

**COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE PRESIDENT
AND THE BOARD OF TRUSTEES OF
THE VILLAGE OF ARLINGTON HEIGHTS
VILLAGE HALL BOARD ROOM
TUESDAY, NOVEMBER 12, 2019
7:00 P.M.**

BOARD MEMBERS PRESENT: Mayor Thomas Hayes, Trustees Baldino, Canty, LaBedz, Padovani, Rosenberg, Scaletta, Schwingbeck, & Tinaglia

STAFF MEMBERS PRESENT: R. Recklaus, D. Mikula, T. Kuehne, M. Rath, J. McCalister, K. Hanson, S. Touloumis, N. Pecora, M. Juarez, K. Baumgartner, P. Wilkiel, Various Department Support Staff

OTHERS PRESENT: John Supplitt, Mike Driscoll, & Various Arlington Heights Memorial Library Staff

SUBJECTS:

- A. Arlington Heights Memorial Library Budget Review
 - B. Village Budget Overview for 2020 - 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 7:01 PM.

Arlington Heights Memorial Library Budget Review

Mr. John Supplitt, Treasurer of the Library stated that the Library's mission is to fulfill the knowledge, information, enrichment, entertainment, and cultural engagement needs of the community's residents, and strives to add value to the community's lives. Mr. Supplitt explained that the Library's 2018 5-year strategic plan includes four goals; to foster increased connections throughout the community, to refine digital and technological services, to increase access to Library services, and to strengthen the internal work environment for Library employees. He went on to say this plan is the basis in which they develop their services and budget

Mr. Supplitt stated that there were almost one million visitors this past year, and that their collection includes over 300,000 physical items and 800,000 virtual items with total circulation of almost 2 million items. Mr. Supplitt said with the support of the Friends of the Library Foundation, through intergovernmental partnerships with the Village and Park District, and with extensive community input the Library is moving forward with plans to establish the state of the art Maker's Space at 112 N. Belmont. He continued by talking about their General and Capital Funds in regards to their 2020 budget, saying that there is no increase in the tax levy this year.

Trustee LaBedz thanked the Library for all they do, and said she was fascinated with the types of things the Library offers residents to be checked out. She then asked if there was more information regarding the Maker's Space. Mr. Supplitt stated that the Library Board has approved and retained Williams Architecture and is working on the overall square footage and room placement on the floorplan, and location of the major components. Then the roof and HVAC systems will be replaced in early 2020. He said together with the Friends of the Library Foundation, and the architect, the Library will work on potential additional funding sources. He

said the architect advised them of a Illinois State Library Live and Learn Accessibility Grant, which would provide them with up to \$50,000 of matching funds. The Library has also secured a \$100,000 grant to be used towards capital improvements as part of the State of Illinois infrastructure plan. He said it is utilizing funding from existing fund balances, shifts in expenditures, and requires no increase in their tax levy.

Trustee Scaletta thanked the Library for their incredible work for so many different people in this very diverse community, by embracing all the cultural experiences, and at the same time expand the offerings that they have. Regarding the Maker's Space specifically, Trustee Scaletta asked if the capital outlay in their budget is broken down for the buildout and materials. Mr. Supplitt stated that the Maker's Space budget included both buildout and administrative costs. He went on to say that part of the exercise for the fiscal year 2020 budget will be to establish a cost center specifically for the Maker's Space so that they can track the expenses to operate the Maker's Space on a day-to-day basis. He went on to say the second part is the capital improvements have to be completed before they can move in and open it up to the public. He said that the reality of it is that the Library will probably not spend all the money they are establishing in the operating cost center for the year, because they will not be able to move in as quickly as their full year's budget would require. Mr. Supplitt said, with respect to the capital budget and spending down the fund balance for the capital projects, they will go a long ways towards that. Trustee Scaletta asked if the Library will anticipate spending the capital portion of it. Mr. Supplitt said yes, and that the Library will spend some of the operating money for building security purposes.

Trustee Scaletta then asked how the capital outlay breaks out and whether it's for the buildout and equipment that goes inside. Mr. Supplitt answered that it is for any and all capital purchases, and would include the stove, computer hardware, as well as for infrastructure for heating and ventilation, air conditioning, electrical, guardrails, and whatever is involved in making it ADA accessible and safe. Trustee Scaletta said the number is pretty specific so he figured there had to be a breakdown in the budget with a list of items. Mr. Supplitt stated that he does not have that list with him. Trustee Scaletta said he appreciated the information because he wanted to better understand how much was buildout and how much was other things. Mr. Supplitt said they will be operational in the fall of 2020, saying that they have to have an operating budget for the fiscal year and before you get to the opening you have to have the infrastructure in place that will be safe and productive in what the Library provides, with services designed for purposes of the Maker's Space. Trustee Scaletta then asked if there was anything in the capital outlay that is not included to get it open. Mr. Supplitt stated yes, saying it is not going to happen in one year. He explained that the capital expenses that will be go into the infrastructure would continue in to future years as well.

Trustee Rosenberg asked if there were any other anticipated capital improvements for 2020. Mr. Supplitt said yes. They include; information technology, a new information service desk, and facility upgrades. Mr. Driskoll added that the ESL office is moving from the second to first floor in order for it to be more accessible, and that the information services desk to a more central location so that it is more easily found from either entrance.

Mr. Supplitt ended by saying that the Arlington Heights Memorial Library is nationally recognized for its vision and innovation in the delivery of services to the community. He also recognized the Library's past President, Debbie Smart, stating that she was honored as the Illinois Library Association's 2019 Trustee of the Year.

Resident Melissa Cayer asked Library staff a few questions, which they answered.

The Mayor and the Board thanked Library Staff for all they do for the community, and congratulated Debbie Smart for her recent award.

Trustee Canty 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 Fund. The motion passed unanimously.

Village Budget Overview for 2020 - Randy Recklaus/Tom Kuehne

Mayor Hayes stated that approval of the budget is one of the biggest things the Village Board does and explained that the budget process is an ongoing process throughout the year. He went on to say the Village Board has heard a lot of what will be presented this evening. He thanked staff and all employees for all the hard work that results in an annual budget.

Mr. Recklaus and Mr. Kuehne presented a general overview of the budget plan. Mr. Recklaus stated that staff receives feedback from residents and Trustees over the course of the year that indicate the Board's preferences as well as wishes and views of our residents. He went on to say that goal setting takes place every two years and will include a citizens survey. From that, the Board develops their strategic priorities, and then staff develops a series of projects that become the Village's business plan, and then resources are assessed and the proposed budget is created. Mr. Recklaus stated that the proposed budget attempts to address all of the strategic priorities for 2020-2021 (listed in the presentation).

Mr. Recklaus stated that one of the Board's goals for the last two planning cycles was to find ways to reduce reliance on property tax increases. He said that the Board made it clear during budget ceiling discussions that they wanted staff to continue to focus on this issue as the budget was being developed. Mr. Recklaus went on to say that due to the hard work of staff, good decisions made by the Board over the past year, and with some unique circumstances (listed in the presentation), that there is no proposed increase over last year's property tax levy.

Mr. Recklaus explained that based on the strategic priorities of the Board and operational requirements; there will be a big focus on how the Village does things in 2020. With creation of efficiencies, there will be increased time for staff to spend on customer service and employee development.

Mr. Recklaus said the General Fund shows a 2.7% increase over the projected annual spending in 2019, but only a 2.1% increase over what was budgeted. He continued with highlights of his presentation, which included both General and Capital Fund expenditures, the key infrastructure projects for 2020, and with contributions and grants.

Mr. Kuehne went over the property tax levy portion of the presentation. He explained that Village's portion of an average homeowner's total property tax bill is about 12.6%, with the school district having the highest percentage of the bill. He continued by explaining some current history of the Village's portion of property tax bills, and on how property taxes are put together. Mr. Kuehne stated that last year there was a modest tax levy of about 2%, and that this year there is a 0%.

Mr. Kuehne continued his presentation, which included comparisons of revenue and unassigned General Fund balances with other comparable communities. He said it is important for the Village to maintain an adequate fund balance and strong reserves in the General Fund

saying it keeps the Village's high bond rating. He also highlighted some of the Village's revenues and expenditures for all funds.

Regarding Personnel changes, Mr. Recklaus talked about the steps that were taken during the recession to reduce the Village's expenses, saying that at that time 10% of staff positions were eliminated. He said that since that time the Village has been careful not to increase the number of employees, although workloads now exceed pre-recession levels. He talked about personnel changes including two new positions, eligibility of employees for retirement, opportunities for reorganization with vacancies, and about health insurance service options.

Mr. Kuehne stated that General Fund revenues are primarily funded through property, sales, and income taxes. He presented some history on sales, income, local use, and telecommunication taxes. He said income taxes are showing good growth because of low State unemployment, that local use taxes have gone up due to the Supreme Court ruling that large online out-of-state retailers must now collect sales or use taxes. Mr. Kuehne also said that telecommunication taxes continue to decline because more people have given up their landline phones, and that cable TV franchise revenue is projected to decrease because more people are using streaming services. Mr. Kuehne added that as of July 1, 2020 out of state retailers will have to collect and pay state and local taxes. Trustee Scaletta asked if sales taxes collected would be based on delivery location or on the address on file for the credit card used. Mr. Kuehne stated that he would have to get that information from the Illinois Department of Revenue, saying that there most likely be other questions that would need to be answered as well. Mr. Kuehne went on to say that regarding expenditures, public safety comprises 65% and Public Works/Engineering is 20% of total General Fund expenditures.

