COMMITTEE-OF-THE-WHOLE
MINUTES OF THE MEETING OF THE PRESIDENT
AND THE BOARD OF TRUSTEES OF
THE VILLAGE OF ARLINGTON HEIGHTS
VILLAGE HALL COMMUNITY ROOM
TUESDAY, OCTOBER 15, 2013
7:30 P.M.

BOARD MEMBERS PRESENT:	Mayor Thomas Hayes, Trustees Farwell, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor & Tinaglia
BOARD MEMBERS ABSENT:	Trustee Blackwood
STAFF MEMBERS PRESENT:	Bill Dixon, D. Mikula, T. Kuehne, C. Perkins, G. Mourning, J. Massarelli, S. Shirley, M. Juarez, K. Koeppen, J. Musinski, D. Sabatello, C. Gorecki, A. Karr, M. Pagones, P. Robb, P. Wilkiel
OTHERS PRESENT:	M. Silverberg, Daily Herald, S. Ho, Chicago Tribune, T. O'Conner, Arlington Heights Journal

SUBJECTS:

4. Recommendation from the Arlington Economic Alliance
   Re: Small Business Zero Interest Loan Program
5. Review of Proposed FY2015-FY2019 Capital Improvement Program
6. Other Business
7. Adjournment

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

4. Recommendation from the Arlington Economic Alliance
Re: Small Business Zero Interest Loan Program

Mr. Dixon gave a brief overview of the recommended Small Business Zero Interest Loan Program saying that the funding for this program would come from the creation of a $1,000 non-refundable application fee for the Class 6b and Class 6b renewal tax abatement program along with a 10% remittance of a projected annual savings for the first five years. He stated that the current fee is $250.00. **Mr. Dixon** went on to say that it is anticipated that the loan program money could be used to assist in attracting and retaining non-sales tax generating businesses, and said that eligible costs would include relocation, expansion, interior build-out, and machinery and equipment.

Mayor Hayes thanked staff and the Arlington Economic Alliance for their hard work and effort over the last twelve months on this program.

Mr. Michael O'Connor, member of the Arlington Economic Alliance, explained that the Alliance has been deliberating the concept of this program and being careful with how it would attract businesses, as well as how it would impact the businesses that currently have

the Class 6bs. He said that this is an innovative program that will be able to attract new businesses into the Village and make it more vibrant and said the Alliance is recommending that we move forward with this.

Mr. Perkins explained that there are two parts to the program, first being the funding mechanism. He said that if Board concurs with the recommendation, the first step would be to amend the Class 6b applications where they would have an agreement similar to when an attorney files a property tax appeal which would be signed by the businesses. He went on to say that the second part, after the program is implemented and there is money in the fund, is to develop the criteria for the application and to find businesses that have a need. He stated that it would be at least a year and a half before any money is in the fund.

Mr. Perkins explained that the Village has had a couple of similar programs that have been TIF funded (grant & loan programs in the Downtown) in the 1990's and early 2000's before the TIF districts expired. He added that this new program would be for community wide businesses.

Trustee Rosenberg asked if the loans can cover a businesses' marketing program or be used for other intangible things. Mr. Perkins said that the intent was to narrow the use of funds for tangible improvements such as interior build out, machinery, and equipment. Operating expenses would not be permitted if the Board concurs with the concept. Guidelines will be put together and be brought back to the Board.

Trustee Rosenberg voiced his concerns with the kind of due diligence that the Village would have to do to look at businesses' credit worthiness and their ability to repay the debt and also asked who would administer the loan. **Mr. Perkins** responded by saying that some of the loans that were done in the Downtown were secured by personal collateral like a second position on their home mortgage, or a second position on their commercial property if they own a commercial building. He added that if there wasn't sufficient collateral, then a decision would have to be made not to make the loan. **Mr. Perkins** stated that the loan would be run through the Planning Department and will have a series of checks and balances, but that they may confer with local lenders and with the Finance Department for their advice. Discussion also took place regarding appraisals and title searches and their costs.

