



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 13, 2017
7:30 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

President Hayes and the following Trustees Responded to roll; Scaletta, Sidor, Blackwood, LaBedz, Glasgow, Tinaglia and Rosenberg.

Trustee Farwell was absent.

Also present were: Randy Recklaus, Charles Perkins, Scott Shirley, Jim Massarelli, Mary Ellen Juarez and Becky Hume

IV. NEW BUSINESS

A. Proposed Stormwater Action Plan and Analysis

Mr. Recklaus outlined the proposed plan for recommended concepts based on last year's study results from CDM Smith and Burke. Staff will continue to refine the plan after this discussion. The potential improvements are not designed to provide protection from a 2011 sized event. If such an event were to occur again, it is likely that flooding would be experienced even if all of the identified improvements were completed. Since 2011, the system has performed well overall. Staff has developed recommendations based on the principles and direction provided by Village Board in August.

1. Prioritization: Given that all improvements cannot be done at the same time, the priorities are to reduce the incidence of structure flooding and reduce the incidence of street flooding of one foot or greater. This level of water in the streets makes it difficult for emergency vehicles to respond and increases the chances of structure flooding.

2. Funding Mechanism: use of a flat or categorized storm water utility fee (SUF).
3. Overhead Sewer (OHS) Program Enhancements: the use of overhead sewers is the most cost effective and robust way to reduce structure flooding in the Combined Sewer (CSTA) area.

The total cost of the new public improvements identified is \$38,429,000. If the OHS installation/relief sewer option was implemented in the CSTA and if construction costs were shared with the road program, the total project costs could be reduced to \$33,413,000.

Costs will likely be lower as many residents will not participate in the OHS. They may not participate because they don't think they need it, they don't have the money, or the home has been replaced with one that has an OHS. Mr. Recklaus walked through the estimated costs presented on Exhibit 1. Because of cost constraints, all the improvements cannot be done at one time.

Mr. Shirley presented the order of priority of the projects.

1. Provide immediate protection to the CSTA area residents through OHS enhancements. This would provide these homes with 10 year flood level protection.
2. In the Separate Sewer Ares, the goal is to reduce overland flooding in the following locations: Cypress, Greenbrier/Roanoke/Wilke, Campbell & Sigwalt, West Hintz, Race & Chicago, University Drive, Roosevelt/Cleveland, Burr Oak & Dryden.

Staff looked at the benefit to cost ratio by looking at the following benefits for each flooding area: Criticality of flooding, frequency of flooding and overall infrastructure condition.

Mr. Massarelli said OHS is a private property improvement, so homeowners must assume some financial responsibility. Homes that have the OHS have shown it to be the best solution to flooding. Older homes will continue to be at risk in future events. Today's program of reimbursing up to \$7,500 is not sufficient incentive for many people as only 180 homeowners have taken part. The average overhead sewer installation cost is \$12,000. Most of the flooding in 2011 was basement back up. To increase participation, staff proposed to enhance the program in one of the following ways:

1. Lesser of 75% reimbursement up to \$11,250
2. Lesser of 75% reimbursement up to \$11,250, plus 5 year 0% loan for resident portion.

Mr. Massarelli described how sewer flooding in homes occurs and how overhead sewers work to solve this flooding. OHS systems supplemented by a smaller amount of relief sewers will provide a higher level of service than if all the large relief sewer projects discussed in the CDM Smith report were completed.

Mr. Recklaus said the Village has spent \$56,000,000 on storm water efforts over the years (not adjusting for inflation). The Village's Storm Water Control Fund has received money transfers in from other funds, but has no dedicated

source of revenue. The Village needs to identify a sustainable revenue source for this fund to ensure the Storm Sewer Rehabilitation and the Neighborhood Drainage Improvement programs continue.

