

MINUTES
Special Meeting of the Committee of the Whole
June 19, 2018 - 6 p.m.
Village Hall of Tinley Park – Council Chambers
16250 S. Oak Park Avenue
Tinley Park, IL 60477

Members Present: B. Younker, President Pro-Tem
 C. Berg, Village Trustee
 W. Brady, Village Trustee
 M. Glotz, Village Trustee - Arrived 6:35 p.m.
 M. Pannitto, Village Trustee

Members Absent: None

Other Board Members Present: J. Vandenberg, President
 K. Thirion, Village Clerk

Staff Present: D. Niemeyer, Village Manager
 P. Carr, Assistant Village Manager
 C. Faricelli, Interim Police Chief
 F. Reeder, Fire Chief
 B. Bettenhausen, Village Treasurer
 D. Maiolo, Director of Human Resources
 P. Wagener, Interim Human Resources Deputy Director
 K. Workowski, Public Works Director
 J. Urbanski, Assistant Public Works Director
 P. Wallrich, Interim Community Development Director
 P. Hoban, Economic Development Manager
 P. Connelly, Village Attorney
 L. Valley, Executive Assistant to the Manager and Trustees
 R. Zimmer, Executive Assistant to the Mayor
 L. Godette, Deputy Village Clerk
 L. Carollo, Commission/Committee Secretary

Item #1 - The Special Committee of the Whole Meeting was called to order at 6:05 p.m.

Item #2 – CONSIDER APPROVAL OF THE MINUTES OF THE SPECIAL COMMITTEE OF THE WHOLE MEETING HELD ON JUNE 5, 2018 – Motion was made by Trustee Berg, seconded by Trustee Brady, to approve the minutes of the Special Committee of the Whole Meeting held on June 5, 2018. Vote by voice call. President Pro-Tem Younker declared the motion carried.

Item #3 – DISCUSS CHANGE ORDER WITH P.T. FERRO CONSTRUCTION COMPANY FOR THE FY-2019 PMP (PAVEMENT MANAGEMENT STREET RESURFACING PROGRAM) - A contract was awarded to P.T. Ferro Construction Company in the amount of \$2,279,464.95, for street resurfacing and maintenance of approximately 9 miles of streets within the Village at the Village Board Meeting held on March 20, 2018. Approximately 1.6 miles of streets included in the 9 miles designated for street resurfacing and maintenance are contained within the Odyssey Club residential subdivision, which was designed as a gated community with private streets. Per the 1990 Annexation Agreement and the Declarations for the Odyssey Club Golf Community, it was agreed the Village would perform street maintenance within this subdivision and a fee structure for compensation for the repairs was provided.

As the Odyssey subdivision has not been completely built out, the original scope of work in the FY-2019 PMP excluded what was considered the designated construction route and was intended to be deferred to a future year's PMP project. Representatives of the homeowner's associations expressed concerns about excluding at least portions of the designated construction route, specifically the entrance road. It was determined the best course of action was to complete the remaining streets in the subdivision as part of the current PMP project. Total additional cost to add these streets is estimated at \$215,000. B. Bettenhausen, Village Treasurer confirmed there is sufficient funding available in the Odyssey Street Maintenance Fund for the construction costs.

Staff Requested approval of a change order to the existing contract with P.T. Ferro Construction Company for the FY-2019 Pavement Management Program (PMP) in the amount of \$215,000.

Motion was made by President Pro-Tem Younker, seconded by Trustee Berg, to recommend approval of a change order to the existing contract with P.T. Ferro Construction Company for the FY-2019 Pavement Management Program (PMP) in the amount of \$215,000 be placed on the agenda for the next Village Board Meeting. Vote by voice. President Pro-Tem Younker declared the motion carried.

Item #4 – DISCUSS HARP GROUP - TINLEY PARK CONVENTION CENTER - The Village has been in discussions for approximately a year with the HARP group, the potential new owner of the Holiday Inn and convention center. The convention center is also managed by the hotel owner. The HARP group has significant experience in hotel development and management in the Chicago area. The HARP group plans on changing the Holiday Inn to a Sheraton or similar type of hotel with the possibility of expansion, which would increase business in the Village's hotels and restaurants, resulting in increased tax revenue for the Village.

Holiday Inn and the convention center was originally developed through creation of a (Tax Increment Financing) TIF and in order to keep the hotel competitive, the Village contributes towards maintenance (\$675,000) and capital improvements (\$185,000) of the convention center from the TIF, for a total tax offset subsidy of approximately \$860,000 yearly. However, the TIF expires this year, so this revenue source will no longer be available. The Village had been in discussions with the current owners regarding hotel and convention center viability once the TIF expires due to the subsidies ending in 2018, and in future the Village would no longer continue to fund capital improvements as previously. An agreement was reached with the HARP Group, capping the annual tax offset at \$750,000 yearly.

In an effort to keep the convention center and hotel financially viable for at least 20 years, a plan was developed in which two (2) school districts within the convention center's boundaries and the Village will contribute. High School District 159 and Grade School District 227 will receive significant increases in their assessed value and tax revenues collected when the TIF terminates.

Under Illinois state law, taxing bodies are allowed to abate real estate taxes as a business incentive for up to ten (10) years. The two school districts, the Village and the HARP group are currently negotiating an agreement by abating 50% of property taxes on the property for ten (10) years or \$4,000,000 from all three taxing bodies, whichever occurs first. The abatements are expected to generate approximately \$675,000 yearly and reach a cap of \$4,000,000 in seven (7) years. The abatement agreements with the school districts also include the HARP Group providing three (3) paid hospitality internships yearly, consultation on cooking facilities and discounted rates on three (3) school events yearly. District 227 approved this agreement on June 14, 2018.