Mr. Kuehne gave his presentation regarding the Water & Sewer Fund, saying that water and sewer revenues have been under budget mostly due to the decrease in average gallons sold per year because of wet weather and water conservation. He said the cash position of the fund is down because of it, and said that infrastructure improvements and water main replacements are needed. Mr. Kuehne stated that in October 2019, an action plan was put together as part of a 5-year review of the water and sewer rates, which the Board approved.

Mr. Recklaus talked about the Capital Projects Fund saying that there are a lot of big projects coming up, including the street program, street rehabilitation, continued Downtown streetscape improvements, and the Rand Road Corridor Identification Program. He stated that combining Engineering with the Public Works Department has helped with efficiency, and has improved communication with the public on these big projects.

Mr. Kuehne talked about the Workers' Compensation Fund saying that although this fund has a good reserve, it continues to show an annual deficit over the last couple of years. He said the number of claims and how much is being paid out should be looked at, and that policies and procedures should be reviewed. He noted that a meeting with IRMA and both Finance and Human Resource staff to discuss this will take place in the near future. Mr. Kuehne also said revenues in this fund need to be looked at, and that an increase in the operating service charge by 5% for 2021-2023 is recommended in order to get this fund back into balance. Trustee Scaletta asked that there be a follow-up to the Board after the meeting with IRMA concludes. Trustee Rosenberg asked if IRMA indicated what measures need to be taken to reduce costs. Mr. Kuehne explained that IRMA does not provide rates until late October, adding that reasons for the costs will be part of the conversation with them. He explained that the Village was rated highly by IRMA previously, but added that we want to look for more ways to improve. Ms. Rath explained that IRMA became our risk manager in July of 2017. She said that IRMA looks back five years, explaining that 2015 was a very high year in terms

of the number of and severity of Workers Compensation injuries. She went on to say trainings are in place on how to help prevent workers compensation injuries. She noted that IRMA looks at the Village as a model community.

In summary, Mr. Recklaus stated that the 2020 plan is about 9.7% lower than the 2019 plan, much which was due to the refinancing of the Village's bonds, and the completion of the Police Station. He continued by going over some of the notable changes for 2020, including replacement of the ERP system, an increase in water main replacement, and implementation of two large scale storm water projects.

Review of Department Budgets

Each department gave a brief overview of their budgets as well as highlights of their department activities and/or initiatives as shown in the presentation.

Board of Trustees/Integrated Services

Mr. Recklaus stated there were no major changes to the budget for the Board of Trustees. Ms. Mikula added that the Board of Trustees budget had a .6% decrease from the prior year.

Ms. Mikula went on to say this year was full of accomplishments for the Integrated Services Department (ISD), which was the result of great employees. She shared some statistics regarding each of the following accomplishments:

- Targeted Communication Initiatives including customized e-mails & website communication
- Launching of Passport Parking
- Launching of Arlington Alert

Ms. Mikula went on to talk about some of the ISD initiatives for 2020, saying that one of biggest initiatives being budgeted for is the ERP implementation. She said a consultant that was selected in September will help guide the Village in reviewing opportunities to upgrade and to select a new ERP. She stated that this will be a multi-year project that ISD will oversee, and said that every department will be impacted. She added that a new ERP will enhance employee, resident, and business experience.

Another initiative is cybersecurity. Ms. Mikula stated that a vendor will perform a network vulnerability assessment and penetration testing to ensure that the Village network is properly secured. Microsoft Office 365 Expansion is another 2020 initiative that will include more features and additional platforms. Microsoft One Drive SharePoint team application will be introduced, and will offer online collaboration, document sharing, and project tracking. The launch will begin sometime in May and will be utilized to share searchable Board communication packets online.

Ms. Mikula stated that this budget includes a request for a new IT employee who would have the duties of an IT system analyst who will help IT meet existing challenges, offer project guidance, and assist with the increased number of IT help calls which will allow existing staff to focus efforts on automation and technology improvements. She showed IT Staffing compared to other communities.

Trustee Padovani was glad to see that a cyber-threat assessment is going to be done, feeling that it was very important. Discussion took place regarding security, malware software, and staff training.

Trustee Canty wanted to know what is being done to get the Village website to be better functioning and more optimized for mobile use. Ms. Mikula said meetings will take place in 2020 to determine what they are going to be doing. Ms. Kluz stated that the website is mobile friendly but they can look at doing more with it. She said at the end of 2020 it will be assessed for what needs to be changed and improved upon. Discussion took place regarding user interface, friendliness of the website, and possible future improvements in those areas. Trustee Baldino asked if there was any feedback with the Everbridge application, saying that he was having an issue. There were no issues reported with the application.

Discussion took place regarding Lasherfiche license charges and allocation charges to operating Department for IT services.

Trustee Scaletta asked if IT provides any services to the Library. Ms. Mikula stated that the Village provides connection to HTE services for their payroll and accounts payable. Trustee Rosenberg asked if the amount charged to the Library is for personnel cost or technology. Mr. Kuehne stated that the Village does accounting, investments, and payroll for the Library and doesn't charge them that much. He said, however, that the Village will be working with the Library after the budget season is over regarding an issue with personal property replacement tax. The Village currently receives the whole amount and the Library believes they should get a portion of it. Mr. Kuehne stated that staff is working on the Library's potential portion of the tax, and is also totaling up everything the Village does for them. Mr. Recklaus said we want to be fair to the Library as a partner, and said that the goal is to do an assessment and value of what the Village provides the Library. Trustee Scaletta asked if that will include the waiving of fees, and reduced water. Mr. Recklaus said the waiving of fees is a policy that the Board has collectively made, and explained that the assessment is intended to be for ongoing things that the Village provides as a service. Trustee Scaletta felt that when having these conversations that we also explain all of the benefits that come with being a good partner.

Human Resources

Ms. Rath gave an overview of HR's key initiatives for 2020. She explained that HR will be a primary component in the ERP process and that their role will be in the needs assessment, selection, and implementation of the new ERP. She went on to say the HR audit continues for all processes and procedures, saying that it is an ongoing and continual process, and includes continued revisions of personnel policies, and improvement with the onboarding program for new employees. HR has recently instituted a new wellbeing committee, which reinforces all aspects of a healthy workforce through a holistic approach including financial, emotional, social, and overall health. Ms. Rath also mentioned that in 2020, a new Illinois law mandates sexual harassment training for all Village employees.

Also in HR, recruitment and selection processes are being reviewed and updated in order to find new ways to include diversity and inclusivity for all Village departments. Ms. Rath said that in conjunction with low national employment rates, the Village must continually be aware of the emerging workforce, saying that unconscious bias training for members of Village management is being offered. Ms. Rath went on to say that to date, 40 positions were filled, plus another 39 temporary positions, and currently have 14 vacancies, which they are in process of filling. Ms. Rath stated that in 2020 HR will be working with Health and Human Services to evaluate employment activities to identify enhancements to ensure that otherwise qualified individuals with disabilities are afforded equal opportunities. She also said she is working with the Senior Center in scheduling disability awareness training for members of its staff as well as Village staff.

Ms. Rath continued by saying HR monitors all Workers Compensation claims, and said that in 2020 the safety committee, along with IRMA, will be setting specific goals and look deeper in to all claims and other preventative measures, which will include various training classes. Discussion continued regarding Workers Compensation claims/costs, on Police and Fire testing, and on the new carve-out insurance for Medicare eligible retirees.

Finance

Mr. Kuehne started by giving an overview of some of the 2019 accomplishments of the Finance Department in 2019. They include:

- Hiring of an ERP consultant
- The refunding of the Village's 2011 bonds
- Working with HR on the retiree insurance carve-out plan
- The initiation of the enhanced vehicle sticker enforcement program (7,500 additional stickers were sold)

Mr. Kuehne highlighted and gave an overview of some of the 2020 key initiatives for the Finance Department. They include updating and automating the travel and training approval process, review and revise the Capital accounting budget definition, implement a Water and Capital Projects Fund 2020 financing plan, and to actively participate on the ERP oversight team.

The Mayor asked about the difference between the number of Police and Finance Department's parking ticket transactions reported in 2018. Mr. Kuehne stated that he will look into that and report back to the Board.

Trustee Rosenberg asked about the restricted reserve line item in the AE & E Fund. Mr. Kuehne said that instead of giving Metropolis Theatre additional funds at one time, the Village holds reserves each year, explaining that it is only spent under certain circumstances, like the recent extraordinary HVAC expenses Metropolis incurred.

Trustee Scaletta asked if the number of Sounds of Summer events will go back to a normal year level now that the 2019 Downtown construction has been completed. Mr. Recklaus stated that they would get that answer and report back to the Board at the next meeting.

Health and Human Services

Mr. McCalister stated that the proposed Health Services and Senior Services budgets are standard maintenance budgets, saying the combined budget shows a 3.3% increase in total expenditures. He stated that one of the key projects in 2020 would be to extend the single-family solid waste contract. He said that the taxi service subsidy program will be transferred from the Senior Services budget to the Health Services budget, because most of the people using this service are people with disabilities, and said that there is one expanded budget request to cover the cost of national accreditation of the Senior Center. Mr. McCalister stated that Arlington Cares and Arlington Senior Center Inc. have had successful fundraisers in the past month to help supplement the budget.

Discussion took place regarding the upcoming solid waste contract and recyclables, and on the taxi/rideshare industry, and on the increased need for home delivered meals.

Trustee Rosenberg asked why the Village is going through accreditation for the Senior Center. Mr. McCalister explained that national accreditation gives us a stance on where the Village's Senior Center stands nationally. Mr. Recklaus stated that being accredited would fit in with the age-friendly survey that is being done, while looking at improvements to the Senior Center in order to see how the Village is doing regarding benchmarks in the industry. Ms.