Based on Board direction from August, the ongoing storm water control programs should be funded by a Storm Water Utility Fee (SUF), see exhibit 2. If new projects are to be undertaken, more funding needs to be developed. This could come through an increased SUF, the issuance of General Revenue Bonds or the combination of the two. Bonds could be created upon the retirement of debt in 2020 and beyond. This would keep property taxes at their current level and would generate enough to pay for projects that would not be covered by SUF revenue.

Mr. Massarelli said grants will be actively pursued. Grants come with caveats, and the Village may not be able to comply. In addition, grant funding may not be available. Staff is not assuming that grant funding will be available, but it should be vigorously pursued. The appropriate time to pursue grants is during the design phase for each project. Engineering design firms generally have close relationship with State and Federal agencies that issue grants, and will generally be aware of which grants are active during a given period.

Mr. Recklaus said staff believes the following courses of action should be pursued:

1. Aggressive pursuit of grant funding.
2. Establishment of a new storm water management fee of \$6.25 per month per single family residential properties with a yet to be established but somewhat larger fee for multi-family, commercial and not for profit properties. Based on the priority ranking completed, the projects to be funded initially would include: Enhancement to OHS program, Construction of the Cypress Area Improvement, Construction of Relief Sewer for CDM Smith Area 4 (Campbell, Sigwalt, and Vail), Construction of improvements in Burke Study Area D (Greenbrier/Roanoke/Wilke)
3. Hold off on making a decision on future property tax revenues for additional storm water project funding at this time. There could be large changes in potential revenue based on the State Budget situation. This would keep the Village's options open.
4. Increase OHS incentive. Change it to a 75% reimbursement of up to \$11,250. Limit expanded flooding incentive to 400 homes.

Trustee Glasgow asked where the money came from for the existing Storm Water Fund. Mr. Recklaus said it came from a variety of sources. Since 2014 it has come from transfers from the General Fund. In 2017, money will be transferred in from the closing EAB Fund. Trustee Glasgow asked for clarification of the \$6.25 per month versus the \$3.25 per month SUF proposal. Mr. Recklaus said a \$3.25 fee will only keep up with what exists today. An additional \$3 per month would pay for the OHS expansion and the phase one improvements. Trustee Glasgow expressed concern on relying on people putting in an overhead sewer. He said he couldn't see how this could be mandated. He asked what the numbers would look like if not enough

people participate.

Mr. Recklaus said overhead sewers are mandated for new construction. If not enough people participate in the OHS expansion, there will be extra money in the Storm Water Utility Fund. That money could be used for other physical improvements or the Village could increase the OHS incentive funding. Trustee Glasgow said he was concerned that a lot of people just won't want to do it. Mr. Papierniak said there are 800 homes that have or could take on water shown in the model. There are more homes in the combined sewer area.

Trustee Glasgow asked if grants are in the assumptions. Mr. Massarelli said no. If grants become available, other projects can be brought forward. Trustee Glasgow asked if GOB bonds were not used, would the Village be able to fund all the projects. Mr. Recklaus said no, there is not enough revenue and there are no other funding mechanisms. Trustee Glasgow said he thinks GOB monies may be needed for something else.

Trustee Rosenberg asked if in Exhibit 4 the 2018 budget shows \$10,000,000 from a GO bond. Mr. Recklaus said the \$10 million would be from a Revenue Bond and the debt service would be included in the \$6.25. The \$10 million bond is part of the \$6.25 financing plan. It would not be a maturing bond that would impact taxes. The first \$3.25 pays for neighborhood drainage and storm water rehabilitation, the next \$3.00 pays off the bond.

