

APPROVED

PLAN

REPORT OF THE PROCEEDINGS OF A PUBLIC HEARING
BEFORE THE VILLAGE OF ARLINGTON HEIGHTS
PLAN COMMISSION

COMMISSION

RE: EUROPEAN CRYSTAL HOTEL - 519 WEST ALGONQUIN ROAD - PC#18-013
LAND USE VARIATION FOR HOTEL, VARIATION FROM CHAPTER 28 OF THE
MUNICIPAL CODE

REPORT OF PROCEEDINGS had before the Village of
Arlington Heights Plan Commission Meeting taken at the Arlington Heights Village
Hall, 33 South Arlington Heights Road, 3rd Floor Board Room, Arlington Heights,
Illinois on the 11th day of July, 2018 at the hour of 7:30 p.m.

MEMBERS PRESENT:

LYNN JENSEN, Vice-Chairman
JOE LORENZINI
BRUCE GREEN
SUSAN DAWSON
JOHN SIGALOS
JAY CHERWIN

ALSO PRESENT:

SAM HUBBARD, Community Development Planner

APPROVED

VICE-CHAIR JENSEN: Okay, I'd like to call to order this meeting of the Arlington Heights Plan Commission. As the first order of business, let us rise and do our pledge of allegiance.

(Pledge of allegiance recited.)

VICE-CHAIR JENSEN: Okay, Sam, would you take roll call?

MR. HUBBARD: Sure. Commissioner Cherwin.

COMMISSIONER CHERWIN: Here.

MR. HUBBARD: Commissioner Dawson.

COMMISSIONER DAWSON: Here.

MR. HUBBARD: Commissioner Drost.

(No response.)

MR. HUBBARD: Commissioner Green.

COMMISSIONER GREEN: Here.

MR. HUBBARD: Commissioner Lorenzini.

COMMISSIONER LORENZINI: Here.

MR. HUBBARD: Commissioner Sigalos.

COMMISSIONER SIGALOS: Here.

MR. HUBBARD: Commissioner Warskow.

(No response.)

MR. HUBBARD: Chairman Ennes.

(No response.)

MR. HUBBARD: And Vice-Chair Jensen.

VICE-CHAIR JENSEN: Here. I guess our first order of business is to approve two sets of minutes from the June 27th meeting, the first being the Hickory/Kensington minutes, and the second being the Christian Liberty Subdivision. Do I have a motion to approve the minutes?

COMMISSIONER GREEN: So moved.

COMMISSIONER SIGALOS: I'll second.

VICE-CHAIR JENSEN: So, they are moved and seconded. We'll just do a voice vote. All in favor, say aye.

(Chorus of ayes.)

VICE-CHAIR JENSEN: Any opposed?

(No response.)

VICE-CHAIR JENSEN: Any abstention?

COMMISSIONER LORENZINI: I was not here last meeting.

VICE-CHAIR JENSEN: Okay, duly noted. Okay, we're going to, we only have one order of business today, and that is the European Crystal Hotel at 519 West Algonquin, PC#18-013. Sam, have all the notices been made or published?

MR. HUBBARD: They have been, yes.

VICE-CHAIR JENSEN: Great. So, if we could have the Petitioner and anyone who will speak on behalf of the Petitioner come up for the swearing in? I'd appreciate that. So, all of you may testify at some point or another I take it? So, the question, if you all just raise your right hand?

(Witnesses sworn.)

VICE-CHAIR JENSEN: Great. As each of you come up to the podium to

LeGRAND REPORTING & VIDEO SERVICES

Chicago & Roselle, Illinois - Miami & Orlando, Florida

(630) 894-9389 - (800) 219-1212

APPROVED

Speak to make your presentation, if you would say your name and spell it? You don't have to give your address, but if you'd like to you can for the reporter. So, why don't we let whoever is going to speak for the Petitioner start off?

MR. AREVALO: Good evening, Commissioners. I had the pleasure of being here a few weeks ago, I believe in June, for a different matter. In talking to the Applicant today, you know, he requested that I kind of go assist on this. It is my pleasure to be before you again.

The petition before you is the, as you have indicated at the outset, is the European Crystal Hotel and the development of it.

VICE-CHAIR JENSEN: Could I interrupt you for a second? You need to say your name and spell it for the reporter.

MR. AREVALO: Yes. Carlos Arevalo, A-r-e-v-a-l-o, and I'm with the firm of SmithAmundsen representing the Petitioner.

VICE-CHAIR JENSEN: Thank you.

MR. AREVALO: With me today, the Applicant James Cazares, and also we have Ted Mandigo and Rick. I believe Ted will take care of addressing some of the issues with the market and the feasibility study. Steve Corcoran is here and he will be addressing matters having to do with the parking and the traffic study. Enrique Castel is also here, and he is the architect designer of the facility and the hotel that's before you.

So, I'm going to just take a few moments to introduce obviously the Petitioner. I'm sure you've read the materials and are familiar with it. It is not the first time that the proposal has been before you with respect to the development of this hotel, and now we are here with a scaled-back proposal that sort of addresses, what we'd hope is the Petitioner is addressing some of the concerns that have been raised in the past with respect to size of the hotel and the facility as well as the parking requirements that are in place.

This is a hotel that is, or the proposal is for the property at 519 West Algonquin Road in Arlington Heights. It presently or currently houses the European Crystal Banquet facility which is a facility that is, you know, primarily for weddings and other kinds of events, a banquet facility. The purpose here is, on the part of the Petitioner, is to convert the facility to, or incorporate a hotel of 62 rooms with amenities as presented in the project and the design and to sort make it a conference center as well, to use the existing banquet facility as a way of connecting the two and so that the property can be fully utilized a hundred percent of the time as opposed to the banquet facility which is primarily used during the weekends. So, there is a certain portion of the week that is unutilized, and that leads us to the, you know, the reasons for the application, for the petition, to have it be the best use of the property in this proposal.

So, I'm going to first introduce the architect so that he can give you the layout, the design, so that you can see what the proposal entails. Mr. Castel?

