MINUTES
President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
March 14, 2022
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

President Hayes and the following Trustees responded to roll: Tinaglia, Baldino, Canty, Bertucci, LaBedz, Schwingbeck, Scaletta and Grasse.

Also present were: Randy Recklaus, Cris Papierniak, Scott Schweda, Tom Kuehne and Becky Hume.

IV. NEW BUSINESS

A. Lead Service Line Compliance Discussion

Mr. Recklaus said stated that the Village's water is fully compliant with all state and federal regulations but there are some new ones and so the question is, how do we respond. Staff is looking for general guidance and direction. The topic will be discussed again and take a few decades to resolve.

Mr. Papierniak reiterated that our water is safe, fully compliant and frequently tested. The new regulations address lead and copper rules Our water is treated with polyorthophosphates which protects the lead lines from transmitting lead to our water. This is a best practice in the water industry. Under the new regulations, all lead services must be removed, to eliminate the potential of human error in water treatment. The Village has until 2044, based on an estimated 5,000 partial or full lead services, to replace the lead lines. The law does not specify who pays for replacement of the private service line.

Service lines extend from the water main to the b-box at the property line and continue on to connect to each homes' internal plumbing. Sometimes the line is across the street from the home. The b-box is typically located near the sidewalk. Starting in January of 2022, replacements or repairs on lead lines are no longer acceptable. The Village must submit an initial lead service line replacement plan (LSLR) to the Illinois Environmental Protection Agency. After that, annual updates must be submitted beginning in 2024.

Mr. Papierniak said residents do not always like to talk about lead lines as they believe it might reduce the value of their home, however, this information is required to be made public under the new law. Approximately 2,500 homes have lead service lines on their property, and another 2,500 have full lead service, meaning the Village connection and the private pipe are lead. The total cost for a full line replacement is $12,000. For 'public only' replacement, the cost is $6,000 each, for a total cost of $27 million. The cost to replace both the public/private lines would be $41 million. The hope is that technology will advance and the costs will become lower over time.

Mr. Recklaus said we don't have a finalized list identifying which homes do or don't have lead pipes yet. Fifty percent of the homes in the downtown area have lead service lines. When a home is torn down, it's a requirement for the service line to be replaced.
Trustee Scaletta asked how the lines will be identified. Mr. Papierniak said staff will look at historical records, project plans, and water main replacement excavation records. Also, during the water meter replacement program, lines can be identified. We will be in every home in the next two years. If a line is identified because of a break, the homeowner has 120 days to replace the pipe.

Mr. Recklaus said water will still be treated with the polyorthophosphates after the pipes are converted. There may still be lead solder in some homes even if the pipes are replaced. Residents can also say no to the removal of their private lead water line and sign a waiver.

Trustee Scaletta asked if it was possible that a lead pipe is listed for a house, but they actually do not have it? He didn't want to be in litigation with a resident because of an error. Mr. Papierniak said PW can go into a home and identify the pipe if the resident doesn't think the report is correct. There are kits that can determine the pipe make up.

Trustee Labedz asked when the industry stopped using lead. Mr. Papierniak said officially 1986, but no one remembers seeing it after the 60's.
Based on the Board's questions, the following information came forward:

- The Village is required to replace the public portion even if the homeowner signs a waiver on the private portion.
- The Village's water comes from Evanston to the Northwest Water Commission and then through a direct line to the Village. That system is not lead. The Village also does not have any lead water mains. It's only the public/private service lines to the older homes that has lead pipes.

Most of the excavation will be in the parkway and to the homes.
- The old lead lines will with few exceptions be removed, not left in the ground.
- There are approximately 2,500 homes which have lead service on their private property. The length can range from 30-100 feet. This is approximately 10% of homes in the Village.
- Businesses, multifamily buildings and old buildings are affected.
- It is unknown whether a homeowner will have to disclose to a new homeowner that they have a lead line when selling a house
- The waiver only applies to the current resident, not for eternity
- It is unclear if the waiver will be recorded against the deed of the home
- The list of lead lines will be public information

PW is conducting a trial for replacing the public side of the line. Staff estimates the complete replacement of public lead water lines will take more than 20 years to complete with in-house staff. We could hire a contractor every year to complete the required 6% conversion or use a contractor to supplement PW staff like we did with the Emerald Ash Borer treatment and tree removal.