Trustee Rosenberg also felt that in some cases, the 10% of the projected annual savings that will be collected from the Class 6b applicants seems a little excessive, since they needed the funds to sustain them and give them an incentive to stay in the Village. He thought that a "not to exceed" cap should be considered. **Mr. Perkins** said there are seventeen active tax abatements and said that a couple of businesses have significant saving benefits, especially businesses that have had renewals for many years. **Mr. O'Conner** said caps were not considered but that their impact on certain businesses will be noted and can be looked into.

Trustee Scaletta stated that his biggest concern was with the repayment of the loan. He strongly believes that some type of personal guarantee is needed from businesses receiving the loans in order to make them completely responsible for it, especially if they are a tenant, in order to eliminate any disputes with property owners if liens are put on their property.

Mr. Perkins answered by saying that most landlords would not agree to allowing a lien to be placed on their property because it is the responsibility of the tenant, but said it depends on the improvement being made. He said it could be an improvement funded by the landlord who would be responsible for the repayment and be ok with a lien because it is an improvement to their property. He added that depending on the situation, each loan can be handled slightly differently. He went on to explain that the funding mechanism comes from the Class 6b, but that any business in Arlington Heights that meets the criteria will be eligible for the loan.

Trustee Scaletta asked if lien wavers would be required and also asked if current appraisals would be required. **Mr. Perkins** stated that lien waivers are always requested for improvements that have been made. He also said that depending on what is happening with the economy and assuming things look positive, a year-old appraisal may be accepted. **Trustee Scaletta** asked that language be added to the application to include an appraisal (if required) along with the application fee so that the Village does not incur appraisal fees. **Mr. Perkins** stated that it can be done.

Trustee Scaletta stated that he likes the concept because it makes Arlington Heights unique and business friendly, but wants to make sure that these loans are monitored and that plans are in place for the loan's repayment.

Trustee LaBedz asked what size businesses get Class 6bs and if there were county restrictions. **Mr. Perkins** gave an overview of some of the businesses that take part in the Class 6bs and explained that the County's restrictions require businesses to be 51% or more manufacturing and that the facility would have had to be vacant for two or more years. **Trustee Labedz** also asked if the 10% of the projected five-year savings part of the Class 6b fee would be collected up front. **Mr. Perkins** explained that an agreement would be drafted which the business would sign agreeing to make a 100% (of the tax savings) reimbursement to the Small Business Fund each year for five years. Each year for the five years, when the assessments come out, the savings will be calculated and invoices would be sent out to the businesses for the 10% payment.

Trustee Labedz asked what types of businesses would be eligible for the loan. **Mr. O'Connor** stated that they would be non-sales tax generating businesses, no retail businesses.

Trustee Sidor asked how Small Business was defined in this proposal. **Mr. Perkins** said that it is not currently defined and that it would be worked on with the Alliance if the funding mechanism is approved, but it may be larger than what was previously discussed.

Trustee Sidor asked how much vacant square feet there is in the Village for someone who qualifies for this loan. **Mr. Perkins** said that presently he does not have that information and said that an analysis can be done. **Trustee Sidor** also asked if the $10,000 maximum loan was enough to get the interest of businesses to come to Arlington Heights. **Mr. Perkins** said that it may not be and that it may need to be adjusted depending on the situation or response that is received. He added that we may look into grants, along with the loan, but the framework for the funding mechanism needs to be created first.

One of Trustee Sidor's concerns was that if after so many months of work and the Village applies an incentive, 3-4 years to go by without anyone taking advantage of it because it is

not enough of a bump for them. He also echoed Trustees Rosenberg's and Scaletta's concerns regarding loan repayments.

Trustee Farwell concurred with Trustee Sidor and said that he felt that $10,000 was not enough to entice business to come to Arlington Heights. **Trustee Farwell** asked to have the Alliance's discussion of this loan program for existing businesses elaborated on and said he was a proponent for business retention. **Mr. O'Connor** said that during discussions, the Alliance thought expanding square footage for businesses to improve their existing facility would be an acceptable situation. He added that they can continue to discuss expansion of current businesses, but their primary drive was to fill vacant square footage and attract new business. **Trustee Farwell** asked if job creation is part of this or just filling vacant spaces. **Mr. O'Connor** answered both.