MR. CASTEL: I am Enrique Castel, E-n-r-i-q-u-e, last name Castel, C-a-s-t-e-l. I'm the architect on the project.

So, basically, what we're proposing is to demolish the four small banquet halls on the front of the building and leave the existing arc banquet room or ballroom in the back, modifying the existing bathroom areas to accommodate the needs for the hotel that is proposed. It is an eight-story building with a ninth storage floor that is currently being proposed on this project. The first floor, basically we are going to have a larger lobby area, sitting area with a coffee vending area, a business area as an amenity to the hotel attendance, and also an

APPROVED

exercise area, also an amenity to the hotel. Also on the first floor, which I forgot to identify here, is the fire command center which is actually towards the east end of the building. So, we already accommodated that in the design.

On the upper floors, the second floor is basically going to be offices with a two-story lobby area to create a grander space. Third through seventh floors are basically the typical rooms in the hotel. On the eighth floor, we will have the two larger suites which are in essence the marital suites with some small rooms, but basically those two larger rooms will be facing the view towards the Chicago skyline.

The building consists of a stone facade on the first two floors, brick and masonry basically from the third through seventh, and then a combination of stucco finish with the brick piers on the final floor. That's a brief real summary of the project. The design actually, the colors and the materials on the building are designed to match the existing building that's already on site.

MR. CAZARES: I'm James Cazares, C-a-z-a-r-e-s. I'm the Petitioner here for the European Crystal Hotel. We are requesting a land use variation for a 62 guest room hotel in the M-2 Zoning District, also as well is a reduction for a two-way drive-up aisle for 24 feet to 22.6 feet for the Fire Department. All of the Staff recommendations are completed in regards to detention calculations, fire lane revisions, landscape plan, valet parking, shuttle service. Storage containers are going to be removed and replaced in the new basement of the hotel. The dumpsters are going to be located in the closed area and the bike parking is going to be located in a non-impervious area.

The history of the project, it's my two-and-a-half-year anniversary presenting in front of the Village, and working with Sam for over two years. We've had multiple different proposals. We've had a fifth, a sixth, and a seventh, the seventh reverting back to the fifth proposal, it being an eighth or ninth-story building with a parking deficit of zero to three cars, it's all subject to interpretation.

The history of our business, it's a family-owned business. We've been here for over 20 years. It was originally a restaurant that we converted to a banquet facility. In 2012, I opened a luxury lifestyle hotel in Chicago, and in June 2016, I proposed a lifestyle hotel for Arlington Heights. Conceptual Review is supporting it, Design Commission is approving it, Staff approved to proceed. This is something that Arlington Heights does not have.

Why are we doing this? It's because currently, 30 percent of all hotel constructions are unaffiliated consumers. They want to feel local. They want to be surprised. They want it to be unique, and this is something that is not represented in Arlington Heights. Arlington Heights hotels do not represent what the consumers want. They are the base, they are three-star property, and they have nothing exciting, and they have employees that don't even know what's going on in Downtown Arlington Heights unless you relocated here for the last six months.

It hurts me to see the shuttle buses go down Algonquin Road and make a left turn on Golf road over and over and over again. I see it everyday, shuttle buses going to Schaumburg. I think what does Schaumburg have that we don't have? We have wonderful amenities over here, and I'll go on and tell you about how our historical operations actually intertwine with the walkability in Downtown Arlington Heights.

Back to what consumers want, they want fine, stylish, upscale, green features, eco features, LED lighting, specialty HVAC, our signature Tesla shuttle service to

APPROVED

downtown, to O'Hare and to Downtown Arlington Heights. You know, you have to work with the locals, you have to get local artists to commission the artwork in the hotel that have a franchise, that has a typical painting in every hallway. You have to have partnerships with the community. I myself go to Core Power Yoga just down the street over here. I've talked to them. Our previous hotel as well had a partnership. Guests, you know, sometimes get tired of staying in, they want to come out. So, it's very important that we incorporate the walkability and amenities that Arlington features.

I'm going to give an example of what our hotel, a short video here, of what we feature.

(Video clip played.)

MR. CAZARES: So, being connected to the consumer, oh, I'm sorry, is an important aspect. We've been running the hotel for over five years. I will tell you I worked in a very residential area that had over 10,000 residents located within three blocks. I had a rooftop at the hotel, and my very good friend Alderman Riley told it to me like this, if I have one damn complaint, I'm going to pull your license and take your sign away. I'm telling you, within five years of operation, I've never had a single complaint. So, it's important that, you know, even the waiter or the house attendant or everyone needs to know and represent Arlington, the amenities, you know, and the walkability of Downtown Arlington.

We're going to bring in Ted Mandigo for a couple more minutes to talk to you about our market study and some of our STR reports. Then I'll also be back in a couple of seconds.

VICE-CHAIR JENSEN: Before you do that, I'd like to ask you, you have read the report of the Staff?

MR. CAZARES: I have, yes.

VICE-CHAIR JENSEN: There are a number of conditions and recommendations. Are you comfortable with all those conditions that they have in the Staff report?

MR. CAZARES: I am, yes.

VICE-CHAIR JENSEN: Thank you.

MR. CAZARES: Okay, why don't we have Ted Mandigo over here?

MR. MANDIGO: My name is Ted Mandigo, that's M-a-n-d-i-g-o. I am a hospitality consultant. I've been doing feasibility work in the Chicago area and national and internationally for the past four years, several projects in the Arlington Heights area, including appearing before the Zoning Commission that was considering the addition of the second property where the Marriott Courtyard is. We represented the Marriott team at that point in time.

As we understand it, there's a couple of objections that have been filed with respect to the property in terms of level of market support for the project. We have submitted a market feasibility study that analyzes in detail the competitive set of properties in the market area, the performance of those properties. We've looked at the performance of the overall market area, the area in which we would configure this property is in the northwest segment of the Chicago market area. That market has experienced a 3.8 percent growth in demand on a year to day basis through the month of May. That particular market also has presented an occupancy level three that same period of time of 60.7 percent which is a pretty strong performance for those first five months because it includes January and February.

