

**COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE PRESIDENT
AND THE BOARD OF TRUSTEES OF
THE VILLAGE OF ARLINGTON HEIGHTS
VIRTUAL MEETING
MONDAY, NOVEMBER 9, 2020
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, M. D’Onofrio, J. McCalister, N. Pecora, M. Juarez, K. Baumgartner, M. Mattio, B. Hume, 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 2021 – Randy Recklaus/Tom Kuehne
 - C. Village Budget – Questions from the Village Board
 - D. Review of Department Budgets
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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 in 2018 the Library Board approved it’s 5-year strategic plan which includes four goals: 1) foster and increase connections; 2) redefine and refine digital technology services; 3) increase access to library services and enhance the patron’s experience of using the library; and 4) strengthen the internal work environment.

However, he said that in 2020 operations were “flipped upside down” due to the COVID-19 pandemic. Mr. Suplitt stated that the Library was a life-line for residents in this moment of crisis and Library staff moved to provide services online and expand e-services. In May, the Library resumed limited services and introduced curbside pickup. Mr. Suplitt concluded his presentation by explaining their use of the General and Capital Funds to account for their revenue and expenditures, and proposed the replacement of an air handling unit. The Library’s fiscal year 2021 budget requires no increase in tax levy.

Trustee Baldino thanked the Library for their presentation and for proposing a budget that has a 0% increase in the tax levy. He asked Mr. Supplitt to provide additional information as to why the Library Capitals Projects Fund budgeted \$1M for “other equipment” in 2021 in comparison to \$27,000 in 2020. Mr. Supplitt stated that it is attributed to the replacement of the air handling

unit and all the units on the roof which are original to the building. Trustee LaBedz inquired about the noise of the air handling unit, as the one previously installed in 1993 was extremely noisy which was an irritant to the neighbors and surrounding areas. Mr. Supplitt assured Trustee LaBedz that Mike Driskell and his staff have done all the research and they are confident the unit will meet all the village codes and will be acceptable to the neighbors.

Trustee Rosenberg asked about the opening of the Maker's Space. Mr. Supplitt stated that it was supposed to be open now, however that has been delayed because of the COVID-19 pandemic. They also uncovered some infrastructure issues with the sewer, roof, HVAC and electrical which will require revising specification and re-bidding expenditures to meet the original budget. Construction will not begin until possibly early 2021, after bids have been reviewed. The new projected opening date would take place in Summer or Fall of 2021. Trustee Rosenberg asked Mr. Supplitt if he believes expenses have reduced as he recalls that some library employees would be diverted to the Maker's Space. Mr. Supplitt stated that they are not increasing the number of full-time employees to staff the Maker's Space; instead they are eliminating a full-time employee. Trustee Rosenberg also wanted to know if they anticipate revenue from the Maker's Space. Mr. Supplitt believes so.

Trustee Schwingbeck asked about the finance expenditures for IT Service charge as it increased from the \$20,000 to \$129,000. Donna Ekl, the Library's Director of Finance, said that amount represents the annual service charge to the Village.

Trustee Scaletta moved, seconded by Trustee Canty, 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

Village Manager, Mr. Recklaus began by thanking everyone present and acknowledged that the budget process is an elaborate one. He thanked Mr. Kuehne, Mr. Baumgartner, Ms. Juarez, Ms. Mikula and all the department directors and their teams for all the work they put into the 2021 budget.

Mr. Recklaus stated that this has been a strange year. Reflecting on the COVID-19 pandemic, he states that it's been a difficult year for the economy, businesses and health-wise. That people are thinking differently, organizations have had to be more adaptable and creative and we've all had to perform our jobs differently. Nonetheless, the economy has impacted the budget with several revenues down; and some up because of how consumption has changed. He goes on to say that budgeting involves a fair amount of guessing and prognostications. Mr. Recklaus stated that the 2021 budget is a very conservative one, but he is confident that the Village will continue to provide and maintain services to its residents and support local businesses.

