AGENDA
Committee of the Whole
Board Room
33 S. Arlington Heights Rd
July 13, 2026
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. APPROVAL OF MINUTES

   A. 6/22/2026 COW Minutes

V. NEW BUSINESS

   A. Discussion of Illicit THC, Kratom, Tianeptine, and Other Unregulated Psychoactive Substances

   B. Downtown Ice Rink Discussion Update

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

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COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE PRESIDENT
AND THE BOARD OF TRUSTEES OF
THE VILLAGE OF ARLINGTON HEIGHTS
VILLAGE BOARDROOM
MONDAY, JUNE 22, 2026
7:00 P.M.

BOARD MEMBERS PRESENT:	Mayor James Tinaglia, Trustees Dunnington, Gilbert, LaBedz, Manganaro, Santa Maria, Schwingbeck, and Zyck
BOARD MEMBERS ABSENT:	Trustee Bertucci
STAFF MEMBERS PRESENT:	R. Recklaus, M. Gallagher, M. Juarez, A. Smulson, K. Baumgartner, C. Papierniak, and M. Hill

SUBJECTS:

A. Review of the 12-month Period Ending 12/31/25 Annual Financial Report – Sikich, LLP
B. Review of 2027-2031 Capital Improvement Program Update
C. Operating Fund overview/Recommended Budget Ceilings – 2027

President Tinaglia called the meeting to order at 7:00pm.

The Pledge of Allegiance was recited.

Roll Call of the Board of Trustees was taken.

There were no minutes to approve.

Review of the 12-month Period Ending 12/31/2025 Annual Financial Report – Sikich, LLP

Ms. Gallagher started the review by thanking the Finance staff for their hard work and giving a brief overview of what the meeting would entail from the Finance Department. She said the department would start with a review of the 2025 Annual Financial Report by a member of the auditing firm, followed by a review of the 2027-2031 Capital Improvement Program update, and concluding with the Operating Fund Overview/Recommended Budget Ceilings for 2027. Ms. Gallagher mentioned that all three of these items demonstrate the connection between the Village's financial position, infrastructure planning needs, and the decisions that help maintain service levels over time.

Ms. Gallagher then introduced Lindsey Fish, Principal with Sikich, LLP. Ms. Fish presented a high-level overview of various reports that the firm issued. She started with the Annual Comprehensive Financial Report (ACFR), the most important takeaway being that the Village was issued an unmodified, or 'clean', opinion of the financial statement, the highest level of assurance that can be provided by an independent auditor. Ms. Fish went on to discuss additional reports provided by the firm including the Single Audit Report, which is required due to the amount of federal funding that the Village spends annually. The Single Audit Report was issued an unmodified opinion on compliance with no findings, no question costs, and no significant deficiencies. Ms. Fish continued by discussing the TIF (Tax Increment Financing) Compliance Examinations, which resulted in an unmodified opinion as well.

Before discussing the ACFR, Ms. Fish encouraged the Board to spend time reviewing the MD&A (Management's Discussion and Analysis) for a reader friendly overview of the financials, as prepared by management. She went on to mention an award (ACFR Certificate for Achievement for Excellence in Financial Reporting) received from the Government Finance Officers Association (GFOA) for the 2024 ACFR. This is the 36th year in a row the Village of Arlington Heights has received this award.

Ms. Fish continued with the financial statements. She said that the net position was an increase from the prior year and that there is an unrestricted deficit, consistent with prior years, which is a result of pension and other large liabilities that are reported. It is not an indication of financial stress according to accounting standards.

Ms. Fish discussed the balance sheet for the governmental funds, which are tax supported funds. The general fund continues to be the primary operating fund for the Village's day-to-day activities and is often the best indicator of financial health. At year end, the general fund reported a balance of $37.4 million and of that amount $35.8 million was unassigned fund balance. The general fund had a positive operating year with an increase of about $118,000.

Ms. Fish then proceeded with the report on pension plans. The Village's pension plans continue to compare favorably to municipalities throughout the state. Based on the most recent actuarial evaluations, the Police pension fund was approximately 96% funded, the Firefighters' pension fund was 86% funded, and the IMRF was 95% funded. These funding levels reflect the Village's commitment to prioritize long term financial planning.

Ms. Fish noted that as part of the audit, they meet with management throughout the year, test internal controls, evaluate accounting estimates, review significant transactions, and perform additional testing across the financial statements. She noted no issues with the audit process this year.

Before concluding with her report, Ms. Fish recognized the finance team as professional to work with while also mentioning the exceptional work and quick turnaround. She then opened the discussion for questions.

