



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
July 13, 2015
7:30 PM

I. CALL TO ORDER

President Hayes called the meeting to order at 7:30 PM.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

BOARD MEMBERS PRESENT:

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

Trustee Blackwood arrived at 8:10 p.m.

STAFF MEMBERS PRESENT:

R. Recklaus, D. Mikula, T. Kuehne, M. Juarez, D. Ruda, M. Mertes, P. Wilkiel

OTHERS PRESENT:

T. Guido, Chair, Arlington Economic Alliance

IV. NEW BUSINESS

- A. Recommendation of the Arlington Economic Alliance regarding Proposed Code changes to Section 6-505

Mayor Hayes stated that there have been some recent expiration of terms and some resignations of members due to no longer being qualified for the Arlington Economic Alliance. He said that the members have served notably and with distinction, and that their participation on this commission was very

much appreciated. Mayor Hayes went on to say that there is an opportunity for the Village to reinvigorate this very important economic resource.

Mr. Recklaus said that the proposal before the Board makes modifications to the business types and makeup of the Arlington Economic Alliance and is a result of discussions at Committee-of-the Whole meetings and of the hard work that the Alliance has done over the past six months.

Mr. Tony Guido, Chair of the Arlington Economic Alliance thanked the Board for the opportunity to discuss the proposed changes to Section 6-505 of the Municipal Code, saying that the section was outdated. He went on to explain some the changes which include; expanding members from 11 to 13, modifying the organizations in which the members are chosen, engaging representatives from various communitywide entities to participate at the meetings (non-voting), and making a change so that no more than five positions or terms would end in the same year. Mr. Guido stated that some of the communitywide entities include District 214, the Library, the Park District, and the Special Events Commission, and could include other entities. He also said that the connection with the Chamber of Commerce is important because of their knowledge of events and activities in promoting business in Arlington Heights.

Mayor Hayes said that the mission of the Arlington Economic Alliance is to support existing programs or to assist in the development of new programs, and not be charged with developing programs themselves, saying that this was a big change to the code in terms of what the Village Board's vision was for the Alliance.

Trustee Sidor asked what the connection was with the Special Events Commission and the Alliance. Mr. Mertes said that the Alliance thought that Special Events Commission should be represented and that it would allow the Alliance to be kept apprised of any updates or changes to community events that can affect the business community.

The Board was pleased with the proposed changes and thanked the Alliance for a great job in listening to the comments the Village Board had given them. Discussion took place regarding filling vacancies on the Alliance from the various types of businesses, and with the importance of making sure the entire Village is well represented, including the Uptown and South town areas. Mayor Hayes said the Village will do its best to get a cross section of business owners and operators, and said that he appreciates input and recommendations for filling the vacant positions as we move forward in the coming weeks.

Trustee Scaletta moved, seconded by Trustee Farwell that the Committee-of-the-Whole recommend to the Village Board adoption of an ordinance amending Section 6-505 of the Arlington Heights Municipal Code with the changes proposed by the Arlington Economic Alliance.

Ayes: 8

Nays: 0

The Motion carried

The Board congratulated Regina Schlamp on her retirement and thanked her for her service on the Arlington Economic Alliance and to the Community.

B. Operating Fund Overview / Recommended Budget Ceilings - 2016

Trustee Blackwood arrived at 8:10 P.M.

Mr. Recklaus said that the goal tonight is to guide staff through a review of the budget assumptions so that staff can commence the departmental budget process, saying that a lot of thought goes into these assumptions and that the approach that Mr. Kuehne and his staff has made is very detailed, and extremely conservative. He added that because of the change from a fiscal year, this will be the first year where the budget process will be aligned with the property tax levy process.

Mr. Recklaus went on to say that the future is not without challenges and that there is currently a lot of uncertainty at the State level. He continued by giving an overview of the General and Water & Sewer Fund revenue and expenditure assumptions, and noted that staff's proposed recommendation does not include any resolution to the storm water issue or additional funding for roads, saying that those items would have to be dealt with either by an unexpected surplus or an additional revenue source. He added that the only new General Fund expenditure item reflected in staff's recommendation is in regard to the \$200,000 per year pavement patching program that was discussed at the CIP meeting.