Mr. Recklaus began his presentation by highlighting the Village's financial response to the pandemic. Efforts included the temporary elimination of utility late fees, refunds for parking permits, interest free loans for small businesses and deferral of food and beverage tax to mention a few.

Mr. Recklaus continued by saying that the Village has 48 less positions today than in 2009. Current vacancies are carefully evaluated to determine if the Village can proceed without replacement, change the job description, or temporarily maintain the vacancy to save money. Mr. Recklaus stated that despite a reduction in revenues, the Village is seeing a higher demand for services, in particular a great demand from Health and Human Services. He said that overall, the 2020 General Fund expenditures are projected to be about \$1.7 Million under budget.

Mr. Recklaus stated that the proposed 2021 Budget includes a 0% increase in the tax levy. He said this is due in part by having reduced the pension liability which in return reduces the property tax requirements. The Village was also able to reduce the annual debt by \$259,000; lower the capital improvement levy by \$1.5 Million; and the health insurance cost was much lower than anticipated. Mr. Recklaus stated that despite the reduction in expenditures, it is proposed that the Village will use about \$690,000 in General Fund reserves to balance the budget. Mr. Recklaus continued by reviewing the Village's 2021 priorities and areas of focus.

Mr. Recklaus stated that over the last few years there have been efforts to improve infrastructure investment levels to sustain the industry standards for water, roads and storm water systems. He highlighted a few key infrastructure projects for 2021 including water main replacement, street rehabilitation and replacement, storm water control program and implementation of the Enterprise Resource Planning (ERP) software.

Mr. Kuehne outlined the proposed property tax levy. He started with an explanation of the tax bill and history of the tax levy. The highest percentage of the tax bill goes towards education, while the Village's portion of the tax bill has remained at 12%. He stated that this is the second year with a 0% increase in property taxes. He said in part, that was achievable by the reduction in the police and fire pension fund levies due to decreasing the unfunded liabilities and good investment returns in 2019. Further, Mr. Kuehne compared the services and costs provided by the Village of Arlington Heights in comparison to surrounding communities.

Mr. Kuehne continued with an explanation of where funds come from – which include the capital fund, operating fund and pension fund. He predicted that revenues will decrease by 2.8% in 2021. He went on to say that the overall expenditures will increase by 4.2% due to ongoing capital projects.

Mr. Recklaus touched on some personnel changes. The budget reflects a reduction in staff by 1.5 full time equivalents. The Village has also reduced Village Prosecutor expenditures by outsourcing some cases to the county and usage of the local adjudication process. He also notes that 31% of Village staff are eligible to retire.

Mr. Kuehne presented historical trends of sales tax, local use tax, income tax and telecommunications tax. He expects improvements after the first quarter of 2021, and is hopeful that a full recovery will come after 2022. Pertaining to use tax, which is taxation for purchases through the internet, he stated that there have been large increases in these taxes. He added that the State will require online retailers and marketplace facilitators to collect not only state sales tax, but also local sales taxes as of January 1, 2021. As for income tax, Mr. Kuehne stated

there wasn't much of a decrease in 2020, yet there will be an 8% decrease in 2021. He added that due to voters turning down the Fair Tax Amendment, the State now faces about a \$5.1 billion deficit.

With regards to the Water & Sewer Fund, Mr. Recklaus stated that over the last few years the Village has increased the annual water main replacement program from \$500,000 to \$4 million per year. This will allow replacement of 1% of the system per year. He then mentioned the funding of the sewer rehabilitation replacement program and water tank painting program. Also note-worthy is that the Federal EPA has mandated the implementation of a risk and resiliency plan. The plan will cost \$786,000 to implement, of which \$728,000 will come from a member grant by the Northwest Water Commission.

Mr. Recklaus moved on to discuss the Capital Projects Fund. Projects for 2021 include an ongoing street program; street rehabilitation program which is funded by the Motor Fuel Tax; upgrades to the phone and A/V system; and potential improvements to the downtown streetscape.

