

**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
WEDNESDAY, MARCH 6, 2013
7:30 P.M.**

BOARD MEMBERS PRESENT: Mayor Arlene J. Mulder, Trustees Blackwood, Breyer, Hayes, Glasgow, Rosenberg & Sidor

BOARD MEMBERS ABSENT: Trustees Farwell & Scaletta

STAFF MEMBERS PRESENT: B. Dixon, D. Mikula, T. Kuehne, M. Rath, R. Ward, M. Juarez, N. Kluz, C. Baranowski, P. Robb, P. Wilkiel

OTHERS PRESENT: Sally Ho, Chicago Tribune, Tim O'Connor, Arlington Heights Journal, Melissa Silverberg, Daily Herald, Gloria Casas, Arlington Patch

SUBJECTS:

4. Budget Overview
 5. Board of Trustees / Village Manager's Office
 6. Human Resources
 7. Legal Department
 8. Finance Department / IT/GIS Division
 9. Other Business
 10. Adjournment
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President Mulder called the meeting to order at 7:35 PM.

4. Budget Overview

Mr. Dixon gave an overview of the budget message. He stated that there are no new staff positions being proposed saying that the 10% reduction in staffing levels implemented since the start of the recession in FY2009 will remain in place. He went on to say that there have been some improvements in operating revenues over the past year and that coupled with the aggressive budget actions taken in recent years, the Village has maintained its solid financial position. Mr. Dixon added that a capital project challenge that will continue to require attention and funding over the next several years is the costs associated with the arrival of the Emerald Ash Borer (EAB).

Mr. Dixon stated that the total of all operating, capital and other funds proposed for the upcoming fiscal year, not including the Arlington Heights Library, comes to \$145,515,818, or an increase of only 1.4% over the current fiscal year. He also said that the State Legislature's implementation of the two-tiered pension system coupled with an improved stock market has started to moderate the Village's expenditures for public safety pension costs.

Mr. Dixon went on to say that from an operational standpoint, in recent years the Village has been fortunate that health insurance costs have only increased about 2% annually and explained that each year in being conservative, costs have been budgeted for about a 10% increase. He went on to say the most recent information indicates the Village's costs will likely increase about 9% beginning May 1st due to higher claims experience and said that both employees and the Village will experience the impact of these increases.

Mr. Dixon said that the proposed FY2014 General Fund budget decreases by nearly 2% compared to the prior year, stating that most of the General Fund expenditures are directed towards public safety with Police & Fire comprising 64% of the total General Fund. He went on to say that the State's budget situation is a concern for the Village in terms of its potential effect on the General Fund. He cited concerns if the State would divert revenues that are allocated to local government to help solve their own problems. He also noted the proposed State Gambling Expansion and its impact to Arlington Park's continued viability and potential revenue for the Village.

Mr. Dixon said that in regards to the Water & Sewer Fund, there have been nearly 100 rebates paid to single-family homeowners for a total of just short of \$430,000 since the inception of the Sewer Back-Up Rebate Program in 2007 through January of this year. He explained that the program has taken off after the flood of July 2011.

Mr. Dixon mentioned some of the major Capital improvement projects in the FY2014 Capital Projects Fund which include;

- Traffic Signal Improvement at Northwest Highway/Wilke
- Northwest Highway/Davis Street /Arthur Avenue Intersection Improvement
- Fire Training Tower Renovation
- Neighborhood Drainage Improvements
- Utility Modeling/Flood Study

Mayor Mulder said that she has attended a lot of transportation meetings with the Northwest Municipal Conference and said that there is a lot of planning involved in street projects. She explained that many of the street projects involve State roads and that the delay in starting those projects is because the Village waits for the State grants which cover about 80% of the projects' costs.

Mr. Dixon finished by saying that during the CIP process, the Board approved a long-term plan of action to construct a new Police facility that will be reviewed annually with the budgets. He stated that based on the timetable, construction would not begin until FY2017, and occupancy would occur until FY2019.

Mr. Kuehne gave a brief overview of the financial summaries explaining some of the budgeted line item increases and decreases in revenues and expenditures. He said that this is a "Hold the Line" maintenance type budget with the exception of significant EAB expenditures.