Mayor Tinaglia asked Ms. Fish how many audits Sikich performs in the state of Illinois and where the Village of Arlington Heights fits in; Ms. Fish replied that they perform hundreds per year. She mentioned that audits are Pass/Fail and the fact that there were only three minor entries that needed assistance from the auditors is a great indication of the high-quality financial reporting the Village has.

Mayor Tinaglia praised past years' financial teams as well as this year's and indicated to the trustees to ask any questions.

Trustee LaBedz asked a question about the future accounting pronouncements the Village will follow (GASB 103, 104, and 105). Ms. Fish began by stating that only GASB 103 will be applicable in the next year, saying it makes changes to the MD&A as well as the business type activities financial statements. Ms. Fish also mentioned that every year before they start the audit, they discuss new accounting standards and the impact they will have on the audit.

Trustee Zyck asked why the Firefighters' pension (86%) was less funded than Police (96%) and IMRF (95%). Ms. Gallagher responded that it depends on the demographics and investment returns. Police and Firefighter pensions are governed by the state of Illinois, outside of the control of the Village Board, which means both pensions have their own investment programs and policies. Both pensions invest in different assets which also contributes to the difference in funds. Trustee Zyck asked what is meant by "demographics." Mr. Recklaus mentioned that it is the relative ratio of retirees vs current employees, and where they are in life.

Trustee Zyck continued by asking about MD&A page 5, regarding the Deferred Inflows of Resources increase by $32 million. He asked if that is because of Cook County and property taxes and when the Village receives the money. Ms. Fish responded with two parts, deferred items related to pensions and deferred items related to property taxes (Cook County). Property taxes saw an increase this year because you are only allowed to recognize revenue received within 60 days of year end. If not received, it is categorized as deferred inflow which is essentially a liability. Trustee Zyck asked if this negatively affects the Village. Ms. Gallagher responded that the deferred payments create dips in the fund balance because of the timing of property taxes and the allowance of 60 days after year end to pay. However, the Village will eventually receive the payments.

TRUSTEE LABEDZ MOVED, SECONDED BY TRUSTEE MANGANARO THAT THE COMMITTEE OF THE WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD ACCEPT THE 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE 12-MONTH PERIOD ENDING DECEMBER 31, 2025.

The following voice vote was recorded:

8 Ayes **0 Nays**

Motion passed.

<u>Review of the 2027-2031 Capital Improvement Program</u>

Mr. Recklaus introduced the Capital Improvement Program (CIP) as a 5-year plan that is reviewed on a biennial basis to make sure the Village has sufficient resources to cover items in the plan. Then every year, the CIP is updated for the coming year. The CIP is not a list of requests, it is an intensive process involving all departments to not only figure out what will be funded but when and how high the priority is for that item. He mentioned the CIP starts with strategic priorities, what the Board wants to see happen in the next few years; looking at adopted plans and studies of items that are in conceptual phases; items that are required by law; items that are relied on that need maintaining, replacing,; re-evaluate current projects to see what is working; conduct community surveys to see if anything is missing/problematic; list of unfunded projects, which may happen due to grant funding or shifts in priority. Mr. Recklaus mentioned this plan will be adopted as part of the 2027 budget, but approval by the Board is needed to continue preparing for the budget.

Ms. Gallagher started by suggesting to the Board to review the Executive Summary, the summary charts, and all of the project fund sections. She mentioned there is also an interactive GIS map on the website that visualizes the CIP plan in real time. She continued on with high-level summary points including a proposal of $226.5 million in total capital investments for 2027-2031. Most of the attention is focused on the 2027 year's items. 40% of the 2027 plan is dedicated for roadway improvements ($88.1 million over 5 years). She mentioned there is a resident survey that supports the need for roadway improvements.

The 2027 anticipated spending plan is $44.3 million, with streets being the largest expenditure. Also included is building and land equipment, fleet, storm sewer, storm water, water, and lead service line. Capital improvement expenses are about 20% of the total Village budget.

Ms. Gallagher continued with the planned debt service, which means every 5 years the debt service is reviewed, currently out to 2039. The planned replacement schedule replaces retiring debt every 5 years with a new issuance. Looking out to 2029, the Village is planning to cover the senior center renovation project.

The Village's funding sources for the CIP are a diversified pool of grants and reimbursements, as well as taxes: motor fuel, property, sales; sometimes the money is spent first and then the Village is reimbursed and sometimes the money is delayed. Ms. Gallagher noted the surplus transfers have been an important part of funding plan for capital.

Mr. Recklaus spoke about the challenges of inflation regarding capital costs. He mentioned that it is one of the reasons the Village budgets conservatively. He gave several examples such as the rising cost of asphalt, concrete, and Village fleet. The Village still proceeds with items as intended because costs can rise even more over time.