Trustee Rosenberg noted that in the OHS area, three areas don't impact sewer cost. Mr. Recklaus said those three areas only have an overhead sewer component, no relief sewer large or small would be needed. Trustee Rosenberg asked if none of the homes put in OHS, what would be the additional cost to the Village for installation of bigger sewers. Mr. Shirley said in the areas where there is a smaller relief sewer it's the cost differential between the smaller/larger relief sewers. The cost would be \$11.4 million just for the 8 areas in the CSTA. This would not include Burke study areas or structure flooding areas. Trustee Rosenberg asked if it made sense to put in large relief sewers where there are fewer affected homes. Mr. Shirley said it is more cost effective to put in OHS. Trustee Rosenberg asked about resident education. Mr. Recklaus said nothing has been done to date since the program may change. Once the Board makes a decision, then it would be appropriate. Trustee Rosenberg said it was his inclination to leave it where it is and explain the merits to the residents.

Trustee Scaletta said he liked the methodology to prioritize how this is to be addressed. He asked if anyone can take advantage of the OHS. Mr. Shirley said anyone in the combined sewer area can and it increases property values. Trustee Scaletta said although the recommendation only accounts for a small amount of homes, many might take advantage of program. Mr. Recklaus said the assumptions are reasonable. Trustee Scaletta asked if the 798 homes would be notified directly. Mr. Recklaus said communication hasn't been developed yet. If communication is targeted to those homes, would be

something to address. Trustee Scaletta asked about the money in the fund now. Mr. Recklaus said the money going into the fund is from one time transfers. Staff wants to establish an ongoing reliable source of funding. The forecasting does not assume any future random transfers. The EAB funds are not in this fund yet. Some of the money came from the General Fund, some from the Capital Fund some will come from EAB. None of it was from a dedicated part of the tax levy. Mr. Recklaus said there is no tax levy money in this fund. Trustee Scaletta said as much as he doesn't want to increase OHS, he understands the benefits of it and it will save money in the long run. He said he will support it. He said he feels for the people who have done it already. He said he understood that the Village has to do something to engage residents to help us help them.

Trustee LaBedz said she agreed with the OHS and improved public education. She asked if a gutted home is required to install an OHS? Mr. Massarelli said teardowns have different levels of remodeling, so he was not sure where this requirement comes in on a remodel. Trustee LaBedz said if a home is being flipped, she would like to know. A lot of people won't do it because they believe Village should be paying for it. Trustee LaBedz asked what the Neighborhood Drainage Improvement Program does. Mr. Massarelli said it is a method for people who are having drainage issues, like a back yard that is a bowl and water sits for days. The program allows for an extended storm sewer connection to a location. There is some resident financial involvement. The program gives options where there aren't any others. Trustee LaBedz said she was concerned that there may not be many grants available. She believes grants are tax money too and is in favor of promoting the OHS.

Trustee Tinaglia asked why the Village wouldn't consider targeting the 800 homes. Mr. Recklaus said that is a policy decision, not an ethical issue. There are several thousand that would qualify for OHS, maybe as many as 10,000 properties. If 800 homes participated, it would cost \$7.2 Million. The \$3.6 Million allows the Village to spread out costs with other sewer needs. Trustee Tinaglia said he strongly encouraged an educational focus on the 800 homes. He suggested that fees could be assessed to new construction, tear downs and permits, to help offset the cost in the neighborhood. Mr. Recklaus said Engineering works with new home plans to minimize their storm water impact. Larger developments are mandated to have storm water control. These owners would argue they are impacting community less than before. Fees can be looked into. Trustee Tinaglia suggested if the cost of a renovation is beyond 50% of existing home value, that could be a line that to encourage overhead storm systems to be put in. Trustee Tinaglia said overhead sewers work only when the power is on and so people need power back up. He asked beyond the 800 homes, how many homes will have trouble with street flooding. Mr. Papierniak said about 80 homes are close to greater than 1 foot of standing water. Mr. Recklaus said in Phase 1 there are non-combined sewer projects for structure flooding issues. In some areas, street design is to blame.

Trustee Blackwood asked if there is another energy producing pump driver.

Mr. Shirley said battery backup systems are improved and can now pump close to what a primary pump does. A natural gas generator is another option. He recommended an automated transfer switch if you are not home. A portable generator works, but you have to be home. July 23, 2011 was bad because everyone was asleep. Battery backups cost between \$200 and \$300. Overhead sewers do not stop overland flooding.

