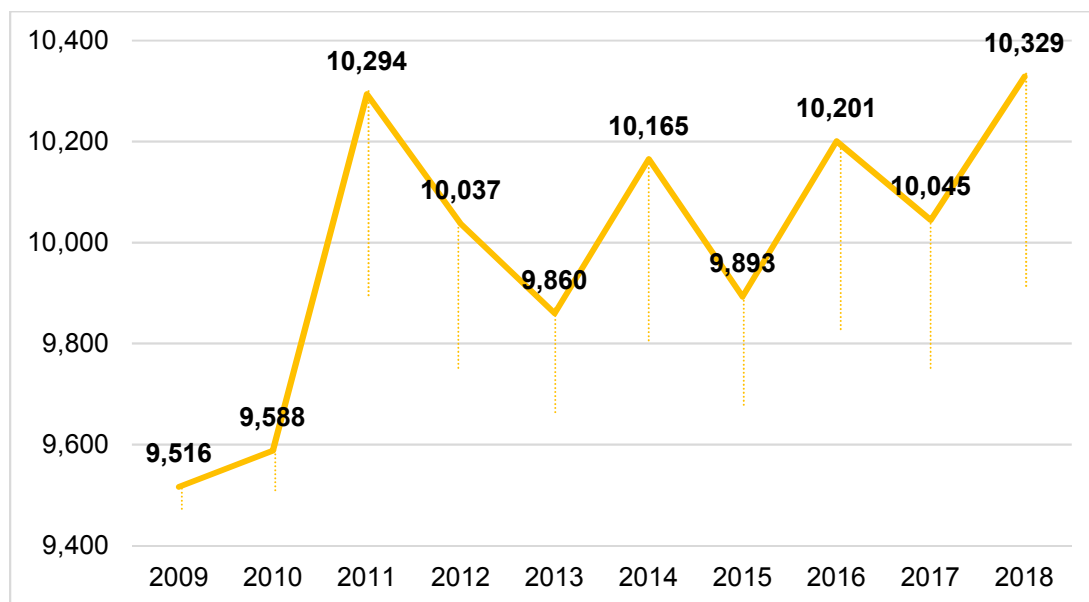
| FIRE CALLS                        |       | EMS CALLS                              |       |
|-----------------------------------|-------|----------------------------------------|-------|
| Structure fires—Arlington Heights | 26    | EMS calls, excluding vehicle accidents | 7,066 |
| Other fires                       | 127   | Vehicle accidents with injuries        | 281   |
| Service calls                     | 361   | Motor vehicle/pedestrian accidents     | 16    |
| Hazardous conditions              | 448   | Medical assist, assist EMS crew        | 18    |
| Good intent                       | 572   | Other                                  | 134   |
| False alarms                      | 1,165 |                                        |       |
| Other                             | 115   |                                        |       |
| FIRE CALLS TOTAL                  | 2,814 | EMS CALLS TOTAL                        | 7,515 |
| COMBINED TOTAL – 10,329 CALLS     |       |                                        |       |



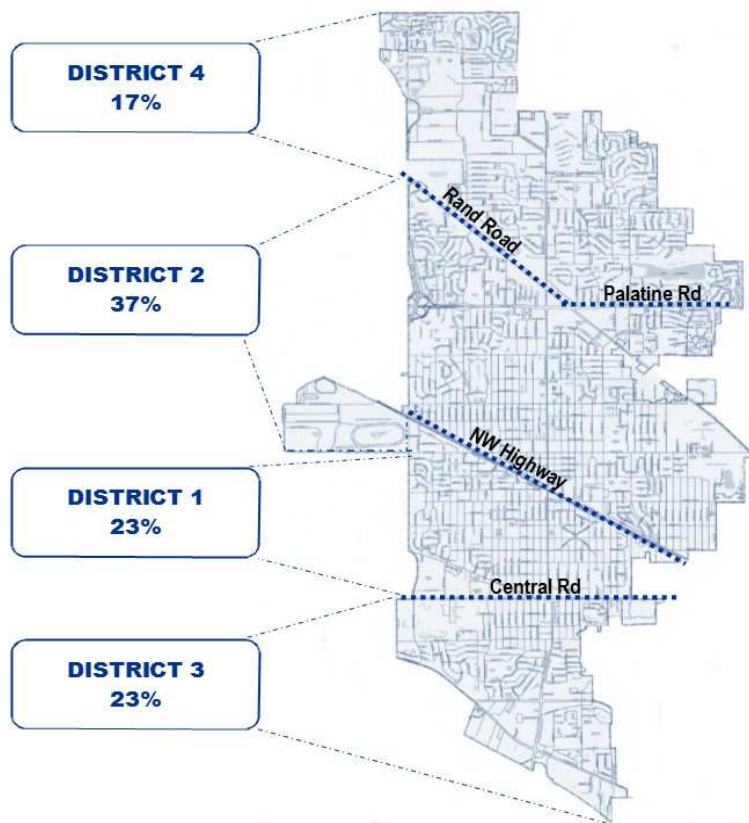
We continue to be the busiest and most efficient fire department in the area in terms of call volume, as shown below by our ratio of Firefighters to number of calls.

