

**MINUTES OF THE COMMITTEE OF THE WHOLE MEETING OF THE PRESIDENT AND
BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS
33 S. ARLINGTON HEIGHTS ROAD – COMMUNITY ROOM
MONDAY JUNE 5, 2017 AT 7:30 P.M.**

Call to Order: President Pro Tem Blackwood called the meeting to order at 7:32 p.m.

Roll: President Pro-Tem Blackwood and the following Trustees were present:
Baldino, Rosenberg, Scaletta, Sidor, Tinaglia and LaBedz.

President Hayes and Trustee Glasgow were absent.

Others Present: Randy Recklaus, Diana Mikula, Charles Perkins, Bill Enright and Becky Hume.

New Business

Mr. Perkins and Mr. Enright presented the information regarding the proposals for the corner property of Arlington Heights Road and Golf Road. Mr. Enright summarized the three proposals individually which are outlined in Exhibit A. In reviewing the proposals, the first proposal has staff's support because it has two certain users of the property and one is a new outlet for business in the Village. The McDonald's proposal's drawback is that it would create a vacancy in their existing location on Golf road. The third proposal does not have tenants signed up so presents the most risk.

Mr. Perkins said that the goal of the Redevelopment Plan is to reenergize this corner. Developing the corner will not preclude long term development of the area. The three proposals are all good ones.

Trustee Rosenberg asked if TIF dollars will be used and if so how much. Mr. Perkins said TIF monies may be used for remediation costs which would be explored further. Mr. Enright said there is a preapproved plan allowing for the adoption a groundwater ordinance and there may be some additional soil that needs to be removed. It was disclosed that there could be some further remediation. Trustee Rosenberg asked if the commercial project went in, who the tenants would be. Mr. Enright said the proposal listed numerous possible tenants which include fast food type restaurants. Trustee Rosenberg said he was not enamored with fast food on that corner as it is less aesthetically pleasing. Mr. Perkins said no matter what proposal comes forward, it will most likely have a drive thru component.

Trustee Scaletta said there are retail vacancies on the south side already. He said there would be more vacancies with the third proposal. He said he was leaning toward staff's position as the Taco Bell will go to Rolling Meadows if it doesn't relocate here and McDonald's is already doing business in the Village. The other McDonald's site which was vacated sat empty for many years

on Northwest Highway. He said the Board imagined the plans for this corner would be something grander.

Trustee LaBedz said she had concerns with the commercial site in relation to adding potential vacancies. She said even though it is not near One Arlington, they are struggling to develop their commercial site. She said she had concerns with the ins and outs and how the traffic plans will work with such large roads to navigate. The traffic flow will be important. She said she was leaning toward staff's recommendation.

Trustee Sidor said he concurred and the recommended proposal is a bird in the hand. He said he didn't know what the perfect development was for that corner. He said he saw steady revenue with Wendy's and Taco Bell.

Trustee Tinaglia said the Trustees are correct in their thinking on the retail space. The Village has enough retail space. These are two good tried and true facilities that are not relocating from somewhere else in town. He asked if it is certain the Taco Bell would close. Mr. Enright said yes, it is the same owner. The franchisees of the Wendy's and Taco Bell are different. Trustee Tinaglia said that when this comes back to the Board, he wants the designs must be of high quality, not like something on the highway, or in a town not as substantial as Arlington Heights. He said he wants it to look great as it is an important corner.

Trustee Sidor asked if these outlets have to stay within corporate design guidelines. Trustee Tinaglia said corporations will elevate where they have to. He said he wants something that looks like Lake Forest's outlets. They saved \$200,000 in the land price, so he wants it back in the architecture.

Trustee LaBedz said she wanted to make sure Wendy's was stable as she has seen some Wendy's close.

Trustee Baldino questioned how the current Taco Bell will be redeveloped. Mr. Enright said the existing Taco Bell land is not owned by the franchisee. There is a concept plan for that corner of New Wilke and Algonquin for a Taco Bell and Dunkin Donuts. This plan has not moved forward. The current owner is looking to redevelop the Algonquin Road site. It is not known what will happen without the Taco Bell there.

Trustee Scaletta said Wendy's is similar to Panera, in that they are rebranding and finding new locations. He saw a new design in Schaumburg and in Park Ridge. He asked if the plan put forward has been fully vetted. Mr. Enright said no, but they have already made one adjustment already for the outlet to be on Golf Terrace.

Mr. Recklaus said staff is looking for permission to commence negotiations with whichever developer the Board chooses. Trustee Scaletta said he wanted to make sure this wasn't the final site plan. Mr. Perkins said the new owner will have to work out a cross access easement with the property owner to the east. The Village is not part of that process and it would be a private agreement. This has been done on many sites.

President Pro-Tem Blackwood said she wants this to be something special so the area will attract more visitors. Anything that goes into this area should be on the cutting edge and an upscale prototype.

Trustee Tinaglia moved to authorize staff to commence negotiations with the Taco Bell/Wendy's developers for a contract /development agreement for the corner of Golf and Arlington Heights Roads in TIF IV. Trustee LaBedz seconded the motion.

Ayes: Tinaglia, LaBedz, Baldino, Scaletta, Sidor, Blackwood

Nays: Rosenberg

The motion carried.

Adjourn

Trustee LaBedz moved to adjourn at 8:00 p.m. Trustee Sidor seconded the motion. The motion carried.