Karen Hanson stated that national accreditation is the seal of good housekeeping, and is a compilation of what the best practices are, noting it is something the Village is already doing. She said the accreditation status is important when working with partners, and if you are pursuing grants.

Trustee Rosenberg questioned the \$60,000 budgeted in the Public Building Fund for the Senior Center. Mr. McCalister said it has been 20 years since there were upgrades and said they were looking to see what type of maintenance needs to be put into the facilities, and how they want to see it updated. Mr. Recklaus said the \$60,000 would be used for an architect or consultant that would help identify opportunities for improvement.

Trustee Scaletta asked if the consideration for a consultant to come in would be after the accreditation report is received. Mr. Recklaus stated that the age-friendly assessment is going on now, and that later in 2020 a physical assessment will be done before there is a physical plan. He said some maintenance and upgrading will have to be done no matter what. Trustee Scaletta recommended there is a plan on how the long-term expansion would be funded before spending \$60,000 on a study with no funding for the project. Mr. Recklaus said he hopes there would be a range of options to choose from. Trustee Scaletta felt that staff may be able to redesign and repair some of the rooms to make them more operational and to fit the needs of the Senior Center before money is spent on a study. Mr. Recklaus said this is something that can come back to the Board for discussion before decisions are made.

Trustee LaBedz asked if there was any funding from other sources since not all users of the Senior Center are residents. Ms. Hanson gave a detailed explanation on how the money from the Federal government goes through the state, then through two of the Senior Center agencies, saying that they would not be able to operate without that federal subsidy. Trustee Scaletta asked if there were any fees charged to non-residents. Ms. Hanson stated that there are programs with fees attached to them, but are the same for residents and non-residents.

Resident Melissa Cayer asked what the costs were for b-12 shots. There is a fee for them, but staff will look into the costs and report back.

Building and Life Safety

Mr. Touloumis gave a brief overview of the key projects for 2020. He said restructuring of the permit fee system would allow for improved understanding on how fees will be calculated, allow residents and contractors to be able to calculate permits fees themselves, and would reduce staff time in order to provide quicker processing times. Another initiative is the Centralization/Digitization of Records, which would be tied into the Laserfiche program. He said it would help with looking up historical information, and would provide information for the increased FOIA requests. Mr. Touloumis stated that his department will also be working with the Management Analyst team to review current permit and inspection processes in other communities and in Arlington Heights in order to identify opportunities for improvement, and that there will be evaluation of an Electronic Plan Review system with the new ERP. Lastly, Mr. Touloumis said there are improvements needed to the Village's website, which will include structure content on his department page.

Mr. Touloumis continued by saying a full time position is being requested to replace a part-time position, as well as a 3rd party Inspection/Plan Review Supplemental Help, saying it will provide improved customer service and permit processing capabilities of the department, and will allow other staff to focus on larger projects. Mr. Touloumis then noted some of the department's budgeted line items. Discussion then took place regarding the types of FOIA requests the Building Department receives.

Trustee Tinaglia felt that the Building Department touches many people and feels that the Department needs more help than what it is requesting in this budget. Discussion took place regarding inspectors using new technology, with the new ERP, and with outsourcing some larger fire plan reviews, and projected permit fees.

Police

Chief Pecora started by saying the Police Department is comprised of 139 full-time dedicated employees. He gave a brief overview of each of the department's 2020 initiatives. He started with the Motorola PremierOne Computer Aided Dispatch and Records Management Platform, explaining that it is designed to improve efficiency in operations. He continued by talking about the License Plate Recognition Technology saying that it will help deploy mobile applications for proactive patrols and parking enforcement, and said that they will research the benefits of intelligence gathering through fixed LPRs. Chief Pecora went on to talk about prioritizing recruitment efforts by expanding inclusion, saying that he welcomes diversity in the Police Department, and feels that the Police Department should be representative of the community it serves. Lastly, he talked about the Cannabis Task Force, saying it is unknown what the impact of commercialized cannabis will be on law enforcement including issues with enforcement, labor-intensive expungements, value of the Village's canine units, traffic enforcement, and workplace policies.

Mayor Hayes asked about the One Mind Campaign. Chief Pecora stated that it addresses mental health, explaining instead of arresting someone who is in a mental health crisis for a violation, you try to get him or her necessary care. The four pillars of the program are:

- Train staff in mental health first aid
- Have a policy
- Have engagement by a mental health provider
- Have a Crisis Intervention Team (CIT) training

Mr. Recklaus added that this program is a great example of collaboration between the Village's Social Services division, Health and Human Services, and the Police Department. He said that because of the success of this program, a mental health first aid program for non-police employees was created.

Trustee Scaletta asked about the Deferred Revenue line item in the Criminal Investigation Fund. Chief Pecora explained that it is an escrow account for monies that have not been determined to be court ordered yet, and said the budgeted amount is a good estimation of asset forfeiture. Trustee Scaletta then asked about the success of the private crime lab. Chief Pecora stated it has been very successful and has timely results that allows the Department to prosecute someone a lot faster. He explained that the Northern Illinois Crime Lab is in Vernon Hills, which consists of 57 communities that belong to the private group, costs the Village about \$108,000 per year which is supported by asset forfeiture, and is advantageous to the community.

Discussion continued regarding the various types of tickets the Police Department issues, and on increased overtime because of vacancies.

TRUSTEE PADOVANI MOVED, SECONDED BY TRUSTEE SCALETTA TO ADJOURN THE MEETING AT 10:12 P.M. The motion carried unanimously.

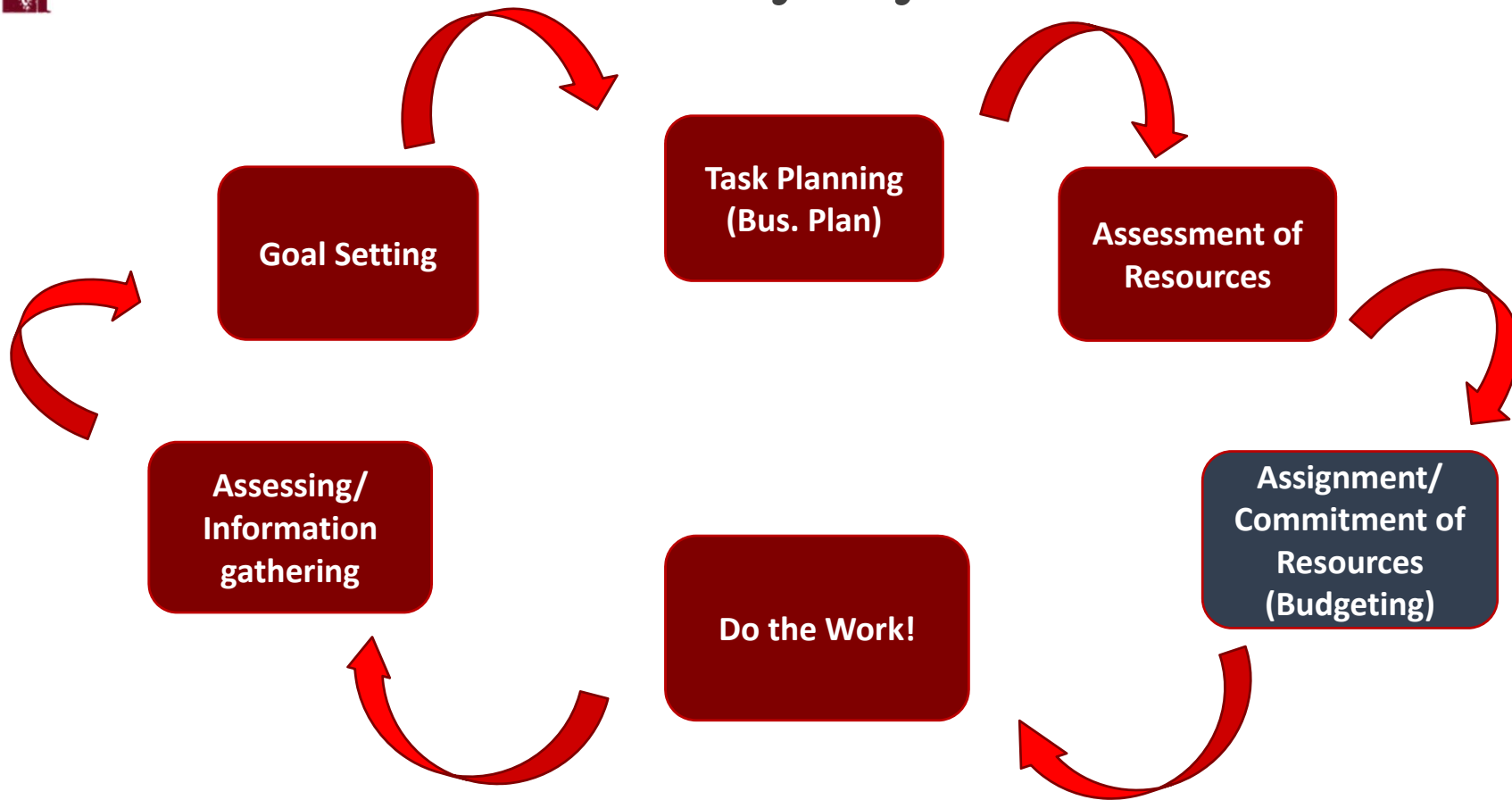


2020 Proposed Budget Overview & 2019 Tax Levy

TUESDAY, NOVEMBER 12, 2019



Yearly Cycle





Strategic *Priorities* for 2020 - 21

These priorities and sub-priorities reflects the views of the Village Board identified at the July 9, 2019 Village Board goal setting session. Staff subsequently developed a 2020 – 21 Business Plan of projects that supports these priorities:

1. Identify, Explore, and Enhance Revenue Sources While Monitoring Taxes
2. Review and Update the Village Affordable Housing Strategy and Regulations
3. Continue Improving Building and Life Safety Processes and Customer Service
4. Increase Efficiencies Throughout Village Processes and Procedures
5. Enhance Business Development Efforts
6. Explore New Sustainability Initiatives
7. Continue Infrastructure Improvement Efforts
8. Review Impact of Changes to Cannabis Laws
9. Find Ways to Embrace Diversity Within the Community and the Village Government



Unique Financial Circumstances

- Use of the 2018 Budget Surplus to pay down liabilities in the Police and Fire Pension fund by \$3 Million
- Refinancing of bonds bringing interest rates down from 4% to 1.35%
- Enhanced Vehicle Sticker Enforcement netted \$400,000 this year (\$200,000 annually going forward)
- Reduction in NWCD dues by \$217,000 annually due to new 911 funding from the State
- Lower than expected Health Care Costs for 2020 (3.5% vs the assumed 8%), saving \$420,000
- Higher than expected Local Use and Income Tax receipts, building permit revenues, and interest on investments by \$1.3 Million
- Targeted budget reductions in 2018, allowed reduced operating costs in some areas
- **These factors allow us to propose a 0% increase in the Village's 2020 tax levy**
- In addition, the Village will realize one-time revenue of \$3.4 Million in grant funding from this year's Illinois Capital Bill

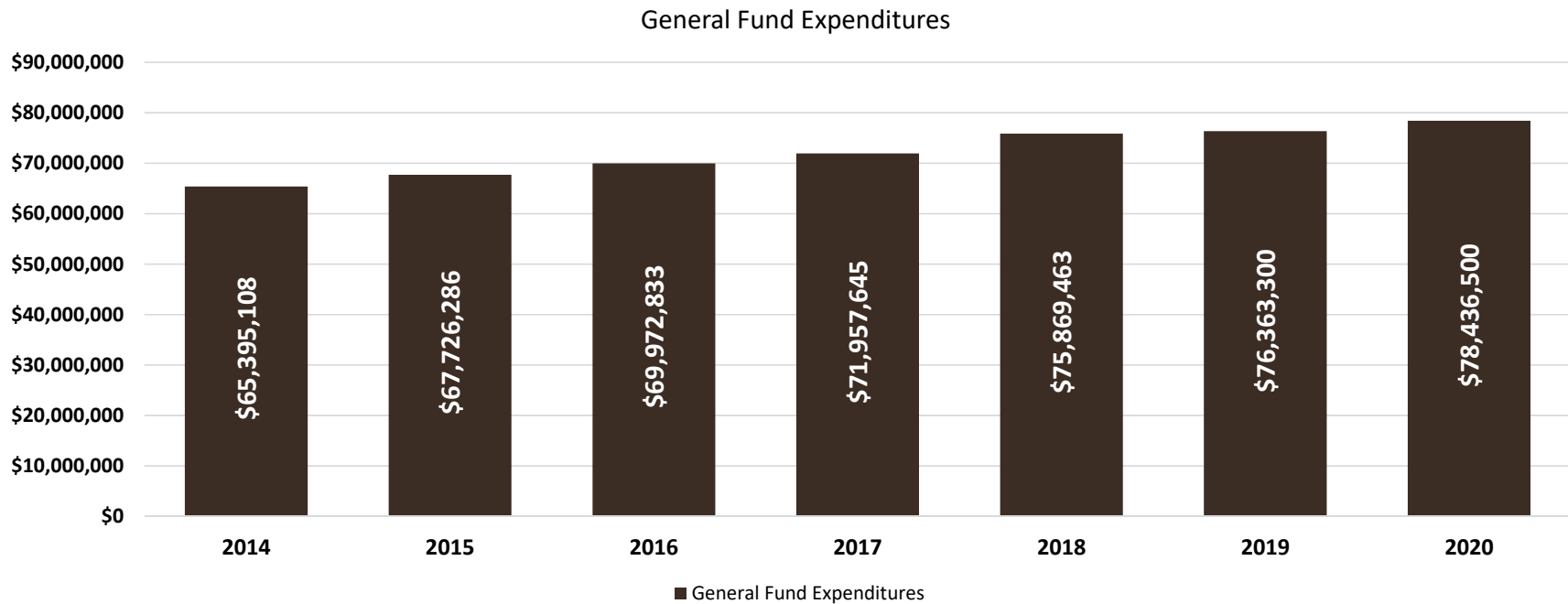


Areas of Focus 2020

- Continued Focus on Organizational and Long-Term Planning
- Continuous Examination of Business Processes-Contracting, Revenue Alternatives, Insurance Options, etc.
- Special emphasis on the improvement and sometimes elimination of internal processes this year
- **Increase** the time staff can spend on services to the public and on employee development
- Enhance and strengthen services to the public
- Be more thoughtful about **how** we do what we do

