COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE PRESIDENT
AND THE BOARD OF TRUSTEES OF
THE VILLAGE OF ARLINGTON HEIGHTS
VILLAGE HALL COMMUNITY ROOM
MONDAY, MARCH 10, 2014
7:30 P.M.

BOARD MEMBERS PRESENT:	Mayor Thomas Hayes, Trustees Blackwood, Breyer, Farwell, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor & Tinaglia
STAFF MEMBERS PRESENT:	B. Dixon, T. Kuehne, J. McCalister, M. Juarez, K. Hansen, P. Butt, P. Robb, P. Wilkiel
OTHERS PRESENT:	K. Pearson, D., Smart of the Library, J. Lynn, C. Beck of Metropolis,

SUBJECTS:

4. Staff Follow-up from Previous Meeting
5. Arlington Heights Memorial Library
6. Building & Health Services Department
7. Performing Arts at Metropolis Theater
8. Other Business
9. Adjournment

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

4. Staff Follow-up from Previous Meeting

There were no staff follow-ups.

5. Arlington Heights Memorial Library

Mr. Kerry Pearson, Library Board President introduced the Library board members who were present. He informed the Board that the Village Community Conversation Program will be held on April 30th at 7:00 pm.

Library Treasurer Debbie Smart stated that the Arlington Heights Memorial Library total revenues budgeted is $13,822,678, and expenditures $13,141,795, for a surplus of $680,883 and an increase in fund balance of 13.9%. She said that the overall budget is .6% increase over the current fiscal year's budget and said that once again there is a 0% tax levy. **Ms. Smart** said that one major accomplishment this year was that the renovation of the second and third floors of the Library that was done on-time and under budget and said that this year's focus will be on much needed infrastructure renovations. **Ms. Smart** also said that the Library received a five-star designation once again. Discussion continued regarding infrastructure improvements, with some of the line items, and with some shift of positions. The Board thanked the Library for another great year of meeting the demands of its patrons and saying that the Library staff is a valuable asset. The Board also commended the Library on their vision and values and with being a community partner.

TRUSTEE FARWELL MOVED, SECONDED BY TRUSTEE TINAGLIA, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD ACKNOWLDEGE WITH THANKS THE PROPOSED FY2015 BUDGET FOR THE ARLINGTON HEIGHTS MEMORIAL LIBRARY FUND. The motion carried unanimously.

6. Building & Health Services Department

Director of Building & Health Services James McCalister started with the Building Services budget stating that the budget is within the requested ceiling and that there was no expanded budget or capital outlay requests. He stated that performance measures were updated to provide new or additional information under the headings of permit applications, construction related inspections, licenses, and citizen contacts. He said that evaluation in construction work increased by 164% from 2012/2013 due to commercial alterations and new construction activities. **Mr. McCalister** continued to highlight some of the performance measures which included; revenues exceeding the operational budget for the first time since 2006, review and revision by the BCRB of four Village code amendments, that focused on easing the burden on residents and business owners while complying with current codes. Staff plan review time was reduced by five working days, and a pilot same-day permit program for residential construction projects was initiated.

Mr. McCalister stated that the Health Services proposed budget is $2,100 under the ceiling and the Senior Services budget is $2,200 under the ceiling, and said that there is an expanded budget request to increase the hours of a volunteer coordinator by sixty six hours per year which would help staff during the preparations of annual major events. He went on to say that due to new requirements initiated by the Center for Disease Control and Prevention, the Village's immunization clinic was closed from January through August 2013. He went on to say that the nursing staff worked closely with the Illinois Department of Public Health and was able to address the requirements and reopen the clinic. **Mr. McCalister** said that the proposed budget for the Solid Waste Fund (SWANCC) shows a 17% increase and that there was a slight increase to the tipping fees. He continued by saying that the total solid residential waste generated in our community decreased by 10%, and that the recycling, excluding landscape waste, increased by 2% and is currently at 26.8%.