Memorandum

To: Randy Recklaus, Village Manager

From: Bill Enright, Deputy Director Planning and Community Development

Date: May 30, 2017

Subject: Village Board:- TIF 4 Request for Proposals – Corner Property

The following report summarizes the three proposals received by the Village for redevelopment of the 1.4 acre northeast corner of Golf Road and Arlington Heights Road in TIF 4. The RFP was due March 31, 2017 and the sealed bids were opened by the Clerk and read aloud at the Board's April 3, 2017 meeting.

Proposals

Three proposals submitted include the following:

Taco Bell / Wendy's – Submitted by Taco Bell franchisee owner John Kallergis and Nicholas Kallergis, who are teaming with Wendy's franchisee owner Michael Hamra. Taco Bell would be relocating from their existing location on Algonquin Road east of New Wilke Road in Arlington Heights. The developer has offered \$1,000,000 for the land. Each restaurant is projected to generate \$1.5 million in sales for \$3.0 million total.

McDonald's – Submitted by Eric Dams and Jim Troutman of Troutman Dams. McDonald's would relocate from their existing location in Arlington Heights on Golf Road just east of this site. The developer has offered \$1,200,000 for the land. The dual drive through is projected to generate \$3.25 million in sales.

Retail Center – Submitted by Steve Leonard of Strategic Real Estate Services and Tom Williams of Paragon Real Estate. The proposal includes 9,780 square feet of commercial space. It is the developer's intent that if selected, they will approach various commercial businesses who may be interested in this site. The developer has offered \$1,200,000 for the land. Depending on tenants, the developer projects that the development will generate \$1.95 million in sales.

Goals of the TIF 4 Redevelopment Plan

The development of the corner will help to facilitate the following goals of the TIF 4 area:

*Establish a Focal Point and provide future cross access easement.

*Integration with future development.

*Would not preclude long term options.

Process of Evaluation / Selection of Developer

Staff has evaluated the submitted proposals and had follow up questions of each. Those questions and the developer's responses are attached. Village Manager Randy Recklaus, Charles Witherington Perkins and Bill Enright met to discuss the proposals and follow up responses from the developers, and discussed the attributes and concerns with each proposal. The following summarizes the discussions points.

Taco Bell / Wendy's

Positives:

Allows for expansion of an existing Taco Bell (increasing sales to \$1.5 million) and brings in new sales of \$1.5 million for Wendy's, which is not currently located in the Village.

Wendy's franchisee has provided letter of intent to acquire the site pad and construct the Wendy's with Taco Bell franchisee building their building.

Nice architecture for both buildings. Developer agreed to modify site plan to provide more green space and relocate a driveway (plan attached).

Concerns:

\$1.0 million offer is \$200,000 less than the other two bids.

Taco Bell may end up building a new facility as part of redevelopment of their current site at Algonquin and New Wilke if they are not selected for this site.

McDonald's

Positives:

\$1.2 million for land is \$200,000 more than one bid and the same offer as the other bid.

Increase sales to \$3.25 million with two drive-through lanes.

Ample perimeter landscaping; good site plan.

Letter of intent to build from McDonald's.

Concerns:

Already have McDonald's in close proximity so this would be a relocation which limits net gain to Village and would create a vacancy at the existing site.

McDonald's typically would have a non compete for their existing site, therefore the site very well may not be sold for another restaurant. May be difficult to get a new tenant with the non compete.

Commercial Center

Positives:

Developer bid \$1.2 million, which is same as one developer and \$200,000 more than the other.

Allows for opportunity to attract new tenants to the market versus relocation of existing restaurants. Sales projected at \$1.95 million, which could possibly include new businesses to the Village/market.

Nice perimeter landscaping; opportunity for good architecture.

Concerns:

Developer does not have any tenants lined up, so there is a degree of uncertainty on which tenants would locate here.

Sales harder to project as tenants unknown at this time.

Staff Ranking

Each proposal was assigned a point total 1 to 5 with 5 being the highest for each of four categories as follows:

	<u>Taco Bell/Wendy's</u>	<u>Commercial Center</u>	<u>McDonalds</u>
Site Plan	4	5	5
Tenants	5	3	3
Sales Volume	5	3	4
Acquisition Offer	4	5	5

Staff ranks the proposals in the following order:

#1. Taco Bell / Wendy's (18 points)

This proposal includes two businesses with letters of intent, including expansion of an existing Arlington Heights business and a new business locating to Arlington Heights. Overall new sales volume and thus sales and food and beverage taxes highest with this proposal. The offer is \$200,000 less than the other proposals but the other factors outweigh this relatively small margin in the offers.

#2. Commercial Center (16 points)

Proposal has possibly the largest up side depending on which businesses lease from the developer. Has potential for attracting new businesses to the Village however it is not known for sure at this point which tenants would sign leases. If the Board were to select this proposal the Village could give the developer a certain time frame to obtain letters of intent.

#3. McDonalds (15 points)

Expansion of an existing business is a positive however it will result in a vacancy at the current McDonalds. McDonalds typically would have a non compete for the current site therefore it's unlikely that a fast food restaurant would re-occupy the current building.

Next Steps

- *Upon selection of a developer commence negotiations on a contract / development agreement.
- *Continue to evaluate long term options for TIF 4.

Recommendation

It is recommended that the Board select their preferred development proposal and authorize staff to commence negotiations on a contract / development agreement.

C: Charles Witherington Perkins, Director Planning and Community Development