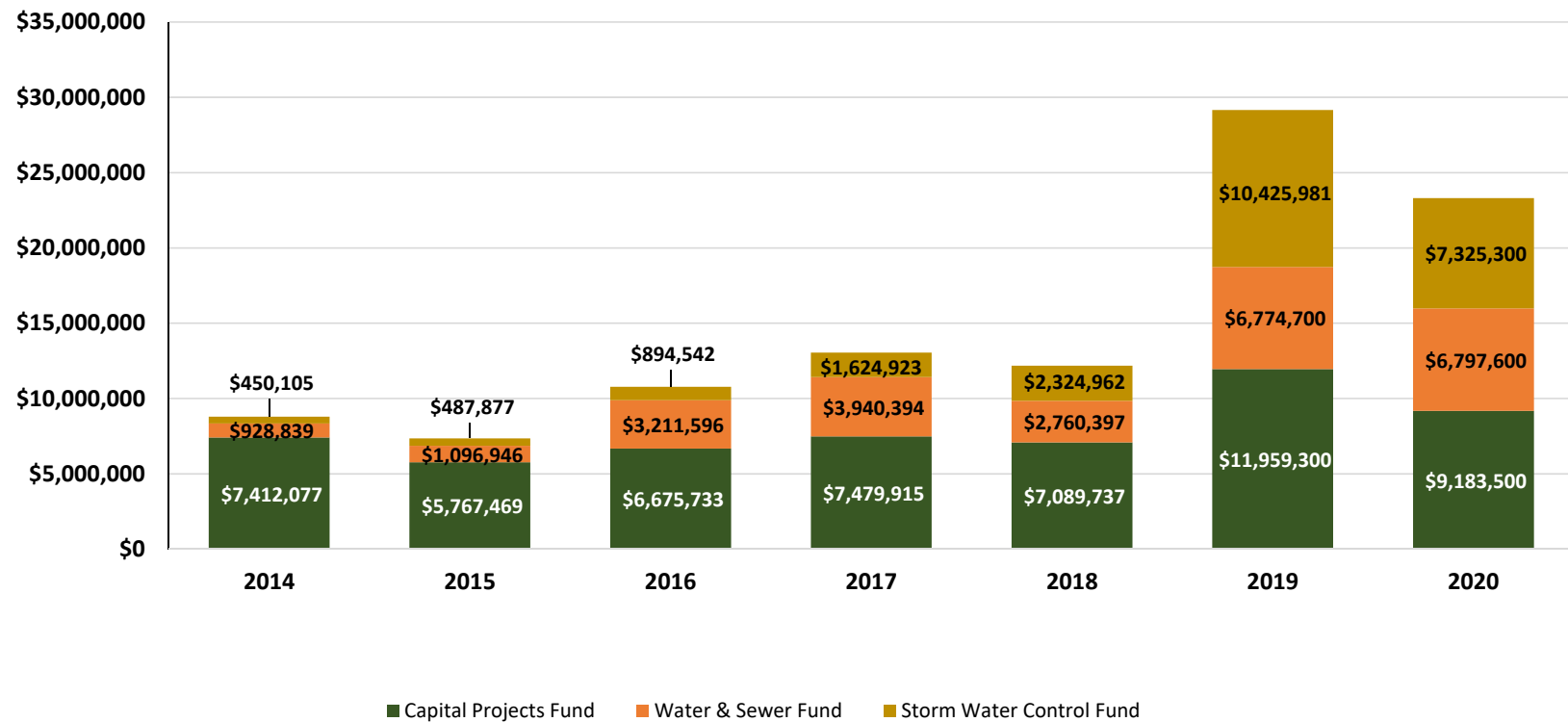


General Fund Expenditures by Year





Capital Expenditures by Year





2020 Budget – Key Infrastructure Projects

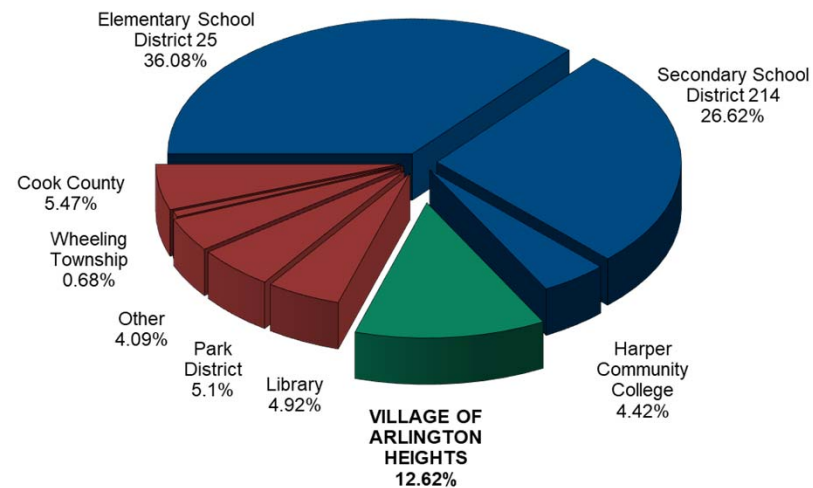
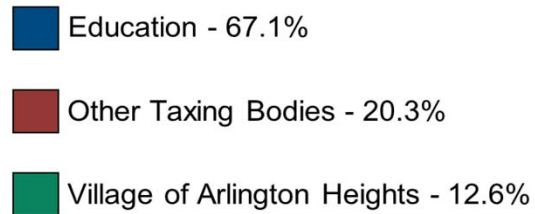
- Annual Water Main Replacement- increase to \$4,500,000 due to planned bond issue and rate increase
- \$8.6 million toward improving Village streets, in addition to the crack sealing, surface treatment, and in-house paving programs
- Storm Water Control Infrastructure Projects:
 - Enhanced Overhead Sewer Program – temporary 75% rebate program
 - Area D – \$3.1 million Greenbrier/Roanoke/Wilke
 - Area C - \$2.3 million Burr Oak/Burning Tree/Hintz Rd
- Contributions and Grants:
 - \$175,000 annual contribution from the Green Aggregation Program
 - \$3.4 million in approved grants from the Rebuild Illinois capital program
 - \$1.8 million – MWRD storm water grant after completion of downtown project



Arlington Heights

2018 PROPERTY TAX BILL

(Depicts the "most" common tax bill, assuming School District 25.
Depends on School District and Township boundaries.)



AS THE ABOVE PIE CHART ILLUSTRATES, THE VILLAGE OF ARLINGTON HEIGHTS
CONSISTS OF 12.6% OF THE ENTIRE PROPERTY TAX BILL.



Property Tax Levy History

Levy Years 2003 - 2019

LEVY YEAR	VILLAGE % INCREASE	LIBRARY % INCREASE	TOTAL % INCREASE	COMMENTS	BUDGET YEAR
2019	0.00	0.00	0.00		2020
2018	1.97	1.00	1.70		2019
2017	3.68	0.00	2.61	To cover sales and State income tax decreases	2018
2016	1.95	0.00	1.38	Entire increase for street purposes (Phase 2)	2017
2015	3.59	0.00	2.51	Entire increase for street purposes (Phase 1)	2016
2014	0.00	0.00	0.00		8-mo.
2013	2.65	0.00	1.84		FY2015
2012	1.74	0.00	1.20		FY2014
2011	0.00	0.00	0.00		FY2013
2010	4.30	0.00	2.93	Police/Fire Pension Funds - market crash	FY2012
2009	5.74	1.77	4.44	Police/Fire Pension Funds - market crash	FY2011
2008	0.32	0.00	0.21		FY2010
2007	2.48	4.90	3.26		FY2009
2006	11.14	9.20	10.51	Taxing districts captured expiration of TIF #1	FY2008
2005	14.67	4.99	11.32	Fire Pension benefit increase - State legislation	FY2007
2004	11.98	4.00	9.09	Police/Fire Pension benefit increase - State legislation	FY2006
2003	2.14	0.99	1.72		FY2005



Proposed 2019 Property Tax Levy

		EXTENDED 2018 LEVY FOR 2019 BUDGET YEAR	PROPOSED 2019 LEVY FOR 2020 BUDGET YEAR	DOLLAR CHANGE	% CHANGE	
VILLAGE						
	POLICE PROTECTION	6,307,450	6,047,800	(259,650)	-4.12%	
	FIRE PROTECTION	6,307,450	6,047,800	(259,650)	-4.12%	=> Gen Fd rev-exp gap
	IMRF	1,400,870	1,819,000	418,130	29.85%	2020 wage projs
	SOCIAL SECURITY	1,441,270	1,479,997	38,727	2.69%	2020 wage projs
	POLICE PENSION FUND	4,057,170	4,209,000	151,830	3.74%	Actuary ARC
	FIRE PENSION FUND	5,002,530	5,130,000	127,470	2.55%	Actuary ARC
	TOTAL GENERAL FUND	24,516,740	24,733,597	216,857	0.88%	
	CAPITAL IMPROVEMENT	5,454,000	5,500,000	46,000	0.84%	+\$100K/year
	DEBT SERVICE**	6,953,207	6,690,350	(262,857)	-3.78%	Bond Documents
	TOTAL VILLAGE TAX LEVY	36,923,947	36,923,947	0	0.00%	
	TOTAL LIBRARY TAX LEVY	14,391,649	14,391,649	0	0.00%	
	GRAND TOTAL TAX LEVY	51,315,596	51,315,596	0	0.00%	



What Effect Will the 2019 Levy Have on my Taxes?

TAX LEVY SUMMARY VILLAGE OF ARLINGTON HEIGHTS/PUBLIC LIBRARY

WHAT EFFECT WILL THE 2019 LEVY HAVE ON MY TAXES?

	<u>2018 LEVY</u>	<u>(EST.) 2019 LEVY</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
COUNTY PROPERTY VALUE (EST.)	\$300,000	\$300,000		
X (TIMES) CLASSIFICATION FACTOR	<u>10%</u>	<u>10%</u>		
= (EQUALS) ASSESSED VALUATION	\$30,000	\$30,000		
X (TIMES) STATE EQUALIZER	2.9109	2.9109		
- (MINUS) MAX. HOMEOWNERS' EXEMPTION	<u>\$10,000</u>	<u>\$10,000</u>		
= (EQUALS) EQUALIZED ASSESSED VALUATION	\$77,327	\$77,327		
/ (DIVIDED BY) 100	\$773	\$773		
X (TIMES) VILLAGE TAX RATE	<u>1.2650</u>	<u>1.2650</u>		
= (EQUALS) VILLAGE TAX BILL	\$978.19	\$978.19	\$0	0.00%
X (TIMES) LIBRARY TAX RATE	0.4930	0.4930		
= (EQUALS) LIBRARY TAX BILL	\$381.22	381.22	\$0	0.00%



Est Annual Revenues from an Average Home

Comparable Communities – August 2019

ANNUAL ESTIMATED PAYMENTS:

Municipality	2019 Passenger Veh. Stickers	Garbage Bill*	Yard Waste Bill	Combined** Residential Water & Sewer Bill	Storm Water Fee	Home*** Rule Sales Tax	Food & Beverage Sales Tax	Municipal Motor Fuel Tax	Entertain. Tax	Electric Utility Tax 12,300 kWh/Yr	Gas Utility Tax 1,700 therms/Yr	Telecom Tax	2018**** Municipal Property Tax	Total Estimated Annual Homeowner Costs
Assumptions for Average Family	2 Cars	12 /Yr	48 Bags/Yr	144,000 Gallons/Yr	Estimated	\$6,000 /Year	\$3,000 /Year	650 Gallons/Yr	\$2,400 /Year	\$1,400 /Year	\$1,650 /Year	\$1,200 /Year	\$77,300 EAV	
1. Rolling Meadows	0.00	\$359.40	\$0.00	2,337.12	57.12	60.00	60.00	26.00	0.00	75.03	85.00	72.00	1450.15	\$4,581.82
2. Hoffman Estates	0.00	\$204.00	\$139.20	1,821.72	24.00	60.00	60.00	162.50	144.00	69.00	85.00	72.00	1181.14	\$4,022.57
3. Mount Prospect	90.00	\$234.96	\$0.00	1,896.48	0.00	60.00	30.00	26.00	0.00	43.17	24.99	72.00	883.54	\$3,361.14
4. Wheeling	0.00	\$266.76	\$0.00	1,120.32	33.00	60.00	30.00	0.00	96.00	75.03	85.00	72.00	1354.30	\$3,192.41
5. Elk Grove Village	50.00	237.12	\$120.00	1,728.00	0.00	60.00	30.00	0.00	0.00	75.03	34.00	72.00	737.44	\$3,143.59
6. Arlington Heights	60.00	\$216.72	\$132.00	1,188.96	75.00	60.00	37.50	0.00	0.00	75.03	85.00	72.00	977.85	\$2,980.06
7. Des Plaines	60.00	\$207.24	\$0.00	1,170.72	109.44	60.00	30.00	26.00	0.00	70.23	42.50	72.00	1009.54	\$2,857.67
8. Schaumburg	0.00	\$0.00	\$0.00	1,911.84	0.00	60.00	60.00	19.50	120.00	0.00	0.00	72.00	481.58	\$2,724.92
9. Buffalo Grove	0.00	\$279.60	\$0.00	917.28	60.96	60.00	30.00	0.00	0.00	75.03	85.00	72.00	973.98	\$2,553.85
10. Palatine	60.00	\$258.00	\$0.00	879.30	60.00	60.00	30.00	0.00	0.00	75.03	0.00	72.00	1001.81	\$2,496.14
11. Park Ridge	90.00	\$0.00	\$0.00	1,464.66	0.00	60.00	30.00	26.00	0.00	68.63	34.00	72.00	647.77	\$2,493.07

*Rates include carts and/or SWANCC fees where applicable.

** Rate/100 cubic ft. x 1.3367197 = rate/1000 gals.

***Home/Rules Sales Taxes are on general merchandise only, not applied against vehicles or qualifying food, drugs, or medical appliances.