A letter was submitted that indicates that the competitive set of

APPROVED

properties in the market area is operating at a 66 percent which is, if compared to all of the submarkets in the Chicago area, would be the second highest submarket in Chicago, falling only slightly behind the downtown market area. So, our analysis indicates that the support for the property and absorption in this market area has been sufficient to absorb that particular property. The 60 rooms would represent, in terms of the competitive set of properties, about an eight percent increase in room supply in the market area. It will be the first and new property in the market area in several years; 2007 I think was the last addition, so the newest property is 11 years old. Then we're down in the property in the market area, the Courtyard by Marriott is currently 34 years of age, a very mature property, does not necessarily represent the current standards and operations of hotels, the lifestyle and boutique type of operation that represents an interactive with guests and a focus on the immediate market area.

Our analysis would indicate a good level of support for the property. There will obviously be a nominal impact on existing properties in the market, on top of the growth in demand in the market area. But the characteristics of franchises, when they analyze the types of impact, have a cutoff point or a level of about a three percent impact before they, or a three percent occupancy drop before they will not proceed with the development of a project even within their own brand. This one falls well below that. Activity and promotion by the banquet facility for any new business in conjunction with a hotel should help to mediate any of that loss of business or impact on the other properties in the market area.

I would be glad to answer questions about the property.

MR. CAZARES: Parking, my favorite subject, working with Sam for two-and-a-half years over here. The facility has 175 total parking spots, and the project that we have proposed currently has zero deficits. We also have reduced the amount of valet parking spots from 40 plus prior to 23 valet parking spots. So, around 190 plus spots in the facility.

The reality of parking is that we have one day of free parking. So, around 220 guests is our average, that's going to be on a Saturday, and a handful of times, less than 10, we reached max capacity in the grand ballroom. In 18 years of operation, we haven't had a single complaint from the neighbors or from the patrons. We actually had two complaints, a gentleman left his Mercedes Benz on our valet ramp without the keys, and another Mercedes had parked in a handicap spot without a placard.

This is what our parking lot looks six days out of a week, it's empty. Sunday, Monday, Tuesday, Wednesday, Thursday and Friday, it's totally empty. It represents very poorly on the facility. We definitely some type of cars in the parking lot. It's literally a parking desert. You know, less and less cars are in the hotel industry. I'm sure that all of you travel and that you are familiar with Uber and Lyft and hotel shuttles, and we are providing a very swanky hotel shuttle that is going to go from O'Hare to our facility. You would be surprised at how high those shuttle usages are, especially when they're complementary.

Something that recently passed in Des Plaines, they approved 127 parking variance for a 136 hotel room. Owning and operating hotel for over five to seven years of very similar size, I'll tell you that parking is less and less. You know, I've had the pleasure to come here a couple of times and as well as sit at the Board, and I recently watched one of the Board members screen, like someone said he needs a plan. I want to present my plan to you far in advance.

We're removing that ballroom. We're reducing the hotel size. We actually now have three offsite hotel parking agreements. We have onsite valet parking

APPROVED

reduction, and back to that shuttle service. Step one of the plan is to get the shuttle service, that's very important. Step two, during peak events which are only a handful of times, and I have to emphasize, only a handful of times, these two hands, that we are going to work with giving notice to our employees to park at the Brite-O-Matic parking lot which is actually gravel, not paved, parking lot right immediately to the south of us. We'll have temporary signs directing guests to the valet only zone.

Here, it shows you the 23 spot valet configuration for our property, and I'll go to the hundreds of offsite parking. We have 25 spots at Brite-O-Matic. We have an 18-year running relationship without a single complaint, and another renewed partnership. The plan of action, that's going to be the first step. Second parking option is Hand Surgery. There's about, they have more 60 spots but we only accounted for 60 spots. It's so close in our mind that we just plan to direct guests to self-park over there. The recent addition that just happened a couple of days ago, PACE has, we've made an agreement with over 200 plus parking spots for the weekends. That we plan to use as valet parking only.

There are still more options. If those three were to go, we have Prima Power, that's right across the street from us, walking distance, 50 parking spots. There is another group that has proposed, Hamilton Partners, which is very close as well to them. They have over 150 spots. So, these three agreements were to terminate, there are many options in the area.

I took some pictures of our lot, of our peak occupancy. This is an event that had 347 guests on June 23rd, 2018. I have a little video, we'll skip that to keep it short. You can take a look at the parking lot on that day. The entire back of the parking lot is basically empty. Those are mostly just all the staff. On that day, we had around 17 to 18 staff workers working. You can see Brite-O-Matic, there isn't a single car over there. This is probably our peak event. Hand Surgery, crickets.

Nothing here, this is just three steps away from our property. Prima Power, there's one car there. I'm not sure if he left it over the weekend, but he was not one of our attendees.

I am going to introduce Mr. Corcoran who will talk to you about the parking study that we've done.

MR. CORCORAN: Thank you. Good evening. Steve Corcoran, C-o-r-c-o-r-a-n, Director of Traffic Engineering at Eriksson Engineering. We prepared a traffic and parking study. Let's do the traffic study first, that's the easy one.

Essentially, we took our counts done at the entrance, there's a single entrance private roadway on Algonquin Road that's shared with the banquet hall and several other self storage and industrial users. We did it in the morning, it was done in the morning/evening rush hours in the week day, and then Saturday evening. We basically then projected the amount of traffic at a hotel which have a rate, which varies from about 19 to 29 trips in a peak hour, at any one of those three peak hours. We added that to the road system and basically being near the interchange with 53 and interchange with I-90, we did a 50-50 split in terms of where the traffic goes on and off Algonquin Road.