Trustee Farwell stated that the perimeters for the Class 6b funding are reasonable and said that he was happy to see that the fees are not all up front for the five years. He suggested that the securing of the loans be run through the legal department and that a memo be sent to the Board satisfying them on how it will be handled.

Trustee Farwell asked how this program would be marketed. **Mr. Perkins** stated they will talk to businesses when they meet them, information will be posted on the Village's website, and that marketing pieces will be sent out. He added that the primary method for advertising would be to work with all the brokers that we currently work with, saying that they are the primary source used for business attraction and retention. **Trustee Farwell** also asked to liberalize the definition of how the funds can be used so that we don't take people out of eligibility. He finished by saying he is excited about the program and that he would like to see it all the way through approval before we get into the budgetary process. **Mr. Perkins** said that criteria can be developed by then, but said there would no funding until a Class 6b gets approved unless an alternate funding source is found.

Trustee Tinaglia asked who would be doing all the research, applications, documents, and securing of loans, etc. **Mr. Perkins** said that the Planning Department is already handling and monitoring the Class 6bs and meets with the businesses on a regular basis. He said that they will be handling this loan program and be using their resources as they now do with the Single Family Rehabilitation Program. It stated that he doesn't envision that we will have more than a few applicants a year for this program. Discussion continued regarding exploring the possibility of using a bank for funding. **Trustee Tinaglia** stated that he felt it was important to retain businesses in Arlington Heights and thought that this program should be used for retention as well.

Trustee Glasgow said he concurs with the other trustees and said that this is a great idea and will be good for job growth and retention in the Village. He said things that the Board has given direction on need to be ironed out and be brought back for discussion.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE FARWELL, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD CONCUR WITH THE ARLINGTON ECONOMIC ALLIANCE'S RECOMMENDATION AND AUTHORIZE THE IMPLEMENTATION OF THE SMALL BUSINESS ZERO INTEREST LOAN PROGRAM.

Trustee Rosenberg thought that there could be some consideration for an application fee from the borrower. He also said that he doesn't think that he could vote for the motion until all of the items discussed have been vetted out.

Mayor Hayes stated that he has similar concerns with the wording of the motion in light of tonight's discussions. **Mr. Dixon** stated that you can add a phrase to the motion so that the program wouldn't' be activated until it comes back to the Board.

Trustee Glasgow said that it seems that the conditions and concerns of the Board is more with implementation of the day-to-day administrative tasks of this program, as opposed to its actual implementation. He went on to say that the program would not get implemented until staff came back with the guidelines and said his concern is having this program slowed down. **Trustee Farwell** concurred and stated that he would like to get the program rolling.

Mayor Hayes agreed that this program is a good concept and that the Board would like to see the program implemented when some of the details are worked out, and believes that the motion should reflect that.

Trustee Scaletta stated that Small Business has to be defined and said that he would like to see some more Alliance members here in order to get feedback from them.

Trustee Glasgow amended his motion.

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE FARWELL, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD CONCUR WITH THE ARLINGTON ECONOMIC ALLIANCE'S RECOMMENDATION AND AUTHORIZE THE IMPLEMENTATION OF THE SMALL BUSINESS ZERO INTEREST LOAN PROGRAM FOLLOWING APPROVAL BY THE VILLAGE BOARD OF A FOLLOW-UP REPORT FROM THE ARLINGTON ECONOMIC ALLIANCE.

AYES: 6
NAYS: 2 ROSENBERG, SIDOR

The motion carried.

