

MINUTES
Committee of the Whole Meeting
May 8, 2017
Board Room, Village Hall
33 S. Arlington Heights Road, Arlington Heights, IL 60005

I. CALL TO ORDER

President Hayes called the meeting to order at 7:30 p.m.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

President Hayes and the following Trustees responded to roll: Tinaglia, Blackwood, Rosenberg, LaBedz, Sidor, Scaletta.

Trustees Baldino and Glasgow were absent.

Also in attendance were: Randy Recklaus, Tom Kuehne, Ken Koeppen, Tom Kuehne, Becky Hume, Margo Ely from IRMA and Peter Wright of Wright Benefit Strategies.

IV. NEW BUSINESS

A. Election of President Pro Tem

Trustee Sidor moved, seconded by Trustee Tinaglia, that the Committee-of-the-Whole recommend to the Village Board the Election of Trustee Carol Blackwood as President Pro Tem. The motion passed unanimously.

B. Proposed Change from a Self-Insurance Program to IRMA

Mr. Kuehne explained the IRMA program outlined in Exhibit A. IMRA pools risks with multiple communities therefore taking away the highs and lows of insurance claims. The Village could save approximately \$340,000 a year or 12% in total insurance costs by moving to IRMA. IRMA's plan includes a self-insurance component, but at a much lower deductible of \$100,000 per claim. IRMA offers cyber security and terrorism coverage at no extra cost.

Ms. Ward said that the Board would no longer need to give formal approval for workers' compensation cases that need to be settled. If the Board would like to be part of settlement conversations, a discussion could be called and the Board can disagree with a proposed settlement.

Mr. Recklaus said in his previous workplaces IRMA was used. He said their program created a collaborative environment and was a positive experience. IMRA adds value by offering a forum for discussing risk management in a global community. Mr. Kuehne said the numbers speak for themselves; there is a cost reduction and reduced liability for the Board. The biggest change is that some of the Board's independence is removed.

Trustee Rosenberg asked if there would be a staff cost savings. Mr. Kuehne said no. Staff will take part in IMRA meetings and be part of their committees. Kelly Livingston's time will be used more judiciously in the future. She has had to do more follow-up and HR is already stretched.

Trustee Rosenberg asked why the \$100,000 level was chosen. Mr. Kuehne said he chose that number so the Village would be in a less risky position. This level could be increased later. Trustee Rosenberg asked if there was a recommended level. Margo Ely, Executive Director of IRMA said about half of the municipalities are at a deductible higher than a \$2,500 deductible. IMRA is encouraging moving to higher deductibles. Arlington Heights would be the third member at \$100,000 and no one is higher. Trustee Rosenberg asked if this is the correct level based on previous claims. Ms. Ely said she agreed with Mr. Kuehne that the Village can move higher in the future. IRMA will give an analysis of where the Village would have been if it was at a different deductible each year. Money in reserves with IMRA will grow as they have an aggressive investment strategy. They earned 8% on their investments in 2016.

Trustee Rosenberg asked how existing claims will be handled. Ms. Ely said they have provided a tail coverage for claims made until 2019. Then, it's all occurrence based. There will be no gap in coverage. Gallagher Basset will handle claims that occur or have occurred up until the switch is made.

Trustee Rosenberg asked if the cyber coverage is sufficient. Mr. Kuehne said he will continue to monitor this. If it needs to be raised, the issue would go to the IRMA Executive Committee. Mr. Kuehne said going from nothing to something is better. Mr. Wright said IRMA is different from commercial insurance because it is an agreement of self-insurance amongst members. Commercial insurance is different as it defines exclusions and sets limits. IRMA's property coverage covers cyber but doesn't have a separate limit that is a scheduled loss. With IRMA there is a \$250 million property limit for each member. Right now the Village has \$219 million. There will be an inventory taken and an insurance agreement will insure up to the amount necessary. The two structures treat communications property differently.

Trustee Scaletta said he liked the lower cost, improved service and quality. He liked the addition of a nurse. He asked what the process for settlement is and how will the Board be notified?

Ms. Ward said a memo explaining each case will still be created giving the Board the opportunity to discuss or not. If there are concerns, the Board can express them to staff and IRMA can be informed of the differing considerations. Closed Sessions could still happen, but are no longer a requirement.

Trustee Scaletta said he wants to be aware of what is going on without complicating the system. He would like opportunity to discuss if necessary and have 10 days' notice so that if the Board wanted to discuss a settlement they would have the opportunity.

Trustee Scaletta asked if it was cost effective to cancel the General Liability Policy considering the 10% penalty. Mr. Kuehne said more money would be saved by doing so than leaving the policy in place.

Trustee Scaletta asked what the plan is for the savings. Mr. Kuehne said money would go to the General Fund. Sources for this fund, like sales and income taxes, are leveling off. This would be an expense savings to help support his fund. Trustee Scaletta said he would like the money to go toward pensions. Mr. Kuehne said the pensions are levied at a little higher level than what is required.

Trustee Scaletta asked what happens if a member is misbehaving. Ms. Levy said members can be asked to leave. Prior to that they receive training and strong prevention measures are taken if there is not cooperation; the fiduciary responsibility is to the pool. Each member has a seat on the board and removal would go to full board for a vote.

Trustee LaBedz said she liked the idea of the vendor having a case manager assigned to a workers' comp claim. As the largest member, she asked what is the Village's burden or risk. Mr. Recklaus said Tinley Park is the next largest, then Hanover Park and Northbrook. Because of the Village's size, it will be the largest in any group it joins. Mr. Wright said there is a sharing formula. Arlington Heights' losses are a little higher than what IRMA would expect so there is a 6% adjustment to the Village's price. This percentage will be adjusted each year. The Village would be joining to share risk, and is only responsible for the first \$100,000 of each claim. All members share the largest unpredictable risks together. When losses get high, the price will go up. If a member has a great year, the price might not drop. They balance one another out. The contribution formula has been heavily studied. Based on these studies, the pool charges you based on a percentage of revenue. In good years you assume costs for others, in bad years you are not charged with very high claims, the prices will be smoothed out. Trustee LaBedz said the predictability is the beauty part. Mr. Kuehne or Ms. Rath will be the representative to IRMA.

Trustee Tinaglia said he liked it that it saves the Village money and reduces risk and the Village is plugged into professionals who do this for municipalities with this specialization. He said he thought it seemed easier to administer.

Mr. Recklaus said in a self-funded system, you have to drop everything to get the process together. It's unpredictable and has to be addressed immediately. This way, staff will still be putting time in, but it will be more manageable. The IRMA board is made up of municipalities. Their job is to keep all the municipalities happy. There are not a lot of appeals and there are values built into the decision making. Mr. Kuehne said there will be an account with IRMA to pay out claims under \$100,000.

Trustee Blackwood asked if the Village's claims are higher than what would be expected. Mr. Wright said the Village has generally low liability and property claims but a high amount of workers' compensation claims which are the most expensive and have difficult risk predictability. IRMA's safety training is an advantage. Their watch list criteria are very effective. They look at this very closely and train to address losses.

Trustee Scaletta said he wants a memo on every single claim that will be paid and to have it called out on the warrant register. He wants to be notified of settlements a few weeks in advance and for there to be a process developed so the Board knows where the money is going and looking at it the same way in payables.

President Hayes said he too would like details on each settlement. Ms. Ward said a memo will still be made for each potential settlement to ensure their oversight is still a priority.

Trustee Tinaglia moved, seconded by Trustee Scaletta, that the Committee-of-the-Whole recommend to the Village Board to enter into an agreement with IRMA to provide all of the Village's General

Liability and Workers' Compensation Insurance needs as of June 1, 2017. This includes the establishment of a \$540,038 Village Reserve Fund at IRMA using existing reserves from the General Liability and Workers' Compensation Insurance Funds. The motion passed unanimously.

DEPARTMENT REPORTS

Mr. Recklaus said strategic thinking requires a broad view. The division of labor requires trust on both sides. The Village Board is responsible to set policy so needs to understand the nature of the staff's work. Staff needs to understand the Board's values as an agent of the Board. The process is set up so the Board can assess and gather information, set goals, plan tasks, assess resources, assign resources and then have the work done.

C. Departmental Status Report – Finance

Mr. Kuehne summarized his memo of April 28, 2017 (Exhibit B). He highlighted the use of the dividend of prior year sales and income tax increases toward improved capital infrastructure funding levels. Sales and income tax revenues are leveling off. There is potential for upward pressure on property taxes versus reductions.

Paymentus, the online payment software company, has had delivery delays so the Department is looking at another contractor. An independent valuation of Village assets will be included with the move to IRMA and save \$26,000.

President Hayes asked if when the fee structure for commuters is revised, will there be a way to pay by app. Mr. Kuehne said the Parking Committee is responsible for this issue. The fees will be increased separately from the delivery of fees. Mr. Recklaus said these two issues will not be addressed in the same time frame. He said there may be some rethinking of how the Village manages parking, which is a broader policy project. This will come before the Board in the next year or so.

Trustee Scaletta said the parking deficits began happening over a year ago and he would like something done sooner rather than later. Trustee Scaletta asked if sales numbers were flat for any other reason than internet impact. Mr. Kuehne said there have been increases after the recession and sales are coming back to where they were, also another car dealer was added. Now, the Village is at a basic level which just increases for inflation. Mr. Recklaus said this is not only local; it is a broader metropolitan issue. It is a challenge to fill retail spaces and infilling big box stores is a challenge everywhere. Trustee Scaletta asked why on the Income Tax History chart, 2004 income taxes were so low. Mr. Kuehne said the State legislation changed, giving additional benefits for police and fire pensions. The following years the Village had to increase property taxes to recover.

Trustee LaBedz said she was concerned about the loss of retail. Mr. Kuehne said Amazon is subject to some State taxes now. The Marketplace Fairness Act needs to be in place to level the playing field. Trustee LaBedz observed that there is a trend toward buying less in younger generations. Mr. Recklaus

said regardless of revenues, the goal is to make sure commercial business spaces are filled and successful. Staff is looking to allow more experienced based uses.

Trustee Blackwood asked if there was an increase in service businesses. These are not taxed. Mr. Kuehne said that may change when Illinois tries to balance its budget.