Mr. Kuehne discussed the Arts, Entertainment & Events Fund. He mentioned that this fund has been affected greatly by the pandemic. He stated that the primary source of revenue for this fund is the Food and Beverage Tax, which has decrease significantly. Mr. Kuehne mentioned that the Village owns one of five units in the Metropolis building, and that during the last two years, reserve monies were drawn down due to elevator repairs. He explained that the building was constructed in 1999-2000 and will need a new roof and a number of other projects in the near future. As a result of this upkeep, the building reserve fee will increase 26% in 2021 and will continue to increase for a few years thereafter. Mr. Kuehne proposed a one-time transfer of \$450,000.00 from the Public Building Fund to bridge the current gap in funding.

Mr. Recklaus added that the AE&E Fund has had difficulties sustaining itself. He doesn't know what impact COVID will have on 2021 community events and suggests rethinking future downtown events and what they will look like. He highlighted the success of Arlington Al Fresco.

In summary, Mr. Recklaus stated that this is very much a maintenance budget. He mentioned a few fortunate events that have allowed the continued funding in other areas of the budget such as: increase in Motor Fuel Tax, award of grants, and closure of the Public Building Fund. He emphasized the importance of ERP software, and believes that it will result in savings and greater efficiency in the long-run. Lastly, he mentioned the continued review of the Fleet Operations Fund and the attempt to encourage Departments to extend the life of their vehicle.

Trustee Rosenberg asked Mr. Kuehne to explain why Police and Fire Protection show a large dollar and percentage increase in the tax levy. Mr. Kuehne said the reason is due to a decrease in other tax levy areas, therefore allowing the Village to move toward balancing the General Fund through increases in the Police and Fire Protection levies. Trustee Rosenberg inquired about the decrease in commodities from reduction in medical supplies. Ms. Juarez stated that reduction does not pertain to COVID supplies. Instead the reduction was due to less transports, therefore needing fewer medical supplies. Mr. Kuehne added that the decrease was also due to less oil and fuel being used.

Review of Department Budgets – Department Representatives

Board of Trustees/Integrated Services

Mr. Recklaus began by mentioning that there will be two new trustees coming in May. The orientation process and department presentations will be held in the spring and the Village Board will set goals in early summer.

Ms. Mikula presented the Integrated Services budget which includes the Village Manager's Office, IT and GIS. In addition, she also presented the Legal Department budget. In regards to Integrated Services Department budget, she stated that it is a maintenance budget and noted that most all line items have stayed the same or have decreased.

Trustee Rosenberg inquired about the cost of the ERP software. He recalled a prior allocation of \$2 million towards the software and questioned the total \$4 million budgeted for 2021. Ms. Mikula stated that the initial numbers are two years old and were not a projected total cost. She said that in comparison with other communities going through the ERP process, and receiving 13 vendor responses to the RFP, the numbers are in line with the 2021 budgeted amount. Mr. Kuehne added that he has seen the total estimated cost range from \$1.7M to \$4.6M, depending on the complexity of the program. Mr. Recklaus also added that a vendor has not yet been selected and that once it has, there will be negotiations and selection of specific features. He stated that some vendors are cheaper upfront, but more expensive in the long run.

Trustee Baldino asked if the completion of the ERP software is still on schedule for the end of next year. Ms. Mikula said that it is not, and the timeline will be adjusted accordingly. She projects implementation and training will take place in 2022 after demos have been completed, a vendor selected, negotiations take place, and the contract is implemented. Trustee Baldino asked if there is a projected return on investment. Ms. Mikula said that cost savings may potentially come in personnel costs as the program will automate what is currently heavy manual/data entry work.

Trustee Padovani shared his experience in working with healthcare clients. He witnessed a client invest in electronic medical records system that changed the way people did their job. There was some immediate initial return on investments. However, the automation allowed for savings in unforeseen areas and improvements in efficiencies and effectiveness in workflow, therefore providing better services. Ms. Mikula agreed and stated, we are excited about the increase in service level to residents and the community.