Mr. Recklaus continued with the long-term financial strategy. In general, the first priority of the budget is to fund operations, conservatively. There are planned transfers for surpluses into the capital program to add to the proposed budget process. The surplus revenues collected during stronger economic periods help to strengthen capital reserves for use during slower economic periods. There is also the possibility to reduce future borrowing needs.

Capital Projects Fund
Ms. Gallagher gave an overview of each fund of the major funds. Each fund has a specific purpose and dedicated sources. The Capital Projects Fund covers items such as roadway improvements, equipment, and signals. The total cost over the 5 years is $92.4 million with financing sourced from Property Taxes, Home Rules Sales Tax, Grants, Interest Income, Bond Proceeds, and Surplus Transfers. Key projects 2027: Annual Street Program ($5 million), Street Program ($3.3 million), Sidewalk & Curb Replacement ($700,000), and Road Surface Treatment ($531,700).

Motor Fuel Tax Fund
Over the next 5 years, $21.5 million will come from the Motor Fuel Tax Fund (MFT). MFT is sourced by the State MFT Funds ($3.5 million annually), Interest Income, and Grants. Key Projects 2027: Campbell Street Reconstruction ($5.7 million).

Storm Water Control Fund
The Fund was started in 2013 with grant dollars. A storm water fee and transfers into this fund since then have moved this fund into maintenance level, meaning typical projects can be funded involving storm water control. The five-year total cost from this fund will be $6.1 million. Key Projects 2027: Backyard Drainage Improvements ($300,000), Storm Sewer Rehab/Replacement ($400,000), and Enhanced Overhead Sewer Program ($85,000).

Water & Sewer Fund
One of the Village's major operating funds. Over the next 5 years, $43.8 million will go towards the CIP. Revenues for that fund are user fees, water and sewer charges, and utility bills. Key Projects 2027: Watermain Replacement Program ($4.7 million), Water Tank Repainting ($1.9 million), Sewer Rehab/Replacement Program ($600,000). Ms. Gallagher explained that the Village works annually on watermain replacement, completing approximately 1% replacement

each year. The Village spends approximately $4.7 million annually on watermain replacement and it is possible that more work will need to be done on annual basis in the future.

Lead Service Line Replacement Fund
Fund that was set up in 2021 as an unfunded mandate. The five-year total cost is $18.7 million and the fund sources over the years have been grants, surplus transfers, bond proceeds, resident reimbursements, and interest income. Key Project 2027: Lead Service Line Replacement ($3,995,000). Estimates have been refined since the fund's inception through scaling projects, completing contractual work in-house, and have been reduced by approximately $10-15 million. The surplus from the next bond issuance regarding lead service line replacement could be used towards watermain replacement.

Municipal Parking Operations Fund
The main sources of revenue include fees, fines, interest income, and surplus transfers. The five-year total cost will be $3.8 million. Key Projects 2027: Parking Structure Maintenance/Repairs ($678,000), Municipal Parking Lot Improvements ($50,000), and Parking Kiosks ($143,000).

Ms. Gallagher mentioned that there are several other funds that will be a resource to the CIP; from Fleet Operations fund to TIF funds.

Trustee Zyck asked if the budgeted amount for several items in the CIP are the same each year, does that mean the Village will be doing less and less each year with rising costs. Mr. Papierniak said that, for example, the $750,000 per year for the Sewer Rehab/Replacement Program is all the fund could afford. Work will be done up to that budgeted amount but most likely less work will be done. No cost cutting measures have been implemented, as of yet. Mr. Recklaus added that the budget for the CIP is the Village's best effort based on the information at hand.

Trustee Zyck asked what the Village can do to get more residents engaged in the online resident survey. Mr. Recklaus responded by saying there could be more promotion and the subject of surveys can be revisited for future use.

Trustee Manganaro asked how the CIP has been modified to reflect the 2026 priority changes, particularly bike and pedestrian related. Mr. Recklaus said the departments have identified priorities and decisions are made based on which priority it relates to. Mr. Papierniak mentioned the CMAP funding for planning purposes regarding safe street policies and ADA transitions plans that are both funded in the next two capital years based on the strategic priorities, $100,000 each year.

Trustee Manganaro asked when the bike and pedestrian plan will be updated. Mr. Papierniak responded that a CMAP grant had just been received so the process with CMAP will be started to reduce barriers to bike paths, approve ADA inventory, and update bike and pedestrian paths. He said he would send an update as soon as he finds out what that timeline might look like.