The difference in abatements and the \$750,000 yearly will consist of an increase in the Village hotel tax rate of 1% for all hotels in Tinley Park, which is expected to generate \$250,000 yearly. Once abatements reach the cap of \$4,000,000, the Village and HARP would negotiate a new abatement

agreement with the school districts. If unsuccessful, the Village would also include the entire 6% hotel tax rate generated only by the hotel and convention center property until the twentieth year of the agreement.

The new management agreement with the HARP Group will include a number of new provisions: The Village will no longer be responsible for funding the major capital improvements for the convention center. The Village will use \$400,000 from the TIF to resurface the convention center parking lot. The Village will get reduced rentals of up to 10 events yearly. The HARP Group must convert the hotel to a Sheraton or similar brand within 30 months or the Village will not pay incentives owed to HARP. The HARP Group will be responsible for paying 5% of gross receipts generated from the convention center into a capital improvement fund. In addition, if HARP receives any incentives from Cook County, they will be applied as credit against the tax abatements.

Peter Dumon, owner of the HARP Group was present and discussed additional plans relating to the hotel and convention center property. President Pro-Tem Younker asked if the Committee of the Whole had any questions. No one came forward.

Item #5 – DISCUSS EMPLOYEE PAY PLAN - The Village hired PayPoint in fall 2016 for the Village's first comprehensive pay plan revision and market survey in more than 10 years. The study included a review of all employees except for vacant and union positions, as well as select fire department positions. The study surveyed a number of comparative communities within 30 miles of Tinley Park, which were reviewed and approved by the Village Board. The Village Board determined the Village plan should compensate employees at the 60th percentile of the external market. A draft plan was presented to the Village Board in mid-2017, with recommendations for reclassifications and ranked positions above, at, or below the market. Concurrently, the Human Resources Department underwent transition with the director leaving and a temporary deputy director hired with the task of reviewing and verifying data. The PayPoint study provided a concise structure, but the goal was to ensure the new pay plan would be as accurate, fair and affordable as possible.

PayPoint Recommendation Changes:

- The PayPoint plan had 15 steps compared to the Village's 10 steps between each pay grade.
- Step differentials.
- Private sector comparisons were unreliable, resulting in inconsistent results.
- Insufficient sample size within a few data sets.
- No significant difference in merit component in comparison.

Non-management Recommendations:

- For employees on a step plan, the number of steps will remain at 10 and the distance between steps is at 3.8% for most positions.
- Increased emphasis on evaluating on merit with a points-based system.
- Depending on performance, employees can move a half step or full step.
- New bonus system focuses on performance.

Management Recommendations:

- Merit-based beginning May 1, 2019.
- Receive a final market wage adjustment for this fiscal year and a step increase if eligible (excluding Village Manager).
- New management-focused evaluation form, measuring performance on criterion.

A bonus plan will be developed for non-management employees. A non-management employee at top range (no steps) will receive annual market wage adjustment. This year's recommended is 2.5%. A non-management employee working through steps will receive annual market wage adjustment and where applicable no step increase, a half step increase at 1.9% or a full step increase at 3.8%. Police and Public Works union employees will continue to receive market wage adjustments and full step increases.

Several positions were listed as below market and adjustments were recommended for 34 employees; however, these are significantly reduced from the PayPoint recommendations, which estimated \$300,000 in the first year. The new plan first year cost would be \$24,209 yearly and \$142,459 for 4 years.

Next Steps:

- Finalize new Fire pay plan.
- Approve new plan and merit system along with a 2.5% market wage adjustment.
- Evaluation of new plan for a year and make appropriate changes.
- A 3-year comprehensive salary survey.

Item #6 – DISCUSS LAKOTA PLAZA AGREEMENT - As part of the Business, Programming and Marketing Action Plan initiated in May 2017, The Lakota Group led a yearlong collaborative effort between staff, leadership, key stakeholders and Tinley Park residents, which resulted in a concept for a 40,000 sq. ft. plaza located on North Street, east of Oak Park Avenue, including an operational business plan for year-round programming.

Scott Freres, Principal of Lakota Group presented the final plaza concepts along with recommendations for managing the proposed year-round venue with over 250 days of programming. Key topics included project design and planning process, final concept plan direction, business plan and programming, next steps/timeline and implementation.

After completion of the concept design and business plan for the plaza, the next step will be to refine the design and proceed to construction drawings. Phase 1 is expected to begin early spring 2019.

The Agreement with the Lakota Group provides for design refinement of the concept, field verification and team coordination, resulting in final construction documents ready for bidding purposes and includes assistance with the bidding process, construction, administration, observation and closeout. An amount not to exceed \$180,000 has been provided (estimate \$9000 in expenses) for the Lakota Group's work and an estimated range of \$260,000 to \$335,000 for specialty services. B. Bettenhausen, Village Treasurer confirmed there is sufficient funding available in the Capital Fund for planning and construction of the Plaza.

Item #7 – RECEIVE COMMENTS FROM THE PUBLIC - Diane Galante stated a concern with the Village having ownership in a venue and asked staff questions, which were satisfactorily answered. Nancy O'Connor asked for clarification on land ownership regarding the plaza and Teehan's Tavern. A Farmer's Market vendor asked for clarification on vendor location within the plaza.

ADJOURNMENT

Motion was made by President Pro-Tem Younker, seconded by Trustee Berg, to adjourn this Special Committee of the Whole Meeting. Vote by voice call. President Pro-Tem Younker declared the motion carried and adjourned the meeting at 7:27 p.m.

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