5. Review of Proposed FY2015-FY2019 Capital Improvement Program

Mr. Dixon stated that the Executive Summary provides a general overview of the proposed FY2015-FY2019 Capital Improvement Program and explained that the CIP Committee assembles information to update the five-year plan and projects funding sources to pay for the various capital projects. He also said that the Village's website is utilized to generate capital project ideas from Village residents and said that they are all reviewed and acknowledgement letters are sent to each of them. **Mr. Dixon** continued by saying that some suggestions received pertained to a common issue, some were already included in the CIP, and some will require more analysis. He added that a few were forwarded to the Park District, and some were more operational in nature. (A summary of the resident suggestions was provided to the Board.)

Mr. Dixon stated the projects included in the five-year plan have been prioritized by what is obligated, what is replacement/maintenance, what is essential, and what is discretionary. He continued by saying that the proposed FY 2015 capital improvement budget totals $16.1 million and the proposed five-year capital improvement totals $85.5 million. He said that the Village's street resurfacing, rehabilitation, and sidewalk programs remain as key components of the CIP with approximately 50% of the proposed FY2015 capital budget and total five-year capital plan expenditures designated for these programs, consistent with the Board's prior direction.

Regarding the Flood Control V Fund, **Mr. Dixon** explained that since the flood in 2011, the Board authorized two studies which are under way, one for the combined sewer tributary area, and one for the separate areas. He said the studies are expected to be available in April or May for the Board's review.

Mr. Dixon continued by saying that the Public Building Fund incorporates a recommended plan of action for the Police Building and explained that for the past few years, a decision on how to approach the deteriorating Police facility has been postponed, first to develop the facility needs assessment study, and then due to the recent recession. He explained that by holding off on a decision to move forward, the Village is now in the position of being able to utilize an approaching window of opportunity to finance most, if not all, of the costs of a new Police facility within our existing debt service level. He said that last year at this time, the Board agreed to move forward by not spending nearly $9 million just to maintain the existing, outdated, and inadequate Police station over the next three fiscal years. **Mr. Dixon** noted that the funding plan for a new Police Station has been altered from the prior CIP because of the realization that this will take longer than five years to complete. He said firm costs related to the station cannot be determined until a decision is made by the Board on whether the current facility will be reconstructed on-site, or if a new facility will be constructed on or off site, and said that the costs will be greatly influenced by what the construction market dictates after an architect and builder are selected.

Mr. Dixon finished by saying the EAB Fund was established at the end of FY2012 to account for the costs associated with diseased parkway Ash trees. He said fund expenditures include a one-time budget allocation for the "People's Choice" treatment option and significant monies for the removal and replacement of the of the Village's parkway Ash trees. Mr. Dixon then introduced Tom Kuehne.

Mr. Kuehne started by saying that the CIP committee is made up of all departments and that this process is a group effort. He then gave a brief overview of each of the funds.

Capital Projects Fund

Mr. Kuehne said one key issue is that the pavement crack sealing program that has been funded in the MFT Fund, is proposed to be moved to the Capital Projects Fund. He stated that funds are available in this fund and that the proposed increase in the program from $85,000 to $100,000 will help with the lifespan of the Village's streets. He also said that the move will provide for more street rehabilitation money in the MFT Fund.

Mr. Kuehne said that the second key issue concerns the Village's long-term financial plans which includes funding to combat the EAB infestation. He said that the plan includes the sale of a GO bond issue in August of 2014 for approximately $10 million. He continued by saying that he recommends that the Village run the bond issue through the Capital Projects

Fund, use the bond proceeds toward the street resurfacing program, and transfer available, non-bond capital project funds over a two-year period, to the EAB Fund in order to expend the money as the EAB infestation unfolds.

Motor Fuel Tax (MFT) Fund

Mr. Kuehne stated that FY2015 will be the last year that the Village expects to receive capital monies from the State Capital Program which helped pay for the Street Rehabilitation Program. He said that the yearly allotment in the MFT is about $1.8 million and said that it is based on gasoline usage. He stated that what needs to be addressed within a couple of years is that the Village is spending more than the allotment, and he said one way to bridge the gap between revenues and expenditures would be to reduce the program to match the revenues. Another option would be to consider a gasoline tax, something a number of our surrounding communities have implemented. **Trustee Glasgow** asked if alternatives could be thought of because he doesn't believe he would be in favor of raising the gas tax. **Mayor Hayes** clarified that staff is not recommending a gas tax at this time, but that it was an option mentioned for future consideration.