Trustee Manganaro mentioned that he thinks the parking fund should be self-sustaining. Residents might not be willing to pay for parking if they were aware that their property taxes paid for free parking. There are multiple parking areas (lots, garages, streets) that can charge or charge more. He said we raised about $1.5 million from streaming, grocery, and levy increase and tied that to the transfers-in to the parking fund. Mr. Recklaus said that the parking fund was never fully self-sufficient and the Village is looking into parking in 2027 as part of the update to the downtown master plan. He talked about the appropriate way to pay for parking and the implications of adding meters. He also questioned if parking is similar to the Police and Fire funds, which are subsidized.

Trustee Manganaro said he noticed the events funding goes up 3% year over year and there is zero funding for Public Art; he would like to see a revenue stream for that. He asked what the risk would be of dedicating some of the extra revenues in the Arts and Entertainment fund specifically to Public Art. Mr. Recklaus responded that the funds are in the A&E fund, it just is not spent. The Arts Commission is tasked with a project to identify opportunities for public art and when they have an idea, they will present it. If the project exceeds the budget in A&E, the Board can fund to a greater extent by transferring from another fund.

Trustee LaBedz asked if the resurfacing on Campbell St would be concrete and where the resurfacing will take place. Mr. Papierniak said the resurfacing will be asphalt and will take place between Wilke Rd. and at least as far as Ridge Ave.

Trustee LaBedz asked how the Village will keep the elevators in the parking garages maintained until they are updated. Mr. Papierniak responded that the Vail St. garage elevators have been under construction for longer than anticipated and that he encourages anyone to email Public Works if there is an elevator down. He also mentioned the Parking Garage Fund handles elevators in all garages, beyond just Vail Street.

Trustee Dunnington asked if the Village will be using the most up to date safe street knowledge and procedures for the upcoming Campbell St. resurfacing, since it will be done before the proposed safe street measures. Mr. Papierniak said that the Village does not have approval from the Board for separated protected bike lanes. There have not been considerable requests. Trustee Dunnington asked if there is still time for comments on the Campbell St. project. Mr. Papierniak said it has not started yet as they needed a budget first.

Trustee Dunnington said she thinks it would be helpful for the Arts Commission to have a budget in mind while preparing a project and when the approval time comes, there will not be a delay in getting the project started. She believes that now is the time to start funding for Public Art and suggested .5% of the 2027 CIP budget (approximately $221,000). She also cited neighboring towns and villages that have a dedicated amount for Public Art into their budget instead of using a surplus that could be used for anything else. Mr. Recklaus said that budgeting for an item before a request is fundamentally different than the way the Village budgets. There would need to be cuts, reductions, or raised revenues in order to take any percentage out of the budget plan. He mentioned that other departments' budgets are created the same way, by requesting items for the budget and then getting approval for those items. He also stated that it could be done that way if that is what the Board would like to do, but it is a departure from how the budget is typically considered.

Mayor Tinaglia asked Mr. Recklaus if there was a history of requests from the Arts Commission that were denied. Mr. Recklaus responded no and named several projects that were approved throughout the Village. Mayor Tinaglia mentioned that if the Arts Commission needs money, they will let the Board know. Mr. Recklaus also mentioned that he would let the staff liaison know about the comments regarding Public Arts and that the Board is very interested in funding Public Arts.

Ms. Gallagher added that there is also the flexibility of a budget amendment should the Board want to do so when they know what kind of budget the Arts Commission needs for Public Art.

Trustee Dunnington expressed concern over not dedicating a portion of the budget specifically to Public Art because it can easily be cut. She would like to prove that it is a priority unlike past years. Mr. Recklaus countered that Public Art is a priority this year and in the business plan.

Trustee Dunnington agreed with Trustee Manganaro's earlier comments regarding the parking fund.

Trustee Schwingbeck spoke of a proposed project brought up to himself and the Board by the Arts Commission. He said the Board should be able to move quickly when they receive a proposal.

Trustee Santa Maria asked which fund the DTA and Arlington Heights signs came from. Mr. Recklaus responded with A&E fund.

Mayor Tinaglia asked if cameras were included in the CIP. Mr. Recklaus answered that the cameras are included. Mr. Papierniak said that there are hundreds of cameras in the Vail garage, every light has a camera.

Mayor Tinaglia called up the audience member who submitted a blue card, Mr. Brodecki. Mr. Brodecki talked about streets programs including curb extensions and protected crossing. He suggested bump out crossings would connect the north and south side of the street and slow down cars. He also brought up new ADA compliance ideas. Mr. Brodecki proposed the idea that the money that can be saved in the budget from some of his ideas regarding using less asphalt, could be used for quick build infrastructure supplies. Then volunteers can be used to do the work in cooperation with and under the supervision of Public Works.