- Options we could offer residents:
- Provide residents with a notice and timeframe to hire a contractor to complete replacements
- Work with resident's contractor to schedule public side replacement in addition to private
- Develop cost sharing program similar to the Overhead Sewer Program.
- The Village's current practice is to replace the public side of services when a watermain is replaced.

Now, the resident will be required to replace their line too. The Board could consider:
- Require replacement through a Village contractor
- Provide timeline for residents to have it replaced on their own once public side is finished
- Obtain an easement and replace the private side at no cost to the resident
- Resident can sign a waiver stating they do not want their service line replaced.

Some residents may find it unfair that lead services located geographically near watermain projects receive a subsidy while others do not. Unfortunately, only 100 services are estimated to be affected in the five-year replacement program. It should be noted that the Village will continue to notify residents per IEPA requirements that the protective layer of polyorthophosphates in the water system can be compromised during watermain replacement projects.

The Federal and State Governments have partial funding available through the IEPA State Revolving Fund. Up to $4 million per year is available for municipalities with an IEPA approved Project Plan. This is a first-come, first serve fund which will not last beyond 2022. Illinois is in line to receive $173 million in LSLR funds through the Federal Infrastructure Plan, however this is not finalized. To potentially take advantage of Federal funding, staff contracted with EEI Engineering to prepare a Project Plan for the IEPA.

Mr. Recklaus said staff would like feedback and to understand what additional information the Board would like.

Mr. Kuehne said the Village is not set up to be a lender in regards to offering loans. We would need to work with a bank, but it's unclear if there is a bank that would like to work with us. We will do everything we can to look for grants at the State and Federal levels. There is another bond issue coming up in 2024, and we could use some of those monies (like EAB) instead of using it for streets. In the Capital Projects Fund we will create a Lead Service Replacement Fund. There is competition for the bond issue money, like the Senior Center.

President Hayes said this is different because it comes from a State mandate as opposed to EAB or the Overhead Sewer program. He thinks the cost should be on private homeowners and government. Mr. Papierniak said it is not unlike the Radon issue. President Hayes said he would hate to change longstanding policy of having the homeowner in charge of their own property and did not think the Village should pay for lines on private property.

Trustee Scaletta said banks might have more interest in this because there is more volume than the Overhead Sewer Program. An administrative fee would be required. Residents would make interest payments if they took this path and interest rates will rise. Trustee Scaletta asked if a 50/50 split was a simplification. Mr. Papierniak said yes, it could cost more if the house is set back further. The 50/50 ratio is an average. Mr. Recklaus added that homes with finished basements may cost more too. Mr. Papierniak said our water is tested in a lab. When we discharge water, we have it tested. It is easy to identify lead pipes on sight. We test for parts per trillion now as the technology is vastly improved.

Scott Schweda, Superintendent of Utilities, said we test 30 locations a year and since 1992 have had no violations. The first draw in the morning will have the highest amount of lead particles. Each pump station is tested weekly for the level of phosphates. Quarterly, 10 different locations are tested. Mr. Papierniak said lead laws have become more restrictive every year. The Village is 100% compliant. We are hoping we can put protective liners inside of pipes but that technology is not there yet.

Trustee Scaletta asked if PW will ask for better equipment down the road. Mr. Schweda said we have a cable boring machine and a back-up machine too. Proficiency will come, and he hopes we can do more than 100 a year. It's possible PW will ask for other pieces of equipment in order to change out more pipes more quickly.

Trustee Scaletta noted that if the public side is being replaced because of an emergency, the private side must be replaced within 30 days (weather permitting) or a waiver must be signed. He worried about creating havoc for the residents. Mr. Papierniak said he is required to identify the residences with lead pipes make them public on a list. Everyone will know if they have lead service lines it in a couple of years.

Trustee Schwingbeck asked if the homes have been picked yet. Mr. Papierniak said no. If a public line is being replaced, PW notifies the homeowner, who then has 30 days to replace the line to the house. Regardless of whether they have the money or not, they need to find a contractor. Trustee Schwingbeck asked what happens if you can’t find anyone to do it? He suggested it would be smoother if we found a home to do where the homeowner wants to do it at the same time.

