



MINUTES

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
March 9, 2015
7:00 PM

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Board Members Present:

Mayor Thomas Hayes, Trustees Blackwood, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor, & Tinaglia

Trustee Farwell arrived at 7:31 p.m.

Staff Members Present:

R. Recklaus, D. Mikula, T. Kuehne, M. Juarez, P. Robb, P. Wilkiel, All Department Heads and various Village Support Staff

Others Present:

Kerry Pearson, Deb Smart, Arlington Heights Memorial Library

IV. NEW BUSINESS

Mayor Hayes stated that the budget process is the most important thing that Village Board does as elected officials and said that the Board continues to be good stewards of the taxpayers' money. He explained that things are being done a bit different this year due to the shortened budget cycle period. He then introduced Mr. Kerry Pearson, President of the Library Board.

A. Arlington Heights Memorial Library Budget Review (Page 100)

Mr. Pearson introduced the Library staff and trustees who were present this evening. He mentioned that the 2nd Annual State of the Village Community Conversation Event will be held on April 29th, saying that representatives from the Village, Park District, Library and various school districts will be giving presentations.

Ms. Debbie Smart, Library Treasurer, stated that the Library Budget has an operating surplus, with a conservative revenue projection of \$13,856,783, and total expenditures of \$10,289,067. Ms. Smart went on to say that the Library Board set budget targets to allow for the 8-month year and that staff worked at the same level of detail as in a normal budget cycle. She said that the overall budget has a .2% increase over the current fiscal year's budget and said that once again there was a 0% tax levy. Ms. Smart went on to say that the intergovernmental revenue budget includes a fully funded per capita grant from the State which is received in FY2014-15, but added that because of current discussions regarding the State's budget, it is not known if the grant is being processed. She also said that there is concern with Governor Rauner's proposed budget cut of a 10% reduction in library support that comes from the Secretary of State's office.

Trustee Rosenberg asked what type of capital improvements were planned for the upcoming fiscal year. Some of the projects Ms. Smart mentioned include: repair or replacement of galvanized pipes and two sump pump systems, UPS power supply, strengthening the public network firewall, creating a teen marketplace, addition of more wireless access points, and new shelving, displays, and furniture for Kid's World, the audio visual area, and fiction areas, as well as having a place holder for expansion of services throughout the Village. Trustee Glasgow lauded the Library for making access to the Library available to everyone within the community.

Trustee LaBedz moved, seconded by Trustee Glasgow that the Committee-of-the Whole recommend to the Board of Trustees that the Board acknowledge with thanks the proposed budget for the 8-month period ending December 31, 2015 for the Arlington Heights Memorial Library Fund.

Ayes : 9

Nays: 0

The motion passed unanimously.

B. Village Budget Overview for the 8-Month Period Ending December 31, 2015 - Randy Recklaus/Tom Kuehne

Mr. Recklaus started by thanking Tom Kuehne, Mary Ellen Juarez, Pam Robb, Diana Mikula and the management team for a professionally run budget process. He made a special acknowledgement of Pam Robb saying that she is retiring as Budget Coordinator, that this was her 25th Village of Arlington

Heights budget, and that the Village was grateful for the hard work and dedication she has shown.

Mr. Recklaus went on to say that this year is different than normal budget years being that it is an 8-month transitional budget, saying that it was approached as an extension of the current fiscal year. He added that when the Village gets back to a regular full year budget, it will feature a more robust document and presentation. Mr. Recklaus said that because of the reduction of the number of budget meetings this year, questions were solicited from the public and Village staff and responded to by posting the answers online in advance of tonight's meeting. He added that it allowed staff to give more thorough and well researched answers to the questions received as well as increased transparency.

Mr. Recklaus said that staffing levels have remained unchanged and said that the year-over-year increase in payroll when prorated will be 2.24% saying that it is important to track that figure over time relative to projected increases in General Fund revenues in order to determine if we are operating in an operational and sustainable manner. Mr. Recklaus said it was worth noting that because the 8-month budget is more difficult to review due to the seasonal nature of a lot of the Village's work, expenditures are disproportionately or underrepresented during this particular 8-month period.

Mr. Recklaus said that staff takes a very conservative approach to what is included in the budget. He then touched base on some items that are not included in this proposed budget including the Governor's proposed reduction in the Local Government Distributive Fund (LGDF), but added that if such a reduction in the LGDF was to occur, the budget would have to be revisited and that there could be a substantial increase in the property tax levy or substantial decreases in essential services. Mr. Recklaus said that another item that is not included in this proposed budget is any increase in the contribution to the Metropolis Theater, saying that the Theatre is still in the process of developing a business plan which will include a request for a new Village contribution amount. He said that once the Village has their business plan, any requested increase in the contribution, along with any potential increase in revenue to offset the increase will need to be considered. Mr. Recklaus said that it is anticipated that the business plan should be received later this month and that staff will be submitting additional information to the Board on this topic over the next couple of days.