We also took, in the morning obviously there's no banquet traffic. In the afternoon, in the evening and on a Saturday, we took the banquet traffic that was going on and we boosted that up to represent a higher end full attendance banquet. So, we increased the banquet traffic and then accounted for regional traffic on Algonquin Road, ranked capacity

APPROVED

analysis, and the intersection still works. Then, there's also a supporting gap study looking, during those same time periods, how many gaps were for left turns and right turns on Algonquin Road, and there's plenty of gaps, so the capacity analysis.

So, in terms of traffic, the access can accommodate it without any improvements. In terms of the parking lot, we're keeping the same circulation pattern, so that's not changing as part of this plan.

In terms of parking, we've done several things. As James touched upon, we looked at the zoning requirements. We basically meet the zoning requirements. No deficit or variation requested for that. We also looked at some national data, the good old ITE, Institute of Transportation Engineers and Urban Land Institute, and did one of my infamous shared parking studies that I presented before. That showed with just a typical hotel and a typical banquet facility, we have more than enough parking. We were less than 175 spaces without the valet in terms of the peak demand for that kind of analysis.

Staff did ask us to do a local analysis, you know, take a hotel/banquet hall facility. Obviously we had a very hard time finding a cooperative one, and obviously the letter that we received and I think you folks received today, too, the other hotels in the area weren't very cooperative and, you know, don't want to see this project to go through as competition. So, we couldn't get local data but we did use our national data analysis.

Then last but not least, we went out and did a number of parking surveys. Now, when we did these parking surveys, the only parking agreement at that time was with Brite-O-Matic. So, when we did the counts, there was no agreement with the doctor's office or with PACE across the street. Those spaces were all empty, there was no one using those improperly, they were just not, that those agreements were in place. So, our analysis is probably even more conservative because we had less spaces available.

Again, as was mentioned, peak time is just kind of like, you know, whether it's a church or a shopping center, there's a peak parking that occurs a few times a year. Most of the events that they've provided information that's in our report show that the peak time doesn't occur very often. So, peak operation isn't occurring everyday like in an apartment building or something like that, or an office building.

We did a number of parking studies, and one of the things we noted is when the attendance was lower, 100-200, you know, or in the one hundreds, I'm sorry, the peak hour, to see how many people per parked car, it was around two, actually a little over 2.06. When we looked at a couple of peak or higher events, the auto occupancy increased, because I mean most of those events were basically weddings and, again, families and more people tend to drive together than the smaller events. So, as the volume increases, the number of people per car increases.

So, when we looked at the parking generation, we still concluded that there was enough parking for peak events because as they increased, the number of people per car increased. I mean just like in a church, you know, at Christmas and Easter and those holidays, there's a lot more people in each car when they're parking versus a typical Sunday service and where there's maybe only two people per car. So, we kind of saw that same phenomenon with that.

Staff did bring up, they took a calculation where they took all our parking surveys and just averaged the total, so they came up with a little higher peak occupancy, or I'm sorry, auto occupancy. That resulted in a peak demand of 210 spaces, not the 198 that

APPROVED

we projected, so about 12 more spaces. So, under that calculation, I don't necessarily agree with that because as I say, as attendance increases, the number of people per car increases also. But either way, we're still over only 12 spots, and as James mentioned, now we have three options for those people for parking or to move employees off site to allow those people to park onsite.

Then, let's see. Then last but not least, our analysis was conservative in the sense that it did not account for during the weekday high usage of the hotel by airline employees or stewardesses or pilots as they get shuttled back and forth. We just assume it's a typical hotel. The other thing is we didn't assume any interaction between the banquet facility and the hotel so that, you know, obviously one of his markets he's going for is you can stay at the hotel and have your wedding, you know, your wedding celebration downstairs and you don't have to worry about driving home, and you just go upstairs, you know, the families and out-of-towners.

So, we did not account for that. So, obviously that would help reduce our demand, too. So, thank you.

MR. AREVALO: Okay, Carlos Arevalo again. I'm sort of concluding the presentation insofar as you've had a chance to hear the feasibility study. You've had a chance to hear the design and the architect. You've also had a chance to hear Mr. Cazares and the project and what his approach is to, you know, this hotel and this development, and also the traffic which, you know, going back being new to this project, being new to this application and looking into the history of it a little bit, it's clear that there were some concerns with the traffic and the parking. I believe that the Petitioner has, in his efforts to try to still maximize his profit and to develop a good hotel product that is unique and that is new to the area, he has scaled it back to the point where he can satisfy the requirements from Staff with respect to the parking requirements and whatever other requirements there are.

Vice-Chair Jensen indicated and asked the question as to whether the conditions that have been identified in the report, whether the Applicant and Petitioner had any issues with those. I would tell you, as he said, that he was, you know, he obviously has worked with Staff to get to the point where this application and this petition could be before you, and that he's willing to, you know, to abide by those conditions.

The one thing that I would say is obviously the request here is for the land variation, the first one, and that is to allow the 60-room hotel in an M-2 Zoning District. As the Staff report demonstrates, the standards required for that variation to be granted are in place insofar as there is a reason that the projected is being presented to you, and that is that, you know, the issue of the underutilization of the property during the week because of the banquet use only sort of situation, and how the addition of the hotel would act to that utilization and how that goes to the best use of the property, providing a reasonable return to the property owner and how that is satisfied as a result of that.

You know, we're also dealing with a question of the location and how this area, even though it is zoned in the manner in which it is, there are a number of hotels in the area. So, it is not something that's new, it's not something that, the use itself of the land would not be something that's new and it's not going to really alter what the essential nature of the area is. So, in that respect, what I would submit to you is that the Petitioner is satisfying the requirements, as Staff has indicated, necessary for the land variation.

The other variation or variance that is being requested has to do with

APPROVED

the two-way drive aisle for, you know, 22 feet, from 24 feet to 22.6 feet in width. What I would say to you is obviously that as Petitioner had indicated, he's willing to agree to whatever is necessary to address the issues with the fire safety folks, with the Fire Department, to make sure that, you know, the facility satisfied those requirements, whatever those are.