Trustee Schwingbeck asked if there is not an emergency, and PW replaces the line to the b-box, does the resident have a time limit? Mr. Schweda said no, if there is a leaking private service line, the property owner has to replace it and we do the public replacement at the same time. If we have to replace the line on our side, because of an emergency, is when the 30-day time frame starts.

Mr. Recklaus explained if I’m on the list, I have until 2045 to decide or I could waive it and do it later. The homeowner can give themselves some time. An emergency situation is when the 30-day time frame applies.

Trustee Tinaglia summarized that when a pipe breaks, we have to fix it, if the house’s line is lead too, they have a few options: waive it until 2045, or get it done with coordinated help. Everything is not an emergency. Then PW works to convert 100 homes a year, and there is a delta between who still has lead and who will need help getting it done. Ultimately, it’s the property owner’s decision. He said it isn’t fair for owners of newer homes to pay for old home problems. It should be the responsibility of the homeowner. He said he was open to finding ways to help.

Trustee Bertucci asked if we had to excavate each line or if we could use the old line as a conduit. Mr. Papierniak said the old pipe comes out unless there is a situation where the pipe cannot be removed. Trustee Bertucci said during the sale of a house, if after an inspection it is learned the house has lead I might ask for a credit or for the current homeowner to have the line replaced. This may help smooth out the numbers because of transactions. He said he would be concerned if 90% of the residents pay for the 10%. He asked if we could create a program that is need based.

Trustee Grasse asked if have we had situations where we have found lead and homeowners have replaced their line. Mr. Schweda said yes, and we told resident they are not allowed to repair the line, it must be replaced. Trustee Grasse suggested looking look at options to use funds to replace main line to b-box. She said it is important to explore options that need based or cost sharing. In other situations, the community paid for replacement of materials that haven’t lasted as long.

Trustee Baldino said the Federal Law is the lead and copper rule. The State Law is directing the change out of the service line. He agreed with looking at a need-based assistance program. He said he supported letting homeowners make their own informed decision on how they would like to handle it. He said to take care of public lines and give residents the information and let them handle it. He shared his experience with clay pipes as an example.

Trustee LaBedz said she was concerned with asking the entire Village to pay for a few. She is also interested in need-based support. Older homes may have retired folks, who may not have the ability to save for that kind of repair. She got a lot of complaints with increase of water rates and didn't want to have to deal with those questions from those not affected.

Trustee Canty said we are here to pay for the safety and services for our community. This is what we do. She sympathized about the cost.

Trustee Bertucci said if we can't afford to cover the costs outright, maybe a loan structure or putting a lien on a home so the fee is repaid when the house is sold could be looked at. Mr. Recklaus said that might be possible, but the scope might be burdensome, as the Village is not set up for that. We would need a third-party vendor.

Trustee Scaletta said he was not interested in a loan program but would be willing to look into something like an Overhead Sewer structured program.

Trustee Tinaglia said it is critical to have this information quickly. Everyone needs time to learn, educate and plan ahead. He said there may be a bank that steps up to provide loans for this.

Resident Melissa Cayer asked if there had been any health problems reported. The answer was no. Mr. Recklaus said the water continues to be treated. In a case like Flint, they saw a variety of issues over a long period of time. Our water is tested frequently, and is always compliant. Ms. Cayer said school choice is a movement coming.

Resident Robert Schmidt asked if he sold his house, will the next person be able to ask for a credit. Mr. Recklaus said when private property is transferred, buyers can ask for whatever they want between seller and buyer. The Village will not be regulatory, so the buyer would not be entitled to a credit, but as it becomes more visible, it is likely people would ask for credits.

B. Proposed 2021 General Fund Surplus Transfer

Mr. Kuehne said in 2020 the Village had a deficit. In 2021, we have had a good result in the General Fund and have a $7.5 million surplus, but some other funds are suffering. On the expenditure side, the Police and Public Works Departments are a combined $1.9 million under budget. The Village maintained a large number of vacancies as a way to balance revenues that were expected to improve slowly over the year. As the year progressed and revenues bounced back much quicker than anticipated, the hiring freeze was lifted and the Village's Departments worked to get back to full strength over the balance of the year. 2021 revenues were projected conservatively, as the thinking was that the recovery in 2021 would be more U-shaped. However, Village revenues bounced back in a very strong V-shaped recovery, with sales, home-rule sales, and income tax receipts leading the way.