Trustee Scaletta said there is no way to track service business through sales. Online sales tax would go to where items are delivered with internet sales. He noted that people like to have things shipped to their offices, if the Village has any influence, perhaps the taxes could go to where the credit card is billed.

Trustee Rosenberg said the soonest the bond debt can be retired is in a few years. He asked how this will affect the storm water projects. Mr. Kuehne explained that the Storm Water Utility Fee can be used to bridge this gap for funding. Another bond issue can then be issued when the current bond debt is retired. This will come back to the Board in September. The fee being considered is \$6.25 a month for residential properties. Trustee Rosenberg said if Amazon has a retail site in Illinois, they should be paying taxes. He asked if there was a contingency plan with the State regarding the budget crisis. Mr. Kuehne said he continually reassess this issue. He said he is keeping the powder dry so the Village has firepower when it is needed.

Trustee Sidor asked what options the Village has since revenues were leveling off. He asked if a real estate transfer tax was possible. Mr. Recklaus said the Village would have to hold a referendum to institute a transfer tax and not many communities have been successful in getting one passed. Mr. Kuehne said the possibilities were: a home rule sales tax, or increasing fines and fees.

Trustee LaBedz asked why income tax levels were levelling. Mr. Kuehne said a minimum wage increase would help and people are not getting large wage increases. It is also because of the age of our residents, many seniors are on fixed incomes.

D. Department Status Update – Fire

Chief Koeppen summarized his Annual Department Report (exhibit C). He said the Department is now fully staffed and the busiest and most effective in the area.

President Hayes asked why the Village has the most number of calls in the area and how can they be reduced. Chief Koeppen said the number of calls is because of the large number of nursing homes, care facilities and care centers. As those increase, the number of calls goes up. Also as the age of the community increases calls go up.

Trustee Sidor asked what qualifies as “other” in the call detail. Division Chief Tamosaitis said calls where the issue was not specific like “not feeling well”, where the caller can’t describe a specific problem would go into the “other” category. The categories are narrow, so if the resident doesn’t fall into one, they go into “other.” Trustee Sidor asked why the behavioral/psychiatric category was increasing. D.C. Tamosaitis said it was because responders are better educated regarding behaviors so it is a result of improved assessment.

Trustee Rosenberg said 70% of calls are to people over 60 years old. He asked if the engines that are paramedic equipped are staffed appropriately. Chief Koeppen said in June they will be. Since January, they have been paramedic staffed every day but one. If an ambulance is on a call, the Department now has a vehicle that has paramedic capabilities, so responders can start immediately and not wait for an ambulance. Trustee Rosenberg asked if the Department could look for grants for more power cots. Chief Koeppen said the Board has approved three power cots and he has held off on purchasing them to see if money from IRMA is available. Trustee Rosenberg asked if there was there anything else the Board can do for the Fire Department. The answer was no.

Trustee Tinaglia said the Fire Department is a model leader and example for community. He noted the ISO # 1 rating is in the top one third of 1%. Recertification happens every 4 years.

Trustee Scaletta congratulated the Department after losing the ISO rating for doubling down and proving that they should have had the rating all along.

Mr. Recklaus said the Department makes it look easy. What goes on when no one is looking is what makes them what they are. They work through all the challenges and it is not easy.

E. Department Status Report – Legal

Ms. Ward summarized the roles of the Department: administrative, research, advice, contract drafting and review, FOIA compliance and collective bargaining. The Department provides legislative updates on changes to State and Federal laws, drafts ordinances and resolutions and maintains/updates the Village Code. Ms. Ward oversees all litigation and outside counsel, manages subpoenas and provides guidance for liquor hearings and the Electoral board.

Trustee Tinaglia asked what can be done with FOIA requests. Ms. Ward said the Village does a good job providing information on the website. The kinds of requests that come through are for information the Village is unable to put on the website. She said she doesn't see a way for the requests to go away. It is the cost of doing business as a Village and required by State law. State law prohibits there being a fee associated with it. As more people become familiar with FOIA, more requests come.

Trustee Tinaglia asked if the Ale House complicated Ms. Ward's job regarding the Metropolis Condo Board. Ms. Ward said yes, it is now more difficult and complicated. The Mago expansion occurred at the same time and these two businesses have changed how the building works. They have created challenges to the use of the space and accessibility. A lot has arisen in the past 6 months that wasn't there before. 90% of initial issues come to her and she can sometimes farm them out.

Trustee Scaletta said Metropolis is important to Village, so Ms. Ward's responsibility to it helps protect the Village's investment. FOIAs are important for transparency and it is good for the Village to be transparent. He asked when the new website will be online. Mr. Recklaus said sometime this summer.

Trustee Sidor asked why no one enforces half of what is on the books. Ms. Ward said a lot of enforcement is on a complaint basis. She said it is like trying to stop all speeding cars. Staff can't possibly

enforce every condition of the Code. Issues are tackled on a periodic basis. He said he would like a health inspector to be at restaurants in the evenings sometimes.

Mr. Recklaus said there are a lot of process improvements in the Legal Department. They don't make a lot, but they make a lot better. The Department contributes to a lot of projects and keeps the Village on the straight and narrow.

V. OTHER BUSINESS

VI. ADJOURNEMENT

Trustee LaBedz moved to adjourn at 9:53 p.m. Trustee Scaletta seconded the motion. The motion carried unanimously.



Item: PROPOSED CHANGE FROM A SELF-INSURANCE PROGRAM TO IRMA

Department: Finance

Since September 2016 Finance, Human Resources, and Legal Staff have been working on a cost/benefit comparison of maintaining our current self-insurance program versus joining the Intergovernmental Risk Management Association (IRMA). The combined annual cost budgeted for the Village's General Liability and Workers' Compensation insurance program is nearly \$2.8 million per year including personal services and contractual costs. To help the Village administer these coverages over the years, the Village has worked with an insurance broker, Rich Stokluska from A. J. Gallagher, partnered with the High Level Excess Liability Pool (HELP), and worked with our Third-Party Administrator (TPA) Gallagher-Bassett (GB).

Four years ago the Village solicited Requests for Proposals for our TPA service. After reviewing the proposals from other TPAs, the Village decided to stay with GB for another three year term. However, the Village has continued to experience some concerns about the number of changes in GB's Account Manager and changes in our Claims Managers, both of which have resulted in some inconsistent service. In addition, Village Staff has had to push GB to follow-up on a number of our workers' compensation claims. GB is paid about \$75,000 per year to handle workers' compensation claims and about \$21,000 for general liability claims. This three-year contract expires on 4/30/17, but it has been extended for one month while the Village worked to complete our overall insurance analysis.

The Village's insurance program represents a significant cost and is reviewed from time to time. Under our existing self-insurance program, the Village has benefitted during low claims years, but has experienced significant charges during high claims years which have occasionally required infusions of cash into our insurance funds. IRMA offers an alternative program where local communities pool their risk under an insurance pool that specializes in this risk environment. IRMA is comprised of 69 public entities and Arlington Heights would be its largest member. The theory behind pooling is that the annual insurance cost for member communities will be more predictable from year to year as high and low claim years are smoothed out across the pool. With this in mind, Staff held numerous meetings with IRMA representatives to gain a detailed understanding of IRMA's plan.

To completely compare the two insurance options required more specialized knowledge of the insurance field. The Village subsequently retained Wright Benefit Strategies to prepare a formal review of the costs and coverages of our current insurance program and compare it to the pooled risk plan offered by IRMA. Peter Wright completed this review and his recommendation is set forth in the attached **Executive Summary of Commercial Insurance and Pool Strategies**. A separate **Risk Pooling Proposal from IRMA** is also attached. By using actual claims data for the prior five years and insurance coverage information provided by A. J. Gallagher and IRMA, Mr. Wright's analysis outlines the following basic conclusions:

- On an average claims year basis, the Village could save approximately \$230,000 or about 9% per year in total insurance costs by moving to IRMA.
- IRMA's plan includes a self-insured component, but at a much lower deductible of \$100,000 per claim. The Village's current self-insured retention (SIR) levels are \$750,000 for Workers' Compensation and \$1 million for General Liability claims.
- IRMA offers cyber security and terrorism coverages at no extra cost.

Mr. Wright recommends that the Village join IRMA.

IRMA offers some opportunities that are not available from GB. One is that the Village would be eligible for IRMA grants that would cover a portion of the cost for the new power cots being installed in the Village's ambulances. On the Workers' Compensation claims side, IRMA assigns a Nurse Case Manager to all claims where an employee is missing work. The nurse frequently attends medical appointments, monitors treatment and progress and makes recommendations to ensure the injured worker returns to work as fast as possible. The Village will receive emails from the nurses after every appointment to make sure the Village is aware of the status of all of our injured workers. GB generally assigns a Nurse Case Manager only to the bigger claims. It is anticipated that IRMA will be more aggressive in following up on employee's appointments and treatments in an effort to get our employees back to work sooner. In addition, IRMA offers a number of training opportunities aimed at preventing and reducing losses, and has a well-tenured and experienced claims administration staff, with an average tenure of 13 years.

Many of the other day-to-day insurance processes that Staff currently completes would remain essentially the same under IRMA's insurance program. However, one of the more substantive process changes that would occur with a move to IRMA relates to settlements – both lawsuits and workers' compensation cases. Currently, because the Village is self-insured, final settlement authority resides with the Village, up to the Village's SIR level. Accordingly, the current practice is that settlements over \$20,000 (the Village Manager's authority) are submitted to the Village Board for approval, first in Closed Session, followed by formal approval at a Village Board meeting. IRMA operates more like a traditional insurance provider – settlement authority ultimately resides with IRMA. The

Village Board would not be required to approve any such settlement.

Village Staff will have input into the settlement discussions but the final approval of all settlements rests with IRMA. The IRMA Bylaws provide a procedure in which the Village has a right to object to a settlement recommendation; the issue would then be decided by a committee of IRMA members. However, should the Village wish to pursue a claim that IRMA has chosen to settle, the Village can do so at its own expense. There are some IRMA member communities who still take proposed settlements to their Boards in Closed Session to obtain the Board's opinion on a settlement, but there are many others who do not. According to IRMA's Executive Director, there have been very few appeals.

RECOMMENDATION: Enter into an agreement with IRMA to provide all of the Village's General Liability and Workers' Compensation insurance needs as of 6/1/17.