Trustee LaBedz offered her opinion that the Arts Commission propose their idea first and then receive funding, but to use that amount as a line item for future years. She also addressed parking saying the Downtown area might not need to use free parking as an incentive for visitors anymore.

TRUSTEE SCHWINGBECK MOVED, SECONDED BY TRUSTEE SANTA MARIA, THAT THE COMMITTEE OF THE WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD ACCEPT THE 2027-2031 CAPITAL IMPROVEMENT PROGRAM AND APPROVE THE FIRST YEAR OF THE PROGRAM TOTALING $44,374,400 BE INCORPORATED INTO THE VILLAGE'S PROPOSED 2027 BUDGET.

The following voice vote was recorded:

8 Ayes **0 Nays**

Motion passed.

Operating Fund Overview/Recommended Budget Ceilings – 2027

Mr. Recklaus started by talking about the parameters of the budget ceiling exercise. He stressed that it is based on the best available data at this point of the year and is very conservative. The budget ceiling will be whittled down further throughout the year until it is complete.

Ms. Gallagher spoke about the process as a mid-year review, allowing the Village to be flexible initially but to eventually refine the assumptions for the following year's budget. The budget ceiling provides departments with a framework to start working on their budgets in July, in order to propose a final budget to the Board in the Fall.

Ms. Gallagher mentioned the pressures that the Village faces and how that fits into the budget planning process. For example, staffing needs, now and in the next three years, pensions, and benefit changes. Other things can fluctuate as well such as grant funding and interest rates.

The discussion at this meeting is the next step in the process, for 2027 and also looking at the next three years. There has been growth in sales tax and income tax; as the year progresses the Village can feel more confident in those numbers with more data to back it up. Streaming tax has been performing better than estimates. The process includes a look at personnel and possible vacancies to incorporate into future planning as well.

Ms. Gallagher started with the expenditure side in order to look ahead into 2027. As of right now, for 2026, there is a slight surplus in revenues starting with the general fund; with moderate changes and increases in revenues, the tax levy will be lessened. The goal is to work towards a 0% tax levy. The proposed budget column for 2027 has an increase into property tax levy, but it is anticipated that it will be closer to 0%. For 2028 and 2029 there is no projected tax levy increase in the estimate

Mr. Recklaus continued on about a potential strategy. As mentioned earlier, operations for the Village come first; along with consistent infrastructure investment based on best assumptions. The Village also typically invests surpluses in pensions because of legal obligations to meet pension requirements. As part of the budget approval, the Village develops a contingency plan for a surplus. The Village may not expect a surplus, however, there will be priorities based on the context of the budget for a possible surplus.

Ms. Gallagher talked about the general fund revenues, taxes being the most economically sensitive. Those will have to be managed while planning for the proposed budget as those can only be forecasted as best as possible at this point in the year. She spoke about the history of Sales Tax and Income Tax, both increasing through the years per the data. Mr. Recklaus mentioned that the Income Tax comes in through the state, and legislatively, there may be some volatility due to freezes or reductions. As of now, there is a 2% tax levy planning assumption (not a proposal), with a goal of 0% levy increase for 2027.

Ms. Gallagher moved on to the Water and Sewer Fund, the second largest operating fund. When planning for that fund, there are rate increases approved by the Board in 2024. The Village is on track to complete capital improvements for watermain replacement with the revenue from user fees. However, both the Finance and Public Works department are watching cost pressures closely, as those can change.

Mayor Tinaglia asked when the conversation about surplus items would happen and in what order. Mr. Recklaus answered that it would most likely be a part of the budget process.

Trustee Zyck clarified the purpose of the new concept for surplus allocation as part of the proposed budget. Mr. Recklaus confirmed it is to decide what surpluses will be used for in advance of possible surpluses.

Trustee Dunnington asked if we do not receive income tax for three months. Ms. Gallagher responded that the Village does receive all 12 months, however, the first three months of the year are recorded back to the previous year. Trustee Dunnington also asked if the framework for the surplus allocation would change each year or if it would be the same allocation. Ms. Gallagher said it would depend on Village Board priorities and needs. Mr. Recklaus added that there may be some basic principles but it is a new concept and will ultimately depend on the

Board. Trustee Dunnington mentioned she would prefer a dedicated funding source rather than depending on a possible surplus.

TRUSTEE ZYCK MOVED, SECONDED BY TRUSTEE MANGANARO, THAT THE COMMITTEE OF THE WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD APPROVE THE 2027 BUDGET CEILINGS OF $99,964,600 FOR THE GENERAL FUND; AND $28,157,500 FOR THE WATER & SEWER FUND.

The following voice vote was recorded:

8 Ayes **0 Nays**

Motion passed.

