

APPROVED

MINUTES OF THE MEETING OF THE ARLINGTON ECONOMIC ALLIANCE HELD ON SEPTEMBER 18, 2024 AT 7:30 A.M. AT THE VILLAGE HALL

MEMBERS PRESENT:

Andrew Stengren – Chairman
Rich Casey
Tonia Etoh
Tony Guido
Heather Larson
Terry Iverson
Michael Mulder
Marc Poulos
Andi Ruhl

MEMBERS ABSENT:

Kerri Oots
Ellen Para
Brian Roginski
John Toliopoulos

STAFF PRESENT:

Michael Mertes – Business Development Manager

ALSO PRESENT:

Mary Ellen Graf, Township High School District 214
Keith Moens, Resident

Call to Order

Chairman Andrew Stengren called the meeting to order at 7:31 AM.

Approval of Minutes – July 17, 2024

The meeting minutes of July 17, 2024 Arlington Economic Alliance meeting were reviewed.

MARC POULOS MOVED AND TONIA ETOH SECONDED A MOTION TO APPROVE THE DRAFT JULY 17, 2024 ARLINGTON ECONOMIC ALLIANCE MEETING MINUTES. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

Development Update

Spent Grain Brewing was approved for a Special Use by the Village Board to operate a brew pub at 17 N. Vail in the Downtown. The Moorings, a senior living facility, intends to move forward on an expansion at the northeast corner of their property, which entails the development of a five-story 70-unit independent living facility. A Cook County Class 6b property tax abatement for Shanley Pump, at 616 E. Brook Drive, received municipal approval from the Village Board. The company is purchasing a warehouse building across the street from their current facility, in order to expand their operations. The request now goes to Cook County for final approval. The Alliance inquired about an offer on 1000 W. Northwest Highway. Mr. Mertes said that he would look further into this.

Arlington Alfresco

Arlington Alfresco concludes on Monday, September 23rd. Businesses will need to remove their tables, seats, and décor by the end of the day. Streets will remain closed that week for Harmony Fest featuring the Taste of Arlington Heights on Friday the 27th and Saturday the 28th. The streets will be re-opened to vehicular traffic the following morning. Restaurants approved for sidewalk dining may continue to do so through October 31st.

Chair Stengren asked if Staff has received any responses regarding the change of dates to Sounds of Summer this year. Mr. Mertes said that he has not received any direct feedback, but was not aware of negative feedback received by Staff. Ms. Ruhl stated that she had heard input from business owners regarding their concerns about changes to the dates. Mr.

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Iverson suggested surveying the business community, adding that the Village should note that they are looking to make the concert series better moving forward. Ms. Larson recommended looking at tax revenues and visitor data.

Chair Stengren would like to know if extending into August was a benefit, or if crowds were smaller due to school being back in session later in the month. Ms. Ruhl noted that the summer was longer this year for some schools, and concurred that surveying the businesses is a good idea. Mr. Poulos asked if overcrowding was primarily on Fridays. Mr. Mertes said that data showed that overcrowding was a bigger issue on Fridays last year, although there were instances of large crowds on Thursdays as well, just not to the extent of the Friday shows. Ms. Ruhl asked if the Sounds of Summer stage could be used for young local talent, with Mr. Iverson suggesting they could serve as opening acts for the concert headliners.

Economic Alliance Work Plan – 2024

The business appreciation cards signed by the Alliance members at the July meeting were mailed out. Staff added an insert with the Commissioners' names to help the recipients identify who wrote them the note. Also, Mr. Mertes has been working with Mr. Iverson on a manufacturing promotion program. The thought is to have an open house event at multiple Arlington Heights manufacturers, with outreach aimed at youth and their parents.

Economic Alliance Budget

The Economic Alliance was asked to approve a budget for fiscal year 2025. The dedicated amount for the Commission in 2025 is \$16,700, a \$400 reduction from 2024. Staff's proposal dedicates the entirety of the funds to "Promote Economic Development". This is deliberately open-ended to allow flexibility for how Alliance wants to use these funds next year. So far this year, approximately \$3,700 from the Alliance's fund has been spent, with almost the entirety going towards the Alliance Breakfast in June. Chair Stengren asked what happens with unused funds at the end of the year, and Mr. Mertes responded that they are returned to the general fund.

ANDI RUHL MOVED AND TONY GUIDO SECONDED A MOTION TO APPROVE THE 2025 ARLINGTON ECONOMIC ALLIANCE BUDGET AS PROPOSED. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

Zero Interest Loan Program

Mr. Mertes explained that the small business Zero Interest Loan program was initiated by Village staff and the Economic Alliance over ten years ago. The most recent changes to the program were approved by the Alliance and Village Board last year. This involved increasing the maximum loan amount to \$25,000, allowing the loan to cover up to 75% of eligible costs, and including a forgivable provision for businesses operating in Arlington Heights for over three years. Four loans have been approved since these changes were implemented.