Due to contractual obligations, the Village's high level liability coverage through HELP will continue through 4/30/18, and the Village's existing Workers' Compensation policy would remain in place through 12/31/17. The existing General Liability policy would be cancelled as of 6/1/17 with a 10% penalty on the unearned premium or approximately \$12,500, and IRMA would take over the claims administration duties for new claims as of this date. IRMA's fee for 2017 would be prorated for the inception date and would include deductions for the temporary continuation of the Village's existing HELP and Workers' Compensation policies.

ATTACHMENTS:

Description	Type
Executive Summary of Commercial Insurance and Pool Strategies	Report

I N T E R

O F F I C E

MEMO

To: Randy Recklaus, Village Manager
From: Thomas F. Kuehne, Finance Director/Treasurer
Date: April 28, 2017
Subject: 2017 FINANCE DEPARTMENT REPORT

The Finance Department is comprised of 17.5 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 23 FTE's to 17.5 FTE's in 2017, or a decrease in staffing of 24%. This has been accomplished through the use of technology and hiring quality staff.

Scope of Services

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. **Attachment A** provides 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 annual 5-year Capital Improvement Program and the 3-year annual operating fund projections. It takes the Finance Staff a number of months to complete each of these annual activities by working extensively with our internal customers. Following the Village Board's approval of these annual 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. The recently completed two-phase property tax adjustment to increase the Village's annual street improvement program from \$5.8 million to

\$8.5 million per year was the result of a number of years of planning, whereas the review and suggested changes to the Village's general liability and workers' compensation insurance program came up rather quickly over the last nine months. Other ongoing financing proposals that the Village Manager and Finance Staff are currently working on for the Board's review, include the determination of a stormwater utility fee schedule for larger non-single-family properties, and developing a revised commuter parking fee structure.

One ongoing special project is the implementation of new online payment software that the Village's Assistant Finance Director, Mary Ellen Juarez is spearheading. Customers have asked for a number of service enhancements including a paperless utility bill option, the ability to look online for utility bill and usage history, an easier to use online vehicle sticker payment option, and ease of use of online services through smart phones and tablets. Ms. Juarez identified a software product called Paymentus that is expected to address the requests of our customers, while seamlessly integrating with the Village's existing accounting software as well as the Village's new website.

Department Staff will also continue to work on internal staff committees including the Police Station Committee, Garage Renovation Committee, Parking 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, active participation with the Illinois Government Finance Officers' Association, acting as a GFOA national budget reviewer, membership in the High Level Liability Pool, as well as other organizations.

Workload and Performance Data

From a broad, policy-type perspective there are measures 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. As shown in **Attachment B**, Village staffing levels have decreased over the years, especially during the Great Recession. As of 2017 the Village is operating with nearly 10% less employees than were employed during FY2002. Most of these reductions have come in each Department's administrative areas. Sales and income tax history, building permit revenue, and property tax history show how the Village's key growth revenues have performed over the years. Another good measure is how favorably the Village compares with other area communities as is shown in **Attachment C**, Community Survey of Annual Estimated Payments.

After the precipitous decrease in sales and income taxes during the Great Recession, from 2010 through 2015 the Village experienced a positive economic cycle which provided greatly improved results for these revenues as shown in **Attachments D and E**. These revenue sources represent a significant portion of the Village's General Fund revenues and can vary significantly depending on the conditions of the economy. The recent positive economic cycle has allowed the Village to keep property tax increases to a minimum as shown in **Attachment F**. Also, by continuing to take a conservative approach to budgeting, the Village previously experienced a few years of General Fund surpluses which were used to bolster infrastructure improvements throughout the Village. The positive portion of the economic cycle provided a much needed pause after the turmoil and effects of the Great Recession. However, this cycle is now leveling off and a discussion of concerns for the future are outlined later.

Key Accomplishments – Past Year

There have been a number of key accomplishments over the past year including:

- Completion of the two-phase property tax adjustment to increase the Village's annual street improvement program from \$5.8 million to \$8.5 million per year.
- Reduced Finance staffing by .5 FTE – Front Desk.
- Continued to assist with the parking garage renovation project.
- Finance, Planning and Legal closed out TIF 1 and TIF 2.
- Finance, HR and Legal reviewed and suggested changes to the Village's general liability and workers' compensation insurance program.
- Worked with the Village Manager, Engineering, and Public Works to develop stormwater improvement financing alternatives.

The first accomplishment listed provides an example of where Staff and the Village Board have prudently planned for the future. The Village has worked diligently to identify the need and cost of infrastructure improvements, while living within the constraints of our long-term financial goals. **Attachment G** outlines the various infrastructure improvements, costs, and funding sources that the Village has undertaken over the last couple of years. These capital improvements have allowed the Village to continue our sustainable path of providing a high level of services and infrastructure improvements.

Current and Anticipated Challenges

The State of Illinois' budget impasse may present significant financial challenges for the Village. Questions have arisen such as: Will there be a property tax freeze, and if so will it be temporary or permanent? Will the State 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 year or two could have negative or positive consequences for the Village.

Funding ongoing Village services is a potential concern given the ongoing State budget impasse. Also, if the country was to experience another significant recession it would be more difficult for the Village to work around compared to the steps we took as a result of the Great Recession. This is due to the fact that the Village has not increased its staffing levels since the 10% reduction in staffing during the last recession. These position decreases were substantially covered by reductions in administrative personnel and not basic service providers.

In addition, the Village has used the 2010 through 2015 sales and income tax increases to keep property taxes down and to drastically improve funding for the Village's annual street improvement program. Sales and income taxes are the Village's key "growth revenues, but they are now leveling off. As a result there is a potential for upward pressure on property taxes. To relieve this pressure as much as possible, the Village will continue to review its processes, look for savings where possible, and review our fee structure.

Key Initiatives Now Underway

- Developing a stormwater utility fee schedule for large non-single family properties. The new stormwater utility fee will be used for ongoing maintenance costs associated with the stormwater system and one-time stormwater infrastructure projects. It is anticipated that the proposed stormwater utility fee schedule will be presented to the Village Board by August 2017.
- Finance Staff and the Assistant Village Manager are developing a revised commuter parking fee structure. This would bring the Village in-line with other area communities' parking fees, and would help close the gap between the Municipal Parking Fund's revenues and expenses. Staff plans on bringing the proposed parking fee changes to the Village Board in June 2017.
- Finance Staff is continuing to work on implementing the new online payment system outlined earlier. The current vendor, Paymentus has had a number of delays in implementing the new software. To keep the Village's options open we are also requesting online transaction pricing from another vendor, First Billing. Staff had hoped to have the new online payment software implemented by July 2017, but this date is questionable since we are subject to the vendor's implementation schedule.
- Finance Staff was planning on using an independent valuation firm to complete an asset valuation of the Village's fixed assets for general liability and property insurance purposes. It was expected that this independent valuation would cost about \$26,000. However, if the Village Board agrees with Staff's recommendation to move the Village's insurance program to the Intergovernmental Risk Management Agency (IRMA), this valuation would be completed as part of IRMA's coverage at no extra cost to the Village.

Potential New Initiatives

- Review the Village's Investment Policy. Every few years it is advisable to review this policy to insure that it meets the Village's current needs, reflects current State statutes, and that it reflects best practices for public investments.
- Develop financial reports through the COGNOS report writer. The Village recently purchased a new report writer that extracts data from our existing enterprise software system. Finance Staff would like to develop "dashboard" reports for certain budgetary information. We would also look into replacing the current hardcopy monthly financial reports that are mailed internally to Departments, with a more reader-friendly format that can be distributed electronically.
- Reassess the Village's funding and service models given the ongoing State budget crisis, and potential decreases in sales tax revenue due to diminishing brick and mortar retail sales versus the precipitous rise of online sales.

Cc: M. Juarez, A. Smulson, J. Obog, D. Ruda, G. Voight, B. Hume

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Special Projects						Attachment A						
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Self-Insurance V. IRMA												
New on-line payment software (Paymentus)												
Coordinate financing plans for:												
New Storm Sewer Work												
Ongoing Storm Sewer Maint.												
Police Station Committee												
Garage Renovation Committee												
Parking Committee: Review Fees												
IMRF Board Member												
GFOA National Budget Reviewer												
HELP Board Member												

CHANGE IN VILLAGE FTE STAFFING LEVEL FY2002 V. 2017

	<u>FY2002</u>	<u>2017</u>	<u>+ (-)</u>	<u>% of Increase (Decrease)</u>
Village Manager	5.00	5.00	0.00	0% *
IT	9.00	6.00	(3.00)	-33% *
Human Resources	4.50	4.00	(0.50)	-11%
Legal	3.50	2.75	(0.75)	-21%
Finance/Village Clerk	22.00	16.50	(5.50)	-25% *
Front Desk - Customer Service Rep.	1.00	1.00	0.00	0% *
Police	149.00	139.00	(10.00)	-7%
Fire	105.50	110.00	4.50	4%
Planning	12.00	10.00	(2.00)	-17%
Building	19.00	17.00	(2.00)	-11%
Health/Senior Services	16.50	13.50	(3.00)	-18%
Youth Services	3.00	0.00	(3.00)	-100% **
Engineering	15.00	10.00	(5.00)	-33%
Public Works/Fleet	68.00	52.75	(15.25)	-22%
Water Utilities	40.00	40.75	0.75	2%
	473.00	428.25	(44.75)	-9.46%

* As of FY2015 IT was moved from Finance to the Village Manager's office and the Customer Service Rep moved from Village Manager to Finance. For comparison purposes all of these areas are shown separately.