Trustee Sidor asked why money coming in was lower than money going out of the Water & Sewer Fund. Mr. Kuehne said there was planned use of reserves for projects including tank repainting. He also said that the water & sewer rates will need to be looked at in a couple of years to make sure there are enough funds to sustain operations on an ongoing basis. Mr. Kuehne added that Arlington Heights has lower rates than many neighboring communities, especially those who get their water from Chicago, and said

Arlington Heights gets its water from Evanston through the Northwest Water Commission which has had good stable rates.

5. Board of Trustees / Village Manager's Office

Assistant to the Village Manager Diana Mikula started by saying that the Board of Trustees budget reflects a 3% increase from the last fiscal year. She said that it includes an increase in Other Services by \$1,700 to allow for more cable access programs and videos, and in Office Supplies by \$400 to reflect the transitioning in of a new Mayor.

Trustee Rosenberg questioned the decrease of \$5,200 in the Other Charges line item. Ms. Mikula explained that the total cost of the Promenade of Art comes out of the Board of Trustees budget, and is paid for out of the A E & E Fund. She said that the decrease reflects a realignment of funds to other departments for overtime costs and that the contractual obligation still comes out of the Board of Trustees budget.

Trustee Rosenberg asked if funding for the Promenade is enough for its promotion. Ms. Kluz explained that it is promoted very well and that no other funds were needed. Discussions continued regarding possible local restaurant participation and with extending the hours of the event and the restaurants.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE HAYES, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED 2014 BUDGET FOR THE BOARD OF TRUSTEES. The motion carried unanimously.

Ms. Mikula stated that the Village Manager's budget reflects a 2.9% increase from the prior fiscal year and highlighted some of the line items. She explained that the Civilian Overtime line item increased because the staffing of the Committee-of-the-Whole meetings is now the responsibility of the Village Manager's office. She also said the Training line item increased to tentatively allow two members of the Village Manager's office to attend the ICMA Conference and said in anticipation of attending this conference, the budget has been adjusted in other areas including planned decreases in other training activities.

Trustee Glasgow asked if the decrease in printing and copying line items were because of the use of electronic devices and with e-mails. Ms. Mikula said that it was in part, and said that it also decreased because a one-time project was completed and that the funds were no longer needed. Trustee Glasgow also asked if administration is moving towards more e-mail communication as opposed to mail. Ms. Kluz answered yes and said that the Special Events Commission is using e-mails, e-blasts, and website posting instead of doing mass mailings and that there has been a very positive response.

Ms. Mikula stated the Sounds of Summer event is handled through the Village Manager's office, that is paid out of the A E & E Fund, and that the budget proposed is the same as it has been the last few years. She went on to explain that last year the expenditures were offset by sponsorships of \$11,750 and that the Village's net expenses were just over \$15,000. Mayor Mulder stated that the Sounds of Summer is a popular event and asked if sponsorships have increased. Ms. Kluz said they were doubled from the year before. Trustee Sidor said it is a great event that is well attended.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE HAYES, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED 2014 BUDGET FOR THE VILLAGE MANAGER'S OFFICE. The motion carried unanimously.

6. Human Resources

Human Resource Director Mary Rath stated that the Human Resources Department (HR) provides services for approximately 437 employees and 228 retirees and also facilitates benefits to the Library. She added that training was provided to accommodate shift employees by going on-site to various departments to best service their needs.

Ms. Rath explained some of the line items in the General Fund which included an increase to Medical Insurance On-Duty Injury for an additional recipient and explained that internal review procedures are followed prior to granting this benefit to eligible recipients. She also said the Employee Recognition Program decreased slightly due to fewer employees being recognized this year.

Ms. Rath said that Human Resources continues to participate in the Medicare Retiree Drug Subsidy Program and has received a rebate for just over \$130,000 this past year that goes back into the Health Insurance Fund thereby offsetting costs. She continued by saying that a 9% increase to the Medical and Dental plans was negotiated with Blue Cross & Blue Shield of Illinois (BCBS) and includes the mandated fees associated with the Affordability Care Act.

Ms. Rath stated that Village-wide accidents are down, which is a reflection of the safety initiatives implemented by the HR Department in conjunction with both the safety committee and the accident prevention board. She said a wellness survey was taken which resulted in offering Weight Watchers at Work, enhanced physical fitness classes, promotion of the nursing services of the Village's Health Services department, and a wellness initiative offered in conjunction with BCBS. Ms. Rath stated that the Workers' Compensation Insurance Fund shows a 31% reduction in the Unemployment line item due to anticipated lower claims.

