Village of Arlington Heights
Arlington Economic Alliance
Commissions Room 2nd Floor
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
February 15, 2017
7:30 AM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

A. Minutes 1/18/17

IV. REPORTS

A. Development Update

V. OLD BUSINESS

A. Discover Arlington Subcommittee Update
B. Micro Marketing Subcommittee Update

VI. NEW BUSINESS

A. Potential Business Seminars/Forums

VII. OTHER BUSINESS

VIII. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.

Item: Minutes 1/18/17

Department: Planning & Community Development

ATTACHMENTS:

Description	Type
Minutes	Minutes

DRAFT

MINUTES OF THE MEETING OF THE ARLINGTON ECONOMIC ALLIANCE HELD ON JANUARY 18, 2017 AT 7:30 A.M. AT THE VILLAGE HALL

MEMBERS PRESENT:
Tony Guido – Chairman Pro Tem
Frank Appleby
Tom Gaynor
Mike Kalway
Jackie Lewis
Rex Paisley
Dave Parulo
Jon Ridler
Brian Roginski
Andi Ruhl

MEMBERS ABSENT:
Scott Whisler – Chairman
Lisa Henderson
Jamie Janeczko

STAFF PRESENT:
Michael Mertes – Business Development Coordinator

ALSO PRESENT:
None

Designation of Chairperson Pro Tem
Chairman Scott Whisler was not able to attend the meeting. In his absence the Commission elected to appoint a Chairperson Pro Tem to lead the meeting.

JON RIDLER MOVED AND FRANK APPLEBY SECONDED A MOTION TO NAME TONY GUIDO AS CHAIRMAN PRO TEM FOR THE JANUARY 18, 2017 ARLINGTON ECONOMIC ALLIANCE MEETING. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

Call to Order
Chairman Pro Tem Tony Guido called the meeting to order at 7:41 AM.

Approval of Minutes – December 21, 2016
The meeting minutes of the December 21, 2016 Arlington Economic Alliance meeting were reviewed.

DAVE PARULO MOVED AND JON RIDLER SECONDED A MOTION TO APPROVE THE DRAFT DECEMBER 21, 2016 ARLINGTON ECONOMIC ALLIANCE MEETING MINUTES. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

Development Report
The Arlington Ale House opened in early January and is located on the third floor of the Metropolis Performing Arts Center building. LA Fitness also opened recently, re-occupying the former Ashley Furniture space in the Town & Country shopping center. Goldfish Swim School was recently covered in a *Chicago Tribune* article and will be opening this year in the Annex of Arlington shopping center, filling the former West Marine space. Also, long-time Downtown business Vignettes of Arlington will be closing in the next few weeks. The owner is retiring and holding a sale until formally closing.

DRAFT

Village Economic Incentive Programs

Mr. Mertes gave an overview of the three primary incentive programs that the Village utilizes to attract and retain businesses. He explained the Cook County Class 6b property tax abatement for industrial properties, describing the formula for how property taxes are calculated. Although it is a County incentive, all Arlington Heights-based applicants must be approved by the Village Board. The Village also has unique requirements for each applicant such as employing a minimum of 25 workers, conducting activities (or having a floor plan) that are at least 51% industrial, showing a minimum five-year financial benefit to the community, and contributing 10% of the owner's property tax savings to the Village over the first five years of the incentive. This latter requirement goes towards funding the Zero Interest Loan Program. Depending on the situation, the Village Board may waive certain municipal requirements on a case-by-case basis. In the last three years, the Village has approved 11 Class 6b incentive requests.

Mr. Ridler asked if any applicants have refused to rebate the 10% tax savings to the Village. Mr. Mertes replied that all applicants have concurred, and that it is a condition of approval in the municipal application to do so. Mr. Parulo asked if this 10% rebate to the community is common among other Cook County municipalities. Mr. Mertes said that Arlington Heights is unique in this regard; no other community does so. Jackie Lewis asked how repayment occurs and Mr. Mertes responded that invoices are sent by the Village, starting with the first year that the abatement is activated. The incentive does not activate until the building is occupied by the tenant. Tony Guido asked if a Class 6b can be renewed. Mr. Mertes responded that 6bs can be renewed, and there is no limit on the number of renewals allowed. A future presentation by Staff to the Mayor and Trustees will ask if they would like to consider a maximum number of renewals. Frank Appleby asked if there is a range of size of buildings for which the incentive is applied. Mr. Mertes noted that square footage varies greatly and there is no set standard. Mr. Ridler asked how much money is in the Zero Interest Loan fund. Mr. Mertes answered that there is currently around $40,000 but a greater influx should be coming in towards the end of 2017 with new Class 6bs being activated this year.