TRUSTEE LABEDZ MOVED, SECONDED BY TRUSTEE SCHWINGBECK, TO ADJOURN THE MEETING AT 9:12 P.M.

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Committee of the Whole
7/13/2026

Item: Discussion of Illicit THC, Kratom, Tianeptine, and Other Unregulated Psychoactive Substances
Department: Integrated Services

Item Description:
The Village Board of Trustees expressed interest in Village staff researching the prohibition of the sale and/or possession of illicit tetrahydrocannabinol (THC) products and other unregulated psychoactive substances, like Kratom, Tianeptine, and their derivatives. The Village Manager's Office collaborated with the Health & Human Services and Police departments to research how other communities – specifically those that feed into School District 214 – are addressing this topic. Additionally, the Board of Health and Youth Commission recently discussed this topic and were supportive of the Village Board taking action.

It is important to note that this discussion is strictly regarding illicit THC, Kratom, Tianeptine, and similar psychoactive products and their derivatives. Staff is not proposing any additional regulations to the sale or possession of regulated THC or similar products that are commonly found in licensed cannabis facilities and regulated by local and State laws, including the 2019 Cannabis Regulation and Tax Act (CRTA) and the 2013 Compassionate Use of Medical Cannabis Act.

Recommendation/Next Steps
Staff is seeking feedback and direction from the Village Board during the Committee of the Whole meeting on July 13, 2026. If the Village Board chooses to explicitly permit or prohibit any of the outlined options, staff recommends that the Village Board directs staff to draft an ordinance that reflects their decision and place the ordinance on an upcoming Village Board meeting agenda for final consideration.

ATTACHMENTS:
1. Illicit THC, Kratom, Tianeptine Memo _COW 07_13_26

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Date:	July 7, 2026
To:	Mayor Tinaglia and Village Board of Trustees
From:	Jack Cascone, Assistant to the Village Manager Mila Tsagalis, Director of Health & Human Services Valerie Andrews, Deputy Police Chief
Subject:	Updated: Illicit THC, Kratom, Tianeptine, and Other Unregulated Psychoactive Substance Prohibition

Background
The Village Board of Trustees expressed interest in Village staff researching the prohibition of the sale and/or possession of illicit tetrahydrocannabinol (THC) products and other unregulated psychoactive substances, like Kratom, Tianeptine, and their derivatives. The Village Manager's Office collaborated with the Health & Human Services and Police departments to research how other communities – specifically those that feed into School District 214 – are addressing this topic. Additionally, the Board of Health and Youth Commission recently discussed this topic and were supportive of the Village Board taking action.

Retail stores in the Village and surrounding communities have seen a rapid increase in the sale of unregulated and untested products derived from industrial hemp and psychoactive substances known as Kratom and Tianeptine. Although they are marketed as alternatives to cannabis and often produce similar effects, these products are not subject to the same regulatory oversight, inspections, or taxation as legally authorized cannabis and pharmaceutical drugs.

In late-2025, the Federal government passed the Agricultural Appropriations Bill, which included a measure to prohibit any hemp-derived product that contains more than 0.4 milligrams of total THC per container. The measure – which takes effect on November 13, 2026 – effectively bans the overwhelming majority of existing hemp-derived THC products that commonly contain 2.5 to 10 milligrams or more of THC per serving.

On June 12, 2026, Governor JB Pritzker signed Senate Bill 3222 which immediately bans the sale of intoxicating hemp products to individuals under the age of 21. Beginning on November 12, 2026, the new State law also aims to close an intoxicating hemp loophole by requiring these products to be subject to the same regulations set forth in the State's cannabis laws, including requiring child-proof packaging and banning misleading marketing/packaging that rips off consumer brands to appeal to children. Additionally, the law prohibits intoxicating hemp products from being sold in any business besides licensed cannabis facilities.

The Illinois Senate also introduced a bill that would prohibit the purchase, possession, sale, and distribution of any product containing Kratom, but the bill did not pass either chamber in the spring session. Due to the actions taken on the Federal and State level related to illicit THC, staff does not believe a local ordinance specific to the sale or possession of illicit THC is needed at this time;

however, the Village Board may decide to take action on other unregulated psychoactive substances such as Kratom, Tianeptine, and their derivatives, which can be easily found in gas stations, liquor stores, smoke shops, etc.

Finally, it's important to note, this memo is strictly in regards to illicit THC, Kratom, Tianeptine, and similar unregulated psychoactive products. Staff is not proposing any additional regulations to the sale or possession of regulated THC or similar products that are commonly found in licensed cannabis facilities and regulated by local and State laws, including the 2019 Cannabis Regulation and Tax Act (CRTA) and the 2013 Compassionate Use of Medical Cannabis Act.

