COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE PRESIDENT
AND THE BOARD OF TRUSTEES OF
THE VILLAGE OF ARLINGTON HEIGHTS
BOARD ROOM
TUESDAY, NOVEMBER 12, 2024
7:00 P.M.

BOARD MEMBERS PRESENT:	Mayor Thomas Hayes, Trustees Bertucci, Dunnington, LaBedz, Schwingbeck and Shirley
STAFF MEMBERS PRESENT:	R. Recklaus, D. Mikula, T. Kuehne, M. Juarez, K. Baumgartner, M. Mattio, K. Livingston, J. McCalister, R. Weber, N. Pecora and Various Department Support Staff
OTHERS PRESENT:	Sarah Galla and Dana Revilla, from the Arlington Heights Memorial Library

SUBJECTS:

A. Arlington Heights Memorial Library Budget Review
B. Village Budget Overview for 2025 – Randy Recklaus/Tom Kuehne
C. Village Budget – Questions from the Village Board
D. Review of Department Budgets

President Hayes called the meeting to order at 7:00 PM.

Arlington Heights Memorial Library Budget Review

Ms. Sarah Galla, Treasurer and Trustee of the Arlington Heights Memorial Library Board said that in May, 2023 the Library approved its 3-year strategic plan focusing on three goals. The first, to strengthen the Library's services outside its walls; second, grow the use of services and resources; and third, to enhance the Library's role in the everyday lives of the Arlington Heights community. These goals were used as guidance to prepare the 2025 budget. Capital projects in 2025 include the purchase of a new custom designed bookmobile, interior renovations to the staff restrooms, new carpeting, ceiling tiles, and lighting throughout the 2nd floor of the Library. Other expenditures include upgrading services and adding new equipment and programming at the Makerspace, an apprenticeship program with High School District 214, and expanding the offering of museum passes to accommodate their popularity. She mentioned that the Library won an award from the Illinois Association of Park Districts for their intergovernmental collaboration with the Arlington Heights Park District. She went on to say that the intergovernmental collaborations are what help the Library maximize efficiency and increase impact with the community. In 2025, they will partner with the Park District to develop a parking lot for use both at the Makerspace and Recreation Park Facilities.

Ms. Galla explained that the Library uses two funds to account for its revenues and expenditures. The General Fund accounts for the Library's operations and the Capital Projects Fund accounts for various capital improvements. In 2025, the total budgeted general fund expenditures are $458,668 over it's budgeted revenues. Ms. Galla proposed a 2% increase in the property tax levy over the 2024 levy. This would support the Library's strategic objectives while remaining prepared for market volatility and increased expense. She added that The Friends of the Library and the Arlington Heights Memorial Library Foundation are two supporting organizations that provide support through various programs, capital projects, and special requests.

President Hayes thanked Ms. Galla and asked how she would characterize the usage of the library now as compared to pre-COVID usage levels. Ms. Galla said people are coming back to visit the library. However, staff have continued to market the virtual experience for those who do not want to come in-person.

Trustee LaBedz inquired about the apprenticeship program. Ms. Revilla, Deputy Director of the Library said that they are working with the District 214 liaison to hire a student to work at the Library on weekends and off hours. This would provide the student with the opportunity to work amongst librarians and learn the work while getting paid.

Trustee Bertucci asked if the Makerspace is on the Village's balance sheet as an asset held or on the Library's. Mr. Recklaus said it was transferred to the Library a few years ago.

Trustee Dunnington asked Ms. Galla to elaborate on the new bookmobile. Ms. Galla said there is a committee of Library staff working on the design and customization of the bookmobile to best fit community needs. The bookmobile's expected completion date would be in 2026 or 2027.

Trustee Schwingbeck asked where the revenue from the Arlington Heights Memorial Library Foundation is reflected in the budget and what number of Makerspace visitors are Arlington Heights residents versus non-residents. Ms. Galla said that the contributions from both supporting organizations could be found under reimbursement and that only the number of visitors are tracked, not where they reside.

TRUSTEE BERTUCCI MOVED, SECONDED BY TRUSTEE LABEDZ, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE BOARD ACKNOWLEDGE WITH THANKS THE PROPOSED BUDGET FOR THE ARLINGTON HEIGHTS MEMORIAL LIBRARY.

