



AGENDA
ARLINGTON ECONOMIC ALLIANCE
Community Room, 3rd Floor
Arlington Heights Village Hall, 33 S. Arlington Heights Rd.
Arlington Heights IL 60005
September 18, 2024
7:30 AM

- I. CALL TO ORDER
- II. ROLL CALL OF MEMBERS
- III. APPROVAL OF MINUTES
 - A. July 17, 2024
- IV. REPORTS
 - A. Development Update
 - B. Arlington Alfresco
- V. OLD BUSINESS
 - A. Economic Alliance Work Plan - 2024
- VI. NEW BUSINESS
 - A. Economic Alliance Budget
 - B. Zero Interest Loan Program
- VII. OTHER BUSINESS
- VIII. PUBLIC COMMENT

Anyone wishing to speak on a subject not on the Agenda may speak at this time. Please limit your comments to three minutes.

- IX. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, IL 60005, emercado@vah.com or 847/368-5793.

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MINUTES OF THE MEETING OF THE ARLINGTON ECONOMIC ALLIANCE HELD ON JULY 17, 2024 AT 7:30 A.M. AT THE VILLAGE HALL

MEMBERS PRESENT:

Andrew Stengren – Chairman
Rich Casey
Tonia Etoh
Tony Guido
Terry Iverson
Michael Mulder
Ellen Para
Marc Poulos
Brian Roginski

MEMBERS ABSENT:

Heather Larson
Kerri Oots
Andi Ruhl
John Toliopoulos

STAFF PRESENT:

Michael Mertes – Business Development Manager
Hailey Nicholas – Assistant Planner

ALSO PRESENT:

Keith Moens, Resident

Call to Order

Chair Andrew Stengren called the meeting to order at 7:32 AM.

Approval of Minutes – March 20, 2024

The meeting minutes of March 20, 2024 Arlington Economic Alliance meeting were reviewed.

MARC POULOS MOVED AND TERRY IVERSON SECONDED A MOTION TO APPROVE THE DRAFT MARCH 20, 2024 ARLINGTON ECONOMIC ALLIANCE MEETING MINUTES. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

Development Update

Amazon Fresh is holding their grand opening on July 25th. Amazon had halted development of new Amazon Fresh stores in early 2023. The Arlington Heights location is one of the first stores, nationally, that will be opening since then. The Arlington Heights Mariano's is being sold as part of planned portfolio sale with over 30 other stores to the parent company of Piggly Wiggly. Village staff's understanding is that there are no plans to close or change the Arlington Heights location.

The Four North development, a recently-completed five-story, 76-unit apartment building at the intersection of Hickory and Kensington, is now leasing to residents. The building includes 3,450 SF of first-floor commercial space. Village staff is working with the property's commercial broker to help lease that space. The first phase of the Arlington Gateway development was approved by the Village Board in December. Located at the southeast corner of Algonquin and Arlington Heights Roads, site demolition and leveling is underway. Construction of the first phase could potentially begin in the next couple months.

Ms. Para inquired about attracting retailers to vacant tenant spaces. Mr. Mertes explained that Village staff remains in communication with commercial brokers to recruit new businesses to the community, and utilizes resources such as the Zero Interest Loan program. Staff also attends trade shows to attract new business investment. Mr. Poulos shared his perspective as a business owner in the Hickory-Kensington area, and the gradual

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change that he has seen in that part of the community. Mr. Mertes explained that there is a comprehensive plan for the Hickory-Kensington area, but whether new development or redevelopment occurs can depend on numerous factors. Mr. Guido inquired about the status of the former *Daily Herald* corporate office site, and Mr. Mertes explained that current property ownership is repositioning the building for medical office.

Arlington Alfresco

Arlington Alfresco commenced on Friday, May 3rd. Staff has been communicating continuously with business and residents on an individual basis, responding to concerns and offering assistance. In response to inquiries about bike safety, Staff has been working on a formal PR campaign to create awareness. Alfresco runs until Sept. 23rd. The streets will remain closed that week for Harmony Fest featuring the Taste of Arlington Heights, which will be held on September 27th and 28th.

Mr. Roginski said that Alfresco is going well. Also, moving Sounds of Summer exclusively to Thursday evenings seems to be working well in terms of crowd management. Thursday evenings seem much busier now and customers aren't waiting as long for tables on Fridays. Mr. Iverson feels that the designated walking area on Vail seems to be working, allowing for people to move throughout the area without having to cut through attendees seated for the concerts.