IT Budget

Ms. Mikula stated that the IT department has been very busy with a 4.2% increase in service calls in comparison to 2019. Most line items in the Technology Fund have remained the same or decreased. The most significant variance is the 49.8% decrease in training budget. The ERP software cost is reflected as an increase in the office equipment account.

Legal Budget

Ms. Mikula presented the Legal department budget. She noted that there is a 7.7% decrease from the prior year due to the elimination of the in-house counsel position and an increase in village attorney fees. The Village will be utilizing their Administrative Adjudication Program and redirecting DUI enforcement to the State's Attorney's Office for additional savings. She highlighted some accomplishments, including the negotiation agreements with the police and fire unions, amendments in the building codes, and transition to an outside Village attorney. She noted that a priority for 2021 is to review and propose amendments to the liquor code.

Trustee Rosenberg asked Mr. Recklaus how the \$228,000 budgeted amount for the village attorney came about, and if that amount includes a certain number of billable hours, an hourly rate, and a monthly cost. Mr. Recklaus stated that the budgeted amount is similar to that of the prior in-house counsel and that the Village has control over how much the Village Attorney is utilized. In regards to the in-house attorney, Mr. Recklaus said that she focuses more on code interpretation, contract review, FOIA requests and the day to day interpretation work. Trustee Rosenberg asked if any other projects are anticipated for the outside attorney. Mr. Recklaus said that they will be heavily involved in community developments, policies regarding executive session minutes, and will provide recommendations on general updates.

Human Resources

Ms. Rath began her presentation by acknowledging that the use of technology has increased village-wide. She highlighted that the HR Department introduced and initiated the Village's Diversity Equity and Inclusion Initiative, began efforts for a more diverse recruitment, and worked with the Health and Human Services Department to create an inclusive culture by reviewing employment practices and outreach to disability agencies. Ms. Rath acknowledged that work and life during the pandemic can be stressful and worrisome. Therefore, the well-being committee has continued to provide information about webinars and workshops related to the effects of the pandemic to promote and maintain a safe work place for employees, their families and co-workers.

Trustee Rosenberg asked about the 20% decrease in the amount of money being contributed to deferred income programs, yet the number of employees increased. Ms. Rath said the two are unrelated and that the money being contributed relates to Section 125 – Flexible Spending benefits. She suggested that it may have to do with newer employees not taking advantage of the program this early in their career. Trustee Rosenberg inquired about the 25% increase in costs for the fire department medical insurance for on-duty injuries. Ms. Rath said that the increase is attributed to injuries that occurred years ago, and the department is now realizing the cost. She explained that the employee goes through the duty disability process and if awarded, the additional cost depends on if the employee is eligible for additional benefits. Trustee Rosenberg asked Mr. Kuehne for his opinion on what an ideal fund balance would be for the Worker's Compensation Fund. Mr. Kuehne stated that the Village's experience in working with IRMA is still fairly new, therefore he couldn't provide an ideal amount at this early stage. Trustee Rosenberg suggested requesting data from IRMA for municipalities similar in size to that of Arlington Heights.

Finance

Mr. Kuehne began his presentation with some accomplishments which include updating the Village's investment policy, decreasing staffing levels by .5 full-time employee, and the increased sale of vehicle stickers in 2019 due to a new enforcement program. He stated that in 2021 the department will continue to prioritize the implementation of the 5-year fee and fine increase plan and the ERP software which is the biggest challenge, aside from dealing with the pandemic. With regards to the Capital Projects Fund, he noted a \$16,000 expense for a new envelope stuffing machine and a reserve of \$20,000 for ongoing equipment replacement for all departments. As for the General Liability Insurance Fund, Mr. Kuehne said there is a small increase of 1.7% due to higher building insurance rates.

Trustee Rosenberg asked about the cost for credit card transactions as it has gone up about a third, and expressed concern over the percentage the Village is being charged for said transactions. Mr. Kuehne stated that the increase is due to residents purchasing vehicle stickers with credit cards and residents taking advantage of setting up their water bill for automatic payment using their credit card. He explained that the assigned fee depends on the type of card being used for the transaction.

