

**CITY COUNCIL
COMMITTEE-OF-THE-WHOLE**

**AGENDA
June 18, 2012
6:00 P.M.
City Council Chambers**

- 1. CALL TO ORDER**
- 2. ESTABLISH A QUORUM**
- 3. CAPITAL IMPROVEMENTS PLAN**
- 4. PROPOSED ECONOMIC INCENTIVE WITH CHUCK'S
SOUTHERN COMFORT CAFÉ**
- 5. PUBLIC COMMENT**
- 6. ADJOURNMENT**

CITY OF DARIEN

Memorandum

TO: Mayor, City Council, City Clerk, City Treasurer

FROM: Bryon D. Vana, City Administrator

DATE: June 11, 2012

RE: Committee of the Whole meeting scheduled for June 18, 2012 - Capital Projects Discussion

[BACKUP](#)

At the May 21, 2012, Committee of the Whole meeting the council asked staff to put together a Capital Improvements Plan (CIP) using the outline discussed at that meeting. The outline of the CIP was as follows:

- 1 IDENTIFY PROJECTS**
- 2 PRIORITIZE PROJECTS**
- 3 DEVELOP FUNDING FOR CAPITAL PROJECTS**

Attached is a draft CIP plan to be discussed by the council at the June 18, 2012, Committee of the Whole meeting. I recommend that the council focus the discussion on # 2, prioritize projects, and #3, develop funding for capital projects. The council can discuss #1, identify projects, at the next council goal-setting workshop to be held in the fall.

If you have any questions prior to the meeting please feel free to contact me.

DRAFT

**CITY OF DARIEN
CAPITAL IMPROVEMENTS PLAN
FISCAL YEARS ENDING 4/30/13 TO 4/30/15**

A capital improvement plan (CIP) is our multi-year plan identifying capital projects to be funded or identified during the 3-year planning period. The CIP identifies each capital project to be undertaken, the year the improvement project will be started, the amount of funds expected to be expended in each year of the CIP and the way the expenditure will be funded. A CIP also identifies non-core discretionary and expansion projects that a community may want to initiate if funding becomes available. A CIP is not a static document. It should be reviewed every year to reflect changing priorities, unexpected events and opportunities. The CIP should include the maintenance, repair and rehabilitation of existing infrastructure as well as the construction of new infrastructure. This may include capital items exceeding \$75,000 such as buildings, water system, roadways, bridges, storm water systems, and sidewalks.

There are several benefits for developing and adopting a Capital Improvement Program. Not only does the CIP become a management tool for the City Council and City staff, a CIP also provides valuable information to the citizens, developers and businesses who are interested in the development of the community. The CIP document will assist in leveraging available resources through improved timing of projects, and coordinating City projects with those of other public or private entities.

The CIP sets the general schedule within which public improvements are proposed to be undertaken. The first year reflects the adopted Budget for the fiscal year. The remaining years represent a schedule and estimate of future capital needs that may be funded given projected revenue estimates. A proposed CIP is presented to the Municipal Services Committee and the City Council as part of the annual budget process. A final CIP is presented to the City Council and is adopted concurrently with the annual operating budget effective May 1 of each year.

This plan will illustrate:

1. identified projects
2. project prioritization
3. funding plan for projects.

1 IDENTIFIED PROJECT LIST

The city of Darien identifies capital projects in three categories:

- A. **Core projects:** This category includes maintenance required to maintain existing essential infrastructure in acceptable condition including streets (and related accessory curb/gutter, storm water structures/ditches), sidewalks, buildings and grounds. To meet the criteria of a core project, the project must be part of a multi year rating system such as the road maintenance program or an urgent repair.
- B. **Non-core discretionary projects:** This category includes maintenance required to maintain existing non-essential infrastructure in acceptable condition including entranceway sign replacement, street sign replacement, beautification projects to existing buildings, rights of way, etc.
- C. **Expansion Projects:** This category includes the construction of additional non-essential infrastructure bike paths, new roads, land acquisition, new beautification projects.