****Municipal tax only, does not include libraries, schools, special districts, or other taxing authorities.

Sources: Surveys: Arlington Heights (08/19), / Cook County Clerk website / Municipal websites / Codes



UNASSIGNED GENERAL FUND BALANCE COMPARISON

Arlington Heights	\$29,154,102	38.7%
Buffalo Grove	\$17,039,974	41.2%
Des Plaines	\$26,643,211	41.3%
Elk Grove Village	\$30,161,874	55.6%
Hoffman Estates	\$23,610,274	42.7%
Mount Prospect	\$22,837,502	43.1%
Palatine	\$21,145,386	38.7%
Park Ridge	\$20,984,798	67.3%
Rolling Meadows	\$9,675,955	30.9%
Schaumburg	\$37,829,743	40.3%
Wheeling	\$13,009,544	38.8%

Average % of General Fund Expenditures for Municipalities 43.5%

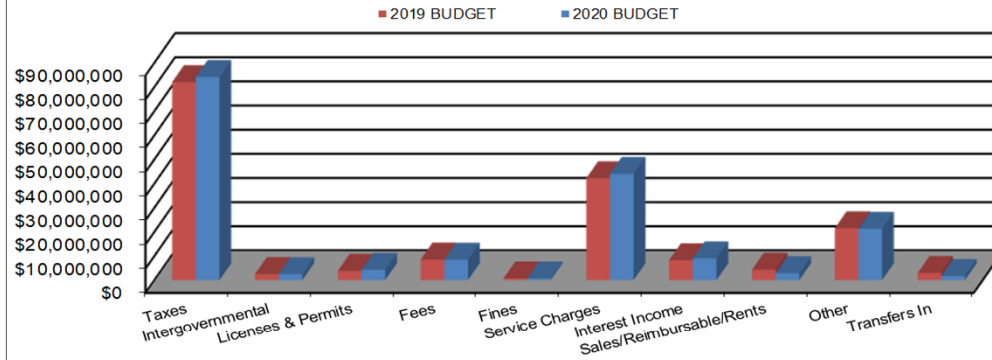
Other Taxing Bodies

Arlington Heights Park District	\$3,027,888	62.0%
Arlington Heights Memorial Library	\$6,380,058	46.1%
Arlington Heights School District 25	\$51,246,574	57.1%
Community Consolidated School District 21	\$5,583,085	4.6%



WHERE THE MONEY COMES FROM ALL FUNDS REVENUES

2019 Budget vs. 2020 Budget



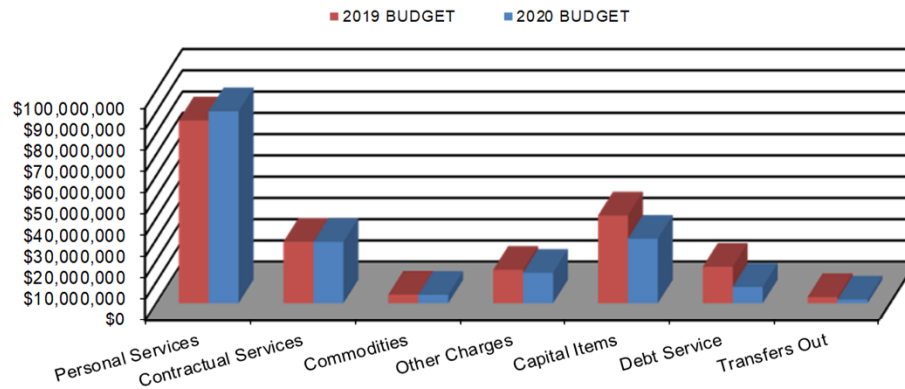
	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Taxes	76,732,152	80,742,551	82,016,463	84,106,150	2.5%
Intergovernmental	1,257,846	552,903	2,475,134	2,451,800	(0.9%)
Licenses & Permits	4,033,890	4,314,641	3,833,500	4,262,500	11.2%
Fees	7,506,191	8,457,306	8,519,400	8,474,400	(0.5%)
Fines	684,224	639,367	696,100	661,100	(5.0%)
Service Charges	36,953,910	39,003,305	42,200,100	44,013,200	4.3%
Interest Income	31,223,796	(7,412,028)	8,243,400	8,965,300	8.8%
Sales/Reimbursable/Rents	3,114,355	3,758,875	4,306,300	2,869,700	(33.4%)
Other	13,100,551	26,905,983	21,486,900	21,254,500	(1.1%)
	174,606,915	156,962,903	173,777,297	177,058,650	1.9%
Reserves	0	0	125,859	61,000	(51.5%)
Transfers In	9,198,372	1,731,011	2,944,600	1,733,100	(41.1%)
Total Revenues	183,805,287	158,693,914	176,847,756	178,852,750	1.1%



WHERE THE MONEY GOES

ALL FUNDS EXPENDITURES

2019 Budget vs. 2020 Budget



	2017 ACTUAL	2018 ACTUAL	2019 BUDGET	2020 BUDGET	% CHANGE
Personal Services	78,841,776	84,631,473	85,969,900	90,267,200	5.0%
Contractual Services	26,207,788	26,701,019	28,949,495	28,836,200	(0.4%)
Commodities	3,145,100	3,392,289	4,116,091	3,974,300	(3.4%)
Other Charges	15,998,972	15,924,116	15,730,201	14,338,300	(8.8%)
Capital Items	25,274,199	38,740,901	41,289,024	30,363,700	(26.5%)
Debt Service	7,089,718	7,172,000	17,183,200	7,671,400	(55.4%)
Transfers Out	8,898,372	1,731,011	2,944,600	1,733,100	(41.1%)
Total Expenditures	165,455,925	178,292,809	196,182,511	177,184,200	(9.7%)



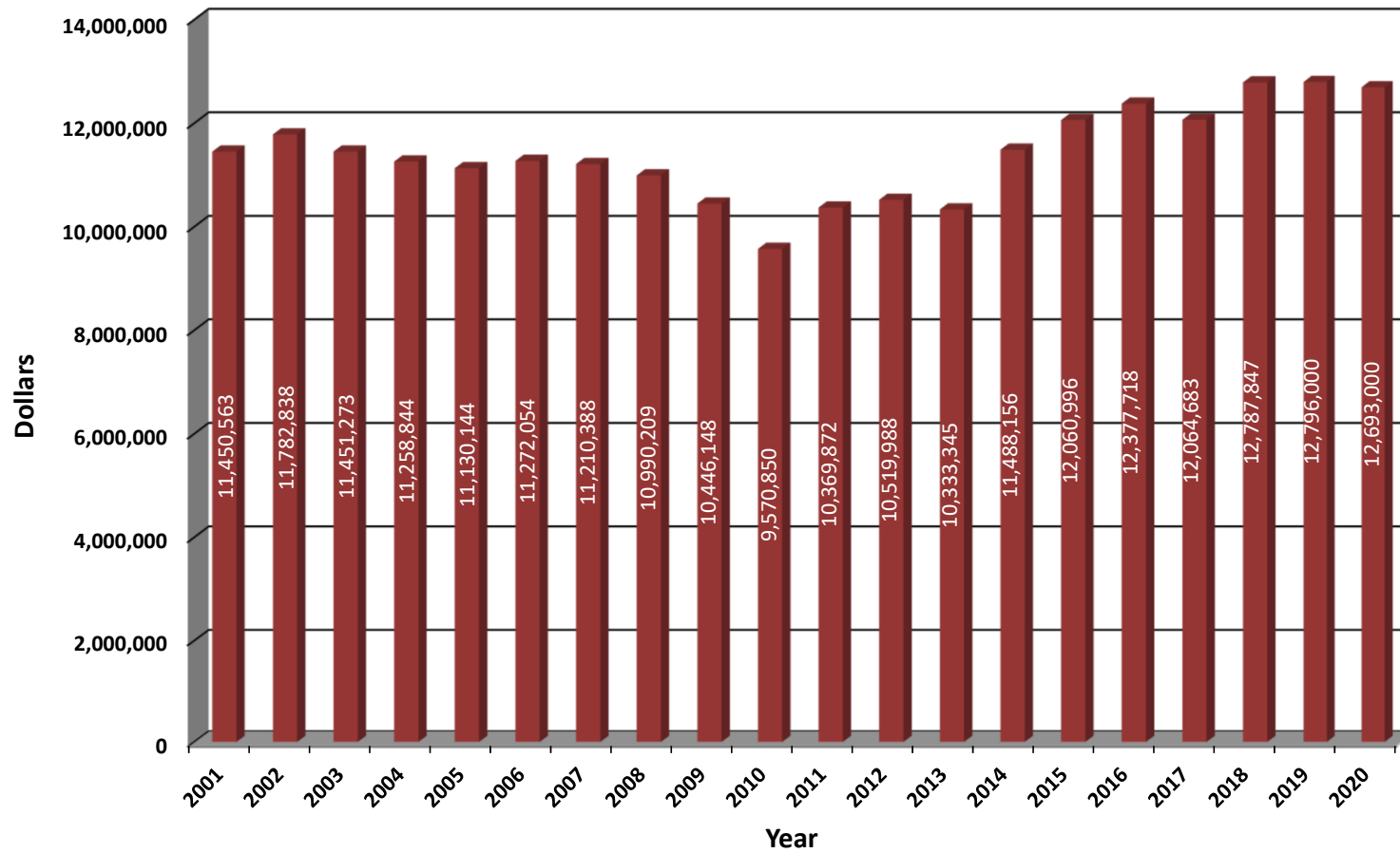
Personnel Changes



- New proposed positions:
 - Building & Life Safety – F/T Permit Tech (replacing P/T)
 - Integrated Services – IT Systems Analyst
- Additional Retirements = pressure to retain knowledge and find top talent
- Vacancies = Opportunities for Reorganization
- New lower cost retiree carve-out health plan, for retirees 65 and older