So, in conclusion, what I would say to you is that the Applicant has satisfied those requirements, is willing to continue to work with Staff to be able to bring this to completion. Obviously, at some point in time, you know, people need to go to the Board and whatever, you know, address whatever the conditions are. So, we would be looking for the approval of the variations as well as the conditions that have been proposed by Staff which Petitioner is in agreement with.

VICE-CHAIR JENSEN: Well, thank you for a thorough presentation. I'm sure we'll have some questions for the Petitioners later on, but we now go to the Staff report. Sam, would you like to give us your Staff report?

MR. HUBBARD: Sure. Thank you, Vice-Chair Jensen, I will get into my Staff report.

As you've heard, the subject property is located at 519 West Algonquin Road. That is within an M-2 Limited Heavy Manufacturing District. In the M-2 District, hotel uses are neither a permitted use nor a special use. So, for that reason, the Petitioner would need a land use variation to allow the proposed 62-room hotel within the M-2 District, and that's the principal reason why they are before you this evening.

The Comprehensive Plan designates the site as suitable for future research development and manufacturing uses. There is one variation that has been identified here, and that is as referred relative to the drive aisle. I'd like to say that Staff is supportive of this project and we'll get into the specific variation later on.

There have been several actions taking place to date bringing the Petitioner to where he is. On April 11th of this year, the Petitioner appeared for the third time in front of the Conceptual Plan Review Committee. I would say that the Conceptual Plan Review Committee was enthusiastic for the proposed use and thought that the combination of banquet hall and hotel made sense. But they were somewhat cautious about the parking given the previous proposal and some of the issues surrounding that. On June 12th, the Petitioner appeared in front of the Design Commission, received a recommendation of approval. There were some minor tweaks on the part of the Design Commission just relative to some architectural detailing, but nothing major.

So, here is an aerial of the site. North is at the top, you can see Algonquin Road runs diagonally through the site. The subject property is outlined in red. The area of demolition is indicated by the yellow on the aerial. That's the current four auxiliary banquet hall spaces that will be demolished to accommodate the proposed hotel.

I'd like to outline that the site circulation, as you've heard, would remain the same. Most of the site will remain unchanged. All the parking areas will continue to exist as such. There will be some very minor modifications to the drive aisle in front of the hotel addition, and then at the one-way drop-off/pickup entrance on the western side of the site.

While I have the aerial up, I'll just point out the containers as circled in blue. There was a condition of approval that Staff has recommended that would require those containers to be removed. We've discussed that with the Petitioner, and they are comfortable with that condition. There is enough storage space within the proposed hotel to accommodate

APPROVED

for what's being currently stored in the containers. That's three parking spaces where they are currently located now and have been for several years, and it will free up those parking spaces to allow them to be used again as parking.

While I'm touching on some of the conditions here, I just want to point out the dumpsters, and they're at the rear of the site on the side. This is the same area, you can see those three containers. Here, the current dumpsters are just stored alongside the building. That's not code compliant, and so they would have to be stored within the small garage enclosure area. You can see that here with the white garage door and the brick siding. Petitioner is aware that this is a condition of approval to store those dumpsters within that roofed enclosure area, and he has agreed to that.

So, on this graphic, this is the site plan. It's kind of reoriented relative to the aerial, so on this graphic, Algonquin Road is on the right side, and north is to the right. So, the green area here represents the hotel addition. Again, you'll see the site remains mostly unchanged to accommodate for that addition. During our analysis of this, we did consider conforming to all standards within the M-2 District, height, setbacks, bulk, and mass, and the proposal does conform to all of those standards.

That being said, there is a small variation relative to a drive aisle width reduction, and I'm going to show you exactly where that's taking place. It's really in this area right here. It's a small pinch point, that's the 22 and roughly a half-foot wide area. Here, it's about 23 feet and about 23 feet, and then as it goes down, it's 24 here which is the code requirement, and then 24 up here. So, it's a small variation.

COMMISSIONER LORENZINI: Sam, it isn't showing up on the screen.

MR. HUBBARD: Oh, I'm sorry. Here we go. So, here's the pinch point right where it's 22.5, up here it's about 23 feet, down here it's about 23 as well, and then as it goes here, it gets to the code compliant 24 feet, and then again up here 24 feet. So, a small variation.

We are supportive of the variation. The Petitioner has submitted the required fire truck turning radius exhibits, and they, you know, they aren't impeded by the slightly smaller drive aisle width. Additionally, there is not a high turnover of car parking in this area, so it wouldn't impede the ability for cars to get into and leave parking spaces. However, one thing I do want to bring up is relative to the fire lane.

The Fire Department and the Building Department have identified that the fire lane in this location does not meet code requirements. So, here you can see the fire lane outlined in red. The building code generally states that a fire lane must be no more than 15 feet and no less than 30 feet away from a building. Because there is going to be a relatively substantial eight-story addition with a ninth story here, the fire lane which currently is located about three from the building needs to be adjusted. So, we've asked the Petitioner to adjust that and we're recommending a condition of approval that prior to Village Board consideration this be addressed.

The Petitioner has provided a plan showing how they think they could address it. Basically, what would happen is these parking spaces here would be flip-flopped, and so they would be closer to the entrance of the building, and then the lane would be shifted more here, bringing it at least 15 feet away from the building. That would cause a slight reduction in parking, about three spaces, and we're still working with the Petitioner to see if that's a viable alternative. It's still under review by Staff, but I did want to bring that up. You know, if

APPROVED

the Plan Commission is comfortable with this condition and comfortable moving forward as such, then we would resolve that prior to Village Board consideration. If a slight three-space variation was needed, it's something that the Village Board could ultimately choose to grant if necessary.

So, I really only want to focus on the parking. As you've heard, the Petitioner did do several parking studies. The table on the top is showing parking studies that were taken by the Petitioner during events in 2018, and then the table on the bottom is showing the three surveys done by the traffic consultant and parking consultant. These were done during March and April of this year.