Economic Alliance Work Plan – 2024

The Economy in Focus: What Arlington Heights Business Owners Need to Know, sponsored by the Economic Alliance, was held on June 6th at the Metropolis Ballroom. Approximately 60 people were in attendance. Jason Turner, economist for Wintrust, spoke regarding the current state of economy, and informal feedback was positive regarding the speaker. Mr. Mertes also introduced Michael Mulder, the newest Alliance member to the rest of the Commission. He is the Alliance's *Financial Institution* representative, and was instrumental in finalizing coordination with the speaker at the previous month's Alliance Breakfast. Mr. Mulder stated that he is happy to join the Commission and is glad that the Breakfast program went well.

Mr. Mertes inquired about other potential programs for the year. Mr. Iverson discussed Arlington Heights business participation on National Manufacturing Day (October 5th). He suggested a tour of a few different manufacturers, with the intention of educating residents about these local companies and modern manufacturing in general. Mr. Guido inquired about inviting School District 214 students as well, and Mr. Mulder concurred that partnering with the district's entrepreneurship program could be a good idea. Mr. Mertes will touch base with Mr. Iverson about outreach to gauge interest from Arlington Heights manufacturers.

Village staff brought envelopes and blank cards with the Village seal to the meeting in regards to the Alliance's "thank you" messaging program for small businesses. Also included is a reference card, explaining the purpose of the Economic Alliance to the recipient, to be inserted with the note of appreciation. Mr. Mertes also provided draft language to write on the cards, which had been pared down from a previous longer version, as well as a list of 69 businesses celebrating a five-year or ten-year anniversary in Arlington Heights this year. The businesses were divided among the Commissioners. The Alliance agreed on the messaging and planned to write the personalized notes at the conclusion of the meeting.

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Other Business and Public Comment

Mr. Mertes introduced Hailey Nicholas, the Village's Assistant Planner, to the Commission as she was in attendance.

Adjournment

BRIAN ROGINSKI MOVED AND MARC POULOS SECONDED A MOTION TO ADJOURN. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

The meeting adjourned at 8:17 AM.

Andrew Stengren, Chair
Arlington Economic Alliance

Prepared by Department of Planning & Community Development

Arlington Economic Alliance

2024 Work Plan – January 2024

Overview

Over the course of 2023, the Arlington Economic Alliance has discussed and implemented ways to assist existing businesses in Arlington Heights. There were two key outcomes from these meetings. Firstly, the Alliance recommended modifications to the Village's interest-free loan program for small businesses, which was approved by the Village Board in June. Interest in the incentive has grown noticeably since the modifications. Secondly, the Alliance supported a breakfast program aimed at assisting local manufacturers. This was held in early November, with approximately 35 people in attendance.

Looking toward 2024, the Economic Alliance would like to focus on business retention and has outlined three key initiatives to help support existing businesses in Arlington Heights.

➤ Small Business Seminars

The Arlington Economic Alliance would like to plan and execute a series of educational programs bringing our businesses together for networking and learning. Each session would focus on specific segments of the economy and illustrate the interconnectedness of our business community. A networking opportunity for new Arlington Heights businesses to connect is also being considered as part of one of these seminars, or as a separate program.

➤ Small Business Profiles

The Economic Alliance would like to profile small businesses in the community as a way to re-introduce the businesses, and their owners, to Arlington Heights residents and visitors. Village staff is currently working on a webpage that would promote diversity within the Village's business community. The goal of the page is to highlight the participating businesses on an interactive map.

The Commissioners could assist in outreach business owners, in order to provide content for staff to publish on the webpage. Establishment of such a page, coupled with promoting it via social media, will serve as a retention program that would offer free marketing to these businesses. Once this site is established with consistent content, the Alliance can explore potential programs to incentivize demand to local small businesses.

➤ Notes of Appreciation to Businesses

The Economic Alliance feels that directly acknowledging our individual businesses, and what they contribute to the community, is a way to help owners feel appreciated. A simple note card expressing gratitude for their investment in Arlington Heights would be a channel to accomplishing this, and can also educate the business community about the Alliance and its purpose in advocating for them.

The initial target audience would be businesses that are celebrating five-year and ten-year anniversaries of being located in Arlington Heights. The list of recipients would be provided by Village Staff based upon approved business licenses from 2014 and 2019.