| Town              | Population | # of Shift Personnel | Total 2018 Calls | No. of Calls divided by |
|-------------------|------------|----------------------|------------------|-------------------------|
| Arlington Heights | 75,101     | 102                  | 10,329           | 101                     |
| Rolling Meadows   | 24,021     | 42                   | 4,027            | 96                      |
| Palatine          | 68,766     | 87                   | 8,080            | 93                      |
| Mt. Prospect      | 54,171     | 69                   | 6,079            | 88                      |
| Buffalo Grove     | 41,346     | 54                   | 4,704            | 87                      |
| Schaumburg        | 74,446     | 120                  | 9,428            | 79                      |
| Streamwood        | 40,166     | 48                   | 3,730            | 78                      |
| Elk Grove Village | 32,931     | 84                   | 6,035            | 72                      |
| Hoffman Estates   | 51,738     | 90                   | 5,790            | 64                      |

#### TOTAL CALLS – 10-YEAR TREND



*2018 CALLS BY DISTRICT (excluding auto and mutual aid)*



We had continued success in 2018 balancing the giving and receiving of automatic and mutual aid from other fire departments:

| 2018  | AUTO/MUTUAL<br>AID GIVEN | AUTO/MUTUAL<br>AID RECEIVED |
|-------|--------------------------|-----------------------------|
| EMS   | 688                      | 617                         |
| FIRE  | 413                      | 462                         |
| TOTAL | 1,101                    | 1,079                       |

## Key Accomplishments during the 2018-19 Period

### RESCUE TASK FORCE

The Rescue Task Force (RTF) concept was formed to increase the survivability of viable patients during active shooter incidents. RTF responders work with the first-arriving police officers to deliver immediate medical care for readily treatable injuries, like severe bleeding and airway compromise. The RTF responds with police into dangerous areas to find victims, even as other officers engage and neutralize the suspect. This patient-centric and lifesaving model is in contrast to the historical tactic of fire department personnel waiting until the entire scene is secured by police.

In 2018 The Fire Department purchased ten sets of equipment (ballistic vests, helmets, and goggles) to be carried on Department vehicles. Our personnel have trained over a 12-week period with members of the Police Department to be ready to respond when an RTF is called for at an incident.

### BALANCED AUTOMATIC/MUTUAL AID RECEIVED FROM AND GIVEN TO OTHER TOWNS

In 2018 we achieved a good balance between the automatic aid/mutual aid we give to other towns and what we receive from them (1,101 given; 1,079 received). This is accomplished through careful monitoring of statistics and negotiating modifications to agreements when necessary.

### Firefighter Fitness

The Functional Movement Screening and Fit Responder fitness programs are ongoing. They are designed specifically for public safety personnel with ergonomic design and job-specific exercises to address preventing the kinds of injuries firefighters often suffer. Twenty-three Firefighters incurred on-duty injuries (IOD) in 2018 resulting in a total loss of 203 shift days.

### RESCUE SQUADS

In 2018 a Squad Committee was formed to research and write specifications for two new rescue squads. It is anticipated that they will be in service in the fall of this year.

### New Fire Engine Design/Purchase

In June of 2018, new Engine 114, a Pierce Velocity, was put into service. An Engine Committee was formed to work with Pierce Manufacturing to design a fire engine that combines firefighting

power with the safety features we need. This engine has a considerable reduction in the “step off” height, as well as lowered hosebeds and pre-connected attack hose.