You can see on the bottom surveys, that there were two fairly large events on a Saturday, April 21st and April 28th, including 346 attendees and 359 attendees in the main ballroom. That main ballroom mass capacity is 377 persons, so that's about a 95 percent occupancy on Saturday, April 28th. During that largest event, they observed a peak occupancy of the 175-space parking lot with 129 cars. So, that was what they observed as peak occupancy for the banquet facility.

We took these numbers and, as you heard, we averaged them out to figure out that on average, there were about .43 cars per attendee at the banquet facility. If we multiplied that by a 377-person banquet hall event, that would translate to a parking demand of 162 spaces. When you take into account the onsite parking demand for the banquet facility and the 162 spaces, plus what they're forecasting for the peak hotel demand at 48 spaces, that puts the peak demand for parking at 210 spaces. Again, there are 175 spaces on site, 23 valet spaces, so that would be 198 spaces on site with a 12-space deficit during times of peak demand, although I would mention that relative to code requirements, 175 spaces would be required and provided on the site. So, it does meet code, but given the projected parking demand, there is a slight parking deficit.

The Petitioner has provided verification this time around of agreements with Brite-O-Matic located immediately to the south, and the Hand to Shoulder Associates located to the east. I think you have agreements for overflow parking on evenings and weekends when those facilities are not in use. I would mention those are non-perpetuity agreements, so they can be terminated by either party at any time. But they would allow for a significant overflow capacity at those sites.

So, relative to the subject property, again you can see the subject property outlined in red. The Brite-O-Matic spaces are located immediately to the south, in very close proximity. There is enough space for about 23 cars to park in the parking lot there. The Hand to Shoulder Associates parking facility to the east, immediately to the east, there's about 29 spaces there. Then if you consider the remainder of the Hand to Shoulder Associates site, there's probably over 150 spaces in that parking lot.

So, this aerial was actually taken on a Saturday in 2017. So, you'll see there is really not much usage on these areas during the weekends. The only real usage you'll see is that there are parking of some PACE shuttle buses on the Hand to Shoulder site. But other than that, these spaces are mostly vacant.

After the Staff report was written, this Petitioner did provide verification that they do have an agreement with the PACE facility located here to the north to use that site as well for parking on weekends and evenings. Again, you can see this aerial photo taken at 1:30 p.m. on a Saturday shows that there's really no usage of this PACE facility relative to parking.

APPROVED

So, although there is a slight deficit relative to anticipated demand, we believe that the Petitioner does have, has demonstrated that there is overflow capacity to accommodate for that demand. We think that this proposal is viable relative to the other proposal that came before the Plan Commission for a hotel on the site for several reasons. One is that there will be shuttle service offered to and from the airport, which would open up the hotel for potential clients that are business related and taking taxis and Uber and Lyft and not bringing a car during their stay. Additionally, the overlap of banquet hall and hotel would mean that both won't create dual demands at the same time; there may be one person that's staying at the banquet and the hotel as well.

Additionally, peak capacity, according to the data provided by the Petitioner, peak events at the banquet facility is a rare event. You know, we do have to plan for it, but it doesn't appear to be something that is commonly occurring at the banquet hall presently. Again, they have provided those parking agreements with the neighboring properties for overflow capacity.

So, we are recommending approval of the application subject to several conditions, and I would like to go over those briefly. Prior to Village Board consideration, we're asking the Petitioner to provide detention calculations for review by the Engineering Department. They have done that. Those have been reviewed by the Engineering Department and it has been determined that there is enough stormwater capacity in their underground detention vault to accommodate for the increase in impervious surface relative to this development. So, the motion sheet before you does not include that condition; it's already been satisfied.

As you've heard, we're asking them to revise the plans to address the concerns about the fire lane. There were some minor issues with the landscape plan that we'd like them to revise. They've submitted a revised plan to us and it's still under review, but we'd like the opportunity to conduct a complete review on that and provide comments and ask for changes if necessary prior to appearing before the Village Board.

Additionally, we're recommending that the property owner maintain all of the existing agreements for overflow parking at both the Brite-O-Matic site and the Hand to Shoulder Associates site. If those agreements are altered or terminated, the Petitioner and the property owner would have to notify the Village within 30 days and secure comparable alternatives for overflow parking agreements to the satisfaction of the Village. If those cannot be secured, then we'd have to put a cap on the number of peak occupants that could take place at the banquet facility, and the Petitioner would have to work to minimize overlapping bookings at both the hotel and banquet hall.

Additionally, we would recommend that the property owner continue to provide onsite valet. We believe that that's an important service that would help reduce parking onsite, and then, as we talked about, removing the storage containers, putting the dumpsters in the enclosure. Then, there was 10 bicycle parking spaces that the Petitioner hadn't put on the plan but it was in the middle of a landscape area, and so we'd ask that they put it on a paved surface.

So, those are the recommended conditions of approval. Again, we are supportive of this project, and that concludes the Staff report.

VICE-CHAIR JENSEN: Thank you, Sam, it was a nice presentation. Do I have a motion to include the Staff report in the public record?

APPROVED

COMMISSIONER GREEN: So moved.

COMMISSIONER CHERWIN: Second.

VICE-CHAIR JENSEN: Voice vote. All in favor, say aye.

(Chorus of ayes.)

VICE-CHAIR JENSEN: Any opposed?

(No response.)

VICE-CHAIR JENSEN: Okay, great. Now, we'll go to questions from the Commissioners. We'll do it a little differently than we've done in the past, we're going to alternate from end to end. So, I'm going to start with Commissioner Cherwin, and then we will come back to --

COMMISSIONER CHERWIN: Well, thank you. You know, I've read through the materials and obviously I've seen this a few times. I'm pretty familiar with the project. Yes, I would say that the Petitioner has made a lot of progress. I think my biggest concern from last time was the parking situation and didn't feel that they had kind of done enough diligence and tried to get partnerships from their neighbors. But I've seen that in the meantime they've done that substantially.

So, really happy to see that. I know that some of the agreements obviously are somewhat casual and maybe not be long term in nature. But you know, I'm pleased to see that it looks to me like the neighbors are not, you know, concerned and that at this point they're willing to accommodate the use.