Trustee Hayes asked what types of new safety measures were implemented in order to reduce Workers Compensation (WC). Ms. Rath said that through the safety committee, the Fire Department purchased a slide for patient transport to help prevent back injuries during transport, a safe driving video was implemented, and a new internal procedure was implemented for blood born pathogen exposures for the Police & Fire Departments to name a few. Discussion continued regarding WC claims and continued implementation of safety measures.

Trustee Sidor asked about customer service levels. Ms. Rath said that customer service training was done for all Village staff last year. Mr. Dixon and Mayor Mulder both commented that they have experienced positive responses from residents telling them how pleasant staff has been.

Mayor Mulder questioned the increase of the Other Charges line item in HR's Operation Summary. Mr. Kuehne stated that the increase was attributable to the cost of the PPO's which is based on claim experience. Trustee Breyer asked that when the third party administrator gets involved in WC claims, do they steer employees to specific medical providers. Ms. Rath stated that employees have the right to go to their own medical

providers. Ms. Rath said an employee can use their own doctor. Mr. Dixon added that the Village has a right to use its occupational health doctor. Discussions continued regarding insurance costs.

Trustee Rosenberg questioned the Claims Administration line item of the Health Insurance Fund. Ms. Rath stated that that number is for administration, access, and consultant fees, etc. and is based on formulas on active and retired employees. Assistant Finance Director Mary Juarez stated that it is 6% of the worst-case scenario of projected medical claims of the PPO based on claim experience. Mr. Kuehne said the Village had a higher incidence of claims last year, but currently have a decent sized Health Insurance Fund balance.

Trustee Rosenberg also asked about the increase in the Insurance Premium line item in the Workers Compensation Insurance Fund. Mr. Kuehne stated that the Village is self insured with WC up to \$750,000 and that we are budgeting high, but hope for lower actual costs. Discussion continued regarding administrative fees for both insurance and third party administrators, in doing periodic RFP's, and with keeping costs down.

TRUSTEE HAYES MOVED, SECONDED BY TRUSTEE GLASGOW, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED 2014 BUDGET FOR THE HUMAN RESOURCES DEPARTMENT. The motion carried unanimously.

7. Legal Department

Assistant Village Attorney Robin Ward started by highlighting the increase of FOIA requests. She then stated that the proposed budget is similar to the year before except for the significant increase in the Medical Insurance line item which was due to an employee that picked up family medical coverage after her spouse retired.

Trustee Hayes asked about the increase in the Litigation, Prosecution and Collective Bargaining line item. Ms. Ward explained that that line item gets increased when the collective bargaining agreements expire.

Trustee Glasgow commented on the reduction in the amount of postage requested and that he sees that pattern in almost every department regarding postage and copying. Ms. Ward stated that next year you may see more reduction because of the upcoming implementation of the electronic packets. Trustee Glasgow asked if FOIA's are responded to electronically. Ms. Ward stated that most of them are. Trustee Blackwood asked if there was a mandate that you have to respond to FOIA's a certain way. Ms. Ward stated that we have to give the response to the people the way it is asked for.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE HAYES, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED 2014 BUDGET FOR THE LEGAL DEPARTMENT. The motion carried unanimously.

8. Finance Department / IT/GIS Division

Mr. Kuehne started by saying that staffing levels in the Finance Department have decreased since FY2005 by 24% and were due to in-house utilization of new software and improved processes, attrition and layoffs because of the recession, and due to

combining duties that were previously handled by more employees. He added that the Finance Department expects to be able continue to operate at the current staffing levels for this next year and beyond. Mr. Kuehne stated that the FY2014 proposed budget came in about \$50,000 under the budget ceiling due primarily to the retirement of the Deputy Finance Director and the downgrade of three positions.

Mr. Kuehne highlighted some of the goals and objectives that were met including the implementation of a payment option on the internet for vehicle stickers, and the addition of more information put onto the Village's website (multiple year budgets and audits, monthly reports, property tax analysis, and public safety pension information). He also said the Village Clerk did a nice job implementing a scanning database system which allows read-only access to other departments, saving her and the department's time.