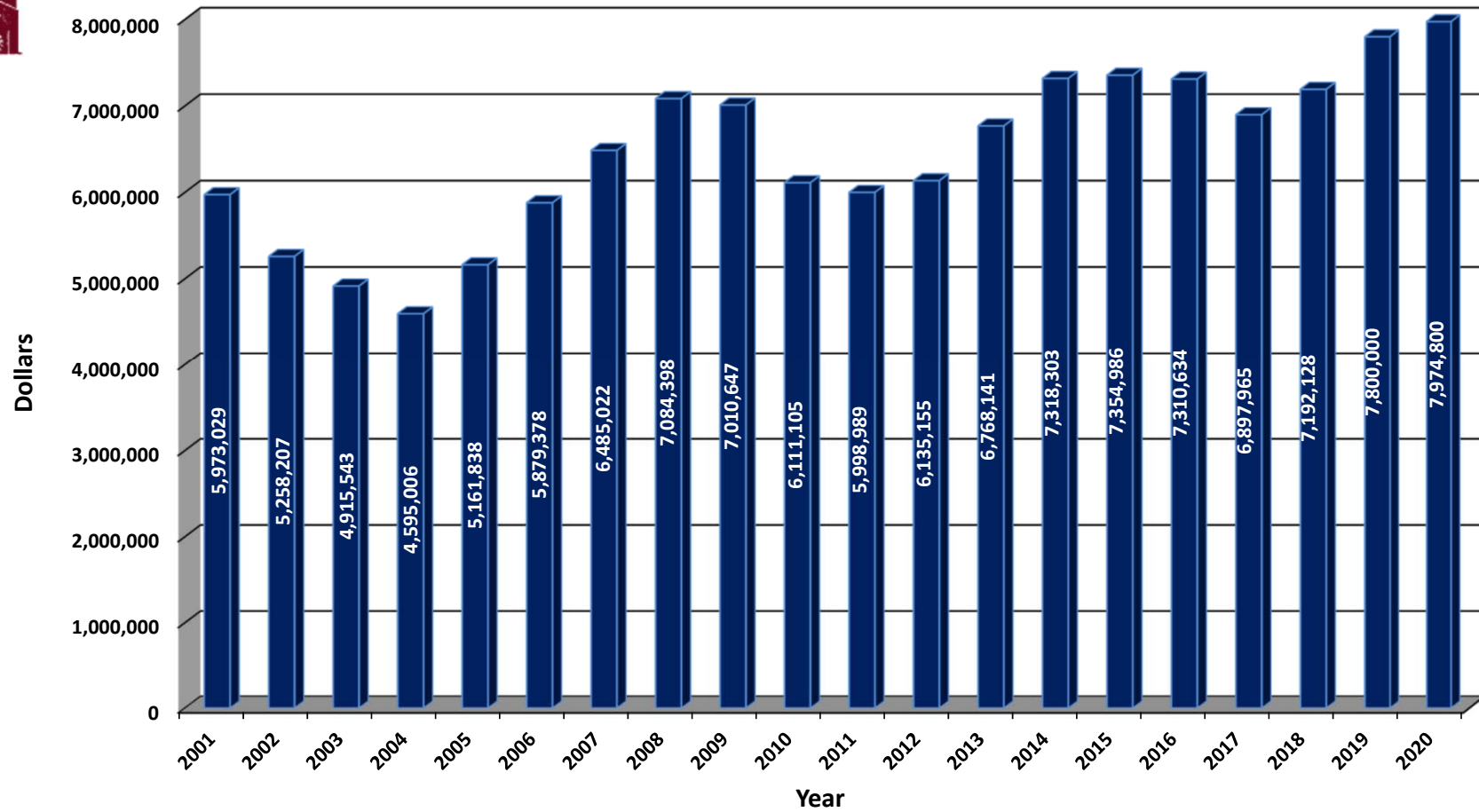
Sales Tax History



Note: The 8 month year was removed because of lower amount due to short year.



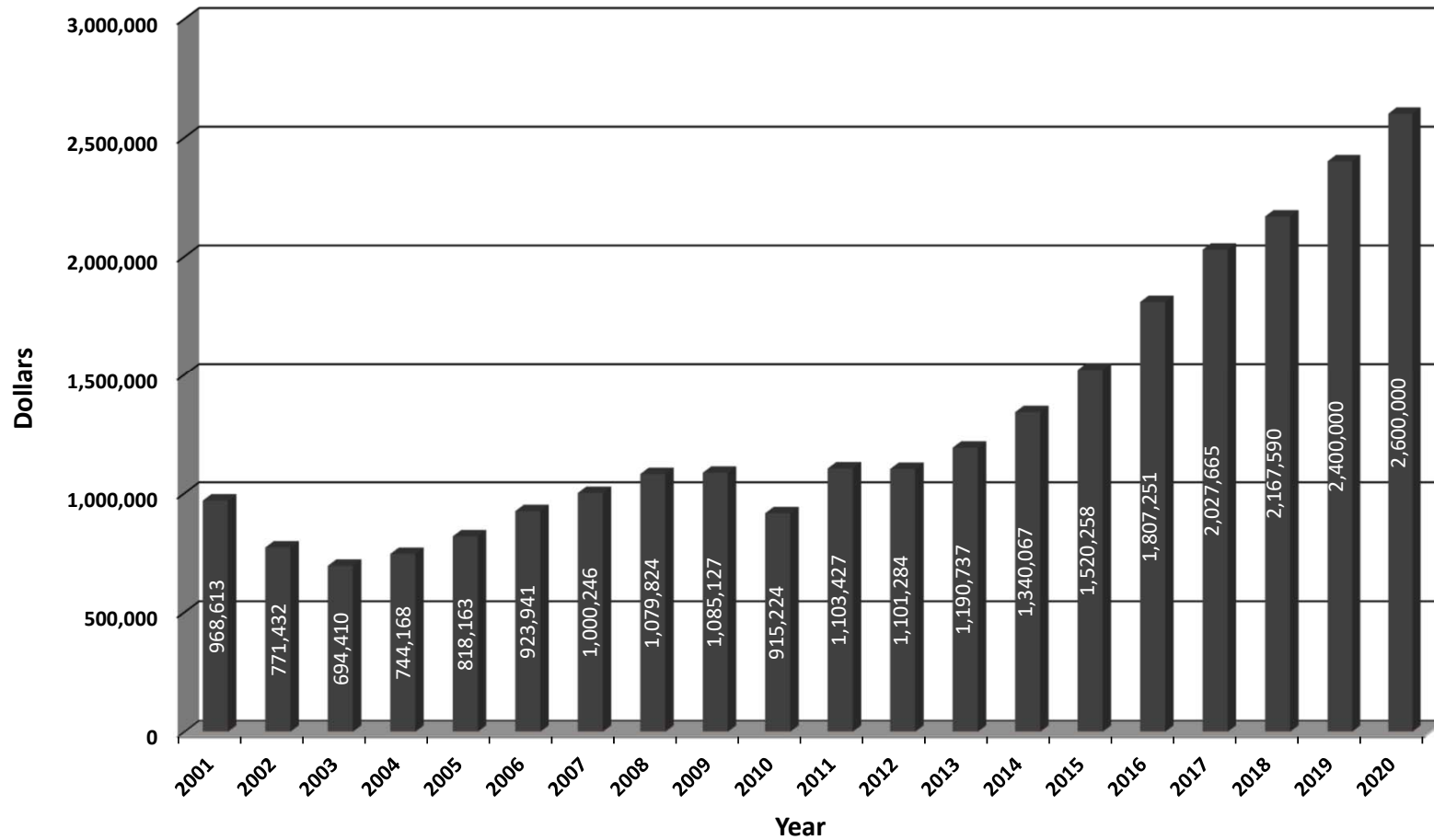
Income Tax History



Note: The 8 month year was removed because of lower amount due to short year.