** The Youth Services division was eliminated FY2011.

**SURVEY OF COMPARABLE MUNICIPALITIES
ESTIMATED ANNUAL REVENUES RECEIVED FROM AN AVERAGE HOME
JUNE 2016**

Attachment C

ANNUAL ESTIMATED PAYMENTS:

<u>Municipality</u>	<u>2016 Passenger Veh. Stickers</u>	<u>Garbage Bill*</u>	<u>Yard Waste Bill</u>	<u>Combined** Residential Water & Sewer Bill</u>	<u>Storm Water Fee</u>	<u>Home*** Rule Sales Tax</u>	<u>Food & Beverage Sales Tax</u>	<u>Municipal Motor Fuel Tax</u>	<u>Entertain. Tax</u>	<u>Electric Utility Tax</u> 12,300 kWh/Yr	<u>Gas Utility Tax</u> 1,700 therms/Yr	<u>Telecom Tax</u>	<u>2015**** Municipal Property Tax</u>	<u>Total Estimated Annual Homeowner Costs</u>
Assumptions for Average Family	2 Cars	12 /Yr	48 Bags/Yr	144,000 Gallons/Yr	Estimated Fee/Yr	\$6,000 /Year	\$3,000 /Year	650 Gallons/Yr	\$2,400 /Year	\$1,400 /Year	\$1,650 /Year	\$1,200 /Year	\$73,766 EAV	
1. Rolling Meadows	60.00	\$359.40	\$0.00	1,938.24	49.20	60.00	60.00	26.00	0.00	75.03	0.00	72.00	1379.42	\$4,079.29
2. Hoffman Estates	0.00	\$204.00	\$134.40	1,580.88	24.00	60.00	60.00	162.50	144.00	69.00	85.00	72.00	1152.96	\$3,748.75
3. Mount Prospect	90.00	\$234.96	\$120.00	1,579.20	0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	997.32	\$3,277.64
4. Elk Grove Village	50.00	\$255.12	\$108.00	1,728.00	0.00	60.00	30.00	0.00	0.00	75.03	17.00	60.00	748.72	\$3,131.87
5. Wheeling	0.00	\$240.48	\$0.00	1,045.44	24.00	60.00	30.00	0.00	0.00	75.03	85.00	72.00	1275.41	\$2,907.36
6. Des Plaines	60.00	\$198.36	\$0.00	1,147.68	109.44	60.00	30.00	26.00	0.00	70.23	42.50	72.00	1054.12	\$2,870.33
7. 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	975.92	\$2,786.60
8. Arlington Heights	60.00	\$210.00	\$124.80	1,030.56	0.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	1002.48	\$2,757.37
9. Schaumburg	0.00	\$24.72	\$0.00	1,583.52	0.00	60.00	60.00	0.00	120.00	0.00	0.00	72.00	523.74	\$2,443.98
10. Buffalo Grove	0.00	\$245.52	\$0.00	819.36	60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	971.50	\$2,419.37
11. Palatine	60.00	\$273.00	\$0.00	736.80	60.00	60.00	30.00	0.00	0.00	52.52	0.00	72.00	1037.15	\$2,381.47

*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.

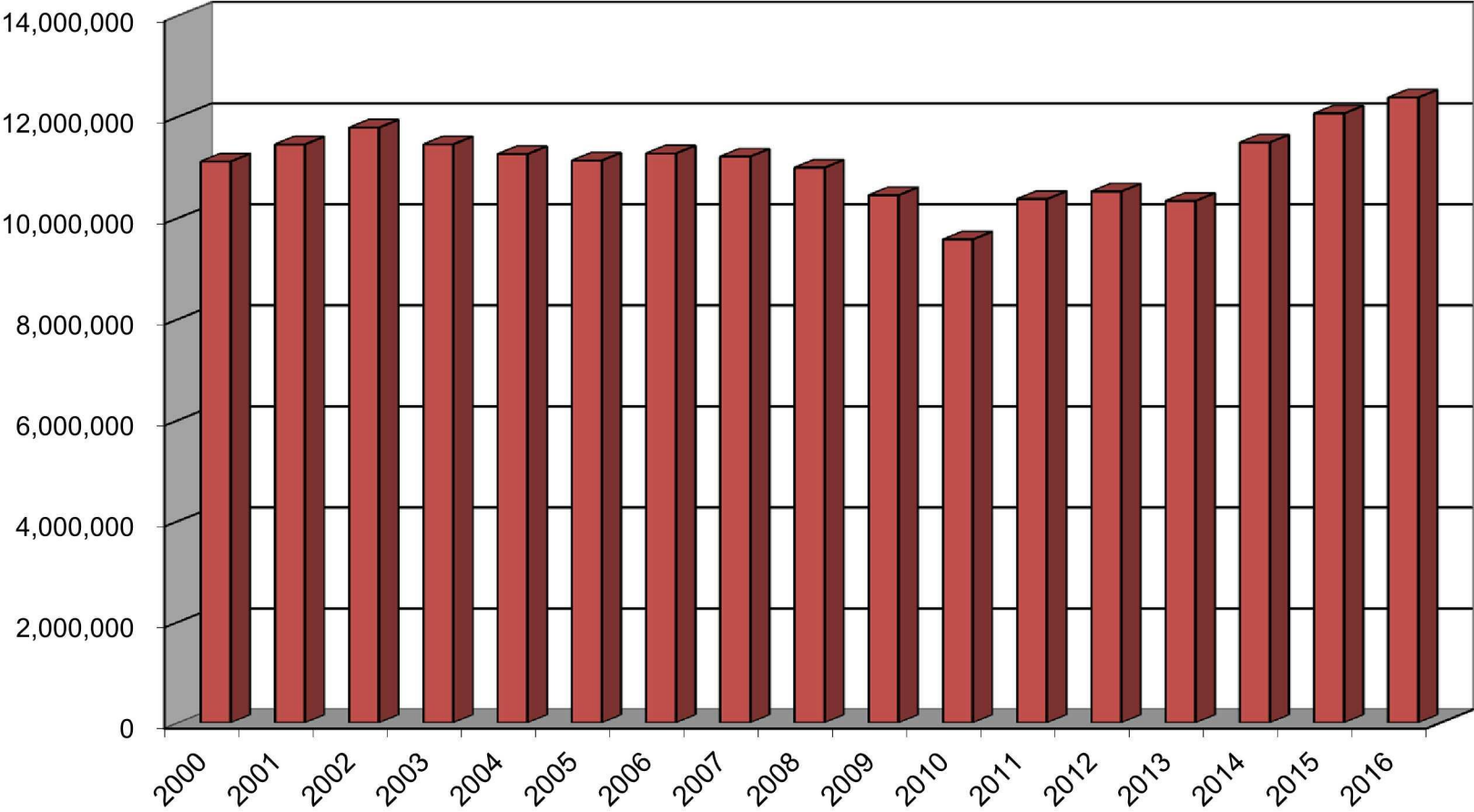
Sources: Surveys: Arlington Heights (08/15), / Cook County Clerk website / Municipal websites / Codes

RATES:

<u>Municipality</u>	<u>2016 Passenger Veh. Stickers</u>	<u>Est. Monthly Garbage Rate (1x/week)</u>	<u>Yard Waste Rate /Bag</u>	<u>Combined Water & Sewer Rate/ 1000 Gallons + fixed fees</u>	<u>Estimated Storm Water Fee/Month</u>	<u>Home Rule Sales Tax Rate</u>	<u>Food & Beverage Sales Tax Rate</u>	<u>Municipal Motor Fuel Tax Cents/Gal</u>	<u>Entertain. Tax Rate</u>	<u>Electric Utility Tax /kWh</u>	<u>Gas Utility Tax /Therm</u>	<u>Telecom Tax Rate</u>	<u>2015 Municipal Property Tax Rate</u>
Arlington Heights	30.00	17.50	2.60	6.94	0.00	1.00%	1.25%	0.00	0.00%	0.00610	0.050	6.00%	1.3590
Buffalo Grove	0.00	20.46	0.00	5.69	5.08	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.3170
Des Plaines	30.00	16.53	0.00	7.97	9.12	1.00%	1.00%	0.04	0.00%	0.00571	0.025	6.00%	1.4290
Elk Grove Village	25.00	21.26	2.25	12.00	0.00	1.00%	1.00%	0.00	0.00%	0.00610	0.010	5.00%	1.0150
Hoffman Estates	0.00	17.00	2.80	10.49	2.00	1.00%	2.00%	0.25	6.00%	0.00561	0.050	6.00%	1.5630
Mount Prospect	45.00	19.58	2.50	10.55	0.00	1.00%	1.00%	0.04	0.00%	0.00351	0.015	6.00%	1.3520
Palatine	30.00	22.75	0.00	4.75	5.00	1.00%	1.00%	0.00	0.00%	0.00427	0.000	6.00%	1.4060
Park Ridge	45.00	0.00	0.00	9.39	0.00	1.00%	1.00%	0.04	0.00%	0.00558	0.020	6.00%	1.3230
Rolling Meadows	30.00	29.95	0.00	13.21	4.10	1.00%	2.00%	0.04	0.00%	0.00610	0.000	6.00%	1.8700
Schaumburg	0.00	2.06	0.00	10.63	0.00	1.00%	2.00%	0.00	5.00%	0.00000	0.000	6.00%	0.7100
Wheeling	0.00	20.04	0.00	7.26	2.00	1.00%	1.00%	0.00	0.00%	0.00610	0.050	6.00%	1.7290