The one thing that I would like a little bit, I couldn't follow it quite, Sam, was that parking lane, sort of the alternative of moving the spot. Could you just maybe take one minute and just really quick explain that again? Because I just couldn't follow that too well.

MR. HUBBARD: So, the red is, the red shaded here is the existing lane.

COMMISSIONER CHERWIN: Yes.

MR. HUBBARD: What they would essentially do is they would take these spots here and they would put them here, which would free up this area to have a lane like this.

COMMISSIONER CHERWIN: And what's the benefit to that? Just to get that kink out of the lane like that?

MR. HUBBARD: So, a fire lane per the building code has to be at least 15 feet away from the building.

COMMISSIONER CHERWIN: Away from the building.

MR. HUBBARD: Yes, to give enough room for suitable fire prevention services. Right now, it's about three feet away because they're building up so high.

COMMISSIONER CHERWIN: Yes, okay.

MR. HUBBARD: You know, the Fire Department wants enough room to maneuver and to get their ladder truck up there in case of emergency.

COMMISSIONER CHERWIN: Okay, okay. All right, thanks. I'll defer to fellow Commissioners and see what the public has to say. Thank you.

VICE-CHAIR JENSEN: Thank you. Now, we'll go to Commissioner Lorenzini.

COMMISSIONER LORENZINI: Thank you. Questions about who's going to be using the hotel. Mr. Mandigo, could you come back up? So, you were talking about percentage and three percent were developed and would take place with a hotel chain. Could

APPROVED

you just please explain that again?

MR. MANDIGO: Sure. What typically happens is if you have a hotel brand, and a new property that is in the same brand family wants to build adjacent to that property, let's use Intercontinental Hotels for example which has Holiday Inns, Holiday Express, and Crowne Plaza. If you wanted to build a Crowne Plaza near a Holiday Inn, they would have an impact study done for that project. If that project increased the, or impacted the existing property by more than three percent occupancy, they would not grant the license to be able to build that property. So, three percent is their --

COMMISSIONER LORENZINI: How is that three percent determined?

MR. MANDIGO: Three percent is determined by calculating projected performance of the property based upon market demand history of the property, the amount of demand that comes off the reservation system, and the performance of the property after the project is built. It's done on a projection basis, looking into the existing market and building in the amount of demand that would be absorbed by the new property, and how much of that would come from the old one.

COMMISSIONER LORENZINI: Okay, so here's my next question, and Mr. Cazares can answer this also or you. How do we know we're going to be attracting new people rather than just taking away customers from the existing hotels in the area?

MR. MANDIGO: We don't know specifically that, but what we have is the opportunity to expand the banquet operations during the week, like business meetings and business travelers that would use the meeting facilities at the hotel. We believe that that's going to be a significant volume of business that would be attracted there because of the size and space of the banquet facility. Somewhere around 15 percent of the demand is expected to come from expansion of the banquet business at the property.

Providing the shuttle from the airport provides convenient transportation for business travelers that are coming to the immediate area to stay at the property. We believe the proximity and the provision of a shuttle would attract business that is not now coming to the Arlington Heights area, and expansion of the demand by about 3.5 percent in that market area which is shown by statistics from tabulation of results for properties maintained by Smith Travel Research out of Tennessee which are very reliable numbers, shows the 3.5 percent increase in demand on an annual basis year to date.

COMMISSIONER LORENZINI: Sam, do the existing hotels offer any type of airport shuttle, do you know?

MR. HUBBARD: I don't know offhand, no.

COMMISSIONER LORENZINI: Okay, maybe they can, I'm sure somebody can answer that later.

MR. HUBBARD: Yes.

COMMISSIONER LORENZINI: Okay, Sam, the new hotel in Des Plaines they've mentioned and their parking situation there, are you familiar with that at all? Can you verify that one way or the other?

MR. HUBBARD: Very generally. I think it's not quite an apples to apples comparison relative to this hotel. I think it's very close to O'Hare, so I think it caters heavily towards airline travelers. But yes, I don't think this is apples to apples comparison.

MR. MANDIGO: I should have mentioned that this property as a development project is consistent with current standards in hotels which over the 34 years since

APPROVED

the Courtyard was built have changed considerably in terms of layout design and the way hotel facilities are using the technology. That's certainly going to be an attraction.

COMMISSIONER LORENZINI: Okay, but there's no way anybody can tell me whether or not we're going to be attracting people from outside the area or taking away from current customers of the existing hotels?

MR. MANDIGO: Those level out pretty much in market areas where hotels are built that there is a mix of that, and as new business comes into an area, it's redistributed among the existing hotels. So, there is going to be a combination of that, but we do not expect it to have over one or two percent impact on occupancies in the market area given the size of only 60 rooms added to a market that's got 700 and some rooms within the competitive market.

COMMISSIONER LORENZINI: If I was, if I went on to hotels.com or some of the other travel sites and I was looking for hotels, how would I distinguish this hotel? I'd want to go here or maybe a place in Schaumburg or one of the existing hotels that are in Arlington Heights?

MR. MANDIGO: You would identify the reason that you are looking for the hotel in terms of either a price point and quality point, and there's a differentiation there for both price and quality point, amenities and facilities, convenience of location, and community that is located within. So, if you did a search for a property in Arlington Heights that was newer property and had food service facilities or banquet facilities, then the property would come up on the website. It's based upon search optimization and search terms that are used to find a hotel property.

COMMISSIONER LORENZINI: Okay, and maybe this next question would be for Mr. Cazares. You mentioned dealing with Alderman Riley. What were his concerns or what was that issue?

MR. CAZARES: We had a, you know, the rooftop of the building, it's a 16-story building downtown, we ended up extending the elevators and creating a rooftop terrace on the building. Kitty corner to us, there is a 300-unit building, there's another 900-unit building, there's a 200-unit, a lot of residential area. Alderman Riley had concerns about us operating a rooftop in the evening over there. There was never a complaint within five years.