## Review of Current and Anticipated Challenges

### OPIOID EPIDEMIC

Opioid overdose EMS calls have been increasing for several years. However, in 2018 we did see a reduction in these calls, due at least in part to availability of the reversal drug, Narcan, and the willingness of people to administer the drug. We are carefully monitoring this year’s incidents, as it appears from the limited data we have that the number of calls could again be on the rise.

#### *Narcan (naloxone) Administration – Number of Incidents*

|           | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019 to date</u> |
|-----------|-------------|-------------|-------------|-------------|---------------------|
| January   | 1           | 4           | 5           | 0           | 4                   |
| February  | 0           | 2           | 3           | 2           | 7                   |
| March     | 1           | 6           | 1           | 3           |                     |
| April     | 3           | 2           | 8           | 4           |                     |
| May       | 1           | 2           | 3           | 3           |                     |
| June      | 1           | 5           | 7           | 1           |                     |
| July      | 2           | 3           | 2           | 3           |                     |
| August    | 0           | 5           | 3           | 1           |                     |
| September | 0           | 5           | 2           | 4           |                     |
| October   | 1           | 5           | 4           | 5           |                     |
| November  | 0           | 3           | 3           | 1           |                     |
| December  | 1           | 3           | 4           | 3           |                     |
| Totals    | 11          | 45          | 45          | 30          |                     |

### SUCCESSION PLANNING

A current challenge for us and the fire service in general is recruiting capable people to fill job openings created by retirements. The potential exists for 46% of our personnel to retire within

the next five years as 49 of the Department's current 108 personnel will have met the necessary minimum time and age requirements. Of those 49, nearly 88% are Department officers.

- Average age of current personnel – 42.3 years
- Average number of years of service – 14.8 years
- 16 personnel meet age/service requirements to retire now (15% of Department)
- 18 personnel will meet age/service requirements to retire in next 1-3 years (17%)
- 15 personnel will meet age/service requirements to retire in next 4-5 years (14%)
- 49 personnel will meet age/service requirements to be able to retire in the next five years (46.2%).

### *Fire Department Personnel by Age Group*



To ensure that we have capable personnel to step into key roles, we will continue to focus on effective succession planning. In addition to internal training practices, e.g., personnel “acting” as supervisors (spending a shift acting in a Lieutenant or Battalion Chief capacity), we are boosting efforts to get personnel through the State of Illinois enhanced Company Fire Officer program (CFO), which is designed for Firefighters working toward promotion to Lieutenant.

In addition, five of our Chief Officers have completed or are in the process of completing the Illinois Chief Fire Officer (CFO) program. CFO certification is the highest certification for a Fire Officer, and very difficult to attain. In addition to a full year of classes, candidates must present detailed evidence of knowledge, education and experience to a very demanding review board.

Candidates are put through the rigors of oral examination by members of the review board as well.

A new and unique challenge presents itself in succession planning in today's fire service. It is estimated that millennials will make up 75% of the U.S. work force by 2025. As baby boomer firefighters retire and the millennials move into the workforce, traditional officer development programs may not be optimal. Millennials quite often have formal education and little or no exposure to the skilled trades of former generations. Unlike previous programs which focused on Company Operations and Building Construction, new programs will likely need to focus on areas such as Organizational Structure, Building Components, Decision Making and Leadership Qualities.

We have increased our allocation for employee development in the current budget from \$17,700 to nearly \$20,000, including an increase for mid-level management training.

#### STANDARD OPERATING GUIDELINES AND GENERAL ORDERS

The Department's 30 Standard Operating Guidelines and 23 General Orders need to be reviewed and modified as needed.

#### FIREFIGHTER MENTAL HEALTH

The mission of the Peer Support Program is to provide emotional wellness resources for firefighters in a non-judgmental, confidential setting. Our program is an adjunct to the Village's Employee Assistance Program, and has been expanded to include immediate family members of our personnel as well. Three of our Firefighters were trained in Peer Support in 2016. In March of this year three additional employees were trained to offer this service to our firefighters.

#### STRATEGIC PLAN

The Department's current Strategic Plan is outdated and needs to be rewritten. A committee will be formed to outline the long-term vision for Department operations as well as the short-term or tactical goals required to accomplish this vision. In addition to these objectives, the Plan will include a reaffirmation of the Department's mission and values.