Board Members commended Mr. McCalister for his leadership and as well as his department for their efforts in teamwork and customer service, stating how important that it is. **Trustee Sidor** asked Mr. McCalister his feelings on the partnership between the Chamber of Commerce and the Village. **Mr. McCalister** responded by saying that it is a positive collaboration and said that he has met with the Chamber to address areas of concern and with Village codes in order to move things along for the small businesses.

Trustee Rosenberg questioned the lower amount of fire safety inspections completed. Mr. McCalister stated that the fire inspections were down slightly, but that the fire alarm inspections were significantly higher than last year and said that thoroughness of the inspections were more important than the quantify of them. **Fire Safety Inspector**

Supervisor, Paul Butt added that the number of inspections completed is based on staffing levels and other responsibilities that staff has. **Trustee Rosenberg** asked about the increase in the number of Food Service re-inspections. **Mr. McCalister** said that the inspectors have been doing a good job and will inspect the facilities until they feel that all the high risk factors in the inspection report have been addressed. Discussion continued regarding other performance measures including Food Service Inspections, Home Delivered Meals, and Park District program attendance at the Senior Center.

Trustee Rosenberg questioned the amount budgeted in the Arlington Heights Emergency Assistance line item. **Mr. McCalister** stated that Village funds get used first, and then funds from the Arlington Heights Emergency Donation account get used, and added that the program is going very well. **Mr. Dixon** reassured the Board that disbursements are handled carefully and are being used wisely. **Trustee Rosenberg** asked about Solid Waste disposal (SWANCC) line items and about promoting recycling. **Mr. McCalister** said that prices went up and that SWANCC does a true-up every three years for actual tonnage which is reflected in this budget. **Mr. McCalister** added that there is a 2% increase in residential recycling, and said recycling initiatives include; batteries, Christmas lights, thermometers, among others. **Trustee Scaletta** said that he was amazed when he toured the recycling center in Elk Grove and said residents would benefit from knowing how things get recycled and what is done with them afterward.

Mayor Hayes said that there are a lot of dedicated volunteers at the Senior Center, and wanted to publicize the fact that more people are needed for additional volunteer hours.

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE GLASGOW, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED FY2015 BUDGET IN ITS ENTIRETY FOR THE BUILDING AND HEALTH SERVICES DEPARTMENT. The motion carried unanimously.

7. Performing Arts at Metropolis Theater

Executive Director of Metropolis Charlie Beck noted that Metropolis has received much support including from many residents and businesses within the Village of Arlington Heights. He continued by saying that last year the Board gave a clear mandate requesting Metropolis to live within its means and not rely on the Village and said that when this year comes to a close, he believes the Board will be pleased with the results. **Mr. Beck** highlighted some of the shows that were presented over this past year, saying that they met expectations, that average attendance improved by 4%, that the school remains the bedrock of their organization with enrollment of about 2,000 for the year, and that their special events programing is on track. He also said that the theatre, school, and the development office department are now functioning very well and said Metropolis now has a stable platform on which to look ahead into the future while continuing to maintain financial discipline.

Mr. Beck went on to say that a new ticket system is installed which will be much easier for customers and allow Metropolis to expand marketing in social media. He said that every show next year is under contract except for two that will be by the end of this fiscal year, which will allow time for marketing the events. **Mr. Beck** said adding a marquee to the exterior of the building in order to raise the visibility of the Metropolis is being explored and said that ticket pricing will be kept low with ticket prices not exceeding $50, and said that the subscription series production ticket prices are being dropped below $40. **Mr. Beck** expressed his pride in his Board of Directors and in his employees and thanked the visitors of Metropolis.

President of the Board of Directors for Metropolis, Joe Lynn said that Mr. Beck has a lot of challenges and that their board is holding him to living within its means and to look at how money is being spent. He added that not only has Metropolis made great strides in the cost of productions, they also kept the quality of productions high and said that he is proud of the progress.