Trustee Rosenberg asked why there was nothing budgeted in FY2015-16 for the Street Rehabilitation Program. **Mr. Massarelli** explained that it shows zero dollars that fiscal year because the proposed reconstruction of Nichols Rd. and Walnut Ave. will be 80% federally funded. **Trustee Rosenberg** asked if we are spending less, can we budget more money for other street repairs. **Mr. Kuehne** stated that the CIP Committee recommended that we look at things long-term so that we wouldn't drain the fund. **Mr. Massarelli** added that the yearly work load and number of miles being reconstructed are remaining consistent with previous years and said that street reconstruction is different than street resurfacing.

Trustee Sidor asked who makes repairs to the streets when only a few feet from the curb get repaired and asked about the length of time we are getting from those repairs. **Mr. Massarelli** explained that the street reconstruction and street resurfacing projects are contracted out, and that edge patching and grinding is done by Public Works. **Mr. Shirley** said that there can be some failures do to underlying soil conditions, but that the failure rate is extremely low. **Trustee Sidor** also asked if there was any recourse with the construction companies if a failure occurs within a certain amount of time. **Mr. Massarelli** stated that there is a three-year window where the contractor will come back and make a repair at no cost to the Village.

Trustee Scaletta asked how long the Village has been doing edge grinding. Mr. Shirley said that it has been at least four years that we have been renting the edge grinder and paver box. **Trustee Scaletta** asked **Mr. Shirley** if he could provide details of purchasing a paver box and grinder compared to leasing it. **Mr. Shirley** stated that he could but added that there are no more internal garage parking spaces at Public Works, and stressed his concerns with external storage of that type of equipment because it is more susceptible to degrading from the weather.

Flood Control V Fund

Mr. Kuehne mention that the payouts from the Sewer back-up Rebate Program since its inception total over $500,000 and that the CIP now contains a map showing residential locations in the Village where the rebates were taken advantage of.

Trustee Rosenberg asked if there are any budgeted expenditures on drainage issues before the studies are received. **Mr. Shirley** said when both studies are received; staff would make recommendations and prioritize the areas for improvements, but said at this point there are no projections or assumptions for the Board's consdieration. He also said that there are no funding mechanisms currently in place.

Mr. Dixon said that doesn't mean that nothing is being done, saying that the Engineering Department received a grant for neighborhood improvements which will be wrapping up this fall. He added that Public Works, on a smaller basis, is doing things all the time.

Water & Sewer Fund

Mr. Kuehne stated that on the revenue side of the Water & Sewer Fund, FY2015 will be the final year of the five-year rate adjustment schedule that was implemented in July 2009. **Mr. Kuehne** stated that in June or July of 2014, staff will bring forth to the Board, an internal based study for their consideration given the number of expenses that are going to be required in this fund.

Emerald Ash Borer Fund (EAB)

Trustee Rosenberg asked about the results from the EAB treated trees. **Mr. Sabatello** said that there have been some failures but that most trees have been responding favorably to the treatments, and said that there will be an outreach to those that treated them to do a second year of treatment. **Trustee Scaletta** asked if the trees being replaced are grouped into certain areas. **Mr. Sabatello** said that the infestation started south and that the Village is now immersed in it, but that we have yet to take an entire street down. **Trustee Scaletta** also asked when the People's Choice program will end. It was answered by the end of October 2013.