Sales Tax History

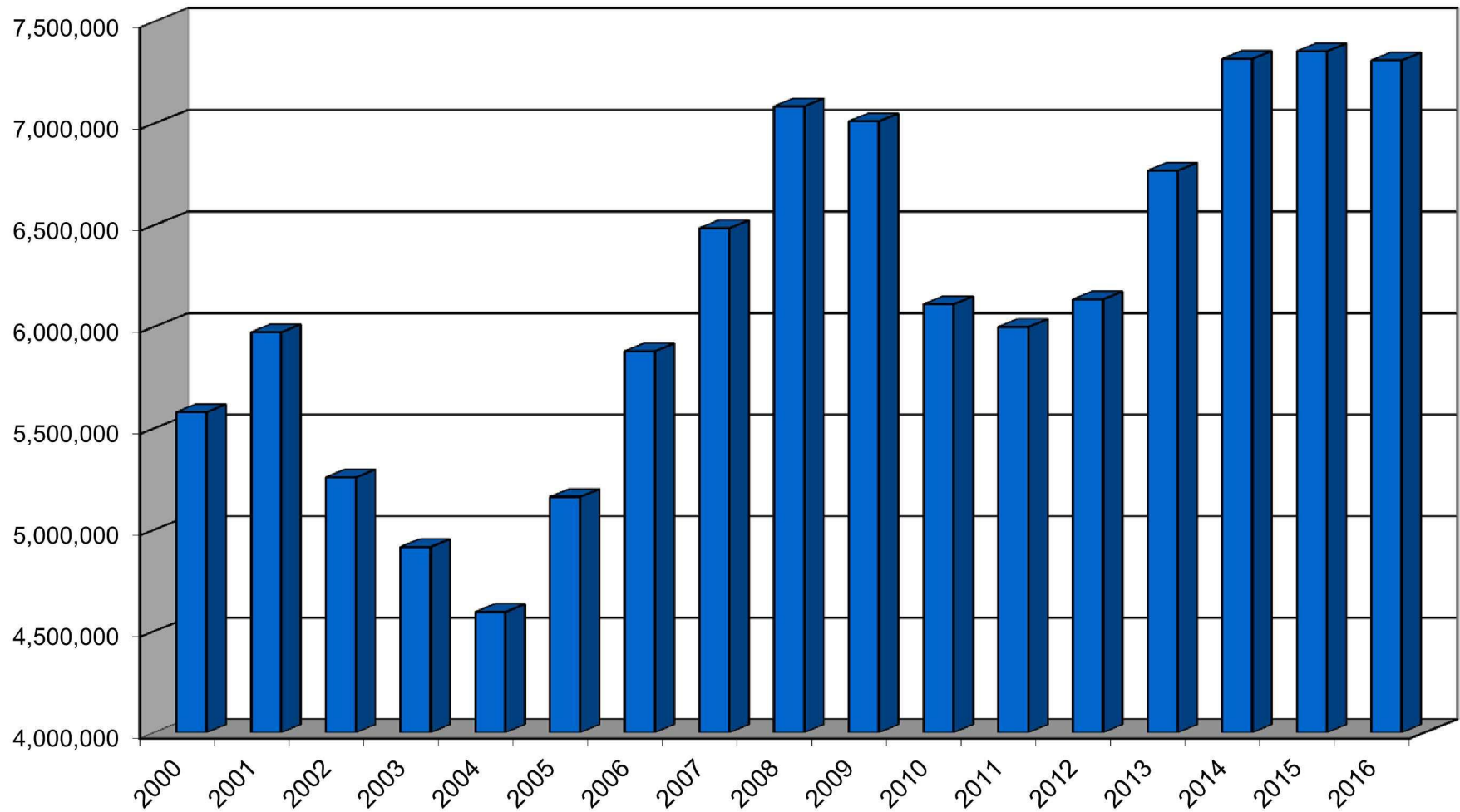
Attachment D



Note: The 8 month year was removed because of lower amount due to short year.

Income Tax History

Attachment E



Note: The 8 month year was removed because of lower amount due to short year.

PROPERTY TAX LEVY HISTORY

Attachment F

LEVY YEARS 2003 - 2016

<u>LEVY YEAR</u>	<u>VILLAGE % INCREASE</u>	<u>LIBRARY % INCREASE</u>	<u>TOTAL % INCREASE</u>	<u>COMMENTS</u>	<u>BUDGET YEAR</u>	<u>All Funds APPROVED</u>
2016	1.95	0.00	1.38	Entire increase for street purposes (Phase 2)	2017	180,361,200
2015	3.59	0.00	2.51	Entire increase for street purposes (Phase 1)	2016	164,728,204
2014	0.00	0.00	0.00		8-mo.	119,443,082
2013	2.65	0.00	1.84		FY2015	154,550,004
2012	1.74	0.00	1.20		FY2014	145,374,818
2011	0.00	0.00	0.00		FY2013	137,443,222
2010	4.30	0.00	2.93	Police/Fire Pension Funds - market crash	FY2012	134,885,496
2009	5.74	1.77	4.44	Police/Fire Pension Funds - market crash	FY2011	134,689,318
2008	0.32	0.00	0.21		FY2010	132,053,616
2007	2.48	4.90	3.26		FY2009	136,663,660
2006	11.14	9.20	10.51	Taxing districts captured expiration of TIF #1	FY2008	140,665,900
2005	14.67	4.99	11.32	Fire Pension benefit increase - State legislation	FY2007	158,406,339
2004	11.98	4.00	9.09	Police/Fire Pension benefit increase - State legislation	FY2006	140,846,200
2003	2.14	0.99	1.72		FY2005	133,088,500

INFRASTRUCTURE IMPROVEMENT NEEDS AND FUNDING SOURCES

Attachment G

<u>KEY INFRASTRUCTURE NEEDS</u>	<u>ESTIMATED COST</u>	<u>FUNDING SOURCES</u>
Parkway Ash Tree Removal/Replacement Program (13,000 parkway ash trees or 30% of the Village's tree inventory)	\$11 million	General Fund Surplus Transfers/Maturing Debt
New Police Station (to replace the 38,000 square foot building constructed in 1978 with a new 72,000 square foot building)	\$27.985 million	Maturing Debt
Increase Water Main Replacement program from \$500,000 to \$3 million per year by 2020 (Internal water and sewer facility study)	\$2.5 million/year	Water & Sewer rate increase - September 2014 (5%-19%-5%-5% and 5%)
Increase Street Resurfacing/Reconstruction Program by \$2.7 million per year (External pavement study recommended increasing Village's street program from \$5.8 M to \$8.5 M per year in order to maintain "good" rating)	\$2.7 million/year	\$500,00 annual transfer from SWANCC Fund \$1.2 M 2015 property tax levy increase \$700K 2016 property tax levy increase
Storm Water/ Flood Control Ongoing storm sewer maintenance One-time infrastructure improvements	\$500,000 / year \$38million (potential projects)	Storm Water Utility Fee Storm Water Utility Fee / G.O. Bond

Fire Department - Annual Departmental Report - 2016

The following is a summary of Fire Department operations in 2016, a report on our current status, and a description of some of our key initiatives in motion.

Scope of Services

The Fire Department provides suppression, emergency medical, specialty rescue, and educational services for the residents and businesses of Arlington Heights. In 2016 the Department responded to 10,201 calls with a total staff of 111, 108 sworn Firefighters and three administrative personnel (two part time). There are eight Command Staff personnel, 16 Lieutenants, and 80 Firefighters assigned as shown on the organizational chart on the last page of this report.

All of our Firefighters have achieved Basic Firefighter Operations certification; our Lieutenants are all certified as Fire Officer I; our Chief Officers all have Fire Officer II certification. Fire Chief Koeppen received the highest certification conferred by the Office of the State Fire Marshal – Chief Fire Officer – in 2015. Our two Deputy Chiefs completed the CFO program in late 2016.

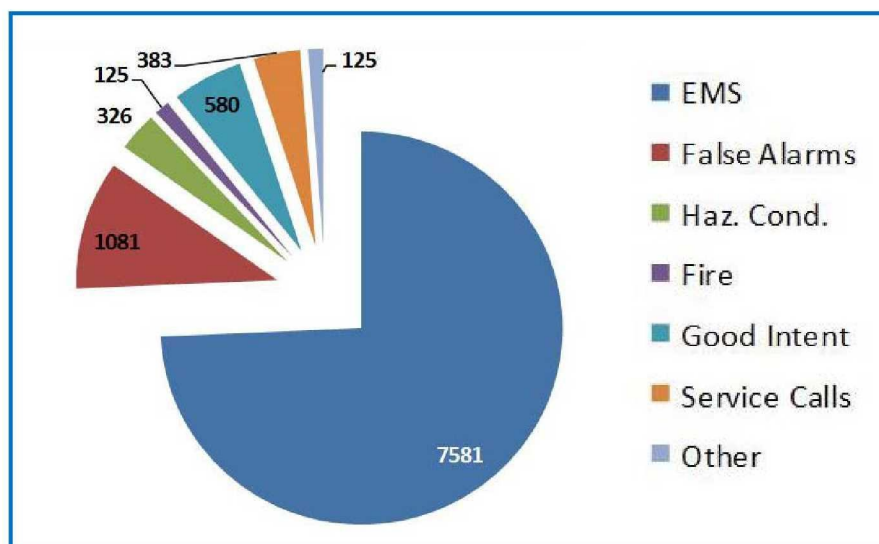
The Public Education/Fire Prevention office is a critical area of the Fire Department. It works to meet the safety needs of our Firefighters, and the safety and educational needs of Village residents through classes and programs like the Katie Project smoke detector program. In addition, the Public Education/Fire Prevention Officer is the Fire Department representative who reviews construction documents in the Village review process, identifying safety issues pertaining to access and egress routes and addressing fire detection and fire suppression system issues.

The Fire Department has four Specialty Teams – Hazardous Materials, Dive Rescue, Technical Rescue and Fire Investigation.

Workload and Performance Data

Our call volume in 2016 was the second highest in our history – 10,201 calls; 2,620 fire and 7,581 emergency medical service calls. During the last five years, EMS calls have generally accounted for about 67% of our call volume. In 2016 EMS calls accounted for 74% of our call volume. We will continue to monitor this percentage.