Trustee Glasgow stated that he is a supporter of Metropolis and feels that the Arts are important for the Village, but questioned the $5,000 increase in this year's budget request and voiced his concern with continual yearly increases. **Mr. Beck** said he believes that it is an incremental support recognizing cost of living increases and said it gives him some assurance that he can manage the cash flow on a year-to-year basis while implementing changes that have to be done. He also said he needs more funding, but is not asking for that. **Trustee Glasgow** asked if the percentage of Food & Beverage Tax receipts increased enough to cover this increase in the Metropolis's budget request. **Mr. Kuehne** answered yes, that they have both increased about 3%. **Trustee Glasgow** said that is important for the Village and the surrounding area for the Metropolis to stay in business and said that the message is still the same, live within your means. He said that they have done a good job this year and that he would like to continue to see growth.

TRUSTEE <u>GLASGOW</u> MOVED, SECONDED BY TRUSTEE <u>LABEDZ</u>, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED FY2015 BUDGETED SUBSIDY FOR THE PERFORMING ARTS AT METROPOLIS THEATER.

Trustee Scaletta said that the school was a great asset to the Theatre but questioned it being shown as an asset when it is a loss. **Mr. Beck** explained his re-alignment of the organization since last year and said the information provided goes until the end of December 2013 and said you could look at different times of the year and sometimes it will show that the school is carrying us and other times, the theatre is. **Mr. Beck** said that the profit centers are lined up where there should be an improvement over last year.

Trustee Scaletta questioned the decrease in 2013/2014 projected contributed revenue for the theatre compared to 2012/2013. **Mr. Beck** explained that what looks like a decline is a bookkeeping adjustment because things got re-categorized and said that in 2012/2013 there was an individual contribution that is not expected this year. Discussion continued with projected contribution numbers for 2013/2014. **Trustee Scaletta** felt that this was not just a bookkeeping adjustment saying that a loss is a loss, and felt that his questions to Mr. Beck were not explained sufficiently.

Trustee Scaletta asked how cost accounting was working for productions. **Mr. Beck** said that it has been a tremendous aide in identifying type of shows with most appeal and for profitability. **Trustee Scaletta** then asked about money raising efforts by the Board of Metropolis. **Mr. Lynn** said there are some new members of the Board and said that there are several aggressive programs in place, all designed to not only raise money, but raise awareness as well. He went on to explain some of the fund raising programs including the "Bricks in the Spotlight" and the "Wall of Giving". **Trustee Scaletta** asked what the net amount collected was for the Sunday Soirée. **Mr. Beck** said that it was a tremendous success and that $12,000 - $13,000 was the net amount collected by the end of the year for the Soirée. Discussion continued regarding benefits of surveys and focus groups.

Trustee Scaletta mentioned the Metropolis auditor's notes and his concern on how the rent shows up on the balance sheets, saying that he thought that when you deduct the rent from the balance sheets it looks like it turns the numbers a little bit upside down. **Trustee Scaletta** asked Mr. Beck if he had any information on that. **Mr. Beck** said that he was not a CPA or an accountant and said that the mystery on how to account for the rent has been a conundrum to him. **Mr. Beck** went on to say that next year the auditors will book the entire value of the rent subsidy as revenue and will write off every year after that the expense portion of it.

Trustee Scaletta said a good job was done in reducing expenses and asked what quality of entertainment there would be to drive up revenues. **Mr. Beck** stated that the single shows did very well this year and that he expects them to do so again next year. He said that in a partnership with a major media outlet in the Chicago area, there is a great opportunity to bring a show in that he believes will drive the box office sales significantly and also hopes it will drive the entire subscription season. **Mr. Beck** also said that Metropolis will have lower ticket prices and needs to schedule more recognizable plays and continue to do surveys. **Trustee Scaletta** asked if any grants have been applied for to help fund the Metropolis. **Mr. Beck** answered yes, saying that it is something that is pursued. **Trustee Scaletta** stated that he will support the Metropolis this year, but said that in future years if spending is not controlled or there is no increase in revenues, then his support will become questionable. **Mr. Beck** stated that he has laid out a five-year strategy that includes modest control growth on the top end and maintaining discipline over spending.