A. IDENTIFIED CORE PROJECTS

	PROJECT TITLE	PROJECT DESCRIPTION
1	Ditch storm water improvements – see multi year rating plan	Storm water ditches within the public rights of way need to be maintained on a scheduled basis to prevent them from silting up and forcing water back onto the travel way surface, into the sub base of the pavement, and onto private property. The city’s ditch maintenance program is determined by the annual road maintenance program.
2	Sidewalk replacement – see multi year rating plan	Sidewalks are inspected on an annual basis. Sidewalks not in compliance with safety standards are replaced annually.
3	Road crack seal maintenance – see multi year rating plan	Filling or sealing pavement cracks to prevent water from entering the base and sub-base will extend the pavement life by an estimated three to five years. The city roads are inspected on an annual basis to determine the annual crack filling schedule.
4	Curb and gutter improvements – see multi year rating plan	The concrete curb and gutter along municipal roads play an important part of road maintenance. A functioning curb and gutter ensures proper drainage of a road. In conjunction with the annual road maintenance program the city inspects curb and gutter and replaces it as needed.

5	Building/grounds maintenance	The city maintains Approximately \$21,000,000 in building value and 20 acres of land. The buildings and grounds need to be maintained on an as needed basis to ensure safety, aesthetics, and efficient operations.
6	Street maintenance program – see multi year rating plan	The city maintains 70 miles of roads as outlined in the road maintenance program guide. The average life of an improved roadway is 12 years with additional road life possible with additional preventive maintenance. The city’s current annual road maintenance program includes approximately 4.5 miles per year. Due to additional preventive maintenance, the road program will be reduced overtime as conditions warrant.
7	Bond payment	Annual principal and interest payments on previous bond issues are paid annually.

B. IDENTIFIED NON CORE DISCRETIONARY PROJECTS

	PROJECT TITLE	PROJECT DESCRIPTION
1	Welcome to Darien signs at <i>Community Gateways</i>	Construction of between 5 to 9 Community Gateway signs placed at entranceways to the community.
2		
3		
4		
5		
6		

C. IDENTIFIED EXPANSION PROJECTS

	PROJECT TITLE	PROJECT DESCRIPTION
1	Streetscape Improvements	The City’s Comprehensive Plan promotes improving the 75 th Street and Cass Avenue town center area by constructing a number of streetscape improvements, including paved crosswalks, landscaping in medians, and other design treatments.
2	Bike Plan	In 2002 TranSystems Corporation prepared a feasibility study on developing a municipal bicycle route system. The study identified approximately twenty five miles of bicycle paths that would create a network of on-street and off-street bikeways that could be used by Darien residents.
3	Informational Sign	Electronic message board that would provide information

		on City activities similar to the sign at Hinsdale South.
4	New Sidewalk Construction	Identify priority areas where new sidewalks should be constructed along critical pedestrian walkways
5	Utility Line Burial	Move power lines underground for those areas with overhead electric lines
6		

2 PROJECT PRIORITIZATION

Capital projects will be prioritized in the following order:

1. **Core projects**
2. **Non-core discretionary projects**
3. **Expansion Projects**

When prioritizing projects the following guidelines will be used:

- Consistent with city goals
- Linked to other projects
- Planned as part of a multi year plan
- Included in city comprehensive plan and other planning documents
- Eligible for grant or special funding such as a special service area
- Reduces liability
- Results in more efficient operations
- Promotes economic development
- Improves public health and safety
- Reduces operating budget
- Facilitates intergovernmental cooperation
- Specific ranking criteria within specific project categories

3 FUNDING PLAN

When developing a funding plan we analyze past, present and future trends in revenue generation, debt levels, general economic factors, new and increased revenues, and project reduction. The objective of the analysis is to determine the amount of funds available from existing and future revenue sources to pay for capital projects. When looking at the cost of doing a project we look at all the project costs; capital, operating and maintenance as well as looking at the cost of not doing a project. If a project or maintenance is delayed, what will the cost of construction be in the future, what are the

current yearly operating and maintenance costs and what is the lost opportunity cost to the municipality. Specific criteria we use when developing a funding plan include:

- Project funding will be planned over a three-year period in conjunction with the approval of the annual budget
- Surplus from the general fund, in excess of 3 months operating reserve, will be transferred to the capital projects fund annually
- The capital projects fund shall maintain a minimum fund balance of \$500,000 in each year of the three-year plan to be available for emergency projects
- Core projects will be funded prior to approving any non-core discretionary or expansion projects over the 3-year planning process
- Revenue shall be estimated if it is reasonably planned to be received over the 3-year period
- Revenue shall be considered sufficient for the 3-year plan when core projects are funded and \$500,000 is available for emergency projects
- Bonds will only be issued for projects once the core projects are funded and for projects over \$1,500,000 and have a useful life of at least 15 years. Using cash for projects with shorter lives and bonds for projects with longer lives facilitates “intergenerational equity”, wherein projects with long useful lives are paid over several generations using the project through debt service payments.