Mr. Recklaus went on to explain some of the changes between budget years. He said that most of the capital expenditures for the Municipal Parking Fund, Storm Water Fund, EAB Fund, and Water & Sewer Fund occur during the May to December period. He said there are no changes to the number of full-time equivalent employees overall, but said that there was some movement of existing positions within departments, including the shifting the customer service representative position to the Finance Department, and combining two half time positions (Building and Finance) to a full-time position in Building

due to the increased workloads. He also said that the temporary contract employee budgeted in the Planning Department last year has now been changed to allow for outsourcing of plan review when needed. Regarding health insurance costs, Mr. Recklaus said that the PPO plan will only increase 2.6% and that there will be a reduction of 6.9% in the HMO plan. He went on to say that money is budgeted for installation of needed new banners throughout the Village, and for an RFP for needed updates to the Village's website, explaining that the website has not been updated since 2009 and that there have been changes in technology and accessibility. Mr. Recklaus said that there will be a renewed focus on communications this year, saying that a citizen's survey is being conducted which will gauge how residents feel about the different services the Village provides, how well the services are utilized, and for feedback on what the priorities should be.

Mr. Recklaus said that a project of note is the storm water plan that has been worked on over the last several years, saying that the study is due in late spring/early summer. He said that the capital budget is completely programmed and that any improvements suggested as part of that study will have to come with either new revenues or from reductions in other costs. He finished by saying that architectural fees for the police building will be incurred during this shortened year. He said that the police space study has been validated and that putting an addition onto the existing police building will likely be more costly than constructing a new building.

Mr. Kuehne gave an overview of some of the percentage changes in the All Funds Revenues and Expenditures as shown in the proposed budget. He said that most taxes are budgeted proportionally for a 8-month year but that property taxes are budgeted at a full year because they are received within the 8-month time period. He also said that some levies have to be budgeted for a full year which includes Debt Service, Capital Projects, and Police and Fire Pension Funds. He explained that maintaining the tax levy at the current level provides capital funding sources that are needed. He mentioned two capital infrastructure projects which included transferring \$2 million from the General Fund to the Parking Fund for renovations to the Village's four parking garages, and a \$500,000 transfer from the General Fund to the Storm Water Control Fund which will help sustain the neighborhood drainage program and the sewer rebate program for a couple of years.

Mr. Kuehne gave a breakdown of an average property tax bill, saying that 66% of it goes to the Village's nationally ranked schools, 5% to the Library and about 12% to the Village. He continued by going over some of the Village's various funds projected revenues and expenditures.

Mr. Kuehne also wanted to recognize Pam Robb for her 25 years with the Village, saying that she has been an outstanding employee who is one of the most organized and most respected people at Village Hall. He added that integrity of budget numbers is so important. He said that his confidence in numbers gives the Village Manager and the Board confidence, saying that a lot of that is due to Pam's outstanding work behind the scenes.

Mr. Kuehne finished by talking about the two amendments to the proposed 8-month budget that came in after the budget document was prepared. One was regarding the reduction in the CDBG grant funds of \$9,380 and the other was on the timing of the municipal parking garage improvements and its first year cost projection increase of \$89,000.

C. Village Budget - Questions from the Village Board

Trustee Scaletta stated that the municipal garages are used by a variety of people and asked what and why improvements were going to be done. Mr. Chris Papierniak, Assistant Director of Public Works explained that the necessary improvements on the parking garages are going to be done in two phases, that they are based on the structural analysis that was done, and explained what effect salt penetration has on the structural steel and concrete. It was noted that the salt in the garages come from vehicles tracking it in from off the roads, and that the Village does not use salt when treating ice and snow in the garages.