Mr. Recklaus went on to explain other General Fund revenue and expenditure scenarios should the State implement a property tax freeze and/or a reduction in the Local Government Distributive Fund (LGDF), saying that the Village would start to run a deficit in 2016 which would build upon itself and reduce the fund balance to under 25% by 2018. Mr. Recklaus went on to say that the Village's conservative financial practices would provide time to think about how to respond to changes the State may implement. He also said that the Village should monitor what the State is doing, but thought it wouldn't be prudent to modify the General Fund ceilings based on unknown scenarios.

Trustee Scaletta asked about increased costs of healthcare. Mr. Kuehne explained that staff is budgeting for an 8% increase in healthcare costs, but expects it to come in under that. He went on to say that when the draft budget is prepared sometime in October, we will have a better idea of what the costs will be, and said that any savings could reflect a lower proposed property tax increase.

Trustee Scaletta asked if the Village's bond rating would fall if a property tax freeze was implemented. Mr. Kuehne explained that bond rating agencies look at fund balances, saying that it becomes an issue when they continue to go down. Mr. Recklaus added that if losses were offset with an increase in additional revenues or corresponding cuts in expenditures the bond rating agencies would look favorably on it. Mr. Kuehne added that the Village has always been proactive with things as they come up. Trustee Scaletta stated that the cost of a new police station could increase if the Village's bond ratings go down and the rates go up because of the State's inability to manage their budget over the years. Mr. Kuehne stated that if State actions affect the Village's fiscal solvency, then there would be a risk of that.

Trustee Rosenberg asked about the Village's current bond issues and about new bonds for improvements for the storm water issues. Mr. Kuehne said that some bond issues will be maturing and new issues sold for the new Police building. He added that bonds retiring after that can be used for storm water control projects. He also said that there are different ways to fund storm water projects other than bond issues, including storm water fees and existing reserves. He also said that all potential storm water projects need to be identified and discussed by the Board before funding is discussed. Trustee Rosenberg said that it can hurt the Village if the State goes ahead with any of their scenarios. Discussion continued regarding how Village bond ratings could change depending on actions that the State may take.

Trustee Farwell said that although the Village may be able to take a hit the first year by any action that the State would make, he felt that it would still impact the Village's ability to run its government in the most efficient way for its constituents. Mr. Recklaus agreed, but said that based on the fact that we have reserves and given the uncertainty of not knowing what's coming, he thought that waiting to see what happens before changing the revenue or expenditure structure would be the wiser course of action.

Mr. Kuehne went on to say that the Village's estimated 2015 levy for 2016 is 1.39%, but said that the actual proposed levy will not be known until the draft budget is done. He explained that the proposed levy can be lower if health insurance costs are lower than expected, but said that it can also be higher if the State implements a property tax freeze. Mr. Kuehne also stressed that a funding source is needed for street work to be done in the Village. He said that an option for an additional property tax levy dedicated strictly for streets will be included in the draft budget for the Board's consideration.

Trustee Glasgow stressed his concerns with being able to keep up with pension payments and asked if there was any proposal that would exempt pension funds and debt service from a property tax freeze in order for the Village to fund what is State mandated. Mr. Kuehne said that no definitive information is known yet. He also said that the Village will be able to keep up with the mandated Police and Fire pension and debt service, but that it will affect operations and that there will clearly be reductions in services.

Trustee Farwell stated that the Village has already had reduction in services and a major reduction in staffing over the last several years and asked where the Village would have more reductions, saying that the State needs to understand that it would be in the delivery of basic services. Mr. Recklaus said that the Village had a reduction of staff that corresponded with the downturn of economic activity, but said that there is now an economic increase and that Village staffing levels still remain at recession levels. He said things are already quite challenging because current workloads are higher than they have ever been because we are operating with less staff, saying that it is having an impact on response times and with the quality of what we do.

Trustee Tinaglia thanked staff for the way they communicated the budget ceilings with what was currently happening with the State, saying that the way it was presented made sense. Trustee Scaletta said that staff has done a great job in being more transparent and hoped that more residents go to the Village's website where they can view documents that get discussed at meetings.

Trustee Scaletta moved, seconded by Trustee Sidor that the Committee-of-the-Whole recommend to the Village Board approval of the 2016 budget ceilings of \$72,253,100 for the General Fund; and \$19,526,700 for the Water & Sewer Fund.

Ayes: 9

Nays: 0

The Motion carried

V. OTHER BUSINESS

VI. ADJOURNMENT

Trustee Glasgow moved, seconded by Trustee Scaletta to adjourn the meeting at 8:42 P.M. The motion carried unanimously.