If revenue is not sufficient for the 3-year period then the city shall have the option to:

- Reduce the scope of core projects
- Reduce operating expenses and transfer the savings to the capital projects fund
- Increase revenues (gas tax, real estate tax, home rule sales tax)

CITY OF DARIEN

Memorandum

TO: Mayor, City Council, City Clerk, City Treasurer

FROM: Bryon D. Vana, City Administrator

DATE: June 13, 2012

RE: Committee of the Whole meeting scheduled for June 18, 2012 - Economic Incentive Chuck's Southern Comfort Café

[BACKUP](#)

On May 8th, 2012 Dan Gombac sent an e-mail to the council advising that he had met with the owners of Chuck's Southern Café. They are interested in opening a restaurant at the former Cornerstone location on Cass Ave. The owners of Chuck's are currently securing loans for the expansion and remodeling of the building. They are requesting an economic incentive from the city in the amount estimated at \$300,000 for exterior improvements including concrete work, storm sewer and parking lot paving. The owners have advised staff that their ability to secure financing for the business is contingent on receiving the incentive requested of the city.

In order to approve their request the council would need to approve an economic development incentive agreement with Chucks. If the council wants staff to pursue an agreement with Chucks we would develop a proposed agreement to present to the council at the July 16, 2012, council meeting. An overview of the agreement would be as follows:

- The staff would secure pricing for the work based on current bid pricing
- The city would pay for the work in an amount not to exceed \$300,000
- The city would recoup the economic incentive through new sales taxes generated by Chucks
- Chucks would provide the city with a security in the amount of the economic incentive
- The city would hold, and be beneficiary, of the security until Chucks generates sales tax revenue in an amount equal to the city's incentive amount

Chucks estimates first year sales of approximately \$4,000,000 which would generate \$80,000 in sales tax revenue to Darien. Attached as additional information are copies of emails that Chucks has sent to Dan.

If you have any questions prior to the meeting please feel free to contact me.

Maria Gonzalez

From: Bryon Vana
Sent: Thursday, June 14, 2012 10:53 AM
To: Maria Gonzalez
Subject: FW: Economic Incentive

backup

From: Dan Gombac
Sent: Wednesday, June 13, 2012 10:45 AM
To: Jim Pine
Cc: BBQMANIAC1963@YAHOO.COM; coots60467@comcast.net; Bryon Vana; Kathy Weaver
Subject: RE: Economic Incentive

Thanks Jim

Daniel Gombac
Director of Municipal Services
630-353-8106

From: Jim Pine [<mailto:jpine4@comcast.net>]
Sent: Wednesday, June 13, 2012 10:05 AM
To: Dan Gombac
Cc: BBQMANIAC1963@YAHOO.COM; coots60467@comcast.net
Subject: RE: Economic Incentive

Hi Dan,

Concerning your points shown below:

1. I would greatly appreciate the help if the city of Darien would serve as the general contractor for the improvements listed. It's obvious the expertise needed exists within your office.
2. Since my last e-mail to you we have secured an architect and will get him working on the site plan.
3. My plans, concerning the security instrument, was to offer real estate as the desired security.
4. It is currently estimated that construction and remodeling would be in the \$410,000 range. Pursuing funding for the \$300,000 through our SBA channels would cause us a financial hardship and delay or stop the project from proceeding. The reason for this was contained in the previous e-mails.
5. The anticipated date of the closing of property is still uncertain and can't proceed pending the outcome of the economic incentive agreement. Both the SBA and Marquette Bank are processing their loan portions for approval. As soon as they give me something concrete I will immediately forward the information to you.
6. At this early date, the anticipated and desired opening would be some time in October 2012.
7. That is great news! Again thanks for your help on this.

In the next couple weeks I will attempt to incorporate your scheduled events with those of architect in eventual general contractor to produce a combined schedule. Please let me know if I've addressed all your concerns.

Thanks again for all your help.

James C Pine, Sec./Treas.
Chuck's Southern Comforts Café Inc.