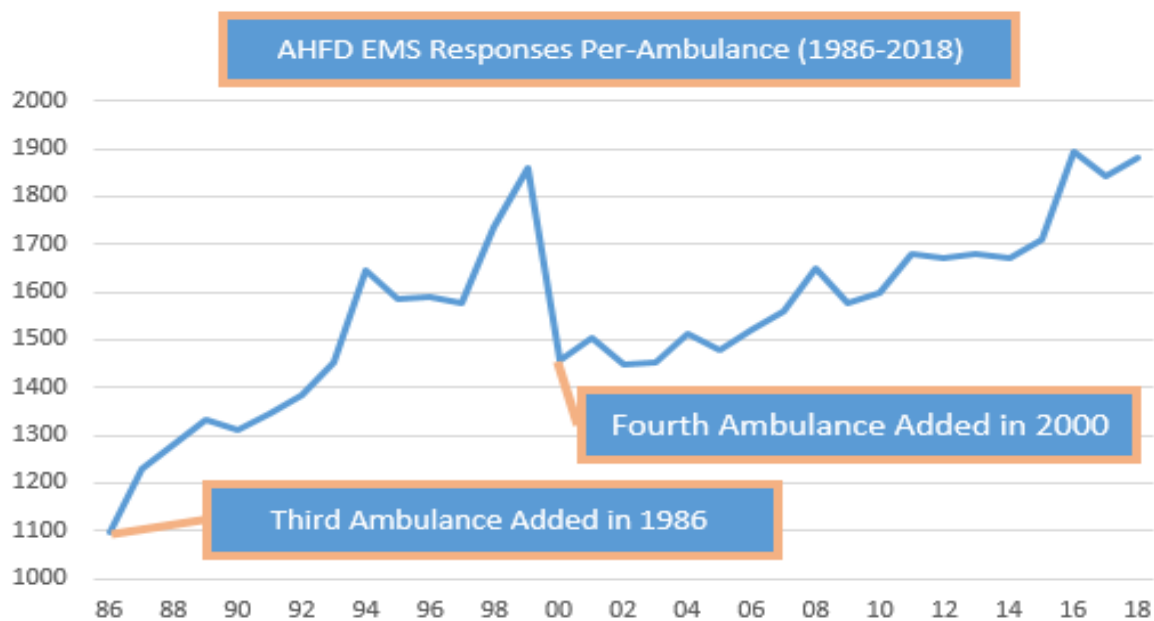
### Potential New Initiatives to Explore in the future

#### PUTTING A FIFTH AMBULANCE IN SERVICE

##### *Justification*

Increased EMS Responses - The Fire Department has been studying the need to put a fifth ambulance in service. Over the years, ambulances have been added based on demand. In 1986

a third ambulance was added when ambulance responses averaged 1,100 a year. In 1999 that number exceeded 1,800 each, so in 2000 a fourth ambulance was added, bringing average responses down to approximately 1,500 per year. In 2018 average ambulance responses had climbed again, to nearly 1,900 each.



The chart below represents the ratio of calls to minimum daily staffing. It shows that historically Arlington Heights has responded to more calls per staff per day than all of our neighboring fire departments.

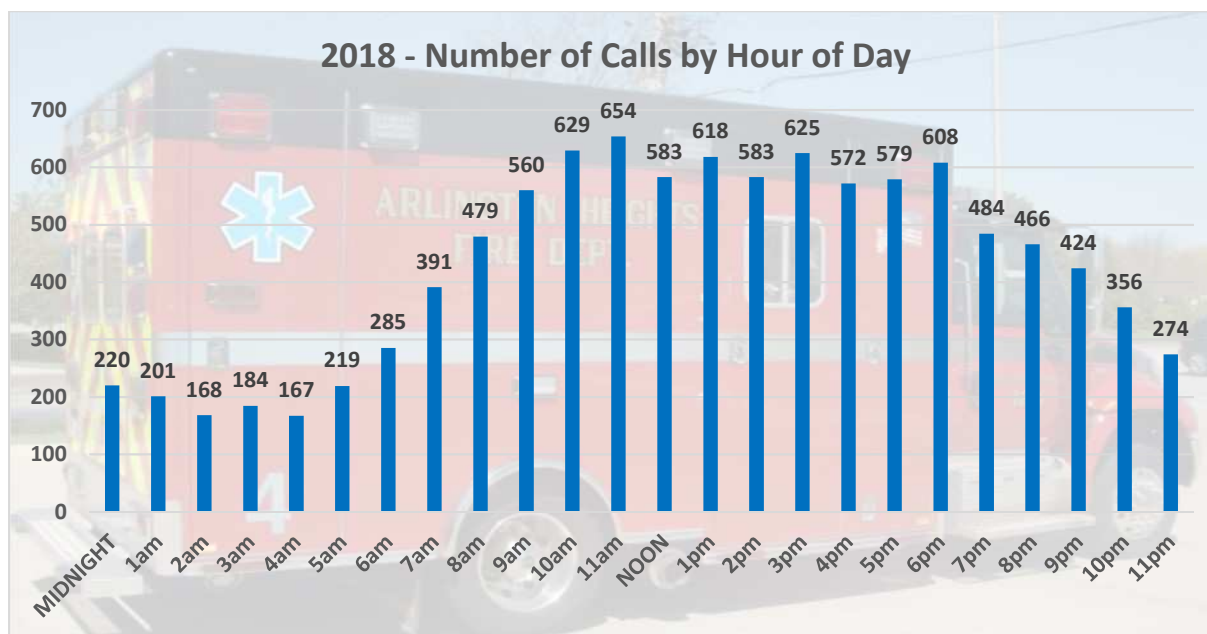
### Staffing Compared To Neighboring Communities