Village Budget Overview for 2025 – Randy Recklaus/Tom Kuehne

Mr. Recklaus said that the proposed 2025 budget being presented was the culmination of a long process involving the hard work of many staff and with consideration of the Village Board, residents, Boards and Commissions and various surveys. He highlighted that for the past five years the Village has financially done well and has benefited from an increase in sales and income taxes, large surpluses, and renewed interest activity by developers for new projects including the Gateway Project and International Plaza. However, the Village also saw dramatic increases in inflation, supply chain issues, stricter federal and state guidelines for the replacement of lead service lines, retirement of long serving employees including three members of the senior management team, and a dramatic increase in EMS calls requiring the service of a 5th ambulance when needed. From a budgetary standpoint, Mr. Recklaus projected that 2025 will be a more normal year with inflation levels and revenues returning to normal, and recommended a modest increase in the property tax levy of 2.46%. He mentioned that the property tax increase is lower than previously discussed due to the creativity of department directors to reduce their budgets to facilitate priority projects such as the 5th ambulance.

Mr. Recklaus said that new priorities will be set and built into a business plan during the 2025 strategic planning process which will take place in the Spring. The Village is committed to maintaining and improving its robust Capital Improvement Plan, optimization of new software packages, and evaluation of long-term public safety staffing needs and services.

Mr. Kuehne discussed the Village's long-range bond and debt schedule whereby the annual debt service levy remains consistent year after year. As debt matures, a new opportunity for a bond issue arises every five years. The next bond opportunity would be in 2029 and its intended use would be for the renovation of the Senior Center in 2030.

In regards to the property tax history, Mr. Kuehne said that in prior years the Village was able to propose a 0% increase in the property tax levy due to increased revenues from sales and income taxes. However, those taxes have begun to decrease and the Village is experiencing additional expenditures. The Police and Fire Pension Funds experienced a 20% loss in 2022 and the Village is required to contribute additional funds in 2024 and 2025 to make up for those losses. There is an increase of $100,000 for capital improvements to keep pace with the street rehabilitation program and to maintain infrastructure. With the pressure of the property tax increase, the IMRF contribution decreased to the actuarial determined rate rather than a higher contribution to pay down the unfunded liability. Mr. Kuehne said that the property tax increase based on a home value of $425,000 would be $29 for the Village and $9 for the Library for a combined total of $38. He mentioned that the Village is at the lower half of what it charges residents for services such as garbage, water, utility taxes and property taxes, in comparison to neighboring communities. In addition, the Village has one of the lowest general fund balances at 40%.

Mr. Kuehne went on to discuss the revenues and expenditures for all funds. The Village experienced an increase in intergovernmental, charges for service, and investment income revenues. On the expenditure side, there was an increase in personnel services to account for salary increase, Police and Fire Pension Fund charges, and an 11% increase in Health Insurance costs. Other charges in the General Fund expenditures decreased due to the completion of all sales tax abatements.

Mr. Recklaus mentioned a few personnel changes. The Police Department will begin to fund the salaries for its Victim Services Coordinator and Crisis Counselor which were previously grant funded. The Finance Department reduced its FTE by .5 with the elimination of a part-time Vehicle Sticker Account Clerk. The budget reflects a planned increase for Fire Department over-time to staff the 5th ambulance during peak hours. Lastly, the Building and Life Safety budget reflects an additional 2.5 FTE employees to support the potential new Rental Inspection Program. However, the program was placed on hold based on the direction of the Board.

Mr. Recklaus provided an overview of the Capital Funds and mentioned that because of the economy, most projects have come in overbudget due higher cost from the time a bid is received to when the work is being done. The Water & Sewer Fund will continue to fund the yearly replacement of 1% of the Village's watermains with a budget of $4.3M, the completion of the Residential Meter Replacement Program, $2.2M for water tank repainting, a $1M contribution for the S. Arlington Heights Road sewer project, and $900,000 for emergency generator upgrades/replacement. Included in the budget is also $4.2M for the Lead Service Line Replacement project.