Trustee Scaletta asked what remains in the EAB Fund. **Mr. Kuehne** said that nothing will remain in the EAB Fund eventually and said that depending on the total costs, that a transfer out shows reimbursing the General Fund some $3 million. He said that one issue is that the trees must be treated every two years, forever**. Mr. Shirley** said that as we get to the end of this two-year period, $110,000 has been spent and added that our five-year plan does not include any additional treatment cost sharing money. **Trustee Scaletta** asked about funds if the Board elected to extend the program until April 30th. **Mr. Shirley** stated that the Village is at a point that we are so fully infested, that if you have not treated the first time by April 30th, the chances of treating and saving the tree have been greatly diminished from the last two years. **Mr. Sabatello** concurred and said that you would have to wait until next June in order to see if a tree is viable before starting treatment.

Public Building Fund

Trustee Rosenberg asked what the architect fees would be on a new police station. It was answered that it would be based on total construction costs. **Trustee Scaletta** asked if the fees would be different based upon where the station would be built or if it was rehabbed. **Mr. Perkins** said that there is information available and that staff and the Board would need to discuss the options. **Mr. Dixon** added that the discussion would involve looking at sites other than the current one. **Trustee Scaletta** stated that he wanted to make sure that the $750,000 budgeted in the Public Building Fund were all for

architectural services. **Trustee Sidor** asked staff, that because the police station is such a big dollar amount, he suggested that the Village implement some type of education program for the public so that they understand what the Village is trying to do and how we are going about doing it.

Other Funds

Mr. Kuehne gave a brief overview of a few items in other funds, He mention that the Metropolis Theatre is looking to refresh their lobby and start a repair and replacement program for the seats, that the Fleet Fund has its normal replacement schedule, and that IT has its annual PC, printer, and server replacement schedule which includes police vehicles.

Trustee Scaletta asked for more information on Metropolis' planned repairs. **Mr. Kuehne** said that the Metropolis budget will be discussed further during the budget process, but that he will request some additional detailed information from Metropolis Theater staff. **Trustee Rosenberg** asked about completing the security camera installation in the garages. **Ms. Mikula** stated that a sub-committee has been established and is meeting with vendors, and that a meeting is scheduled to gather a proposal. **Ms. Mikula** went on to say that the Police Department looked at the analysis of incidents that took place at the four parking garages, and said that the pattern of crime activity has been declining and said most calls for service have been for nuisances, not crimes. She added that discussion will take place as to whether or not cameras are needed and if so, they will be strategically placed starting in the garage that has the most activity. **Trustee Rosenberg** also asked if all the cameras are implemented at the train station. **Ms. Mikula** stated that the Police Department is meeting with a vendor this week to get an update on added cameras by the bike racks. **Trustee Glasgow** recommended, that in looking at the proposals, to possibly have night vision cameras at the train station and the garage looking out at various areas in order to give assistance to the police.

Trustee Rosenberg asked about a replacement schedule for the Fleet Operations Fund. **Mr. Shirley** said that he will provide Mr. Dixon the list of vehicles scheduled for replacement.

Trustee Scaletta voiced his concern with the justification for the parkway enhancement in the TIF IV area saying that the Village has scaled back on plantings and decorative enhancements in prior years and wanted to make sure that we do not do much of it. **Mr. Perkins** stated to address those concerns, landscaping improvements have been scaled down so that they are easier to maintain.

TRUSTEE SCALETTA MOVED, SECONDED BY TRUSTEE ROSENBERG, THAT THE COMMITTEE-OF-THE-WHOLE RECOMMEND TO THE VILLAGE BOARD THAT THE BOARD APPROVE THE PROPOSED FY2015-FY2019 CAPITAL IMPROVEMENT PROGRAM AND THAT THE FIRST YEAR OF THE PROGRAM TOTALING $16,135,700 BE INCORPORATED INTO THE VILLAGE'S PROPOSED FY2015 BUDGET. The motion carried unanimously.

Mayor Hayes thanked the CIP Committee for all their hard work.

Other Business

Mr. Dixon reminded the Board that the orientation at the Palatine police station and the subsequent tour was scheduled for the following evening at 6:00 pm.

Adjournment

There being no further business to discuss,

TRUSTEE GLASGOW MOVED, SECONDED BY TRUSTEE SCALETTA TO ADJOURN THE MEETING AT 9:25 P.M. The motion carried unanimously.