Trustee Glasgow stated that he would like to see the line of credit paid down this year. **Mr. Beck** said that having that line of credit helps carry the Metropolis during lean months when cash flow is a problem. **Trustee Glasgow** also thought perspective can by lost by the Metropolis Board because of term limits on is members. **Mr. Lynn** stated that their Board is looking at their by-laws.

Trustee Sidor asked that since Metropolis is operating with no reserves, how Mr. Beck is handling the upfront cost when booking artists. **Mr. Beck** explained that when an artist gets booked, a deposit is not given until thirty days before the show. **Trustee Sidor** noted that Mr. Beck mentioned twice this evening that the $185,000 is not an adequate line of credit and asked Mr. Beck that based on his current operations what he thought an adequate line of credit is. **Mr. Beck** said that based on where he is today with current obligations, payables, and knowing what the needs are, that he would be a bit more comfortable if the line of credit was closer to $300,000. He added that the business standard is having a 20% reserve and line of credit to cover your operations through the course of the year, saying the Metropolis line of credit should be more like $500,000.

Trustee Sidor continued by reading a section of the Metropolis Auditor's Report that he found alarming, *"Management has prepared a positive 2014 budget that assumes the school remains a stable anchor to the operation, the theatre operations continue posting* *impressive gains in gross profit as they have year-to-date in 2014 and contributed revenue continues trending up as it has so far in 2014. Metropolis will continue to work at finding other revenue streams and expects continued support from the Village of Arlington Heights".* **Trustee Sidor** stated that the Metropolis is a great thing to have Downtown and said that he would be the last person who would want to see Metropolis shut its doors and asked Mr. Beck if he thought the report was accurate. **Mr. Beck** said that he thought the auditor's analysis is correct and explained that the audit was done in July/August when it was too early in the year to see what we now see, and said theatre operations and its gains has continued compared to the prior year. **Mr. Beck** also said that they have to have another year like they are doing this year. **Trustee Sidor** said that as Board members they cannot get into the day-to-day operations and said that in moving forward he hopes that Mr. Beck can accomplish things that he hopes to. **Mr. Beck** said with respect to next year's projection of $7,000 net income, he said that he could have come in higher but felt that it was important to take care of some of the employees that worked hard at Metropolis over the last couple of years, and said he plans on giving raises to employees next year as they have gone without any increases for a couple of years.

Trustee Blackwood asked about the "Friendraisers" that were held. **Mr. Beck** said that two were held, one in September and the other in January, saying that a few thousand dollars in contributions were collected at each event. **Trustee Blackwood** asked what happened to the Marti Gras fundraiser this year**. Mr. Beck** stated that Metropolis thought it was too close to the Walk/Run event and to the Gala. He said that they felt that some Gala support was lost last year so they opted not to do the Marti Gras to see what would happen. **Trustee Blackwood** said that end of year numbers were provided, but thought at least January and February numbers should have been ready for tonight's meeting. **Mr. Beck** said that he has a new accounting manager who started in early November, saying that she is still getting up to speed with Metropolis and that in time, the speed and the turn around on closing out months will come. **Mr. Beck** also said the new ticketing system will be able to provide all types of reports.

Trustee Blackwood asked what the roles were of the Village appointed members of the Board of Directors of Metropolis. **Mayor Hayes** said that he didn't believe there was a specific description in the by-laws. **Mr. Lynn** agreed saying that they have the same duties as the other Board members, but the idea behind having Village appointees was to act as the eyes and ears for the Village. **Mr. Beck** stated that both Village appointees, Dorie Bonder and Gary McClung have been very active representatives of the Village. **Mayor Hayes** stated that Dorie Bonder has agreed to serve another term, but that Gary McClung will be stepping down in April and asked the other Village Board members for some recommendations for filling this position within the next few weeks.