Sales and home-rule sales tax revenue increases were driven up by increased car sales, and due to the new State law effective January 1, 2021, requiring the collection of sales and home-rule sales taxes from internet transactions. Total sales tax receipts from car sales increased by nearly $1 million, due in part to the addition of Carvana. Internet sales receipts from Amazon totaled $1.2 million in new revenue, and other internet sales providers such as E-Bay, Google, Etsy, Door Dash, etc. generated an additional $400,000 in new revenue. As expected, the Local Use tax declined as internet sales taxes were implemented, but the $300,000 decline was less than the estimated $1.6 million increase attributable to new internet sales taxes noted above. The economy was charged to recover due to near 0% short-term interest rates, pandemic rescue packages and expanded unemployment benefits.
The work from home response to the pandemic has led to a decrease in the parking revenues which remain much lower than normal. In 2019 Village public parking fees brought in $1.3 million. In 2020 these revenues amounted to $885,000, and dipped lower to about $797,000 in 2021. In 2021, to cover the 2020 and a portion of the 2021 parking fee revenue reduction, the Village transferred $580,000 to the Parking Fund from the Public Building Fund due to the closure of that fund.

Another fund that is expected to struggle is the Fleet Fund. Per the ARPA grant plan approved by the Village Board last year, in 2022 the Fleet Fund will receive $2.5 million in ARPA grant funds to improve its vehicle replacement schedule to a 75% funded position. However, due to inflation and supply chain issues, Public Works is starting to see significant 10% to 15% increases in vehicle costs, especially with public safety specialty vehicles. These projected cost increases will put future pressure on the Fleet Fund's funded position, and on future internal service charges to the General Fund.

Mr. Recklaus said the costs to maintain garages is the same even if they are not as well used. All Departments were asked for suggestions for the use of the surplus. The following is what is being recommended:

1. $1,200,000 General Fund Transfer to the Fleet Fund
As noted above, costs for larger public safety specialty vehicles are rising by 10%-15%. This cash infusion would cover some of the additional cost of the planned vehicle purchases over the next two years and help protect the Fleet's Fund's funded position which was planned to increase to 75% in 2022 due to the allocation of ARPA grant funds.

2. $370,000 General Fund Transfer to the Municipal Parking Fund
To help maintain the Parking Fund's financial position by replacing revenue

lost to the pandemic in 2021.

3. $1,980,000 General Fund Transfer to the Capital Projects Fund:
$1,500,000 for Police Body-Worn Cameras. This has been budgeted in the 2022 Criminal Investigations Fund, but there has been a slow-down in receiving seizure funds during the pandemic. This would cover the first five-year period, or the $300,000 annual cost of this program. This would provide the Village with more time to plan for the ongoing annual cost of this program after the first five-years.
$180,000 for Fire Department turnout gear. Once a firefighter's turnout gear has been exposed to a fire it needs to be cleaned of potential carcinogens. Another set of turnout gear will provide a consistent level of cleaned gear throughout the year. The Fire Department was planning on proposing an additional $60,000 per year to initiate this program during the upcoming CIP discussions. This additional funding would allow the Fire Department to reach the goal of providing a second set of turnout gear for each Firefighter by 2024 instead of 2026.

4. $4,000,000 General Fund Transfer to a new Lead Service Line Replacement Fund
The Village will also pursue grant money for this, but some grants require 50/50 cost sharing.

President Hayes said a surplus is very good news. He said great job in financial planning and he relies on staff's judgement. There are good arguments for these allocations.

Trustee Canty wondered about the timing. Mr. Kuehne said we can put the surplus into 2021's numbers before the audit closes, then the Village and won't show a surplus, or a deficit in 2022. Fewer ups and downs are looked at more favorably by the people who rate the Village's economic situation.

Trustee Canty said she was glad to see the recommendation for the body worn cameras. It is wise to look forward and stay in front.

Trustee Bertucci agreed with the camera allotment. He said he would rather see seizure funds used to upgrade training or for tools to produce more drill down undercover work to keep the Village safe. Trustee Bertucci asked if we could find a way to hold the Lead Line money and make interest. He also would like to see seed money to help the infrastructure of businesses so they can produce more sales tax.