The Capital Projects Fund will continue to invest in its street program, public safety equipment replacement, sidewalk and curb replacement, grant funded multi-use path in ComEd right-of-way, reconstruction of Weber Drive and Old Wilke Road, and a $5M transfer to the Lead Service Line Replacement and $448,000 transfer to the Fleet Fund for the purchase of a 5th ambulance.

The Municipal Parking Fund has continued to experience revenue challenges post-pandemic with the decrease in commuters. Additionally, it will need significant infrastructure work in the upcoming years. An internal work group has been created to find alternative ways to remedy revenue losses.

Trustee Bertucci noted the $20M difference between the revenues and expenditures and asked if the drawdown was planned. He also inquired about the tax abatement amount. Mr. Kuehne said the 5-year capital projects expenditures vary from year to year with some years being more costly than others. In regards to the property tax abatement, Mr. Kuehne reported it totaled $1.6M.

Trustee Dunnington asked why monies from the General Fund reserves aren't used for expenditures, rather than increasing the property tax levy and asked if a 38% fund balance would allow the Village to have a good bond rating. Mr. Kuehne explained that using one-time revenues from reserves to cover operational costs will create a gap that will remain the following year. Staff always recommends not to use one-time revenues to fill operating gaps. Mr. Kuehne said a 38% fund balance would still give the Village a good bond rating, however did not recommend lowering it to fund ongoing operating expenses. He added that the Village's 40% fund balance is the lowest of any of our comparable communities. Mr. Recklaus said one of the things used to determine what your fund balance should be depends on elastic and inelastic revenues. Inelastic revenues are guaranteed revenues such as property taxes. Communities that wholly rely on property taxes, could hold a smaller fund balance because they know what they will collect every year. Whereas, the Village who relies on sales and income taxes those revenues can vary wildly year to year. The other mitigating factor is consideration of state of Illinois' $3 billion deficit based on some estimates. Historically, when the state is struggling with revenue generation, they typically look at the local government distributive fund to balance their budget.

Trustee Schwingbeck thanked staff for decreasing expenditures and for being fiscally responsible and good stewards with resident's money. He went on to say that after 5 years of a 0% increase in the tax levy, the proposed increase is modest and appreciated.

Review of Department Budgets – Department Representatives

Board of Trustees

Ms. Mikula said that in 2025, the key area of focus will be the onboarding of newly elected Village Board of Trustees and Mayor. The onboarding will include orientation sessions, training programs, and introduction to key Village staff. The goal is to equip officials with the knowledge and tools they need to serve their constituents and make informed decisions. There will be a mid-summer goal setting session with the new Board to identify and prioritize goals for the up next two years. It will then be adopted as the new strategic priorities and updated business plan.

Integrated Services

Ms. Mikula mentioned that the Integrated Services Department will continue to work with the Arlington Park property owners and local school districts on the redevelopment of the property. There will be a continued effort in the communication and transparency with the community through survey's, the Village's newly developed Internal Communication Network (ICON) Team which provides information on all Village departments through storytelling, and the Community Connections Group which gathers members from the school districts, park districts, Library, Harper College, and Village employees to describe and promote services provided to residents. In an effort to improve event branding and raise awareness of the 20 community events, the Village began using placer AI data to gather information on the demographics and attendance of said events. Preliminary data showed that moving Sounds of Summer to only Thursday concerts was a success with an increase in attendance of 108%. As a result, sponsorship costs will increase for 2025 concerts. Lastly, liquor license classifications will be re-evaluated to remain competitive with neighboring towns.

Budgetary changes include a decrease in professional services due to a reduced need for consulting services, and an increase to Village Attorney services and recurring software licenses.

Trustee Schwingbeck asked if the Village received any feedback from downtown businesses on the Sounds of Summer change. Mr. Recklaus said the Board will be receiving a detailed report in the near future.

IT

Ms. Mikula said that the Village will be partaking in a network security penetration test wherein cyber security professionals try to stimulate a cyber-attack into the Village's system to identify and remedy any vulnerabilities. Other 2025 projects include installation of upgraded surveillance camera in the downtown area and Metra station, cloud migration for key applications, implementation of multifactor authentication beginning with the Police Department, and ongoing ERP enhancements.