Research

Municipalities across Illinois are increasingly concerned with the local availability of Kratom, Tianeptine, and their derivatives. Kratom is a botanical substance from Southeast Asia with psychoactive properties. Tianeptine is a synthetic compound that affects the brain in ways similar to opioids and is known as "gas station heroin." Kratom and Tianeptine are often marketed as mood enhancers or nootropics. Kratom is illegal to buy, sell, possess, or use in Indiana and Wisconsin; however, in Illinois, Kratom is legal for those over the age of 18. Tianeptine, which does not currently have an age-restriction, is linked to serious health risks, including addiction, withdrawal symptoms, and overdose. Tianeptine is banned or restricted in certain states. These products are unregulated, untested, untaxed, and present growing concerns for consumer safety and community welfare. Both Kratom and Tianeptine are not approved by the U.S. Food and Drug Administration (FDA).

According to an environmental scan completed last summer by Linked Together Coalition and Omni Youth Services, unregulated products were widely available in Arlington Heights retail stores, like vape shops, convenience stores, gas stations, and liquor stores. The Coalition will conduct a follow up scan of Arlington Heights and the surrounding communities that feed into School District 214 this summer.

The following table is not an exhaustive list of Illinois communities that prohibit the sale of Kratom and Tianeptine, but the intent is to show how municipalities that feed into School District 214 approach this topic:

Municipality	Kratom	Tianeptine	Year
Arlington Heights	Unregulated	Unregulated	N/A
Buffalo Grove	Unregulated	Unregulated	2024
Elk Grove Village	Prohibited	Unregulated	2023/2025
Mount Prospect	Prohibited	Prohibited	2025
Prospect Heights	Prohibited	Unregulated	2025
Rolling Meadows	Prohibited	Prohibited	2024
Wheeling	Unregulated	Unregulated	2023

Analysis

The table above shows regulations from a complete prohibition to no regulation. Based on this information, there are several considerations that are specific to the Health & Human Services and Police departments:

<u>Health & Human Services Department Considerations:</u>

Omni Youth Services and Linked Together Coalition presented information to the Board of Health and Youth Commission encouraging Arlington Heights to join other District 214 communities in addressing unregulated products. Health and Human Services Department staff and the Board of Health are supportive of local regulation to prevent underage access and consumption of Kratom.

Additionally, staff and Board of Health members with subject area expertise emphasize the importance of prohibiting the sale of Tianeptine in Arlington Heights across all age groups.

Kratom (Mitragyna Speciosa):
The FDA does not approve Kratom for any medical use and warns against its potential for addiction, abuse, and dependence. Board of Health members support local policies that regulate Kratom to businesses that can prevent harm and reduce youth exposure, such as licensed cannabis facilities. Currently, Kratom can be legally sold to those 18 and older in Illinois. In addition to increasing the purchase age to 21, future local and State considerations could include requirements for testing and labeling, prohibition of youth-oriented marketing, behind-counter placement, retailer accountability and licensing, and prohibitions of unsupported medical claims.

Tianeptine:
Tianeptine has no FDA-approved indication in the United States. Often colloquially referred to as "gas station heroin," Tianeptine produces opioid-like effects at higher doses and presents significant addiction and overdose concerns. A 16-year-old can purchase Tianeptine in parts of Illinois where it remains legal, as there is no State or Federal age restriction on the substance. Public health and clinically-relevant concerns include: opioid-like intoxication, dependence and severe withdrawal, respiratory depression, overdose risk, polysubstance use, and misleading marketing as a mood or cognitive enhancer. The FDA issued repeated warnings regarding serious adverse events and misuse. From an addiction medicine and public health standpoint, there is little public health utility in retail availability of Tianeptine.

<u>Police Department Considerations:</u>
From the Police Department's perspective, there are several concerns related to the availability of Kratom, Tianeptine, and similar psychoactive products, specifically in regards to the accessibility and marketing to minors, the risk of overdose, and potential public safety risks.

- Oftentimes, the packaging on these products is very colorful, resemble popular snacks and candy, and are flavored so that younger individuals are drawn to them. The packaging may not always clearly communicate the dangers of the substances in the product. While State law may require the purchaser to be 18 or 21 years of age, depending on product, there may be instances where adults inadvertently purchase these products for minors because the packaging looked like candy at quick glance. Additionally, due to the widespread accessibility to these products, there may be instances where adults are intentionally purchasing them for minors.
- The risk of overdose is also a concern to the Police Department. According to the FDA, Tianeptine is an opioid-like substance and can be abused to the point of overdose and possible death. These possibilities create a risk to the welfare of the individual and those around them, as well as affect Village and hospital services that would be required in these situations.
- Finally, similar to other intoxicating substances, these products can pose public safety risks when individuals are under the influence of the psychoactive properties.