Trustee Sidor asked if \$12,000 was the average cost for an OHS. Mr. Massarelli said of the 180 installed, the average cost was \$12,000 based on permit submissions. Finished basements will cost more than unfinished basements. Trustee Sidor asked what other communities have done. Mr. Papierniak said in Palatine a storm water utility fee of \$10 per month was added and the city bought homes and created detention in neighborhoods. They also installed an oversized sanitary sewer system. Trustee Sidor said it will take savvy marketing pieces, not the average mailing or water bill message to make this successful. He encouraged the Village to consider outsourcing the communication effort to make sure consumers embrace the program. He asked about multifamily properties. Mr. Recklaus said on a per parcel basis, a larger fee could be assessed for larger properties. He said a lot of larger properties have to maintain their storm water on their premises. He said staff will look at options for multifamily properties at a later date. Staff will also look at what neighboring communities have done.

Trustee Sidor asked for the Design Commission to develop a Green Program for homes to promote holding water back. Mr. Recklaus said that Green programs are a component of an overall strategy. The now defunct MWRD Rain barrel program is an example of one of the ways the Village promotes water retention. Education is important to give people tools to do things on their own properties. The Village is looking at Green options on its own Police Station project.

Trustee Tinaglia suggested new homes could be charged a fee for having down spouts at grade level. Mr. Recklaus said that can be done, but this will not get the Village out of this situation. Trustee Tinaglia said the Village should partner with the Library and Park District in obtaining grants. Mr. Recklaus said one of the challenges is that the Village has to fix things when they deteriorate, sometimes, it cannot wait for grant money. In this process, the Village has a little more flexibility.

Mary Jo Warskow of 809 S. Mitchell said she has a lake in her backyard in heavy rains. She said she had water seepage and back up in 2011. She has replaced 3 sides of her home, put in new roof and has a daughter in college. She said she can't afford \$6,000. If it cost \$3,700, she would think seriously about it. There is a perception that these large new homes have displaced all the water. There is only so much space left. If it is going into the sewers there is more potential for back up. If you are going to ask people to pay, the new homes should pay some of the price. She said the Board should consider the quantity and quality of water. The water that is traveling over concrete and driveways contains pesticides that are going into water ways.

The more we can let the ground handle it, the better it will all be. She said she wants to see green infrastructure and policy carried through the process and communicated through the community.

Marc Adelman of the Westgate Subdivision said the Village should look at the number of people who took advantage of overhead sewer program before and after 2011. He said this report looked at the cost effectiveness for the Village without consideration for residents. The 7 of 8 projects to be handled early only help a few homes. He questioned \$13 million to protect 63 homes. The cost per homes in the first sections outside combined area is \$124,000 to \$ 833,000 per home. In the combined area the cost per home is much lower. People are already at a disadvantage in the combined area, they are already getting sewage in their homes. In areas where residents get clean water in their homes it costs more to fix. He asked why the parcel on Euclid and Wilke can't be used for retention. He said not to say grants may or may not be here. The point is that any money you get pushes the expense away from residents and the Village.

President Hayes said he would love grant money. There is no magic pot of money that does not come from residents. It comes from the tax payers one way or the other.

Paul Culhane said Green infrastructure is very important and the Village should not focus on mistakes of the past and make sure we don't make similar mistakes in the future. He said the Village should make requirements to keep water on the ground and less in the sewers.

Mr. Recklaus introduced questions for Board feedback.

1. Pursue grant funding? President Hayes said it should be aggressively pursued. It was also recommended that staff should work with other public bodies in pursuing cooperative grants.

2. For the purposes of further planning, does the Board support the development of new Storm Water fee of \$6.25 per month for single family residential properties, with a larger, yet to be determined fee for larger properties?