6501 W. 79th St.
Burbank, IL 60459

From: Dan Gombac [<mailto:dgombac@darienil.gov>]
Sent: Tuesday, June 12, 2012 12:12 PM
To: Jim Pine (jpine4@comcast.net)
Cc: Kathy Weaver; Bryon Vana; Michael Griffith
Subject: FW: Economic Incentive

Good Morning Jim:

As you are aware, the City of Darien is bringing forth to the Committee of the Whole an agenda item regarding the Economic Incentive Agreement for Chuck's Southern Comforts Café on Monday, June 18 at 6:00 pm at the City Hall. Prior to the meeting there are several items that we need to clarify:

1. Are you anticipating the City to have a role as the general contractor for the following improvements:
 - A. Concrete work-R&R Walkways-Install apron under canopy-install C&G NO C&G scheduled for the back area \$47,000
 - B. Pavement \$210,000
 - C. Striping-Installation of Parking Blocks \$10,000
 - D. Storm sewer repairs and install \$25,000
 - E. Light Standards-underground wire \$10,000

Estimated Total Cost \$300,000

2. A site plan will be required to determine limits of curb and gutter, proposed storm sewer structures, striping plan. We anticipate that you have an architect secured to prepare a site plan?
3. The economic incentive is based on a 2% tax rate. Att is an exhibit demonstrating the rebate schedule. The economic incentive will require a security instrument acceptable to the City to secure funding in the event of a default. The security must be in an amount equal to the incentive plus interest of 2.5%. What will the security instrument be? The proposed item will require the attorneys to prepare the agreement.
4. Regarding the build out and alterations what is the value of the improvements, excluding the site improvements. Per the e-mails forwarded earlier please confirm that other financial instruments for the \$300K have been exhausted and would not allow the proposed venture to move forward.
5. What is the anticipated date of the closing on the property?
6. What is the anticipated date of opening?
7. The Illinois Dept of Transportation has agreed to place a sign on the I-55 corridor, once your open. We will provide you the contact info as we approach the opening date.

In regards to a schedule, it is anticipated that the following would occur:

June 18, 2012 Preliminary approval of the Economic Incentive Agreement-Not to exceed \$300K
June 15, 2012 Chuck's secures financing for the building and improvements
June 15-30, Site Plan Submittal
July 5, 2012 Public Hearing Submittal due

Items: Special Use-Restaurant/Bar
Signage-Electronic, size (if applicable)
Side yard Setback(if applicable)
Striping-code is currently 10-foot, review if 9-foot will be required (if applicable)

July 18, 2012 Public Hearing
July 23, 2012 Municipal Services Committee
August 6, 2012 City Council Meeting
August 7-10, 2012 Closing
August 13-24, 2012 Concrete Work
August 13-24, 2012 Storm Sewer Work
September 3-14, 2012 Pavement Work
September 17-21, Striping
September 21-30 Landscaping

Upon your review, please call us today or tomorrow morning.

Thanks

Daniel Gombac
Director of Municipal Services
630-353-8106

From: Jim Pine [<mailto:jpine4@comcast.net>]
Sent: Monday, June 11, 2012 9:48 AM
To: Dan Gombac
Cc: BBQMANIAC1963@YAHOO.COM; 'Lisa'; coots60467@comcast.net; tommybehan@gmail.com
Subject: Economic Incentive

Hi Dan,

Just to follow up with our earlier conversation, the contract to purchase the site is contingent on receiving an economic incentive from Darien. Also you asked about having an architect who can provide renderings of what will be done with the face of the building. Pending the outcome of the economic incentive and finalization and closing on the property, the hiring of an architect has been postponed, but I feel confident that the final look of the face of the building will make it a asset to the community.

I hope I've addressed your concerns. Feel free to call me anytime if you need more info.

James C Pine, Sec./Treas.
Chuck's Southern Comforts Café Inc.
6501 W. 79th St.
Burbank, IL 60459

Maria Gonzalez

From: Bryon Vana
Sent: Thursday, June 14, 2012 10:51 AM
To: Maria Gonzalez
Subject: FW: Economic Incentive for 8025 S Cass Ave.

backup

From: Dan Gombac
Sent: Friday, June 01, 2012 4:36 PM
To: Bryon Vana; Kathy Weaver; Jim Pine
Cc: coots60467@comcast.net; BBQMANIAC1963@YAHOO.COM; 'Lisa Grzelak'
Subject: RE: Economic Incentive for 8025 S Cass Ave.