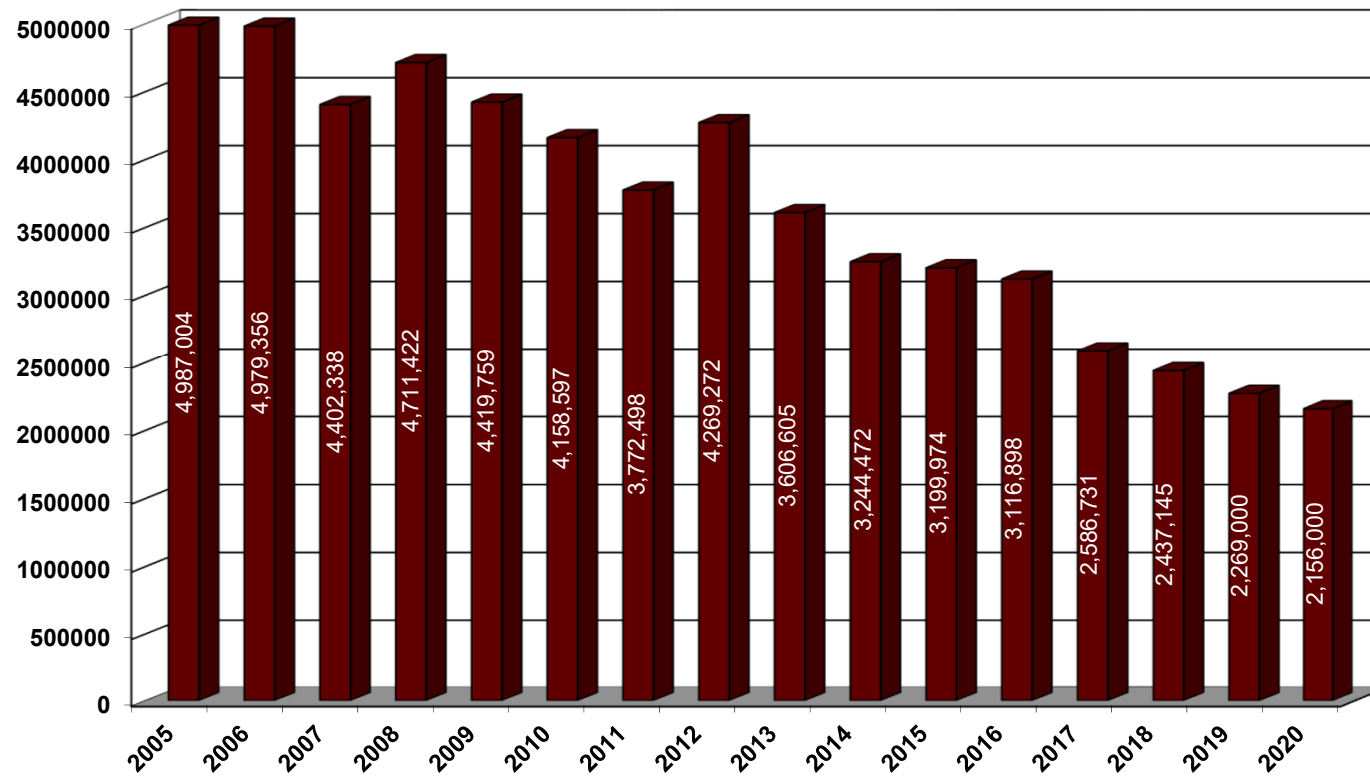
Local Use Tax History



Note: The 8 month year was removed because of lower amount due to short year.



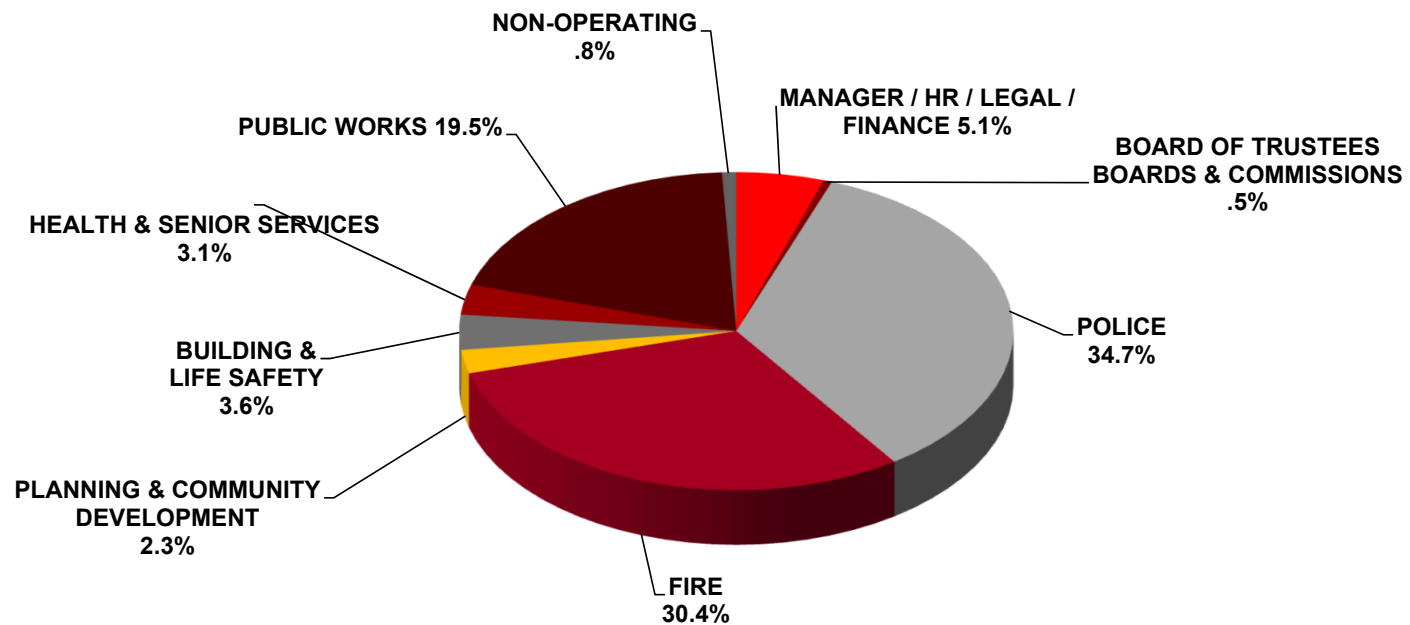
Telecommunications Tax History



Note: The 8 month year was removed because of lower amount due to short year.



General Fund Expenditures By Department





Water and Sewer Fund

Current Status

- Water and Sewer Fund revenues have been under budget 2016-2019
- Average gallons sold per year have decreased due to wet weather, water conservation
- Decreased cash position for the fund

2020 Actions in Response:

- Approved five-year water & sewer rate increase: 8.5%, then four 5% increases
- Planned \$8.5 million bond issue for water main replacement
- Increase annual water main replacement from \$2.5 M to \$4.5M
- Replace Automatic Reading System, ongoing water tank painting



Water Sales FY2005 – 2024

		GALLONS SOLD	WATER RATE	SEWER RATE	TOTAL RATE	REVENUE			
						WATER SALES	SEWER CHARGE	TOTAL	
FY2005	Actual	2,720,209,000	3.68	0.32	4.00	\$10,010,372	\$856,398	\$10,866,770	
FY2006	Actual	2,989,144,000	3.68	0.32	4.00	\$11,000,050	\$945,487	\$11,945,537	
FY2007	Actual	2,753,010,000	3.68	0.32	4.00	\$10,131,079	\$851,581	\$10,982,660	
FY2008	Actual	2,798,325,000	3.68	0.32	4.00	\$10,297,835	\$881,290	\$11,179,125	
FY2009	Actual	2,590,607,000	3.79	0.38	4.17	\$9,818,401	\$976,094	\$10,794,495	
FY2010	Actual	2,500,534,000	3.90	0.46	4.36	\$9,752,083	\$1,160,038	\$10,912,121	
FY2011	Actual	2,560,758,000	4.03	0.55	4.58	\$10,319,857	\$1,392,361	\$11,712,218	
FY2012	Actual	2,468,574,000	4.14	0.67	4.81	\$10,223,983	\$1,654,606	\$11,878,589	wet
FY2013	Actual	2,625,364,000	4.25	0.80	5.05	\$11,157,800	\$2,100,300	\$13,258,100	dry
FY2014	Actual	2,452,807,000	4.35	0.95	5.30	\$10,669,700	\$2,330,200	\$12,999,900	wet
FY2015	Actual	2,321,132,000	4.42	1.14	5.56	\$10,259,400	\$2,646,100	\$12,905,500	wet
2016	Actual	2,305,838,000	5.52	1.42	6.94	\$12,728,223	\$3,289,570	\$16,017,793	wet spring
2017	Actual	2,369,248,000	5.80	1.50	7.30	\$13,146,983	\$3,413,202	\$16,560,185	wet spring
2018	Actual	2,205,253,000	6.09	1.57	7.66	\$13,489,654	\$3,515,289	\$17,004,943	wet spring
Fourteen Year Average		2,547,200,214							
2019	Estimated	2,325,000,000	6.39	1.65	8.04	\$14,856,800	\$3,836,300	\$18,693,100	wet spring
2020	Budgeted	2,325,000,000	6.93	1.79	8.72	\$16,112,300	\$4,161,800	\$20,274,100	normal/wet
2021	Projected	2,325,000,000	7.28	1.88	9.16	\$16,926,000	\$4,371,000	\$21,297,000	normal/wet
2022	Projected	2,325,000,000	7.64	1.97	9.61	\$17,763,000	\$4,580,300	\$22,343,300	normal/wet
2023	Projected	2,325,000,000	8.03	2.07	10.10	\$18,669,800	\$4,812,800	\$23,482,600	normal/wet
2024	Projected	2,325,000,000	8.43	2.18	10.61	\$19,599,800	\$5,068,500	\$24,668,300	normal/wet



Capital Funds Overview





2020 Capital Projects Fund

- Ongoing \$6.2 million Street Program
- \$2.4 million Street Rehabilitation Program (MFT). \$600K higher due to increase in state gas tax – State Capital Plan
- Downtown Streetscape Improvements
- Rand Road Corridor Identification Enhancement





Workers Compensation Fund

The proposed 2020 Budget for this fund continues to reflect an annual deficit due to higher than normal claims payout experience.

Action Items:

- Staff to meet with IRMA to review claims experience, and existing workers compensation policies and procedures to determine what, if any adjustments can be made.
- The Village will increase its internal service charge to its operating funds by 5% per year for the next three years.



Notable Budget Changes for 2020

- Total 2020 Budget decrease due primarily to the 2019 bond refunding and the \$9.5 million payment to the escrow agent, and lower overall capital project costs.
- Initiate a multi-year plan to replace the Village's Enterprise Resource Planning (ERP) business management software
- Increase annual water main replacement from \$2.5 million to \$4.5 million to reach industry standard 1% replacement goal.
- Implementation of storm water control projects:
 - Enhanced Overhead Sewer Program
 - Area D - Green briar/Roanoke/Wilke
 - Area C – Burr Oak/Burning Tree/Hintz west of Arlington Heights Rd