Applications for Zero Interest Loan program are reviewed by the Loan Committee which is made up of Village Staff and two Alliance members. This Committee determines final approval or disproval. In late 2015, the maximum loan amount was increased from $10,000 to $20,000, which has generated significantly more interest in the program. Applicants are required to provide a business plan, tax returns, and real estate on which a lien can be placed to ensure repayment. Also, credit checks are conducted on the business owners. One loan was approved in 2015 while another was approved in 2016. These recipients have also provided testimonials supporting the Village and the program. Mike Kalway asked if an existing business looking to relocate into a larger space would qualify. Mr. Mertes confirmed that they could. Mr. Guido asked about duration of payback to which Mr. Mertes responded up to five years, not to exceed length of lease.

Modifications to the Small Business Sales Tax Rebate program, as proposed by Village Staff and the Economic Alliance, are tentatively going to the Committee-of-the-Whole on January 30th (note: since this Alliance meeting, the presentation to the Committee-of-the-Whole has been moved back to February 13th). The proposed modifications, as agreed upon at the August 31st Arlington Economic Alliance meeting are to:

- Increase the rebate amount that the business receives to 50% (from 33%) of local sales tax generated throughout the duration of the incentive period.
- Increase the maximum duration of the incentive period to five years (from three), not to exceed the length of the lease.
- Reduce the expansion requirement to 25% of floor area for existing businesses (instead of 50%). The base year requirement will remain in effect.
- Allow the business to propose store hours (instead of mandating them), which the Village can take into account when considering the application.
- Require a minimum three-year lease (instead of five years). However, the incentive period cannot exceed the duration of the lease.
- Remove language referencing that the business must "make an investment in their business or physical facilities", as this is already assumed by a tenant's commitment to a particular space.

Once the Zero Interest Loan fund receives a greater influx of cash due to more Class 6bs becoming active, Tom Gaynor asked if the Village would consider using the funds for other programs or initiatives. Mr. Mertes mentioned the possibility opening up the funds for other potential economic development programs. Mr. Guido asked how the loans were administered, whether through the Village, a bank, or other channel. Mr. Mertes replied that it is administered by the Village. The Loan Committee has Mr. Appleby as a representative with banking experience. Mr. Mertes estimates that in the next six years, the Zero Interest Loan fund could have as much as $700,000, excluding potential Class 6b applications that will likely be received in the meantime as well.

The possibility of increasing the maximum loan amount to lure larger businesses was discussed by Mr. Parulo and Mr. Ridler. Also suggested was making the incentive information more easily accessible on the website, including the direct link on the flyer. Ms. Lewis asked if there could be a situation where there's more interest in the program than funds available. Mr. Mertes acknowledged that it's possible, but has not been an issue so far, while Mr. Ridler added that the Village Board could approve providing additional funds to the program if desired. Rex Paisley suggested advertising inside Metra trains.

Potential Business Seminars/Forums

Mr. Mertes provided the Commission with a list of potential topics for a future seminar or forum, based upon ideas given at previous Alliance meetings. He also provided comments from Jamie Janeczko since she could not attend. She likes the idea of a State of Illinois fiscal situation presentation. New laws affecting Illinois business owners would also be informative and could potentially be well-attended. Mr. Ridler noted that State Rep. David Harris, who covers most of Arlington Heights, sits on the House Ways-and-Means Committee. But there is not a positive picture to present regarding the State's finances, and that may not be something an audience will want to hear.

Mr. Parulo feels that discussing the aforementioned topics should be from the Village's point of view, and how the Village is handling or preparing for potential crises. What is the community's fiscal outlook, especially if the State continues to struggle financially? Mr. Ridler added that Tom Kuehne, the Village's Director of Finance, did a good job explaining the community's position during this past year's budget meetings. He might be a good person to communicate this information to the business community. Additionally, the school districts can discuss what they're doing with their finances. Brian Roginski asked about attendance at past Alliance Breakfasts. Mr. Mertes said that attendance has varied. In the last three years attendance has been as low as 65 people and as high as 120 people.

Mr. Parulo suggested picking a date for such a forum to keep the program moving. Ms. Ruhl recommended that a roundtable discussion be considered regarding business concerns. Attendees can throw out ideas to discuss or share. Then smaller tables can be utilized based on the most popular topics for more focused discussion. This could also draw attention to potential topics for future forums or seminars.

