AGENDA
Committee of the Whole
Board Room
33 S. Arlington Heights Rd
October 15, 2024
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. APPROVAL OF MINUTES

   A. Committee of the Whole Minutes 9-16-2024

V. NEW BUSINESS

   A. Discussion of Rental Housing Inspection Program

VI. OTHER BUSINESS

VII. PUBLIC COMMENT

Anyone wishing to speak on a subject not on the Agenda may speak at this time. Please limit your comments to three minutes.

VIII. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, IL 60005, emercado@vah.com or 847/368-5793.

MINUTES OF THE COMMITTEE-OF-THE-WHOLE MEETING OF THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS
September 16, 2024

President Hayes called the meeting to order at 6:30 PM.

BOARD MEMBERS PRESENT:	President Hayes; Trustees Baldino, Bertucci, Dunnington, Grasse, LaBedz, Schwingbeck, and Tinaglia
BOARD MEMBERS ABSENT:	Trustee Shirley
STAFF MEMBERS PRESENT:	Village Manager Randy Recklaus; Assistant Village Manager Diana Mikula
OTHERS PRESENT:	Jennifer Niesen, Bradley Wilson, Michal Wiski, Jill Geimer, Dave Kunicki, Susan Thomson and Jeff Hyslop

A. Consideration of recommending to the Liquor Commissioner the issuance of a Class B and T liquor license to 1918 Winter Street Illinois LLC dba Mariano's #501 located at 802 E. Northwest Highway, effective upon the transfer of ownership of Mariano's and upon relinquishment of the current liquor license by the current entity.

The Mayor swore in Bradley Wilson, Store Director.

Ms. Mikula gave the staff report. This is a change of ownership, keeping the same classifications that are there now, Class B and Class T. Police completed a background check on representatives of Mariano's: Kevin McNamara and Bryan Granger. A background check was also completed on the on-site manager, Bradley Wilson. There were no issues noted. There had been liquor violations at the address in 2014 and 2021.

A walk through was conducted on September 6, 2024 and the submitted floor plan matched what was seen at the establishment.

Upon a satisfactory interview tonight, Ms. Mikula stated, it would be appropriate to issue a Class B and T liquor license to 1918 Winter Street Illinois LLC dba Mariano's #501 located at 802 E. Northwest Highway, effective upon the transfer of ownership of Mariano's and upon relinquishment of the current liquor license by the current entity. Ms. Mikula stated that Jennifer Niesen, Senior Associate with the law firm Christopoulos Dickens which is representing Mariano's stated the closing date is now scheduled for October 13.

Mayor Hayes asked Mr. Wilson questions about his background. He has been at this Mariano's for three months and prior to that at Lake Zurich. Prior to that, he had worked at Walmart stores. Mr. Wilson has had no liquor violations. At this time, there are no plans to change the operation of the liquor processing for Mariano's. He did state that different stores have different requirements, depending on the jurisdiction of the store.

Trustees thanked Mr. Wilson for explaining the liquor purchasing process and how it differs with the codes and towns as well as sharing the information that there won't be many changes with new ownership. Discussion ensued regarding the checkout process as well as the Basset certification of employees. It was recommended that in-person training seems to be more effective.

Trustee Grasse moved, seconded by Trustee Schwingbeck to recommend that the Village Board of Trustees recommend to the Liquor Commissioner the issuance of a Class B and T liquor license to 1918 Winter Street Illinois LLC dba Mariano's #501 located at 802 E. Northwest Highway, effective upon the transfer of ownership of Mariano's and upon relinquishment of the current liquor license by the current entity.

The following voice vote was recorded:

8 Ayes **0 Nays**

The motion passed.

B. Interview of Michal Wiski for appointment to the Building Code of Review Board (electrical) – term ending 4/30/27.

The Mayor introduced Michal Wiski and thanked him for his willingness to serve. The Mayor stated that there was an error on the agenda and the correct title for for the board is Building Code of Review Board. The Mayor said that Michal came highly recommended by the former Village Building Director, Jorge Torres.

Michal said he has been an electrician for 8 years and would like to help keep the community safe and help the community go the right direction code wise. Michal started in commercial electrical work and has switched to residential electrical work. Discussion ensued on the importance of electrical codes being followed for safety purposes.

Trustee La Bedz moved to concur in the Mayor's appointment of Michal Wiski for appointment to the Building Code of Review Board (electrical), term ending 4/30/27. Trustee Bertucci seconded the motion.