Summary

The Arlington Economic Alliance is eager to continue supporting the small business community, and is willing to work with Village staff to accomplish these projects. In the interim, the Alliance is also willing to provide advisement and recommendations to the Village Board at their request, and discuss economic development matters as needed.



VILLAGE OF
ARLINGTON HEIGHTS
INC. 1887

9/18/2024

Item: Economic Alliance Budget
Department: Planning & Community Development

Item Description:

ATTACHMENTS:

1. Proposed Economic Alliance Budget - 2025

Item	FY '25 Proposed	FY '24 Approved
Photocopying	\$0	\$100
Promote Economic Develoment	\$16,700	\$17,000
TOTAL	\$16,700	\$17,100

Arlington Economic Alliance
Proposed 2025 Budget



VILLAGE OF
ARLINGTON HEIGHTS
— INC. 1887 —

9/18/2024

Item: Zero Interest Loan Program
Department: Planning & Community Development

Item Description:

ATTACHMENTS:

1. Zero Interest Loan Program - Potential Modifications

Zero Interest Loan Program

Potential Modifications - September 2024

Existing Requests

In 2024, Staff has received unique requests outside the standard parameters of the loan program, specifically:

- A Downtown retailer is asking for a loan to cover a \$14,000 project, but is concerned about placing a lien on their home and won't pursue the program if that is required
- A retail business is looking to expand their tenant space, but do not own property to use as collateral
- A new shopping center owner is planning a \$430,000 façade renovation, with additional landscaping improvements, and is asking for a \$100,000 loan

Proposed Modifications (2024)

To specifically accommodate the aforementioned requests, and potential similar requests in the future, the following two modifications to the Zero Interest Loan program are proposed:

Program	Max	Repay	Covers	Security	Approval	Forgivable Provision
Standard (current)	\$25,000	Max 5 years; Qrtly Invoice	75% of costs	Lien on Property	Loan Committee	Last 20% forgiven if first 80% re-paid on time; for businesses already open 3+ years in AH
Mega Loan	\$100,000	Max 5 years; Qrtly Invoice	25% of costs	Lien on Property	Village Board	Last 20% forgiven if first 80% re-paid on time; for properties 10 acres or less
Microloan	\$5,000	One Year; One Invoice	50% of costs	Personal Guarantee	Loan Committee	No forgivable provision

All three loans are to be utilized with the intent of making tangible improvements to the business and/or property:

- The Mega Loan is meant to provide additional financing for projects in excess of \$250,000 that have primary funding already secured.
- The Microloan's purpose is to provide this opportunity without need for collateral.

Explanation of Mega Loan

This loan is designed for much larger projects, such as façade improvements, substantial interior build-out, sidewalk/parking lot repair, and monument signage.

- Max amount is capped at \$100,000
- Minimum project amount of \$250,000 is required
- Loan recipient will be invoiced on a quarterly basis up to five years
- It is expected that the applicant will have the bulk of financing lined up; therefore, the Village portion will only cover a maximum of 25% of total project costs
- A lien on the respective property (or alternative property if necessary) would be required and released upon complete repayment; credit checks and security searches would also be undertaken, as done with current loan requests
- Examples of tangible improvements include site aesthetics, façade, parking lot, ADA accessibility, sustainable improvements, or interior demolition or build-out
- Property must not be within a TIF district
- Preference given to properties along key corridors identified in Chapter 7 of *Comprehensive Plan (2015)*
- As the Village's expense would exceed \$25,000, Village Board approval is required; this would follow review and recommendation by the Loan Committee
- Up to 20% of loan amount may be forgiven when:
 - First 80% of full loan amount is repaid on time
 - Occupancy rate meets or exceeds 85% of GLA
 - Occupancy rate at time of forgiveness exceeds rate at time of disbursement
 - Municipal share of sales tax revenues + food & beverage tax revenues at time of loan forgiveness must exceed such revenues at time of loan disbursement

Explanation of Microloan

This loan is designed for much smaller projects, such as new signage, purchase of equipment, or building interior improvements.