FIRE CALLS		EMS CALLS	
Structure fires – Arl. Hts.	19	EMS calls, excluding vehicle accident	7,030
Other fires	106		
Total fires	125	Vehicle accident with injuries	365
Overpressure, rupture	11		
Service calls	383	Motor vehicle/pedestrian accident	18
Hazardous conditions	326		
Good intent	580	Medical assist, assist EMS crew	15
False alarms	1,081		
Rescues (extrication; lock in)	107	Other	153
Other	7		
FIRE CALLS TOTAL	2,620	EMS CALLS TOTAL	7,581
COMBINED TOTAL – 10,201 CALLS			



Patients Transported By Destination	
Northwest Community Hospital	5,207
Lutheran General Hospital	50
Alexian Brothers Medical Center	44
Glenbrook Hospital	12
St. Alexius Medical Center	6
Condell Medical Center	6
Good Shepherd Hospital	3

Top 10 EMS Incident Types	
Fall Victim	1,309
Breathing Problem	502
Traffic Accident	487
Other	475
Behavioral / Psychiatric	409
Sick Person	381
Chest Pain	352
Pain	302
Unconscious / Fainting	222
Abdominal Pain	194

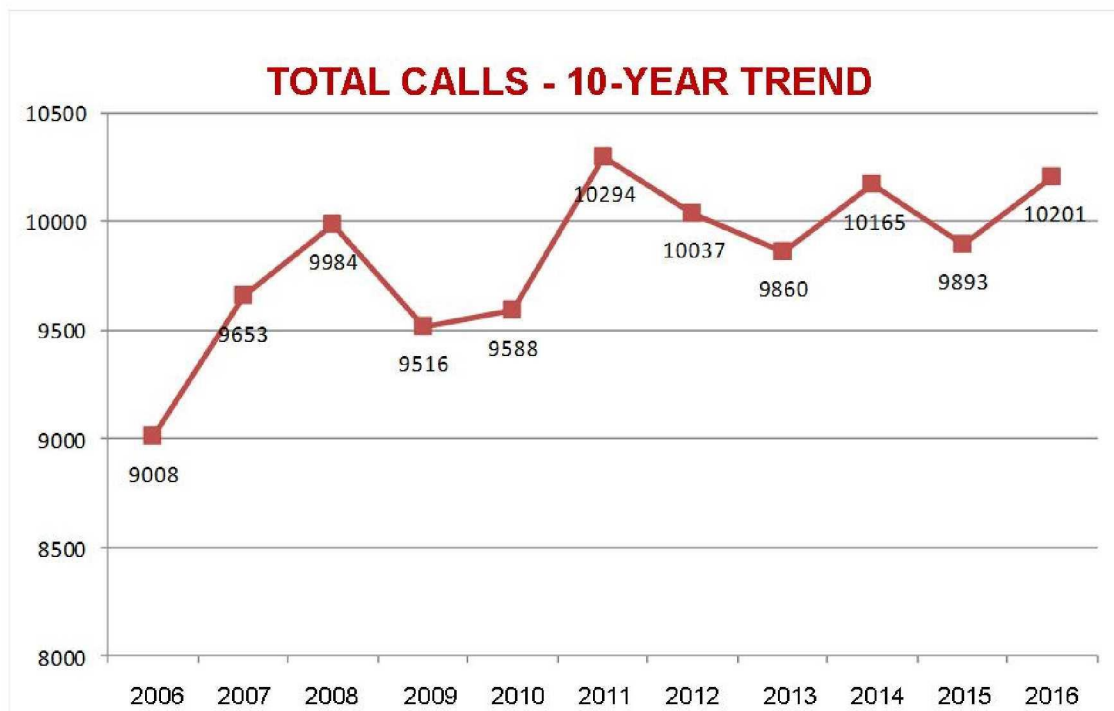
EMS Calls by Age	
Under age 1	41
1-9	145
10-20	221
21-30	401
31-40	498
41-50	558
51-60	760
61-70	781
71-80	1,062
Over 80	2,418

2016 EMS Summary	
EMS calls, excl. vehicle accidents	7,030
Motor vehicle accidents with injuries	365
Motor vehicle/pedestrian accident	18
Medical assist	15
Other	153
TOTAL	7,581

ALS vs. BLS Transports	
ALS (Advanced Life)	3,510
BLS (Basic Life Support)	1,825

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.

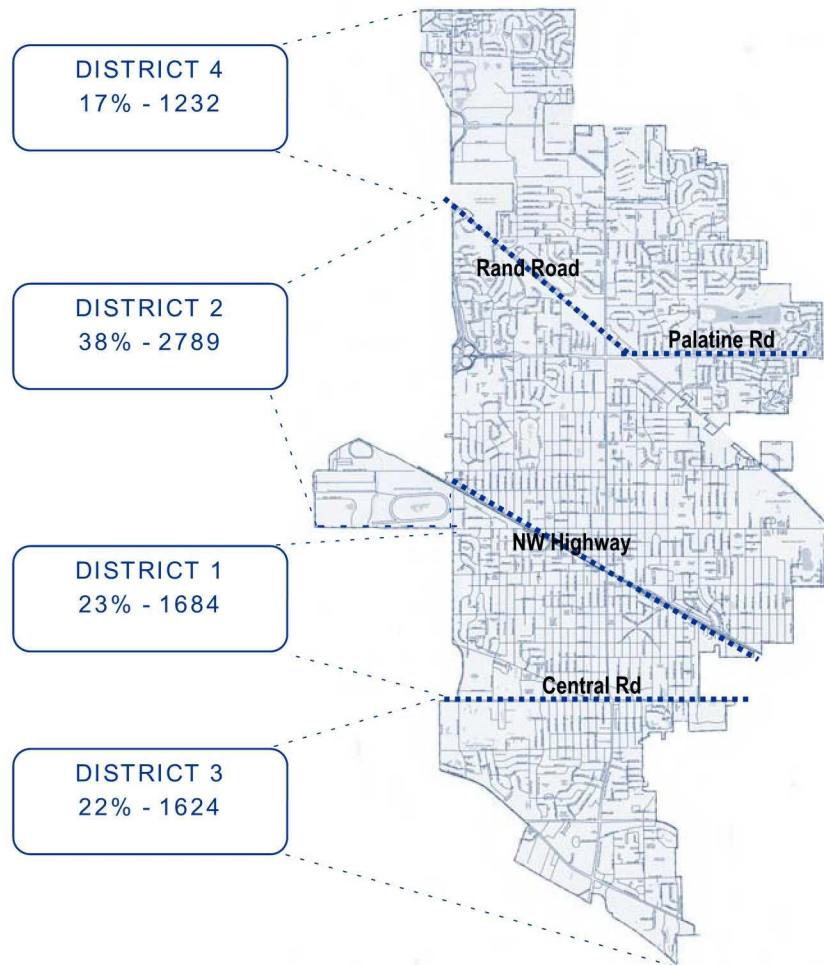
<u>Town</u>	<u>Population (2015)</u>	<u># of Shift Personnel</u>	<u>Total 2016 Calls</u>	<u>No. of Calls divided by No. of Firefighters</u>
Arlington Heights	75,926	104	10,201	98
Schaumburg	74,693	120	9,097	76
Mt. Prospect	54,747	72	5,902	82
Buffalo Grove	41,503	57	4,748	83
Elk Grove Village	33,238	88	5,735	65
Rolling Meadows	24,190	44	3,991	91



We had continued success in 2016 in our efforts to balance the number of automatic/mutual aid responses we give with those we receive.

2016 TOTALS		
	AID GIVEN	AID RECEIVED
EMS	681	692
FIRE	442	655
TOTAL	1123	1347

CALLS BY DISTRICT (excluding auto and mutual aid)



Key accomplishments over the past year

- ISO Public Protection Class 1 rating

The ISO Class 1 rating received in December, 2016 was our Department's biggest accomplishment in 2016. Preparation for this exhaustive review by the Insurance Services Office took several months and addressed all components of the Department's ability to fight fires, including water supply, staffing, training, equipment, communications and response times. As Chief Koeppen has commented, the Village Board has always supported our commitment to excellence. Our Public Works Department provides us with one of the best water supply systems in the area, our Building Department has an excellent fire inspection program, our Human Resources Department works hard to provide us with the best and brightest candidates, and we receive remarkable support from our citizens.

The total evaluation is based on scores in three areas: 1) fire department; 2) water supply; and 3) dispatch communications. ISO informed us, and we take great pride in the fact, that **we are the first fire department ever to receive a perfect score of 50** in the Fire Department portion of the evaluation, broken down in ISO's summary report as shown in the table below:

ISO REPORT – ARLINGTON HEIGHTS		
	Earned	Credit Available
513. Credit for Engine Companies	5.96	6
523. Credit for Reserve Pumpers	0.50	0.5
532. Credit for Pumper Capacity	3.00	3
549. Credit for Ladder Service	3.87	4
553. Credit for Reserve Ladder and Service Trucks	0.50	0.5
561. Credit for Deployment Analysis	7.66	10
571. Credit for Company Personnel	19.84	15
581. Credit for Training	8.01	9
730. Credit for Operational Considerations	2.00	2
ITEM 590. CREDIT FOR FIRE DEPARTMENT	50.00	50

ISO's assessment of Northwest Central Dispatch System's capabilities also contributed to the Class 1 rating. NWCDs provides emergency dispatching services for the Village from its award-winning, state-of-the-art communications center that is considered one of the best in the nation.

The ISO Class 1 rating is a reflection of the Village of Arlington Heights' commitment to provide the best possible public safety services to its residents and businesses. As Village Manager Randy Recklaus has stated, "This places our Department in the top 1/3rd of one percent of fire departments in the United States. Over the over 47,000 fire departments nationwide, less than 200 have received such a rating. This means, objectively, our Fire Department is truly elite and among the best of the best in the business."

- Katie Project

Another success in 2016 was the continuation of the Katie Project, with approximately 100 residents living in safer environments because of working smoke detectors.

- Dryden Apartments initiative

In June, 2016 then-Lt. Andrew Larson, Firefighter Peter Gripper, and other Village personnel including Al Baumgartner, Nancy Kluz, and Andy Duda, conducted a variation of the Katie Project initiative with a focus on one particular location on N. Dryden. This multi-family complex had been the scene of a recent fire. Through this initiative, 23 of 24 apartments were accessed which led to the installation of 27, 10-year lithium battery-operated, sealed smoke alarms. Additional smoke alarms were placed in common hallways, ceilings of stairwells, and the lower level laundry room. The building owner and the residents were extremely grateful for the Village's assistance in this potentially life-saving effort.

A subsequent event was held in the fall. The Dryden Apartments Community Outreach Event on September 8 was a collaborative effort with School District 25 and other community partners which provided a great opportunity for interaction with the residents, especially the children. Bilingual educational materials were available, and our personnel interacted with the parents and children, answering questions and entertaining them while providing important fire safety information. The event was a huge success.

- Consolidated emergency management responsibilities

In 2016 we consolidated part of our Emergency Management functions with other fire departments. Arlington Heights, along with nine other departments in the Northwest Central Dispatch System, entered into an agreement to form a Joint Emergency Management System (JEMS) and share a Joint Emergency Management Coordinator. The Coordinator serves as an emergency management resource for all the participating departments. He will help with pharmaceutical distribution guidelines, disaster planning, objectives and format, and Emergency Action Plans.

- Balanced automatic/mutual aid received from and given to other towns.

In 2016 we maintained a relative balance between the automatic aid/mutual aid we give to other towns and what we receive from them (1123 given; 1347 received). This is accomplished through careful monitoring of statistics and negotiating modifications to formal agreements when necessary.

A number of projects, while accomplished in one sense, are included in Key Initiatives Now Underway below as they are, in another sense, ongoing.