The following voice vote was recorded:

8 Ayes **0 Nays**

C. Interview of Jill Geimer for appointment to the Performing Arts Metropolis Board of Directors (President), term ending September 16, 2027.

The Mayor asked all four of the candidates for appointment to the Performing Arts Metropolis Board to come forward together. The Mayor stated that this is a very qualified group.

The Board of Directors has increased from 9 to 15 members, 5 of which are Village representatives, with one being president and two out of the five must be residents (3 of the applicants are residents). The Mayor said that many applications were received for these positions and he interviewed 13 individuals.

The Mayor stated that this diverse group has the background, experience and understanding of working with a group as a team and be able to come to a consensus, not forcing one's opinion. They all understand the need to come together to form an outcome that is best for the group.

Jill Geimer lives in Glenview and stated her daughter was Tiny Tim at the Metropolis in 2022. Jill loves the theater and the Metropolis. She has a very strong Human Resources background. She started her career in 1990 at Universal Studios Florida as an HR Assistant for the Director of HR and Entertainment. Rapid response, communications and compliance are all key factors that Jill feels are a part of her background. She feels the theater should be a safe and inclusive spot.

The Trustees thanked all the candidates for their willingness to step forward. Discussion ensued with the candidates in the areas of safety training, diversity and fundraising.

Trustee Schwingbeck moved to concur in the Mayor's appointment of Jill Geimer for appointment to the Performing Arts Metropolis Board of Directors (President), term ending September 16, 2027. Trustee Tinaglia seconded the motion.

Keith Moen asked that the new President consider allowing the public to attend the impact Board Meetings for input at this meeting, wherever these meetings may be.

The following voice vote was recorded:

8 Ayes **0 Nays**

D. Interview of Dave Kunicki for appointment to the Performing Arts Metropolis Board of Directors (member), term ending September 16, 2027.

Dave Kunicki brings over 15 years of non-profit leadership in development and fundraising. Dave did Second City and did improv for 7 years. He will be thinking outside of the box and how to elevate and promote Metropolis Theater.

Trustee Grasse moved to concur in the Mayor's appointment of Dave Kunicki for appointment to the Performing Arts Metropolis Board of Directors (member), term ending September 16, 2027. Trustee LaBedz seconded the motion.

The following voice vote was recorded:

8 Ayes **0 Nays**

E. Interview of Susan Thomson for appointment to the Performing Arts Metropolis Board of Directors (member), term ending September 16, 2026.

Sue Thomson works at a church and she works with many different groups: singers, instrumentalists, tech team and a community art group. Sue was a teaching assistant in District 25 for 25 years. She believes diversity and inclusion are so important and works to be involved and promote things that the Village offers. Sue is heading up a group called

Rainbow Conversation looking at the LGBT community and opening up discussions to be more welcoming.

Trustee Bertucci moved to concur in the Mayor's appointment of Susan Thomson for appointment to the Performing Arts Metropolis Board of Directors (member), term ending September 16, 2026. Trustee Schwingbeck seconded the motion.

The following voice vote was recorded:

8 Ayes **0 Nays**

F. Interview of Jeff Hyslop for appointment to the Performing Arts Metropolis Board of Directors (member), term ending September 16, 2025.

Jeff Hyslop has a business financial background. He and his wife are big fans of the arts and lived in New York City prior to moving to Arlington Heights. He has a real passion for the community and the Metropolis. Jeff hopes to bring analytic help that carries over from the business world.

Trustee La Bedz moved to concur in the Mayor's appointment of Jeff Hyslop for appointment to the Performing Arts Metropolis Board of Directors (member), term ending September 16, 2025. Trustee Grasse seconded the motion.

The following voice vote was recorded:

8 Ayes **0 Nays**

G. Other Business - none

H. Public Comments - none

I. ADJOURNMENT – Trustee Tinaglia moved, seconded by Trustee LaBedz to adjourn. The meeting adjourned at 7:30 pm.

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Committee of the Whole
10/15/2024

Item: Discussion of Rental Housing Inspection Program
Department: Integrated Services

Item Description:
The Village Board discussed a concept for a potential Rental Housing Inspection program on April 29th. The Board directed Staff to refine the concept to make it closer to cost neutral for further discussion. Staff has reworked the concept with two financial options that make the concept cost neutral. Staff will present those options as well as some new issues to be factored in the decision on whether and how to implement a rental inspection program.