In regards to ambulance bills, Trustee Rosenberg asked why there is a decrease in the number of bills, payments received and amount billed, however there is an increase in the amount of payments received. Mr. Kuehne said there are new billing rates and the Village has started to write-off bills for residents who have a balance not covered by their insurance. He added that the 2019 amount billed includes all the write-offs. Trustee Rosenberg asked if the Village is making more adjustments to past due invoices that will not be collected on. Mr. Kuehne said that billing is more current because the collection process is skipped for resident's whose insurance has covered their portion of the bill. Mr. Recklaus added that it has been a successful program as receivables have increased and residents are paying less. He noted that the Village recently made another change that could result in receiving a greater share from the government for Medicaid billing, and that it is not reflected in the 2021 budget.

Trustee Baldino asked if any additional information can be provided pertaining to the A, E & E Fund as the actual 2020 expenditures versus the 2021 budgeted amount has more than doubled. Mr. Recklaus stated that the Village is assuming full cost but not assuming full revenue. Mr. Kuehne added that most of the 2020 events were cancelled, affecting the expenditure bottom line. Trustee Baldino asked if the transfer of \$450,000 into the fund was to create a reserve going forward. Mr. Kuehne explained that it represents a funding bridge for this fund due to the large decrease in Food & Beverage Tax revenues projected for 2020 through 2022.

Trustee Canty asked if residents in need have used the emergency assistance fund and businesses applied for the no-interest small business loans. She asked how those programs worked, what the Village's plan is for 2021, and if it should be budgeted into 2021. Mr. Recklaus stated that the emergency assistance fund for residents has been going well and there is still money to fund the program. There are additional funds from Arlington Cares and a HUD grant. As for the restaurants, Mr. Recklaus said the amount allocated for small business loans was not used in its

entirety. He is waiting to see if there is another stimulus and will revisit the idea in the next month.

Health Services

Mr. McCalister presented the budget for the Health & Human Services Department. The proposed budget is a standard maintenance budget with no increase in line items and expenditures. The combined budget increased by 1.4% in expenditures. Mr. McCalister said that the social services division has provided residents affected by COVID-19 with financial assistance, and by providing mental health services to those who have lost insurance coverage. In addition, Environmental Health Officers have responded to 75 complaints from residents and business pertaining to COVID-19. The nursing services division has remained up-to-date with the ever-changing information regarding COVID in order to assist residents, Village employees, and the administration. They also began assisting the Cook County Department of Public Health with contact tracing for Arlington Heights residents only. Senior Service staff have evaluated these services and facilities. Arlington Cares and The Arlington Heights Senior Center Inc. both have had successful fundraisers to supplement the budget.

Trustee Scaletta asked why medical insurance is up 45% for senior services. Mr. Kuehne explained that health insurance costs attributed to each Department is based on the number of people participating in the plan and that the cost fluctuates anytime there is a change in type of coverage.

Trustee Baldino asked if all the emergency assistance funds are being used and will any remaining funds rollover to the following year. Mr. McCalister said it depends on which category he is referring to. The emergency assistance fund totals are a combined contribution donated from the Village of Arlington Heights, Arlington Cares and federal funds and yes, any unused funds will be rolled over to the following year.

President Hayes welcomed Tracey Colagrossi and asked if she could summarize what is happening at the Senior Center and the morale of the senior population. Ms. Colagrossi said the Senior Center had a modified re-opening on July 6th. As of October, they have had 1,700 seniors come through the doors. Seniors are feeling more comfortable, safe and relieved to have some normalcy. Classes are limited to 10 people and everyone must wear masks and follow directional signs. She stated that the virtual program is excelling and seniors are warming up to it.

Building & Life Safety

Mr. D'Onofrio presented the 2021 budget, and stated that there is a reduction of 1.2% in comparison with the 2020 budget. He shared that in 2020 thus far the department has updated building codes, implement an electronic building permit process, digitized most records from Microfiche to Laserfiche, and despite the pandemic, inspections have continued with a next day turnaround. He stated that improvements in customer service and updated webpage information are priorities for 2021.