Review of current and anticipated challenges

- Rescue Task Force

Active shooter incidents have been on the rise in the United States from single digits in the early 2000's to the tens and twenties during the last few years. With the increase in incidents comes an increase in casualties, those numbers often near or above 100 per year. Gone are the days when Firefighters and Paramedics "wait until the scene is secure." Time is critical in these situations. EMS personnel must get in there and assess casualties, stop bleeding and get victims to safety. Time is the difference between life and death for these people – we have to get in there. This was dramatically demonstrated in the domestic violence incident in December of 2013 in which Police Officer Michael McEvoy was shot in the neck and critically wounded after entering a home on the 1900 block of Windham Court. Fire Chief Ken Koeppen, a Deputy Chief at the time with many years of paramedic experience, provided immediate lifesaving assistance to Officer McEvoy. In addition to Chief Koeppen, sixteen Fire Department employees were involved in saving the life of Officer McEvoy that day. All of these people put themselves in harm's way and worked in extreme circumstances. None hesitated even though the scene had not been secured or declared safe. No one knew if the gunman, who was eventually killed by police, was inside or outside the building.

We had an earlier active shooter incident in 2010, also involving domestic violence, at 400 West Palatine Road. Our Paramedics were initially on scene for the shooter's nine-year-old son who had been injured and, remaining at the scene, were potentially in harm's way throughout the incident. When the shooter fired several rounds through the window at Police, he was shot and critically wounded.

In recent years, some fire departments have been using a concept called the Rescue Task Force. These are Firefighters and Paramedics who have been trained on dangerous scenarios and are equipped with protective gear and critical medical supplies. There have been concerns about putting Firefighters in an environment previously in the law enforcement

domain. This led to a lot of questions. What type of vests should be worn? Helmets? Do we go in with Police? What training is available? What started out as a jumble of our neighboring fire departments wearing different gear, and using varying tactics, is beginning to take shape toward a united and collaborative direction. We have had a number of meetings with our mutual aid partners and are building a consensus on tactics, training and protective equipment.

During a fire, our personnel know there are risks involved, but they are trained, protected and ready. It is our goal in the coming months to prepare in a similar fashion for active shooter/mass violence situations. Yes, there will be risks involved, but our Firefighters and Paramedics will be well trained, well protected and ready.

- Succession planning

In an effort to ensure our personnel are trained, confident and capable of stepping into key roles in our Fire Department, we will continue to focus on effective succession planning. In addition to our internal training practices, which include Firefighters and Lieutenants frequently serving as supervisors in an “acting” role (spending a shift acting in a Lieutenant or Battalion Chief capacity), our Training Division is boosting efforts to get personnel through the State of Illinois enhanced Company Fire Officer program (COFO). COFO 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 one full year of classes, a successful candidate must present detailed evidence of knowledge, education and experience to a very demanding review board. The candidates are put through the rigors of oral examination by members of the review board as well.

Key initiatives now underway

The Fire Department has been able to use the process of preparing our departmental report for the last two years to really focus on what we want to get done, prioritize and “set the course.”

Our top priorities have not changed:

- 1) Improve service to our community
- 2) Promote the safety and well-being of our Firefighters

Improving Services

We are very fortunate – we have four state-of-the-art fire stations, top-notch fire apparatus and equipment, and highly intelligent, highly trained and highly motivated personnel. When our guys get on the scene, things get better. Our personnel excel at solving problems and mitigating emergencies. The biggest factor we can continue to sharpen is our response times, getting help to the people who need it as quickly as possible.

To that end we are continuing in 2017 with the customer service initiatives we started in 2016:

- Station alerting systems

We are very excited about the station alerting system that we installed at Station 4 in 2016 and will be installing at Station 3 this month and Stations 1 and 2 in the coming years. Station alerting will improve our response times and call preparation through the installation of timers, lighted speakers and LED displays and message boards in each of our four fire stations. This equipment will provide visual alerts in high-noise areas and provide our personnel with critical call information.

- Videoconferencing

In 2016 we began work on replacing and upgrading the Fire Department's videoconferencing capabilities. Videoconferencing allows our personnel to receive relevant and current classroom training while remaining "in-district." Our main training room's equipment had become outdated, unreliable and obsolete. In 2016 we began Phase 1 of the installation of new multi-media technology infrastructure that has improved the quality and capabilities of our training division. In 2017 we have begun the second and final phase of this program. In addition to improved function and reliability, personnel will be able to remain in district while receiving important training.

- ALS (Advanced Life Support) Engines

Over the last few years, we have increased the number of Paramedics in the Fire Department. This increase has facilitated equipping Engines 3 and 4 with ALS equipment and a Department Paramedic. In 2016 the Fire Department had four ambulances and two squads that were capable of providing Advanced Life Support (ALS) care to our residents. In 2017, with the addition of two ALS engines, all four of our districts have two ALS vehicles mission-ready.

Health and Well-being of our Firefighters

One of our Department's highest priorities is the health and welfare of our personnel. Over the last several years, the Fire Department has experienced an increase in the frequency and severity of occupational injuries.

Firefighters work in inherently hazardous environments. Slips and falls are a common occurrence on the fireground. Providing medical service in emergency situations, which represents two-thirds of our calls, also presents injury risk for our personnel, strains and sprains the most common, but also serious, career-ending neck, knee and back injuries.

The increase in injuries has resulted in a corresponding increase in related expenses for the Village – increased overtime, increased Worker's Compensation costs, and in some cases, permanent disability resulting in the personnel leaving the AHFD and receiving a lifetime disability pension.

Because of the dramatic increase in injuries, the Village and the Fire Department commissioned a study through the Village's risk management consultants, Gallagher Bassett. The study, performed in 2015 by Sorensen Wilder & Associates, yielded the five following recommendations to reduce or prevent injuries:

1. Address patient movement, carrying and lifting.
2. Initiate a daily stretching and flexibility program.
3. Secure loose equipment on all apparatus and ambulances. Move heavier items to a location where proper lifting techniques can be used.
4. Reconfigure ambulance EMS equipment.

The goal of these four recommendations is to reduce exertion injuries, specifically sprains and strains, across all injury categories.

5. Update injury/illness policy and procedure, with a goal of improving injury reporting in accuracy and speed to address corrective action if needed, and revitalize the Safety Committee.

We began several safety initiatives in 2016 related to these recommendations, and will continue them in 2017. We are very pleased with the initial feedback we have received from the Firefighters on these initiatives.

- New fire engine design/purchase (addresses injury prevention)

In 2016 Deputy Chief Pete Ahlman headed a committee consisting of 11 Firefighters from all ranks and shifts as well as a representative from Public Works. Their job was to work with Pierce Manufacturing to design a fire engine that combines the firefighting power we want with the safety features we need. The Pierce *Velocity* fire engine will be delivered in late 2017 or early 2018. This engine will have a considerable reduction in the “step off” height, as well as lowered hosebeds and pre-connected attack hose.

In addition to better safety design for the new engine, we have reconfigured and reequipped other vehicles with safety in mind, e.g., each ambulance now carries specially designed tarps with raised handles, making it easier to lift and move patients.

- Power cot and loading system (addresses patient movement, carrying and lifting)

Our Department goes on about 10,000 calls per year, and a great majority of those calls are ambulance calls. Last year we installed our first power cot and loading system on Ambulance 2. The feedback has been very positive. Paramedics like the fact that they no longer need to “lift” each patient into and out of the ambulance. This has reduced wear and tear on our personnel and we have seen a decline in those injuries associated with lifting patients. In 2017 we are continuing the program with installation of power cots and loading systems on our three remaining front-line ambulances.

- Fit Responder program (addresses patient movement and exercise program)

In 2016, we implemented our Fit Responder Program. The program, specific to public safety personnel, was designed for us and includes patient movement techniques and exercise. To improve fitness, the program “marries” mobility to ergonomics which marries to safe job-specific exercises. Bryan taught the program to 30 of our personnel who volunteered for “Train the Trainer.” These 30 Firefighters then passed on what they had learned to all shift personnel. Included in the training were proper patient handling techniques and stretching and flexibility exercises.

There is now a mandatory 10-15 minute period each morning dedicated to performing these exercises. Personnel are also encouraged to do static stretches throughout the day. The feedback from Firefighters has overall been very positive. Personnel report that they feel “looser,” more flexible and more ready for the physical challenges of firefighting and providing emergency medical service during the day.

We are exploring implementing Phase II of the program, which will involve strength training and exercises designed to improve range of motion and mobility.

- Increased activity of Safety Committee (addresses updating injury reporting)

Our Fire Department Safety Committee (Command Staff and union members working together) procedures have been improved. Beginning in 2017, the Committee reviews every accident and injury report for accuracy and detail.

- Peer Support

In 2016, three of our Firefighters attended a two-day Illinois Firefighter Peer Support training class. The group’s mission is to provide emotional wellness resources for firefighters in a non-judgmental, confidential setting. Following the training, our three Firefighters presented program information to all shift personnel. This program, an adjunct to the Village’s Employee Assistance Program, provides counseling and resources specific to the issues of those in the fire service. The program can be expanded to include services for the spouses of our Firefighters, again specific to the issues faced by families of those in the fire service.