Staff Recommendation:
Discussion of a Rental Housing Inspection Program at the October 15th Committee of the Whole Meeting

ATTACHMENTS:
1. Rental Housing Inspection Program Memo 10-4-24

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Date:	October 4, 2024
To:	Randy Recklaus, Village Manager
From:	Ron Weber, Director of Building & Life Safety
Subject:	Considerations for the Rental Housing Inspection Program – Scenario 2

Background
The conceptual Rental Housing Inspection Program is designed to protect public health, preserve the safety and welfare of residents, and encourage landlords to maintain and improve the quality of rental housing. This concept was discussed at the April 29 Committee of the Whole Meeting. At that meeting, staff proposed a Program similar to the Village of Palatine where 25% of the Village's multi-family rental units would be inspected annually. At a total cost of approximately $312,000/year, the Village would hire one full-time supervisor and two full-time inspectors. Additionally, rental license fees would be increased from $13/unit to $26/unit, which would fund approximately 40% of the total Program cost. After review, the Village Board directed staff to refine the concept to bring the Program closer to cost neutral.

Staff further surveyed surrounding communities that have a similar Program and developed two additional scenarios. Below is a description of the two scenarios, a chart comparing the Palatine model to the proposed scenarios, and additional considerations. In each scenario, the existing rental license fee revenue of $62,985 is reallocated to offset the overall Program cost with the new revenue that would be created.

Scenario 1 of the proposed Program includes one full-time supervisor and two full-time inspectors, primarily inspecting multi-family rental properties. This option provides more full-time support for the expected workload involved for this Program. The total cost of Scenario 1 is $430,400 and the rental license fee is increased from $13/unit to $88.84/unit.

Scenario 2 of the proposed Program includes one full-time supervisor and three part-time inspectors, primarily inspecting multi-family rental properties. The total cost of Scenario 2 is $288,500 and the rental license fee is increased from $13/unit to $59.55/unit. Due to the part-time inspectors, additional resources may be necessary in the future to meet the Program's full expectations, impacting several aspects of the Building and Life Safety Department.

Finally, additional revenue would be generated in either scenario from any other noncompliance fines and re-inspection fees. Below is an anticipated cost comparison between the Palatine model, Scenario 1, and Scenario 2.

	Palatine Model	Proposed Scenario 1	Proposed Scenario 2
Existing Revenue	$62,985	$62,985	$62,985
New Revenue	$62,985	$367,415	$225,515
Program Cost	$312,000	$430,400	$288,500
Deficit	-$186,030	$0	$0

If pursued, staff recommends Scenario 2 should be implemented in multiple phases given its limitations. However, prior to moving towards implementation, staff believes the Board should be made aware of some additional considerations regarding the pros and cons of implementation.

Research
Phase 1 of the Program targets long-term, multi-family rental housing, while Phase 2 would extend to short-term rentals like single-family homes and vacation rentals (Airbnb and VRBO). The Village currently licenses 800 multi-family rental properties, though these licenses cover multiple addresses, and only common areas are inspected. This limited scope fails to capture conditions within individual dwelling units, leaving a gap in housing quality oversight. The proposed Program would address this, improving public safety and providing essential data for affordable housing analysis.

Level of Service Impact
The introduction of Scenario 2 will have significant impacts across the department:

<u>Staffing & Workload</u>:
The supervisor and three part-time inspectors may not be sufficient to meet the Program's inspection goals. With the intent to inspect 25% of multi-family units annually, the workload for scheduling, inspections, license renewals, and non-compliance activities (such as revoking or suspending licenses) will be considerable. Inspectors will also need to manage legal challenges, including potential lawsuits and handling tenant/landlord disputes.

<u>Noncompliance & Legal Follow-Up</u>:
Managing noncompliance will involve revoking and suspending licenses, imposing fees, and addressing legal disputes. This will significantly increase the department's workload, requiring attention to tenant complaints, inspections related to dangerous building conditions, and coordinating with legal counsel for potential lawsuits.

<u>Operational Efficiency</u>:
Reliance on software and technology for tracking inspections, renewals, and non-compliance issues is critical. Any disruptions in these systems would impact the Program's efficiency, requiring additional technical support to maintain consistency in enforcement.

Budget Impact
While Scenario 2 is close to being self-funded, several budgetary considerations must be accounted for:

<u>Staffing Costs</u>:
Additional staff will require office space alterations, furniture, equipment, and vehicles. Vehicles will incur ongoing expenses, including gas, maintenance, and insurance, with an added risk of accidents and/or damage to property.

<u>Training</u>:
Inspectors and administrative staff will require ongoing training to stay informed on legal requirements, code enforcement, and use of the inspection software.

