

**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 5, 2014
7:30 P.M.**

BOARD MEMBERS PRESENT: Mayor Thomas Hayes, Trustees Blackwood, Breyer, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor, & Tinaglia

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

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 Hayes called the meeting to order at 7:30 PM. He stated the budget review process which determines how the taxpayers' money is going to be spent for the betterment of this community, is the most important thing that the Board does as elected officials.

4. Budget Overview

Mr. Dixon stated that the proposed budget is a plan, not a promise to spend and continued by giving an overview of the budget message. He said that the proposed budget is within the ceiling of both the General Fund and the Water & Sewer Fund, that there are no new positions being requested, and said that the 10% reduction in staffing levels since the recession in FY2009 remains in place.

Mr. Dixon went on to say that during the economic downturn, the Village continued to expend monies on capital improvements, including street rehabilitation and resurfacing, water and sewer main replacements, as well as maintaining our vehicle and equipment replacement schedule. He explained that by doing so the Village has avoided creating a backlog of capital expenditures which could have created fiscal stress in the near and long-term future. He added that the capital projects continue to be a key priority for the Village, with the proposed capital and related debt service expenses representing nearly 20% of the total FY2015 budget expenses.

Mr. Dixon stated that the Village's minimum fund balance policy is to maintain a fiscal year-end balance of at least 25% of General Fund expenditures, saying that being near or above this level is more important for Arlington Heights due to our reliance on sales and income tax receipts which are subject to economic cycles and unpredictable weather. He said that the total of all proposed operating, capital, and other funds, not including the Library, comes to \$154,550,004, or a decrease of \$5.5 million or 3.4% less

than the prior fiscal year. **Mr. Dixon** went on to say that most of the expenditures for Village services are budgeted in the General Fund, except for water and sewer expenses. He added that there are four key revenue sources for the General Fund, which account for 69% of the General Fund revenues: Property Tax, Sales Tax, Income Tax and Telecommunication Tax.

Mr. Dixon mentioned two major concerns that could affect Arlington Heights in the foreseeable future; the actions taken by the State regarding the condition of its budget, and with the proposed State Gambling Expansion.

Mr. Dixon moved on to the Water & Sewer Fund saying that the fund remains relatively stable due in large part due to the 5% rate increases that were approved by the Board for FY2011 through FY2015. He said issues for that fund include working cash, and said that investment in water mains require increases in terms of funding. He said that earmarked activities for the Water & Sewer Fund include a water main replacement schedule, replacement of an automatic water meter reading system, and a water tank repainting schedule.

Mr. Dixon highlighted the FY2015 street program which includes \$3.5 million for resurfacing, \$2.1 million for street rehabilitation, \$100,000 for pavement crack sealing, and \$100,000 for parking lot resurfacing.

Mr. Dixon moved on the Flood Control Funds saying that \$300,000 is budgeted for neighborhood drainage improvements, and \$100,000 for the continuation of the Sewer Backup Rebate Program. He also said that the results of the two Flood Studies that were conducted will be presented to the Board in the spring.

Mr. Dixon finished with the Public Building Fund saying that the FY2015 budget includes \$250,000 for a phone system upgrade which includes replacement of the voicemail/auto attendant system and a new phone switch that will be moved from the Police building to the basement of Village Hall. He also said that money is budgeted and will be held as a place holder for early work on a new Police facility, and added that no decisions have been made yet.

Mr. Kuehne gave a brief overview of the financial summaries explaining some of the budgeted line item increases and decreases in revenues and expenditures.

Trustee Rosenberg asked about the long-term funding for the future sewer and street infrastructure. **Mr. Dixon** said that after the flood study reports are out and until the Board decides what the Village is going to do, it is hard to tell what the funding source will be. **Mr. Kuehne** said that because of the high costs associated with this project, there would be a variety of funding sources to be looked at. He also said that Public Works is gathering information that the Board will need to look at as part of the upcoming water and sewer rate analysis study. He added that the Village's rates are really competitive with surrounding communities, particularly with communities that get their water from Chicago.

Trustee Glasgow asked about the required fees associated with the federal Affordable Care Act mentioned in the transmittal letter. **Ms. Rath** explained that there are three separate fees and said she believes that the purpose of the fees are to be able to provide medical insurance to those who are unable to afford it.

5. Board of Trustees / Village Manager's Office

Assistant to the Village Manager Diana Mikula stated that the Board of Trustees Budget reflects a 7% decrease from the prior year. She explained that there was an increase to the IT/GIS Service charge line item due to the added laptop that is used exclusively for online streaming of the Board meetings, and said that the training budget was decreased because of inactivity. **Ms. Mikula** also said that the Special Events line item in the AE & E Fund will be \$6,000, the same as last year. She finished by saying that there was no expanded budget or capital requests.