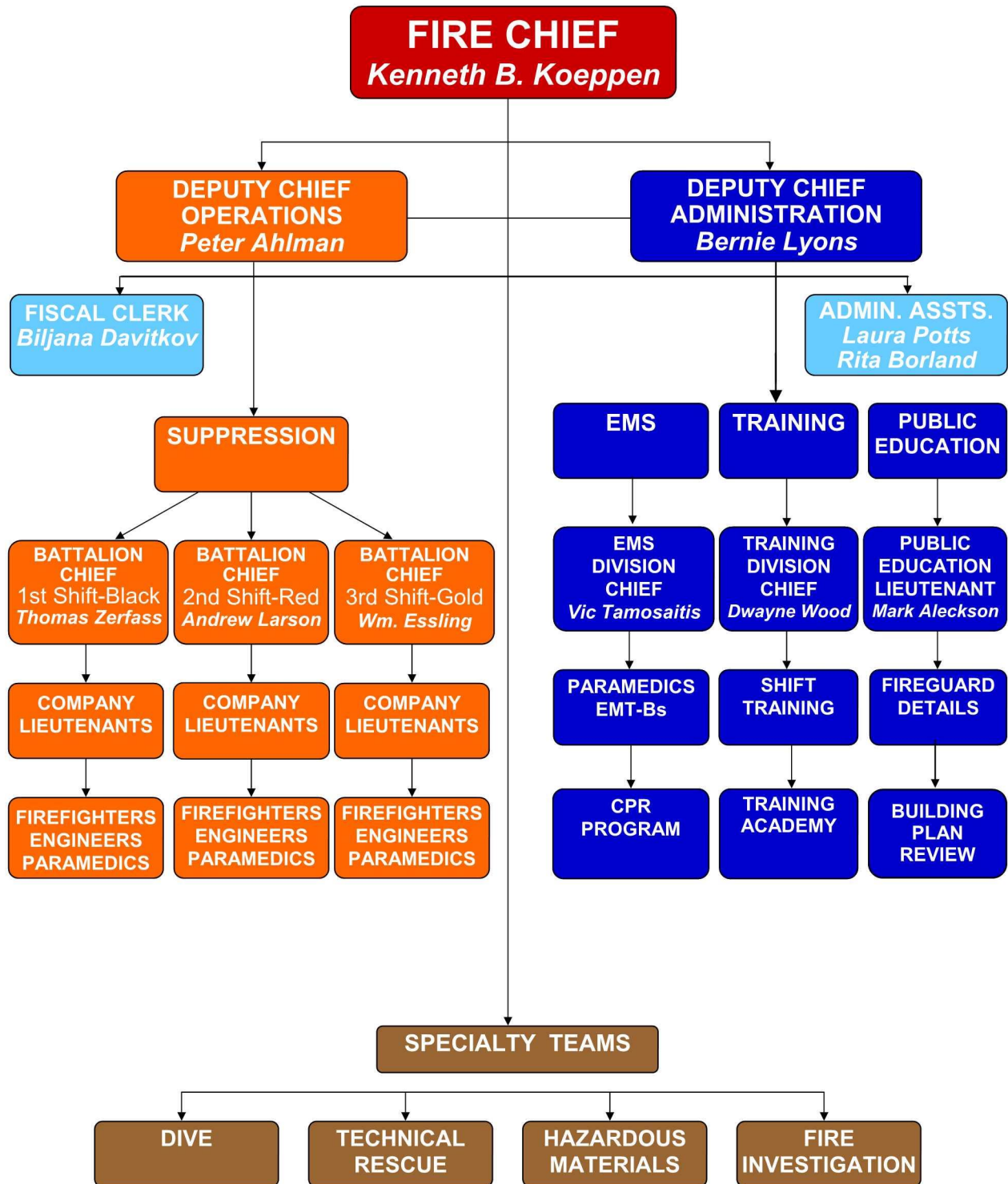
Potential new initiatives

- Mobile Integrated Healthcare

Mobile Integrated Healthcare continues to be a potential initiative for the Fire Department. As the fire service and emergency medical services evolve, we must anticipate, evaluate and prepare for advances, efficiencies and improvements to the services we provide. Northwest Community Hospital had planned to begin a small pilot program involving Integrated Mobile Health Care with a few of our neighboring fire departments. Integrated Mobile Health Care is a complex and multi-faceted topic. One of the basic premises is that not all patients who call 9-1-1 need to have an ambulance (costly) take them to the emergency room (even more costly). Some patients may just need medicine, some basic splinting or wound care, and some may just need a ride, so they call 9-1-1 and an ambulance and engine are dispatched to help. 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 ambulance calls, Emergency Room visits, and hospital admissions by a significant number.

There are *still* many questions about implementing such a program. Will it benefit the people of Arlington Heights? Will it help our Fire Department achieve *its* goals? Can we count on Paramedics to work these extra days? Is the schedule detrimental to the work vs. rest ratio built into a Firefighter/Paramedic’s regimen? Who pays for this program? Medical care liabilities? Additional injury liabilities? Will all residents be served or only those who are patients of Northwest Community Hospital? We learned that the required hours of training will amount to 280, not the 40 originally anticipated. There have been delays finding an insurance carrier to cover the project. With all of these questions unanswered and issues raised, the program continues to be on hold.

FIRE DEPARTMENT ORGANIZATION CHART



Memo

To: Randy Recklaus, Village Manager

From: Robin R. Ward, In-House Counsel

Date: May 3, 2017

Re: Legal Department Report

Introduction

The Legal Department has four employees - one full-time employee and three part-time employees. The work we do touches every department, the Village Board, and the members of the Village's boards and commissions. In addition to the work we do, we have Staff members who serve on the internal Community Events Committee, Parking Committee, Plan Review Committee and on the board of the Metropolis Commercial Condominium Association. We are the Village's FOIA Officer, Open Meetings Act Officer, and HIPAA Officer. In the past, we have served on a variety of internal staff committees, including a committee reviewing various permit processes, a task force looking at appropriate conduct in public buildings, and several committees dealing with troubled pieces of property.

1. Scope of Services/Role of the Legal Department

Lawyers are, by their very existence, problem-solvers. Some lawyers solve problems in court and some do not. But every issue that they come in contact with, in some way, is a problem. It is the reason that so much of what we in the Legal Department do is reactive . . . someone comes to us with a problem and our job is to find a solution. Most of these solutions will not come straight from the law - if it were that simple to find the solution lawyers would be unnecessary. Solutions come from analyzing the problem, talking to the affected parties, and trying to craft a resolution.

I estimate that at least 75% of what the Legal Department does - particularly Lisa and me - is reactive problem-solving. Some problems are bigger and longer-lasting (Metropolis); some are quick (helping an employee draft a letter to a resident) but we do them all.

Because most of what we do is solve problems, there is no plan or project for that. Someone brings us a problem, an issue, a question . . . and we work to find a solution. It may be a new Code provision, it may be bringing parties together in hopes of finding an acceptable solution, it may be gathering information from another source, or it may be giving it to someone else who is better equipped to resolve the problem. But it is not something we can plan for or a project we can work on.

Because we are primarily problem-solvers does not mean that we do not do things that are proactive. We may come across something another town is doing that we think can work here, we may come across Code provisions that need tweaking, we may come up with ideas to make some of what we do more transparent, we may just come up with an idea we think is worth implementing . . . but most of what we do is handling the vast variety of issues that are brought to us - not because the person bringing them to

us cannot handle the issue, but because they are looking for additional insight or an extra set of eyes.

The “routine” things we do – draft ordinances and resolutions, prepare contracts, review agreements – are handled easily. We have worked to establish form ordinances and resolutions that Lynette modifies as needed. Lisa has created simple contract forms that Paula can use for routine needs. Even the processing of routine FOIA’s is handled easily.

2. Workload and Performance Data

The work of the Legal Department does not easily lend itself to quantitative analysis. We do not keep count of the number of agreements and contracts we review. Sometimes we are just tweaking an earlier version of a document, sometimes we are commenting on the other party’s draft, and sometimes we are drafting fresh. The amount of time dedicated to any agreement or contract varies greatly and therefore the number does not relate to the work involved.

Annually, we prepare an average of about 90-100 ordinances and/or resolutions. Some of these are simple; some are complex.

We average recording about 50-60 documents annually. Recording a document can involve one or two trips downtown (depending on the document being recorded).

There are currently three pending lawsuits that I am overseeing.

The number of FOIAs that we keep track of has been increasing each of the last few years. In 2015, there were 1228; in 2016, that number increased to 1384. In the first four months of 2017, we have already seen 481 FOIAs.

In 2016, approximately 437 new cases were researched in the court database, with many requiring subsequent checks. To date in 2017, there are 132 new cases.

The 2016 prosecution log (again, this is just for cases that are not just traffic tickets) contained 980 cases. To date in 2017, there have been 266 cases added to the court log.

We are currently monitoring 17 traffic accident cases.

There were 83 DUI cases taken to court in 2016 and 24 new cases so far in 2017.

3. Key Accomplishments over the Last Year

I served as the lead negotiator for the Village for the contract negotiations with each of our unions. New collective bargaining agreements were agreed to quickly, largely due to the relationships the bargaining teams have forged over the years and the use of an Interest Based Bargaining process. The negotiations with the IAFF took less than two days and with MAP they took three days.

Lisa put the contract together for the architect for the Police Building and the contract for the Construction Manager. These types of contracts are always time-consuming and complicated. In addition, she recently finished working on the lease agreement for the temporary Police Department space.

Lisa also worked on the contract with Civiclive for the Village's website.

Lisa handled the closings on the sale of the University Drive property to Ford and the purchase of 1665 S. Arlington Heights Road.

We did a complete review of the Board of Trustees Policy Manual, which resulted in several policies being revised or deleted.

Several significant amendments to the Village Code were prepared and adopted. These included regulations related to pet stores ("puppy mills ordinance"), creation of two new liquor classifications, modifications to Village Board meeting rules of procedure, adoption of an ordinance requiring internet travel companies to pay hotel taxes, and regulations related to gang loitering.

4. Review of Current and Anticipated Challenges

We are constantly doing what we can to ensure that our Village Code is kept in accordance with current law, as it changes by both court decisions and legislative changes.

As the number of FOIA's does not appear to be decreasing, the challenge of keeping up and ensuring that they are handled properly is ongoing.

I serve as the President of the Metropolis Commercial Condominium Association, which operates the Metropolis Theatre building. The Village manages the building. With the addition of the Arlington Ale House and the expansion of Mago, as well as the continued growth of the Metropolis Theatre, there have been numerous challenges in the operation of the building and these are still ongoing.

There are employee relations issues that arise on a regular basis. I frequently consult with the Human Resources Department on issues that they are confronted with.

5. Key Initiatives now Underway

We are finalizing refinements to the Administrative Adjudication Process, which include adding some Code enforcement tickets to the process. We have selected a new Hearing Officer through a Request for Proposal process and created new forms.

We are looking at ways to make the online Code easier to use. We are also looking at options for making the FOIA process more user-friendly online.

The first set of proposed modifications to the Zoning Ordinance is currently under review by the Village Board. We are working on the remaining portions of the Zoning Ordinance.

I am working with Human Resources on updating the Employee Handbook.

6. Potential New Initiatives

We anticipate assisting in the upcoming reviews of the Building Code and the Food Code.