Mr. Papierniak said that in the first year, if the bid is within budget, the municipal parking garage will be done completely, and said that the top decks of both the Vail Street and Minor Street garages will also be done. He explained that in repairing and sealing the top decks, it will prohibit further water and salt penetration. He went on to say the following year the remainder of the Vail and Minor street garages, as well as the Evergreen Garage will be completed. Mr. Papierniak continued by explaining the analysis that was done and felt that because of the results and the age of the garages, that it is prudent to address them now. Trustee Scaletta stated his concern with possible tripping hazards that may develop because of the water that freezes in the garages. Mr. Papierniak said that the best way to handle the slippage problem is strictly through maintenance and deicing, saying that Public Works has someone come in in the morning to address slipping hazards on all the decks in the garages. Mr. Kuehne added that these types of repairs will help reduce the Village's liability costs associated with a number of slip and falls. Discussion continued regarding the amount budgeted and with the bidding for repairs, as well as with repair of the Vail St. garage elevator.

Trustee Sidor asked if this proposed budget includes everything that is needed by the Police and Fire Departments to keep the residents, Officers and Firemen safe. Fire Chief Koeppen said that he is confident that this budget covers everything needed. Police Chief Mourning answered that he would like to see increased staffing levels in the future, but said that the Police Department is very well equipped and trained.

Trustee Glasgow asked if the budgeted amount for Police "Overtime Sworn" would be better spent on long-term staffing. Chief Mourning stated that the difficulty has been with officers having long term illnesses and/or disabilities, and with having five unfilled vacancies, explaining that the overtime is to

cover their shifts. Discussion continued regarding the process and challenges of fulfilling vacancies. Mr. Recklaus made note that in terms of staffing, all departments have made sacrifices by cutting staff over the last several years and are struggling to perform services that have been done for years at a certain level. Trustee Blackwood felt that Police and Fire need to be adequately staffed, saying that this is an area where she would not want to see cut.

In reference to the "IT/GIS Service Charge" line item and regarding the Village's messaging alert system, Trustee Glasgow voiced his concern with the process someone has to go through when they get a text message alert from the Village. Chief Mourning explained that this program has been well received and has over 3,000 subscribers with 10% of those choosing to receive text alerts over emails. He explained that multiple steps are needed because the text format is limited in size, saying that this is a software issue without a solution at this time. He recommends the use of the email format which contains more information and is much more thorough. Trustee Glasgow asked that different software be looked at in the future.

Mayor Hayes stated that he attended the State Senate Appropriations Committee hearings on the Governor's proposal to make a 50% reduction in the Local Government Distributive Fund (LGDF) and said that the Mayors who spoke before the Committee all said that the only option they would have if this reduction were to go into play would be to either raise taxes or to cut services. In response, one of the State Senators said that another option would be for municipalities to draw down on their reserves. Mayor Hayes asked Mr. Kuehne to comment on the state of the Village's reserves and why that would adversely impact the Village of Arlington Heights. Mr. Kuehne answered by saying that we would need to know if the Governor's proposal would be a one-time or an ongoing cut. Assuming it would be a permanent cut, he said reserves would eventually be drawn down to nothing in the long run. He said that the Village has made sure it preserves healthy reserves, saying that we are currently in a good financial position and have a very high bond rating because of it. He also said that if we had to look at the 50% reduction of the LGDF on an ongoing basis, we will have to look at service cuts or property tax increases.

Mr. Recklaus added that if you reduce your reserves, your financial position will resemble the State of Illinois', saying that having adequate reserves for unplanned events as well as having revenues that are sufficient to cover planned expenditures is what separates a financially solvent government from one that isn't. He also said that drawing down on reserves is not something that staff would recommend, saying that the Village has a very sound reserve policy, saying that on a short-term basis, that is what a reserve is for but on a programmatic basis it's not advised. Trustee Rosenberg stated that a component to consider is that the Village's sound reserves drives good bond ratings, which in turn determines the rate of interest that the Village can issue bonds at. Trustee Rosenberg commented that the Village's high bond ratings allow the Village to go forward when

infrastructure work needs to be done, saying that the low interest helps keep costs down.

Mayor Hayes and the Board thanked staff for all the work involved in putting together this transitional 8-month period budget and for all the detailed information that was provided to them ahead of tonight's meeting. Board members agreed that moving the budget year to a calendar year is a step forward, and will be helpful to discuss a budget before discussing a tax levy and also promotes transparency to residents and taxpayers of the Village.

Trustee Scaletta moved seconded by Trustee Farwell that the Committee-of-the-Whole recommend to the Board of Trustees that the Board approve the proposed budget for the 8-month period ending December 31, 2015 as amended through the review process.

Ayes : 9

Nays: 0

The motion passed unanimously.

V. OTHER BUSINESS

VI. ADJOURNMENT

There being no other business to discuss;

TRUSTEE TINAGLIA MOVED, SECONDED BY TRUSTEE LABEDZ TO ADJOURN THE MEETING AT 8:26 P.M. The motion carried unanimously.