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 BUDGET IN ITS ENTIRETY FOR THE BOARD OF TRUSTEES. The motion carried unanimously.

Ms. Mikula stated that the Village Manager's budget shows a 1.8% increase over the prior year and gave an overview of some of the line items. **Ms. Mikula** stated that the proposed budget includes \$75,000 to completely revamp the Village's website and enhance its ease of use, and added that this project will be funded through the IT Fund but managed by the Village Manager's office. She stated that improved communications is an ongoing goal of the Village and said that the website will be viewable on all devices, and become more user friendly by changing and improving navigation and by using local on-line forms and interactive meeting calendars.

Mayor Hayes asked if the design of the website will change. **Community Relations Coordinator, Nancy Kluz** stated that the design will change, but said she would like to keep a resemblance to the current website and that she is not looking to change colors, fonts or masthead of the pages. Board members agreed that the current website is a bit difficult to navigate and that an enhancement and inclusion of different platforms was needed.

Trustee Sidor said that Arlington Economic Alliance budget shows upgrades and improvements to the Discover Arlington website and asked if both sites can be worked on together to have more of a one stop for residents and have cost savings. **Ms. Kluz** said that it can be done and that if they both stay with that vendor it would save the Village money.

Ms. Mikula mentioned that the Sounds of Summer event is budgeted in the Village Manager's budget and will remain the same as last year. She reminded the Board that sponsorships will decrease Village expenses. **Trustee Rosenberg** asked if there has been an increase in attendance at the Sounds of Summer. **Ms. Kluz** answered yes and that they were gaining in popularity.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE SIDOR, 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 VILLAGE MANAGER'S OFFICE. The motion carried unanimously.

6. Human Resources

Human Resource Director Mary Rath stated that the Human Resources Department (HR) budget includes the General Fund, Health Insurance Fund, Workers' Compensation Insurance Fund, as well as the Retiree Health Insurance and Liability Funds. She stated

that HR provides services for approximately 427 employees, 243 retirees, and facilitates benefits to the Library staff. Ms. Rath highlighted some of HR's accomplishments which include: adding a component rating for customer service to employee evaluations, continued focus on physical, emotional, & economic wellness, and creation of a mentoring program with High District 214 and the Engineering Department.

Ms. Rath said that Human Resources continues to participate in the Medicare Retiree Drug Subsidy Program and has received a rebate for just over \$136,000 this past year that goes back into the Health Insurance Fund thereby offsetting costs. She added that after seven years of participation, the Village has received about \$750,000.

Ms. Rath went on to explain that Health Insurance premiums are based on prior years' claims, trend factors, and fees and that this year the Village's blended increase is 5.6%. **Trustee Glasgow** asked if the reduction in the Health Insurance was attributable to the wellness program that was instituted, saying that the Board has seen a reduction in time off taken. **Ms. Rath** said that studies have shown that employees are aware of their own wellness and that over a period of time it will be reflected in lower health care costs. She went on to explain some of what's included in the wellness program such as financial training, monthly and competitive walking program, on-site trainer, health screenings, BCBS Blue Access, etc. **Trustee Glasgow** congratulated Ms. Rath for her department's accomplishments.

Trustee Rosenberg asked about the number of claims forwarded to the 3rd party administrator and the number of work days lost to WC injuries. Ms. Rath explained that although the number of claims forwarded is lower, there have been employees who were out for 3-4 months at a time. **Trustee Rosenberg** also questioned some of the increases in the different Claims Administration line items in the Health Insurance Fund. It was explained that they are budgeted on actual costs of Blue Cross Blue Shield (BCBS) over the last couple of years.

Trustee Scaletta asked if the PPO had higher premiums. **Ms. Rath** stated yes. He also asked if there was cost sharing on health insurance for employees. Ms. Rath stated that employees pay 10% of the premium.

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE FARWELL, 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 HUMAN RESOURCES DEPARTMENT. The motion carried unanimously.

7. Legal Department

Mayor Hayes asked Ms. Ward to tell the Board a little bit about the Legal Department. Assistant **Village Attorney Robin Ward** stated that she is full-time and has been with the Village almost 26 years, that there is a part-time staff attorney with 24 years' experience, a part-time paralegal with 27 years' experience, and a part-time administrative assistant with 2 years' experience. She continued by explaining what each of her staff is responsible for.

Ms. Ward stated that her budget is pretty much the same as the previous year. She said that the amount of FOIA requests continues to increase and that they are very time consuming. **Trustee Farwell** stated that there has been talk in Springfield on the cost of FOIAs and the impact on municipalities, and asked if there was an increase in commercial FOIAs. **Ms. Ward** stated that most of the requests are private parties but

there are some commercial requests. **Trustee Farwell** also asked how many man hours are used in filling FOIA requests. **Ms. Ward** said that depending on the week or the month, 35-50% of the staff attorney's time is spent on them, not including other departments' staff time.