|                   | 2010  | 2012  | 2014  | 2016  | 2018  | Minimum  |
|-------------------|-------|-------|-------|-------|-------|----------|
| Northwest Central | Total | Total | Total | Total | Total | Daily    |
| Dispatch Towns    | Runs  | Runs  | Runs  | Runs  | Runs  | Staffing |

|                   |       |        |        |        |        |    |
|-------------------|-------|--------|--------|--------|--------|----|
| Arlington Heights | 9,587 | 10,036 | 10,064 | 10,202 | 10,329 | 25 |
| Schaumburg        | 8,362 | 8,861  | 9,081  | 9,305  | 9,428  | 27 |
| Palatine          | 7,233 | 7,680  | 8,009  | 7,853  | 8,080  | 23 |
| Mt. Prospect      | 5,353 | 5,777  | 5,908  | 5,902  | 6,079  | 16 |
| Elk Grove Village | 4,898 | 5,042  | 5,686  | 5,735  | 6,035  | 22 |
| Hoffman Estates   | 5,813 | 5,672  | 6,028  | 6,052  | 5,790  | 22 |
| Buffalo Grove     | 4,741 | 4,656  | 5,116  | 4,748  | 4,704  | 14 |
| Rolling Meadows   | 3,599 | 3,510  | 3,541  | 3,996  | 4,027  | 11 |
| Streamwood        | 3,385 | 3,457  | 3,642  | 3,715  | 3,730  | 11 |

In response to our increasing ambulance demands, the Fire Department puts a fifth ambulance in service (using a reserve vehicle) when daily manning permits, but not on a regular schedule. As noted in the chart below, ambulance demand is greatest between the hours of 8 and 8. The Department continues to investigate different staffing models to meet this ever-increasing demand.

Requests for our ambulances from neighboring communities through mutual/automatic aid also peak during the day, with highest demand between 9:00 A.M. and 4:00 P.M.



## MOBILE INTEGRATED HEALTHCARE

Mobile Integrated Healthcare (MIH) continues to be a potential initiative for the Fire Department. MIH is the provision of healthcare using patient-centered, mobile resources in the out-of-hospital environment, including community paramedic care. Northwest Community Hospital currently has a pilot MIH program in place with the Palatine, Palatine Rural and Rolling Meadows Fire Departments. Northwest Community's initiative would have Paramedics, when not on shift, visit patients to ensure medications are being taken correctly, wounds are being cared for, and the patient's recovery is progressing as planned. In theory, this would reduce hospital readmissions, ambulance calls, and emergency room visits by a significant number. The pilot program is moving forward and, hopefully, it will answer many questions we still have about implementing such a program, e.g., who pays for the program, what liabilities are involved, how it would be staffed with our 24 on/48 off schedule, etc.

## EMERGENCY TRIAGE, TREAT AND TRANSPORT MODEL (ET3)

ET3 is a Medicare initiative for developing and testing new payment and service delivery models. The benefit for Medicare would be to reduce avoidable transports to hospital emergency rooms and the sometimes subsequent hospitalizations. The potential benefit for us would be the ability to bill Medicare for treating patients we do not transport (we currently do not bill for non-transports). The ET3 model will have a five-year performance period. The anticipated start date is January 2020, and we hope to be part of the pilot program.