Technology & Systems:
Software applications for scheduling inspections, tracking compliance, and managing licenses will need upgrades and support. The creation of new applications and resources, such as updated websites and resource guides for landlords, will also require investment. It should be noted that there is currently a need for technical support for the existing e-permitting software and the additional required technical support for this Program is not accounted for with any existing employee.

Legal Costs:
Legal battles, particularly regarding 4th Amendment right of entry and 14th Amendment due process claims, are anticipated. Potential discrimination claims and liability issues, such as failing to enforce code violations that result in tenant harm, will also need legal defense. These risks could lead to increased legal expenses, potentially leading to negative revenue.

Revenue Shortfalls:
If inspections are delayed or legal challenges hinder enforcement, revenue generated from fees may fall short of expectations. Additional resources may be needed to ensure the Program remains sustainable. Also note that landlords may deny the right of the inspector entry to the dwellings.

Issues to Consider Prior to Implementation
To address these challenges, the Village Board should consider the following alternatives and discussion points prior to implementation:

Expand Staffing Resources:
Given the scope of the Program, adding more part-time inspectors or converting part-time roles to full-time positions may be necessary to meet inspection goals and ensure enforcement consistency. Also note the need for additional technical support outside of the requested new four positions.

Invest in Technology:
Enhanced software solutions and automated systems could improve tracking, reporting, and overall efficiency. However, this would require a significant upfront investment to ensure the reliability and security of the system.

Consider Legal Protocols:
Developing clear legal protocols for addressing right-of-entry and due process issues is essential. The Board should be prepared for potential 4th and 14th Amendment legal challenges, as well as the possibility of lawsuits related to discrimination or liability for code enforcement failures.

Phased Approach:
A phased implementation of the Program could allow for adjustments in staffing and budget over time, ensuring that resources are scaled appropriately as the Program grows.

Impacts to Organizational Structure
The Program will require a reorganization within the Building and Life Safety Department, including:

New Roles and Responsibilities:
The addition of a full-time supervisor and part-time inspectors will necessitate adjustments to current staff duties, increasing their administrative and managerial responsibilities. There will also be an increased reliance on technical support for software and website updates, as well as the creation of new resources and applications.

Coordination Across Departments:
The Program will require coordination between multiple departments, including IT for software development, Public Works for vehicle maintenance, and Legal for addressing litigation risks.

Training & Policy Development:
Staff will need ongoing training on inspection procedures, legal implications, and use of technology. Clear Standard Operating Procedures (SOPs) will need to be developed to ensure consistent enforcement and communication with landlords and tenants.

Political & Legal Considerations
The Program may face political and legal pushback:

Landlord Resistance:
Landlords may oppose the Program due to increased inspections and fees. Resistance could also come from tenants, particularly if inspections lead to increased rent or gentrification concerns.

Displacement & Gentrification:
There is a risk that stricter enforcement could result in higher rents, leading to displacement of low-income tenants and potential gentrification of rental areas.

4th and 14th Amendment Issues:
Legal challenges could arise if landlords refuse inspectors entry, invoking their 4th Amendment rights. Additionally, enforcement must comply with 14th Amendment due process requirements to avoid discrimination claims or lawsuits.

Liability:
The Village may face lawsuits if a failure to adequately enforce code violations leads to tenant harm or unsafe living conditions. The Program's success will depend on effective enforcement and risk management.

Recommendation / Next Steps
1. The considerations listed above be discussed during the October 15th Committee of the Whole meeting with the following options to be discussed by the Board.

2. Approach Scenario 2 in phases to account for potential staffing, technology infrastructure, and legal challenges. This should include flexibility for future resource allocation as the Program develops and delaying implementation until additional research can be conducted.

3. Increase Staff and Technology Investments:
   Prepare for additional staff, and allocate funds for necessary technology upgrades to support the Program's workload and ensure enforcement consistency.

4. Develop Legal Protocols:
   Establish a clear framework for managing right-of-entry issues, due process concerns, and discrimination claims. Legal counsel should be involved early in the development of enforcement protocols to mitigate liability risks.

5. Monitor Program Impact:
   Set up a monitoring system to track Program effectiveness, staffing needs, budget shortfalls, and legal risks. Adjust resources and enforcement strategies as needed to ensure the Program's long-term success.

CC: Elliot Eldridge, Assistant Building Official
Mike Boyle, Permits Supervisor
Tom Kuehne, Finance Director
Mary Ellen Juarez, Assistant Finance Director
Jack Cascone, Management Analyst II