- Trustee Rosenberg said he would like to see what other communities have done, and perhaps seek guidelines from the Northwest Municipal conference. He asked if these projects would be taken one by one. Mr. Recklaus said once a funding source is created, these projects would be plugged into the CIP. They will be looked at based on the prioritization developed in this memo. If the \$6.25 is in place, then that would be enough to fund the OHS enhancement, Cypress, Campbell & Sigwalt and Greenbrier/Roanoke/Wilke. The merits of the order can be discussed further in the CIP process. Trustee Rosenberg said he would like to reconsider prioritization. Mr. Recklaus said the CIP discussion would be the appropriate time for that discussion. Trustee Rosenberg asked if

there were any alternatives. Mr. Shirley said these are the most cost effective options to provide a uniform level of service throughout the Village. There are no cheaper options for the level we are seeking. Mr. Recklaus said the Village is planning to limit the OHS program to the first 400 homes at a cost of \$3.6 million. If the \$6.25 fee were introduced, there would be sufficient funding for that.

- Trustee Tinaglia said he supports it, but large renovations or teardowns should be required to put in French drains or detention systems or pay a price to compensate everyone else. Mr. Recklaus said staff will research and present this idea as part of the project.
- Trustee Glasgow said \$6.25 seems prudent. He said he could not support a bond issue until 2020.

Mr. Recklaus summarized that the Board is in support of continuing to further plan with the assumption of the \$6.25 with some potential new regulation and fees for new construction. No Trustee is in opposition of planning with this fee.

3. Is there support for delaying discussions for timing and funding of projects beyond Phase 1 until the financial climate of the State can be reassessed prior to the retirement of debt in 2020?

- Trustee Scaletta said it is wise to not go too far out considering the condition of the state.
- Trustee Sidor said he would like to see the justification for prioritization. He asked about Waterman and why it was not looked at in these studies.
- Trustee Rosenberg asked if the \$10 million bond was a part of this. Mr. Recklaus said yes, it was a revenue bond, supported by the storm water fee revenues. #3 is a GOB, the village is not committing to another GOB in 2020.

4a. For the purposes of further planning does the Board support the proposed OHS incentive plan 75% up to \$11,250 of up to 400 homes?

- President Hayes said yes.
- Trustee Rosenberg said if he were a homeowner, he would want to be compensated so it was fair. Mr. Recklaus said the amount of reimbursement has increased a few times. Any amount that would be used to compensate past users reduces the program for future projects. People who took advantage of the earlier program have already benefitted. Mr. Massarelli said in 2005 it was \$2,500, in 2009-\$5,000 and lastly in 2012-\$7,500. Mr. Recklaus said this will never be 100% fair, but the Village needs to do what it can so the majority of the Village is not susceptible to flooding.
- Trustee Sidor said 798 homes still need OHS. He suggested a decreasing incentive to promote buy in. Mr. Recklaus said using 400 is easier to budget.

Trustee Glasgow moved to approve the OHS program incentive at 75% up to \$11,250 for up to 400 homes. Trustee Tinaglia seconded the motion.

Mr. Adelman said the Board should not make a motion before receiving meaningful feedback from residents.

Mr. Recklaus this motion is for further planning. Staff will develop a more fleshed out plan and present it at a formal Board meeting. There will be plenty of opportunities for public feedback.

Ayes: Glasgow, Tinaglia, Scaletta, LaBedz, Blackwood, Sidor, Hayes.

Nays: Rosenberg **The motion Passed.**

4b. Is there support for inclusion of the Phase 1 project in the 2018-2022 CIP? President Hayes said this does not authorize expenditure at this time. Trustee Sidor said the dollar amount is place holder. Mr. Recklaus said if the goal is to include projects this steps up the time frame. The CIP process begins in June.

V. OTHER BUSINESS

VI. ADJOURNMENT

Trustee Glasgow moved to adjourn at 9:45. Trustee LaBedz seconded the motion. The motion carried.