Trustee Glasgow asked about access to the Municipal Code. Ms. Ward stated that there are many hard copies that get updated where pages get replaced. She added that through Laserfiche, the searchable Municipal Code is accessible through the Village's website and now allows up to 25 users.

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 LEGAL DEPARTMENT. The motion carried unanimously.

8. Finance Department / IT/GIS Division

Mr. Kuehne shared some highlights of the current year as well as explaining some of the proposed projects for FY2015 which included:

Current Year

- Contracted out the printing and mailing of water bills for a \$75,000 savings over the next five years
- Lowered the actuarial interest rate assumption from 7% to 6.75% and decreased the wage assumption from 5% to 4.75% for the police and fire pension funds
- Downgraded Finance Department positions for a savings \$28,000 per year
- Village Clerk along with the Manager's Office, Legal, and IT personnel implemented the Novus Electronic Agenda system and the user-friendly Laserfiche web portal

New Year

- Implementation of a new Village website by the Village Clerk, Manager's Office, Legal, and IT
- Update outdated purchasing bid limits
- Work with Water & Sewer staff to develop a 5-year water & sewer rate analysis
- Prepare a presentation of the advantages and disadvantages of changing the Village's fiscal year to a calendar year and outline the one-time costs associated with doing so (To be presented at a future COW meeting for Board consideration.)

Trustee Sidor asked what the line item Internet Service encompasses. **IT manager Craig Baranowski** stated that it was for provider's fees (Comcast). **Trustee Scaletta** asked about the increase to the HTE services. **Mr. Baranowski** stated that three modules were added and that HTE was integrated with the payroll system time clock in Public Works. **Trustee Scaletta** also asked if the email system has been upgraded so that Village emails can be viewed on all cell phones. **Mr. Baranowski** stated email upgrades are continual. He added that the inability for some people not to be able to access Village emails is a service provider issue, but that he is working on trying to get this issue resolved.

Trustee Rosenberg questioned the increase in Total Payments of credit card transactions in the Performance Measures. **Mr. Kuehne** said the increase is due to people using their debit and credit cards more and noted that the Average Fees have gone down. **Trustee Rosenberg** also asked about the increase of ambulance fees that

are past due or in collection. **Mr. Kuehne** stated that the past due amounts is more of a reflection of our economy and said that the Village does use a collection agency for efforts in recovering the fees.

Trustee Rosenberg asked about the increase in Service Pensions and Duty Disability line items in the Pension Funds. **Mr. Kuehne** said the increase in duty disability is based on who is actually on duty or non-duty disability. He also said in regards to the service pensions, the increase is based on assuming that there will be two new retirees each year for both the police and fire pensions. **Trustee Scaletta** asked about the increase in the Surviving Spouse line item. **Mr. Kuehne** stated that there are more surviving spouses and that the amount budgeted is based on actual numbers.

Trustee Glasgow asked about the decrease in the amount of citizen inquiries in the Performance Measures for the Village Clerk. **Mr. Kuehne** stated that last year was an election year and that there were a lot more inquiries. **Trustee Glasgow** said that he is looking at the internet web service being much more accessible. **Mr. Kuehne** said that he hopes that will improve over time, but said that it is a little early to tell. He noted that using Laserfiche has just begun recently, and said that when calls are received questions get answered and that people are informed that information is available on the Village's website.

Trustee Glasgow asked why the line item for postage in mailing of the water bills is budgeted the same as last year when the water bills have been outsourced and when 29% of them get paid electronically. **Mr. Kuehne** said that although the Village contracts out the printing and mailing of the water bills, we are still responsible for the postage. He stated the outsourcing of the water bills will save the Village about \$75,000 over a five-year period. **Trustee Glasgow** questioned the mailers being sent out to the residents who have their accounts debited electronically instead of receiving an email confirmation of payment. **Mr. Kuehne** said that it is something that could be looked into, but thought that most people would like to see their water usage even though they pay electronically.

Trustee Glasgow noted the amount of vehicle stickers sold in the Performance Measures and stated his displeasure with the amount of residents not purchasing vehicle stickers and thought it was unfair to the law abiding citizens that do buy them. **Mr. Dixon** said that enforcement is done in conjunction with other types of vehicular stops. Discussion continued regarding how many vehicles are owned by Village residents and with enforcement and vehicle sticker alternatives.

TRUSTEE FARWELL 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 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 SCALETTA MOVED, SECONDED BY TRUSTEE TINAGLIA TO ADJOURN THE MEETING AT 9:16 P.M. The motion carried unanimously.