Ms. Mikula reported that the 2025 IT budget will have an overall decrease of 31.6% due to the completion of the implementation phase of the new ERP software.

Trustee Tinaglia asked how the implementation and usage of the new ERP software has been going. Mr. Recklaus and Ms. Mikula agreed that some modules work really well and others still need work. It was agreed that there will be a separate discussion at a later date.

Human Resources

Ms. Livingston began by highlighting the 2025 key areas of focus in the Human Resources Department. There will be a large concentration on employee engagement and well-being with the purpose of promoting open communication and transparency and gathering feedback and allowing employees to express their thoughts and share any concerns. In addition, recruitment and candidate outreach efforts will be expanded utilizing social media, community partnerships with Harper College and District 214, and promote internships with the Village.

In terms of the budget, Ms. Livingston reported an increase of 11.3% due to medical and health plans.

President Hayes mentioned the amount of emails he received regarding new employees, and asked how many new hires there have been this year in comparison to prior years. He also inquired about entrance and exit interview feedback. Ms. Livingston said the Village's number of new hires is comparable to prior years. She clarified that the introduction emails are sent for new employees as well as internal promotions and lateral moves. In regards to interview feedback, Ms. Livingston said there hasn't been negative comments and the Village of Arlington Heights continues to be a destination employer.

Trustee Bertucci asked if the Trustees can be added to the email distribution list for the new employees/promotion.

Finance

Ms. Juarez stated the Finance Department will continue to advise on future plans for the Village's overall financial outlook. In an effort to implement the 5th ambulance into full-time service, the Department will explore taxation of streaming services and a modest property tax increase in 2026. Financial planning will continue for the Lead Service Line Replacement Program which is to be completed by 2037, and the construction of the new Senior Center in 2030. Both projects will primarily be funded by a planned bond sale in 2029. In addition, the Finance Department will explore ways to recover the loss of the grocery tax from the State of Illinois.

In regards to budgetary changes, Ms. Juarez said that in 2025 the Village will shift credit card processing fees to payees saving the Village about $200,000 per year. There was also a decrease of a part-time staff position with the elimination of the vehicle stickers.

Trustee LaBedz mentioned she would like to learn more about the streaming services tax, and expressed concern over losing the revenue from grocery sales tax.

Health & Human Services

Mr. McCalister said that in 2025, the Health and Human Services Department will continue its community outreach efforts to market their programs and services. New programs include a partnership with the Arlington Heights Memorial Library to provide social and nursing service programs and collaborations with local houses of worship and food pantries to disseminate the department's resources. The Village's website has also added an Arlington Cares donation page.

In regards to the 2025 proposed budget, Mr. McCalister said it was a maintenance budget with a decrease in contractual services due to a one-time assessment for roof repairs at the SWANCC transfer station. He also mentioned that the Arlington Heights Park District requested additional subsidies for the Children At Play (CAP) Program to assist low-income families reliant on the program.

As it pertains to Senior Services, Mr. McCalister reported the possibility of expanding the Senior Center Café. Gerry's Café held a successful pop-up event and will continue monthly pop-ups throughout the year to gauge interest and explore the possibility of a permanent site at the Senior Center.

The Senior Services budget has no significant change and it will have an overall decrease of 3.7%.

President Hayes asked if there was any resident feedback on garbage pick-up going from twice per week to once per week, and asked for an explanation of the decrease in mental health services provided as noted in the performance measures. Mr. McCalister said there has not been any negative feedback as the bins hold a lot. He explained that the decrease in mental health services provided does not correlate with the need, rather it was the loss of staff members in the Department being able to provide those services. He noted that in 2024 there was an increase in performance measures.

Trustee Bertucci asked what percentage is contributed by the school district, park district and the Village to fund the CAP Program. Mr. McCalister said the Village's contribution is $40,000 to fund low-income students, the school district provided the building and meal services, and the park district provided the employees who oversee the program. Mr. Recklaus mentioned there has been an increase demand for scholarships.

President Hayes asked Ms. Colagrossi if she could share what were some of the concerns the senior community living within the Village have. Ms. Colagrossi said two of their biggest concerns were being able to stay in their homes and transportation. In addition to the cost of living, taxes, maintenance, cost of a handyman, and keeping their homes livable.