President Hayes noted that a lot of residents and businesses have done remodeling projects during the pandemic and asked if there is any sense as to how many permits have been issued. Mr. Fink said that he had noticed an increase in residential building permits to complete remodeling's and additions, and has seen a decrease in permits for larger projects.

President Hayes, Trustee Tinaglia and Mr. Recklaus discussed the importance of improving the Building Department as a whole.

Trustee Scaletta asked Mr. Recklaus who set the 2021 goals for the department. Mr. Recklaus said it was a combined effort between himself, Department managers and Steve Touloumis. He acknowledged the goals will be adjusted once the new Director starts. He said that the Director will be given a certain amount of time to assess the Department and give his/her professional opinion on necessary changes, and a timeframe to complete those changes and course of action.

Police

Chief Pecora presented on the Police Department's 2021 budget. The proposed budget is less than that approved for 2020. Chief Pecora explained that funding for police services comes from the General Fund, Criminal Investigation Fund, and a portion from the Municipal Parking Fund. He highlighted that in 2020, his department implemented the use of DACRA which is an electronic ticketing platform; increased the capacity of public service officers to take non-criminal police reports; created a cannabis task force; will continue to seek funding for the CARE program; and increased outreach to attract diverse recruits. He mentioned that his department has not seen any impact from the sale of legalized cannabis, and attributes the decreased personal injury and property damage accidents to the dedicated work of the traffic unit.

Mayor Hayes thanked the Arlington Heights Police Department for the great work they do especially during the pandemic and the incidents of police brutality around the country. He mentioned that Arlington Heights has not had any incidents, and attributes that to the command staff and the respect that the community has for the men and women of the department. Trustee Tinaglia and Trustee Padovani also added their thanks.

Trustee Scaletta inquired about the change in use of crime labs from the State to a private lab. He asked Chief Pecora how that is going, and if he attributes the reduction in crime to that change. Chief Pecora said that the Police Department has seen nothing but benefits from using the private lab. He explained that the private lab is paid for with seizure money. With regards to the reduction in crime, Chief Pecora stated that he can attribute such reduction to the use of the private lab as they process evidence quicker, provide results quicker, ultimately resulting in quicker arrests.

Trustee LaBedz asked if Police Officers are finding the use of the training simulator a positive one, as they get the opportunity to experience a negative situation in a controlled environment for the first time versus in real life. Chief Pecora said that there are only positive outtakes from any type of training, and they have had nothing but positive feedback from Officers who have used it. He went on to explain how the virtual reality simulator works.

Trustee Rosenberg asked about training received from Nicole Espinoza of Health & Human Services Department relating to mental distress calls. Chief Pecora said they included Ms. Espinoza on a mental health training they attended a few years back. She now assists with training officers on how to deal with mental health crisis calls and how to deescalate a situation. Trustee Rosenberg asked who and when receives the training? Chief Pecora said that some training is provided at the police academy, but the Village provides annual retraining at which time officers are either given a refresher course or complete the full course. Trustee Rosenberg asked Chief Pecora to elaborate on the potential state immunity laws. Chief Pecora said that recruitment will be difficult if potential candidates fear they will be incarcerated for a split-second decision they made. In regards to the cannabis taskforce, Trustee Rosenberg asked if there is a process on how to detect if someone is under the influence. Chief Pecora said that he is not aware of any new field sobriety test to detect if one is under the influence of cannabis.

Trustee Baldino asked why the Northwest Central Dispatch line item fluctuated so much. Chief Pecora explained that this is a fixed cost attributed to the Village, wherein the Police Department pays 75% and the fire department pays 25%. Northwest Central Dispatch found an overage in last year's budget and provided municipalities two free months rather than reimbursement.

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE CANTY TO ADJOURN THE MEETING AT 10:35 P.M.