While Village staff continues to receive interest in the program, two key aspects have tended to dissuade potential applicants: the maximum loan amount not being large enough, and/or the applicant not having adequate collateral. In response to these concerns, Staff is seeking to modify the program to provide opportunities for such business owners. Staff's proposal is to expand the program to allow for three options: the Standard Loan (current program), a Microloan for smaller projects, and a Mega Loan for larger projects. The Microloan would offer a maximum \$5,000 towards financing smaller projects, such as new signage or product displays. This incentive would cover up to half of eligible project costs and be repaid over two years via two annual invoices. Only a personal guarantee would be required, instead of a lien on real estate. Microloan requests would be approved administratively by the Loan Committee, as are the current (Standard) loan requests.

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Chairman Stengren asked how the program is funded. Mr. Mertes explained that it is primarily a combination of rebates from the Cook County Class 6 and Class 7 programs (10% of the recipients' property tax savings), as well as ongoing repayments from existing loans. Mr. Mulder asked how an applicant's ability to repay a loan is considered. Mr. Mertes explained that the Loan Committee looks at credit history and net worth, and the Village places a lien on real estate owned by the recipient until the loan is repaid. Mr. Iverson asked about promotion of the program to new businesses. Mr. Mertes explained that the program is offered on a case-by-case basis to both prospective and existing businesses. It has also been promoted on social media and in the Village's business e-newsletters.

Ms. Etoh inquired about the application timeline. Mr. Mertes explained that he tells applicants about three months, but this really depends on numerous factors including a complete submittal of all required documentation, Loan Committee review, and approval of a warrant register. But it's possible for the process to take less time. Mr. Guido asked about the repayment timeline for a \$100,000 loan. Mr. Mulder believes that a five-year period should be adequate time, and that the structure of the Microloan makes sense.

Ms. Ruhl recalls limited interest when the Zero Interest Loan program was first implemented, and feels that the program has now gotten traction since it's been modified over the years, but wondered if the \$5,000 amount for the Microloan is enough incentive for a small business. Chairman Stengren sees value as long as it helps a business. Mr. Mulder referenced a State of Illinois low-interest loan program, which has lots of funds available and where personal recourse is always required. Still, he sees value in the Village's program, and that the Microloan could help fund a range of business improvements from racking at a retail store to an outdoor café at a restaurant. He believes there should be substantial interest in the Microloan program.

In response to questions about increasing the cap amount for the program, Mr. Mertes explained that the thought behind the \$5,000 limit was to mitigate risk to the Village since no collateral would be required. However, he asked if it would be worthwhile to start at \$5,000 and consider changes if there is no demand at that amount. Mr. Casey suggested moving forward with the proposal as-is, and then making any changes, as needed, in the future. Additionally, Mr. Iverson suggested obtaining testimonials from past recipients and utilizing their network to help promote the program.

The Mega Loan would still require collateral and could be repaid up to five years in quarterly installments. The maximum loan amount would be capped at \$100,000 and would cover up to 25% of project costs. Such requests would require Loan Committee review and Village Board approval. The Mega Loan would be reserved for significant projects with a minimum of \$250,000 in eligible expenses. Further, the applicant's property cannot be located within a TIF district. Should the Mega Loan generate more demand than anticipated, preference would be given to properties along key corridors identified in Village's Comprehensive Plan.

Recipients of the Mega Loan who have been located within Arlington Heights for over three years, at time of submittal, would be eligible to have up to 20% of the loan forgiven, assuming the first 80% is paid on time. For this provision, the occupancy rate of the property must exceed 85% in total and must have increased since the loan was applied for. Further, municipal sales taxes and food and beverage taxes must be higher at time of forgiveness than at time of application. The final forgiveness amount would be based upon the difference in taxes generated between the time of disbursement and time of forgiveness, capped at 20% of the loan amount.

Mr. Iverson suggested a program to promote the incentive and Ms. Larson felt that a webinar could be such as an opportunity. Mr. Poulos asked about the forgivable provision as

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it pertains to industrial businesses, since they typically don't generate sales taxes or food & beverage taxes. Mr. Mertes said that such businesses would still be eligible. The required increase in tax revenues pertains only to businesses that generate sales taxes. Mr. Mulder recommended metrics to help protect the Village's interest.

MICHAEL MULDER MOVED TO RECOMMEND APPROVAL OF THE PROPOSED CHANGES TO THE ZERO INTEREST LOAN PROGRAM AS PROPOSED. MARC POULOS SECONDED. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION (9-0).

Other Business and Public Comment

Mr. Moens referenced an Elk Grove Village program that provided pre-loaded gift cards to their residents, with the intention of having the money spent locally. He would like the Alliance to consider ways to support businesses through demand-side efforts. Ms. Ruhl inquired about Arlington Heights Chamber gift cards. Mr. Mulder responded that the Chamber no longer does gift certificates, but does have a couponing program for their members. Ms. Ruhl suggested gift cards to local businesses, which would keep spending in Arlington Heights.

Ms. Larson discussed the new Meet Chicago Northwest new visitor guides, and added that Arlington Heights restaurants, hotels, and attractions are featured on their website.

Adjournment

TONY GUIDO MOVED AND HEATHER LARSON SECONDED A MOTION TO ADJOURN. ALL ALLIANCE MEMBERS VOTED IN FAVOR OF THE MOTION.

The meeting adjourned at 8:37 AM.

Andrew Stengren, Chair
Arlington Economic Alliance

Prepared by Department of Planning & Community Development