To a certain extent, the Police Department will continue to contend with these concerns regardless of any regulatory action taken by the Village Board; however, the Police Department believes a local prohibition on the sale of Kratom, Tianeptine, and similar psychoactive substances will alleviate some concerns simply because these products are not readily available in Arlington Heights and surrounding communities.

Level of Service Impact
Depending on the direction of the Village Board, the service impact will not be significant aside from compliance enforcement.

Budget Impact

No budget impact expected.

Options to Consider

The following are a range of options for the Village Board to consider related to Kratom, Tianeptine, and their derivatives. Staff separated these options into several categories, and each category will require consideration and direction from the Village Board.

<u>Sale of Kratom, Tianeptine, and Similar Psychoactive Products</u>

Staff is seeking direction from the Village Board on the following options as it pertains to the sale of unregulated psychoactive substances and their derivatives:

1) Option 1: Prohibit the sale of Kratom, Tianeptine, and other unregulated psychoactive substance products and their derivatives from all businesses in the Village of Arlington Heights regardless of age.
2) Options 2: Permit the sale of Kratom, Tianeptine, and other unregulated psychoactive substance products and their derivatives in all or certain businesses in the Village of Arlington Heights. The Board may also consider creating a tax that is specific to the sale of these products, or implement other requirements like warning labeling, product placement within businesses, minimum age of 21 to purchase, etc.
    a. For example, the Village Board may permit these products to be sold only in licensed cannabis facilities where the minimum age to enter and purchase is 21.
3) Option 3: Take no regulatory action at this time.

<u>Possession and Use of Kratom, Tianeptine, and Similar Psychoactive Products</u>

Staff is seeking direction from the Village Board on the following options as it pertains to the possession and use of unregulated psychoactive substances and their derivatives:

1) Option 1: Prohibit the possession and use of Kratom, Tianeptine, and other unregulated psychoactive substance products and their derivatives by all individuals in the Village of Arlington Heights regardless of age.
2) Option 2: Permit the possession and use of Kratom, Tianeptine, and other unregulated psychoactive substance products and their derivatives by individuals who are at least 21 years of age.
3) Option 3: Take no regulatory action at this time.

<u>Prohibition Implementation Timeline</u>

Should the Village Board choose any of the above options that prohibit the sale, possession, and/or use of Kratom, Tianeptine, and other unregulated psychoactive substance products and their derivatives, staff is seeking direction on the following options as it pertains to implementation timeline:

1) Option 1: Pursue an implementation timeline that enacts the prohibition(s) as soon as possible.
2) Option 2: Pursue an implementation timeline that allows a grace period (e.g., 90 days) in order to allow businesses to sell existing products; however, all product sales must cease at the end of the grace period regardless of remaining products.
3) Option 3: Pursue an implementation timeline that matches the effective date of the State of Illinois law on November 12, 2026.

Recommendation / Next Steps

Staff will seek feedback and direction from the Village Board during the Committee of the Whole meeting on July 13, 2026. If the Village Board chooses to explicitly permit or prohibit any of the options outlined above, staff recommends that the Village Board directs staff to draft an ordinance that reflects their decision and place the ordinance on an upcoming Village Board meeting agenda for final consideration.

CC: Randall Recklaus, Village Manager
Diana Mikula, Deputy Village Manager
Nicholas Pecora, Chief of Police

VILLAGE OF ARLINGTON HEIGHTS
INC. 1887

Committee of the Whole
7/13/2026

Item: Downtown Ice Rink Discussion Update
Department: Integrated Services

Item Description:
Over the past several weeks, Village Staff has been working with Park District Staff on the development of a downtown ice rink concept on Eastman St. between Arlington Heights Road and Evergreen Avenue just south of North School Park. Mayor Tinaglia identified the potential of a downtown ice rink and, at the same time, the Park District was exploring moving from natural ice rinks throughout the community to a fewer number of artificially "chilled" ice rinks. The concept would be a cooperative between the two agencies involving a pilot program in year one with the potential for future expansion in future years. The ice rink would be maintained via a rented artificial chiller that would allow skating at any temperature below 50 degrees.

While there is still work to be done, Staff wishes to update the Village Board on the concept so far as we continue to develop a plan and intergovernmental agreement with the Park District to allow the project to get off the ground in late 2026. We are not looking for any approvals or a vote at this meeting, though formal votes will likely come within the next month or so, and we wanted to keep the Village Board fully briefed on our progress.

Staff Recommendation:
Discussion of Downtown Ice Rink concept at July 13 Committee of the Whole Meeting.

ATTACHMENTS:
None