Mr. Kuehne briefly highlighted some of the performance measures which included an increase in the use of the ACH clearing house and internet payments, and an increase in the use of credit cards for payments. He did say that because of the increase in usage of credit cards, the processing fees have been going up and said that the Village has always absorbed those fees, but said sometime in the future as those go higher the Village may want to think about implementing a convenience charge.

Trustee Glasgow stated that there was a class action lawsuit and that government agencies are entitled to charge whatever the percentage is and said he doesn't see why the Village should absorb that cost in the future and said it is appropriate for the Board to consider for next year. Mr. Kuehne stated his concerns with the Village being on the front end of charging those fees compared to other communities.

Trustee Breyer said that there are also charges by the bank associated with cashing checks and counting cash. Trustee Blackwood said there are opportunities for a business to select a number of different ways to have their accounts handled, some are itemized out and others are where fees are based on balances. She also said there was no reason for the Village to absorb the cost of the credit card processing fees, but said we might want to approach this carefully as opposed to being in the forefront.

Mr. Kuehne stated that based on tonight's discussion he would like to pursue this and have a survey of area communities to see how they are handling it. He also said he will check the bank per check charge versus what a charge would be on a percentage basis with a credit card. Mayor Mulder said she would like to make certain that we are doing what the majority of other communities are doing and not start adding charges to our residents.

Trustee Sidor asked Mr. Kuehne, regarding the General Fund, if he foresees in the future backing off of the utility tax a bit. Mr. Kuehne said that the Village should take a long-term view of its finances and said that when we look at future year projections, we always project the worst case. He explained that it would be hard to forego a revenue source when we are looking at deficits in the future.

Trustee Rosenberg asked about the increase in the past due amount for ambulance collections. Mr. Kuehne said that because of the economy, people are having a hard time paying for this. He said that we try to work with each person, and through Medicaid, and Medicare, and if that doesn't work it will eventually go to collections. Mr. Kuehne went on to explain some of the increases and decreases of line items in the Finance Department's proposed budget.

Mr. Kuehne briefly went over some of the line items in the Debt Service, Capital Projects, Water & Sewer, and the General Liability Insurance Funds. He finished by saying that both the Police and Fire Pension Boards approved their FY2014 budgets and explained that both their funded ratios have improved over the prior year.

Trustee Breyer inquired about the pension funds investments and with his concern with interest rate assumptions. Mr. Kuehne said that the State mandates what the Police and Fire pensions can investment in and said that the actuarial interest rate assumption is 7%. Mayor Mulder said that each of the pension boards has financial advisors and that the members are very interested in their pension funds. Mr. Kuehne stated that both the Police and Fire pension funds have appointed members, elected retiree members, an investment manager, and financial advisors for the different areas that they are invested in. Trustee Sidor commented that he has been to both Police and Fire pension board meetings and found them to be very professional and said that attending the meetings would answer a lot of questions being asked.

Mr. Kuehne moved on to the IT/GIS budget and highlighted IT's Capital projects which includes software licensing, a document management system for the Engineering Department, an update to the ten year old GIS web portal, and an upgrade to the security systems network.

Trustee Rosenberg inquired about the web upgrading. Mr. Kuehne stated that the upgrade is just for the GIS portion of the website. Trustee Rosenberg asked if we were at the level we should be to handle high capacity items. Craig Baranowski, IT Manager, answered that we were. Mr. Kuehne added that in the IT budget, the bandwidth is going from 10 Mgs to 20 Mgs to handle the data that is going through it.

Trustee Rosenberg asked about the internet services for the squad cars in the Other Services line item. Mr. Baranowski stated that this is an ongoing project and that the squads have wireless service in them and are real time. He explained that Arlington Heights is one of the most advanced in that the wireless service allows for a direct line to Northwest Central Dispatch.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE HAYES, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD APPROVE THE PROPOSED 2014 BUDGET FOR THE FINANCE DEPARTMENT AND THE IT/GIS DIVISION. The motion carried unanimously.

9. Other Business

There was no other business.

10. Adjournment

There being no further business to discuss,

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE SIDOR TO ADJOURN THE MEETING AT 9:50 P.M. The motion carried unanimously.