Good Afternoon Jim:

I am forwarding your e-mail regarding the economic incentive to Mayor Kathleen Weaver and City Administrator Bryon Vana. We will be in contact with you next week to further discuss the incentive. Have a great weekend.

Sincerely

Daniel Gombac
Director of Municipal Services
630-353-8106

From: Jim Pine [<mailto:jpine4@comcast.net>]
Sent: Friday, June 01, 2012 2:32 PM
To: Dan Gombac
Cc: coots60467@comcast.net; BBQMANIAC1963@YAHOO.COM; 'Lisa Grzelak'
Subject: Economic Incentive for 8025 S Cass Ave.

As you are aware, we are in the process of purchasing the property located at 8025 S Cass Ave. During the inspection process it was noted that everything about the parking area and driveways is in disrepair. Approximately two years ago we looked at this same property and were scared off by the expense related to making this area useable and safe. This go around we would like to request assistance from Darien thru an economic incentive equal to an estimated \$300,000, based on projected costs of replacing the existing parking area, curbing, and drive-ways. My proposal is that Darien would recoup this expense thru the 1 ¾ % local sales tax Darien imposes. Based on estimated sales exceeding \$4,000,000 the first full year we're open, the proposed economic incentive would be recouped within slightly over three years or at \$70,000 per annum.

Of course, these are estimates, but not without foundation. Our current Burbank location is exceeding \$6,000,000 with less capacity and parking and without banquet facilities. This is further supported by the significant customer base already existing in the Darien area. If we just match Burbank's revenue, \$315,000 would be recouped after three years. In reality, we expect to exceed that number, but to what extent is speculative. In order to put Darien at ease with our proposal we would be willing to personally guarantee Darien be repaid, in full, thru sales taxes within four years of opening. Any shortage would be paid by the partners in Chuck's.

We are hoping to have a very positive impact on Darien through drawing in much more traffic as Chuck's is considered a destination establishment, patrons don't come to us just because we're in the neighborhood, they come from afar and out of their way to visit us. This obviously, means some amount of spinoff money will be spent by our customers at other local businesses getting gas, lottery tickets, cigarettes, etc.. thus adding more sales tax revenue to Darien.

Our Burbank site has approximately 90-95 employees, with about a 50-50 split between full and part time positions. We have always focused hiring on the local community and fully expect that to continue with the hiring of many Darien residents. This infuses the community with much more money, both disposable and non-disposable, which for the most part will be spent in Darien. It's a win-win for everyone, Darien, it's residents and businesses, and Chuck's.

Concerning the need for this incentive, Chuck's generates a great deal of sales but that does not equate directly to profit. We always attempt to run a great restaurant with great service and reasonable prices but there's a price to pay for that through higher labor costs and thinner profit margins. Without this incentive(help) from Darien it would force an economic hardship on us to add this cost to the start-up process and there after exasperate our efforts to maintain cast flow and profitability. Darien is a top-notch community which prides itself on the businesses calling it home and expects well run and well maintained properties. We expect to funnel a good amount of money the first couple of years further improving the properties appearance and functionality to meet and exceed Darien expectations. Your assistance, thru this economic incentive, would go a long way towards ensuring the finances are there to get the job done, draw in visitors to Darien, and provide the jobs discussed.

Please let me know if you need more information and thank you in advance for considering our request.

James C Pine, Sec./Treas.
Chuck's Southern Comforts Café Inc.
6501 W. 79th St.
Burbank, IL 60459

EXHIBIT 1

ILLUSTRATIVE EXAMPLE-ECONOMIC INCENTIVE MODEL

Chucks Southern Comfort Café

Description	Net Sales	Sales Tax Generated-Restaurant Use	Incentive Amount	No of Years of Tax Incentive
		2%		
EXAMPLE 1	\$3,000,000	\$60,000	\$300,000	5.00
EXAMPLE 2	\$4,000,000	\$80,000	\$300,000	3.75
EXAMPLE 3	\$5,000,000	\$100,000	\$300,000	3.00
EXAMPLE 4	\$6,000,000	\$120,000	\$300,000	2.50
EXAMPLE 5	\$7,000,000	\$140,000	\$300,000	2.14