Building & Life Safety

Mr. Weber mentioned that in 2025, Building and Life Safety will continue its focus on improving the new e-permitting process and pursue ways to improve the quality of rental housing. He mentioned he was eager to embrace departmental collaboration and staff development through the offering of continued education opportunities.

In regards to budgetary changes, Mr. Weber said there is a placeholder for 2.5 FTE for a potential rental inspection program.

President Hayes mentioned the increase in permit applications and permit plan reviews in the performance measures and asked about 2024 numbers thus far. Mr. Weber said overall they are decreasing but noted that it is difficult to measure the data with the new permitting process. He added that the decrease could be attributed to the new software, income taxes, grocery taxes, and/or other economic issues.

Trustee Schwingbeck encouraged Mr. Weber and the Department to assist residents with the e-permitting process.

Police

Chief Pecora presented on the Police Department's 2025 key areas of focus. First, the assessment of police parking and local ordinance violations to determine that the fines assessed are in-line with neighboring communities. He mentioned the department along with the Village's Attorney were exploring the possibility of transferring certain citation hearings from the Circuit Court of Cook County to the Village's Administrative Adjudication process per the decision of the Illinois Supreme Court as it relates to Camacho vs City of Joliet. He explained that sending traffic or minor offense citations to the Circuit Court of Cook County can be costly with assigned court costs and fees in addition to the fine. If the citations were heard through the Village's Administrative Adjudication process, the only cost to the offender would be the fine. In addition, they are working on expanding community programs focusing on collaboration, visibility and dialogue. He mentioned one of the programs is the Emergency Management System to collaborate and/or assist neighboring communities, and the second is the Police Apprenticeship program which reaches out to those considering law enforcement as a career. The program would not only provide the applicant with exposure to the law enforcement field, but it would allow the Police Department to evaluate them for future employment. They will also review and update police policies and procedures, refine department training programs for legislative mandates and leverage technology resources for operational efficiencies.

As it pertained to the budget, Chief Pecora mentioned the Department will be undertaking the salaries of two previously grant funded civilian positions for a police social service advocate and a crisis counselor. However, he thanked Senator Walker for providing the Village with a $250,000 grant to cover said salaries. In addition, the Department added a fourth sergeant to the afternoon shift to reduce overtime expenses. Lastly, the continued expense of software licensing and renewals.

President Hayes, Trustee Shirley and Trustee LaBedz thanked Chief Pecora and praised the Department for their dedicated service all while not being fully-staffed with sworn officers.

Trustee Tinaglia asked for further explanation on the value of moving citation hearings from the Circuit Court of Cook County to the Village Administrative Adjudication process and how the Village could begin the transfer process. Chief Pecora explained that citations heard through the Circuit Court of Cook County incur additional expenses. On citations where the offender pleads not guilty or is found guilty, a $254.50 mandated court costs is added to the fine itself. In addition, the Police Officer must appear at time and half pay. The Village will then only receive 10% of the fine. In contrast, if the citation is heard by the Village's Administrative Adjudicator, the officer is not required to appear and the total fine assessed is paid to the Village directly. Mr. Recklaus added that the decision that would allow this change is relatively new and the Village would have to expand it's administrative adjudication program to allow for the increase in hearings.

Trustee Schwingbeck asked why recruitment of new officers is so difficult, whether it be candidates just beginning their law enforcement career or those already in law enforcement. Chief Pecora stated that 53% of the officers on the force transferred from other agencies. The Department offers quarterly testing however, the caliber of talent does not meet the Department's expectations. In addition, he attributed the lack of interest in a law enforcement career to the possibility of one jeopardizing their freedom based on making a wrong decision that could lead to time behind bars.

Other Business

Mr. Moens said that setting the General Fund balance at 40% is excessive and subjective. Lowering the fund balance to 38% would eliminate the increase in property tax levy. He mentioned his research concluded that neighboring communities have an ending fund balance closer to 35%. He urged the Police Department to amend their budget to include speed calming strategies and to implement a speeding policy.

TRUSTEE LABEDZ MOVED, SECONDED BY TRUSTEE SCHWINGBECK TO ADJOURN THE MEETING AT 9:35 P.M.