- Max amount is capped at \$5,000 (instead of the current \$25,000)
- Just two annual invoices, each for 50% of the loan amount, will be sent out beginning one year after loan is disseminated
- Less risk for the Village than the standard loan, so a personal guarantee would be required as opposed to collateral
- To provide additional security to the Village, the loan would only cover up to half the project costs (instead of 75% max coverage with the standard loan)
- As with the current standard loan, approval from the Loan Committee is all that's needed; cost estimates and credit checks will still be required and reviewed
- No forgivable provision for the Microloan

Appendices

1. Forgiveness provision scenarios for Mega Loan
2. Previous approvals, modifications, and implementation of 0% Interest Loan Program

Appendix 1

Mega Loan – Forgiveness Provision Scenarios

- Scenario #1: \$100,000 loan request
 - At time of loan disbursement, property is at 50% occupancy of GLA and cumulative tax revenues are \$50,000.
 - At 80% loan repayment, all invoices have been paid on time. Property is at 75% occupancy. Cumulative tax revenues are \$60,000.
 - DETERMINATION: Not eligible for loan forgiveness as property is less than 85% occupied.

Time Period	80% Repayment	Occupancy	Tax Rev
Disbursement	N/A	50%	\$50,000
Forgiveness	On Time	75%*	\$60,000
Meets Reqs?	YES	NO	YES

- Scenario #2: \$100,000 loan request
 - At time of loan disbursement, property is at 90% occupancy of GLA and cumulative tax revenues are \$50,000.
 - At 80% loan repayment, all invoices have been paid on time. Property is at 80% occupancy. Cumulative tax revenues are \$60,000.
 - DETERMINATION: Not eligible for loan forgiveness as occupancy at forgiveness period (80%) is lower than at disbursement (90%).

Time Period	80% Repayment	Occupancy	Tax Rev
Disbursement	N/A	90%	\$50,000
Forgiveness	On Time	80%*	\$60,000
Meets Reqs?	YES	NO	YES

- Scenario #3: \$100,000 loan request
 - At time of loan disbursement, property is at 90% occupancy of GLA and cumulative tax revenues are \$50,000.
 - At 80% loan repayment, all invoices have been paid on time. Property is at 80% occupancy. Cumulative tax revenues are \$60,000.
 - DETERMINATION: Not eligible for loan forgiveness as cumulative tax returns at forgiveness period (\$45,000) are lower than that at disbursement period (\$50,000).

Time Period	80% Repayment	Occupancy	Tax Rev
Disbursement	N/A	80%	\$50,000
Forgiveness	On Time	90%	\$45,000*
Meets Reqs?	YES	YES	NO

- Scenario #4: \$100,000 loan request
 - At time of loan disbursement, property is at 80% occupancy of GLA and cumulative tax revenues are \$50,000.
 - At 80% loan repayment, all invoices have been paid on time. Property is at 90% occupancy. Cumulative tax revenues are \$60,000.
 - DETERMINATION: Meets all criteria. Eligible for loan forgiveness up to \$10,000, which is the difference between cumulative tax revenues at the forgiveness period (\$60,000) minus the tax revenues at the disbursement period (\$50,000).

Time Period	80% Repayment	Occupancy	Tax Rev
Disbursement	N/A	80%	\$50,000
Forgiveness	On Time	90%	\$60,000
Meets Reqs?	YES	YES	YES

Appendix 2

Previous Approvals, Modifications, and Implementation

In 2013, the Village Board approved the creation of an interest-free loan for small businesses, as originally suggested by the Arlington Economic Alliance. The program formally commenced in 2014. With limited applications submitted for this new program, the Arlington Economic Alliance recommended that the Village Board in 2015 that the maximum loan amount be increased from \$10,000 to \$20,000. The Board approved this change.

In early 2020, the Village offered emergency interest-free loans (from the Zero Interest Loan fund) capped at \$10,000 to help small businesses survive the pandemic. In all, 15 loans totaling \$150,000 were awarded. All have since been repaid except for one in Collections (\$2,745) and one business that closed but still repaid half of the loan back. Collateral was not required under these circumstances, but the applicant was still required to sign a loan agreement to repay in full, as well as a personal guarantee. The personal guarantee was requested by the Village Board as part of their approval for this program.

In order to make the Zero Interest Loan program even more enticing to prospective and existing businesses, Staff brought a few suggestions for modifications to the Arlington Economic Alliance in early 2023. In April of that year, the Alliance formally recommended to the Village Board four changes, which were approved by the Board in June 2023:

- Increasing the maximum loan amount from \$20,000 to \$25,000
- Allowing the loan to cover up to 75% of eligible costs (up from 50%)
- Forgiving the final 20% of the loan to businesses that have operated in Arlington Heights for over three years, assuming the first 80% is repaid on time
- Considering loans greater than \$25,000 for larger projects, contingent upon Board approval