Trustee Blackwood went on to say that she went through all of Metropolis' line items and said the actual numbers don't look good. She said that she thought Mr. Beck is a good plan writer and that she is always inspired by his words. She went on to say he encourages his people, they believe in him, and said that is a basis for a successful enterprise. **Trustee Blackwood** continued by saying that the Village has been subsidizing its tenant with great hope, aspiration, and support and said that it can't go on. She told Mr. Beck that she is looking forward to 2014 and seeing that he achieved what he said he would.

Trustee Farwell compared a study from 2003 which said that Metropolis is a key component of the Downtown, but has been on shaky financial footing almost since its inception, and said that things are near the same in 2014. **Trustee Farwell** also said that a study was done earlier this year that benefits the Metropolis, saying that it had interesting insight and new ideas and said that he hopes Metropolis is moving forward with its ideas. Discussion took place regarding going from a for-profit theatre to a non-profit and its challenges. **Mr. Beck** felt that over time, Village support of Metropolis is a bad thing saying that it is a barrier to some of things on the development side of the initiatives they are trying to get going. He said he still hears that the Village owns and operates Metropolis and said that continually will need to be addressed as they continue to do advanced development. **Mr. Beck** said that he is happy with where the Metropolis is and said that over time the annual amount of money brought in from development has to increase, but that it will probably take five to ten years of good effort, focus, and dedication to do so. **Trustee Farwell** said that the Village has to continue to look at the other communities that supplement their theaters and said that he thought if verbiage was changed saying the Village is a major contributor of Metropolis and that it is housed in Village property, it would send a different message. He also said that because the Village owns the theatre, it can direct its long-term future, but said that he no longer sees the Village as just landlords. **Trustee Farwell** finished by saying that at next year's budget meeting he would like to see the January numbers included, saying that more current numbers would help the Board view things.

Trustee Tinaglia said that the relationship between the Village and the Metropolis is challenging, and agreed with the difficulties Metropolis has with the perception that the Village owns and operates it. **Mr. Beck** said that because he believes so much in what Metropolis can be, he said that his resolve is that no matter what the challenge is he will get there and somehow disconnect that image from people and let them know of the need that we have. **Trustee Tinaglia** stated that he was committed to seeing the Metropolis succeed and understands how important the Village's contributions are to the Metropolis and how important the Metropolis is to the Downtown businesses, but said things need to get better soon. Discussion continued regarding the various fundraising efforts and with the scheduling of shows.

Trustee LaBedz stated that she is a supporter of the arts and of Metropolis and said that she believes that scheduling more recognizable shows would bring more people to Metropolis. She commended Mr. Beck with his thinking of how to bring in more people and with lowering the ticket prices to do so.

Trustee Rosenberg said he appreciated all the efforts of Mr. Beck and the Metropolis Board over the years in trying to make the Metropolis more viable. He said that one of the things that he believes should be done is a long-term projection which should include projected capital projects. **Mr. Beck** said that he does have a long-term projection that he will forward to the Board. He also said that there is a five-year CIP and said that it should be looked at since they are in the second year of it. **Trustee Rosenberg** also said that the year-end statements and the monthly statements are hard to compare since they are so different and felt that some accounts should be re-categorized so that they coincide. He also said that there were a lot of good comments made by the other Board members.

Mayor Hayes said that this has been a good and a necessary discussion. He said he agreed with comments of almost all the Board members including Trustee Farwell who indicated that the term landlord/tenant does not fit because the Village is much more than that. **Mayor Hayes** said that because of the dollars that are contributed, the Village does have an obligation to oversee what happens at the Metropolis for the betterment of this community and said that he looks at this relationship as more of a partnership with oversight by the Board of Trustees and looks to a continued great relationship and to results from the Metropolis.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE LABEDZ, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED FY2015 BUDGETED SUBSIDY FOR THE PERFORMING ARTS AT METROPOLIS THEATER. The motion carried unanimously.

8. Other Business

There was no further business.

9. Adjournment

There being no further business to discuss,

TRUSTEE FARWELL MOVED, SECONDED BY TRUSTEE SCALETTA TO ADJOURN THE MEETING AT 10:35 P.M. The motion carried unanimously.