Mr. Recklaus said there were a lot of good ideas from all departments. As we picked and chose, the question became, what do we have to do. When that standard was applied, this is where we got. For this go around, we focused on what was required.

Trustee Bertucci said because some of the money is coming from internet sales tax, did we consider identifying something that could generate money for the future as a reinvestment in our tax base. Mr. Kuehne said the focus was on expenditures that were one time in nature or where we know there is a large expenditure that we did not have a source for.

Trustee LaBedz said she was glad to see funding for the firefighter's exposure issues. The benefits will reduce worker's compensation and disability retirement issues.

Trustee Tinaglia asked if there was a need to pay down a pension fund or something that would pay dividends in the future. Mr. Recklaus said we looked at items that would force us to contemplate increases to taxes. These are all items that we didn't plan on, and taking them off the table puts less pressure on future property tax increases.

Mr. Kuehne said these allocations help diffuse items that would come from property taxes. There are a lot of balls in the air and inflation will be a factor. Contract negotiations are coming up and health insurance is going up. Staff is trying to keep infrastructure in order while anticipating other costs. We applied surpluses to Police and Fire Pensions for two years. This time, we should seed money to other places. We made good progress on the pension funding. Trustee Tinaglia said these applications allow us to work towards zero tax increases by taking care of business.

Trustee Scaletta asked if fewer streets will be redone this year because if an increase in oil prices. Mr. Kuehne said we will have to see when the contracts come in. There is so much oil in asphalt, the costs might reduce the street budget. Mr. Recklaus said we considered all these things: union contracts, cost of fuel, asphalt prices. Sewer liners are in tremendous demand and road work can't happen until we have the liners. We may not be able to choose the lowest bidder, but choose the vendor who has the materials in stock. Everything in the supply chain is cattywampus, but we have to respond regardless.

Trustee Scaletta asked if enough money was set aside for roads. Mr. Kuehne said if the costs exceed the budget, we can use the reserves. Hopefully, as inflation goes up, sales taxes will go up proportionally. There is some buffer built in regardless. Trustee Scaletta asked if we will get the roads done that are budgeted. Mr. Recklaus said as long as we can get the materials, yes. Trustee Scaletta said he doesn't want to hear 'we didn't do the roads because we didn't have the money' at the end of the year.

It is unclear what will happen to MFT revenues. Mr. Recklaus said there is an extra $824,000 of grant money that can go towards motor projects from the Build Illinois program.

Trustee Scaletta asked about the LGDF status. President Hayes said there is an effort to restore it back to 8%. Mr. Recklaus said it is good news that there is no serious talk to reduce it, which is the first time in many years. Trustee Scaletta asked if the fire suits needed to be purchased for each individual. Mr. Recklaus said anyone on duty will be on an active fire site. Any time those suits are compromised, you can't wear them again until they are repaired. Each is fitted to the individual firefighter. Their names are on them. Sometimes, there is an officer from another department running the team, knowing who is who is a fundamental part of the process. It is also the new NFDA standard.

Body worn cameras are being rolled out now. There was training last month and in the next 6 weeks every shift is getting them.

Trustee Scaletta asked if streetscape programs were considered. Mr. Recklaus said yes, but they fell into the ‘nice to have’ category.

Trustee Schwingbeck moved to approve the proposed 2021 General Fund surplus transfers and to amend the 2021 and 2022 budgets to reflect these transfers. Trustee Baldino seconded the motion.

Melissa Cayer said to give the pandemic rescue package money back to whoever gave it to you.

Resident Keith Moens said to go for 4 years with zero increase in the tax rate. He asked for the reserve funding to be cut to 25%. There is plenty of money to cover any increases. Mr. Kuehne said 40% is Consistent with surrounding municipalities. Mr. Moens told the Board to not give subsidies to the Bears or anyone like that. He said the finances were on a good track and he was proud of 3 years with zero increases.

The motion passed unanimously.

V. OTHER BUSINESS

VI. ADJOURNMENT

Trustee Tinaglia moved to adjourn at 8:50 p.m. Trustee Scaletta seconded the motion.
The motion carried unanimously.

Becky Hume
Village Clerk