The direction to Mr. Mertes was to compress the ideas shared at this Alliance meeting and provide and outline for next month. Mr. Guido recommended having a more well-known guest, like a speaker from a well-known tax firm, could enhance attendance. Ms. Ruhl also suggested speaking as to the impact of the new County mandates on businesses. For example, if Arlington Heights opts out of the minimum wage requirement, will these employees look for job opportunities in other communities that do match the County's minimum wage? Most small businesses don't have a human resources Staff person, so any resources to guide them on handling human resources information could be very useful. Mr. Kalway noted that 160 new laws were approved in Illinois this past year, and it might be valuable for the business community to know which ones will or might affect them. Mr. Ridler felt that Rep. Harris might be able to speak to such a topic.

Other Business

Mr. Mertes said that a Committee-of-the-Whole meeting will be held on January 30th at which economic development topics such as vacancy rates and the proposed sales tax rebate modifications are tentatively slated to be discussed (note: since this Alliance meeting, these topics for discussion at the Committee-of-the-Whole have been moved to February 13th). Also to be presented are the updates to VAH.com by CivicLive, including adding a "Shop Dine Play" button to the website's homepage to bring visitors to what is the current DiscoverArlington.com site. After this presentation, CivicLive will focus on updates to DiscoverArlington.com and the Alliance subcommittee will have another opportunity to provide feedback.

Communication continues among the Alliance's Micro Marketing subcommittee. The group was unable to meet this month due to scheduling conflicts, but is planning to meet with Jim Platt of the Chamber of Commerce before the February Alliance meeting. Regarding recently-approved Cook County ordinances requiring an increasing minimum wage and required sick leave for employees, Mayor Hayes recently submitted a letter to the County, on behalf of the Village Board, explaining their opposition. The ordinances do not take effect until July 1, 2017. In the meantime, the Village is working with other communities on handling such regulations. Mr. Ridler confirmed this via discussions with Mayor Hayes. As Arlington Heights is a home rule community, it has the ability to opt out of these regulations. He also mentioned that it would impact the Class 6b program. Mr. Mertes explained that the Village can still utilize the Class 6b program even if it were to opt out of the minimum wage ordinance. However, for the applicant to receive the incentive, it must at least adhere to the County's wage standards. Dave Parulo inquired about the status of the County's sugar tax. Mr. Mertes offered to get more information on this.

The Village's holiday digital marketing campaign was successful in terms of audience interaction. Between ads on the *Daily Herald* and *Chicago Tribune* websites, the Village received 1.06 million impressions and had nearly 4,000 interactions. This click-thru rate of 0.37% was over seven times the average click-thru rate of a similar campaign (0.05%).

Mr. Gaynor inquired as to any updates regarding the Meet Chicago Northwest business accelerator program. Mr. Mertes stated that the Village has administratively dropped out of the program, but is monitoring its progress with the other communities still involved. If the Village has any interest in exploring re-entry into the program, it would be discussed initially with the Economic Alliance.

Adjournment
FRANK APPLEBY MOVED AND ANDI RUHL SECONDED A MOTION TO ADJOURN. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

The meeting adjourned at 8:37 AM.

Tony Guido, Chairman Pro Tem
Arlington Economic Alliance

Prepared by Department of Planning & Community Development

Item: Potential Business Seminars/Forums

Department: Planning & Community Development

ATTACHMENTS:

Description	**Type**
Potential Business Seminars/Forums	Exhibits

Potential Business Forums/Seminars – 2017

- *The Fiscal State of Arlington Heights*
  - How the Village and taxing bodies are planning its fiscal matters around economic uncertainty within the State of Illinois
  - How the Village is handling or preparing for potential economic crises
  - Presenter: Village Staff (Tom Kuehne); School District Representatives

- *Business Concerns Roundtable*
  - Open-ended roundtable discussion where business owners and representatives discuss the issues their businesses are facing
  - Select the most-discussed topics and break into smaller tables to discuss potential solutions
  - Presenter: None; would require moderators for each table

- *Impact of County Mandates*
  - What is the potential impact of the sugar tax, the minimum wage ordinance, and the paid sick leave ordinance
  - Should Arlington Heights enact home rule, discuss the possibility of employees leaving to work in other communities in which the regulations still apply
  - Presenter: Village Staff? County Staff?

- *Human Resources for Small Businesses*
  - How small business owners can handle things like unemployment, health insurance, and other requirements in which they may not have extensive experience
  - Presenter: SCORE? Consultant?

- *Business Legislation Approved in Springfield in 2016*
  - What new business-related laws were passed by the Illinois General Assembly in 2016
  - When do they take effect and what impact will they have on businesses in Arlington Heights
  - Presenter: Rep. David Harris