COMMISSIONER LORENZINI: Okay, and the parking agreements you told us about, are there any of these written for a certain amount of time? Or are they all handshake agreements at this point?

MR. CAZARES: They are not perpetual. With PACE, I have allowed PACE to modify the bus stop that's in front of my property and make changes to it, for existing in 20 years. In exchange, they've given me the exclusive right to use their entire parking lot.

COMMISSIONER LORENZINI: Are you comfortable with having customers crossing Algonquin Road?

MR. CAZARES: In my presentation, I didn't say that customers were going to cross Algonquin Road. My presentation stated that it would be exclusively used for valet parking.

COMMISSIONER LORENZINI: Okay, and does anybody know, your existing customers for the banquets, are they staying at the existing hotels in the area?

MR. CAZARES: The existing customers, some of them are staying at the local hotels, some of them are not staying at the local hotels. I have looked for the last six months at the facility, and many of the consumers have come back to me and said that the

APPROVED

hotels in the area do not reflect accommodations of what they're looking for. Many groups I've sent to the Renaissance in Schaumburg, they provide a four-star luxury property, as well as Intercontinental in O'Hare. If you're looking for a very high end, four to five-star hotel, there isn't a single property in Arlington Heights.

So, if the customer is looking and willing to go to that lower demographic, then they're going to stay in Arlington Heights. But for some of them, I would not say a majority, they're looking for a higher niche, and it's a market that's under-served and not available.

COMMISSIONER LORENZINI: Same, the matrix you had up about the parking study, could you pull that back up? Yes, that one there. Actually, that's all the questions I have, Lynn.

VICE-CHAIR JENSEN: Thanks. Commissioner Sigalos?

COMMISSIONER SIGALOS: Yes. I have a question for Mr. Cazares. Part of your presentation, you showed, I think it was the June 23rd date that you had 300 and some people in the banquet facility, and at the same date you showed photos of your banquet facility parking lot as well as the Hand to Shoulders parking lot and the other facilities you had for location parking. But those appear to be during the day, those photographs were taken of the parking lot. I'm assuming the banquet event was in the evening?

MR. CAZARES: So, that was June, and sunset in June is around 9:00 o'clock at night. That event happened I think around 7:00 p.m. or so, I can take a look at my iPhone when I videotaped it. So, it was sunny at that time and I took it exactly right before, there was a video which I didn't play, but I had taken the video of the ballroom right prior to the introduction of the bride and groom. That's usually the peak occupancy of the function space. You know, after dinner, I have kids, goodbye. People, you know, it dwindles down.

So, I had taken a video of the ballroom at that time, and then I went outside, I think it was 6:00 to 7:00 o'clock, still sunny, and I took a video of the parking spot. You could really see the vacancy of our lot without valet.

COMMISSIONER SIGALOS: Yes, it looked to be only a handful of cars in your lot. So, where did all those 340 people park?

MR. CAZARES: Right. So, many of the guests had come, as Mr. Corcoran said, come in multiples. I was actually going to take videos of people coming out of their cars especially, well, there could be some kind of, you know, I don't want to get sued or anything like that. There were some from a shuttle service that was provided from a hotel. Employees park on site. All of our employees park, some of them do get dropped off, But there was around 60 to 70 open spots.

I have been really closely monitoring that. You see that time after time at these peak events that there's just 60 or 70 spots available. When you come to an event that's around 200, there's a reduction in it. So, a 60-room hotel, if you rent every room in the hotel not attending an event, I would still, I'd be comfortable with that. I still believe, you know, working with Charles now for over two years, that this hotel is a little bit too small and that, you know, we should be taking into consideration that we are in, you know, 2019 and it's a little bit antiquated. But you know, after doing this and working with Sam for over two-and-a-half years, I've laid down and I'm giving up.

COMMISSIONER SIGALOS: Well, that was my next question. I heard when you came to us last year or whenever it was, and your hotel was I think over twice the

APPROVED

number of rooms that you're showing now, at that time the question and at the end we were dealing with the lack of parking. There was a suggestion, can you reduce the size of the hotel and the number of rooms and of course reduce the parking requirements. If I remember right, you said no, economically it's not feasible.

MR. CAZARES: Right, and so we changed --

COMMISSIONER SIGALOS: Now a year later, it is reasonable? I don't understand that.

MR. CAZARES: Well, because we changed it. Originally, when we came to the project, we came to the project with something called heads to beds in the hotel industry. You know, we wanted to go target the airline industry, the lower rate \$90, \$80, so on and so forth dollars, and offer those millennials a lower rate. You know, unfortunately, it's not possible in Arlington Heights. It may be possible in different communities, but it's not possible over here.

So, we had to come back and we have to say, listen, the banquet hall is struggling. It's empty, empty, empty, empty. It's consistently empty. It's a parking desert. What can we do? It is a beautiful banquet hall. When I look at the lobby and I look at the banquet, it really is timeless, being in operation now for 18 years.

So, we go back to the drawing board and we say, okay, let's bring it, let's make it traditional. Let's not make it modern. Let's elevate the standard of what AAA is looking at and let's make it a four, four-and-a-half-star hotel. Let's offer more amenities to our guests, and now instead of pricing it at \$90, let's price it at \$140-\$180, because these consumers, these C level executives, these people are coming to Elk Grove, they're coming to Schaumburg, you know, they're not going to stay at, you know, the motel. They're not going to stay there, period. They're either going to go to a more refined facility, and if they can't find the availability, they're going to go downtown.

So, we're going to specifically target a very niche market due to the parking situation over here. We had to really adjust and sit through and go through a different kind of business tactic.

COMMISSIONER SIGALOS: So, again, other than people that are booking events at the banquet hall, how are you going to attract other people to come to your hotel and pay twice the rate as the hotel down the street, whether they be a Courtyard or Marriott or whatever?

MR. CAZARES: I would love to discuss that with you over coffee, but unfortunately, we have a lot of trade secrets and specific things that we do in our business that we don't disclose out to the public. So, I think I've talked to Charles, I've talked to Sam about that. I'd be more than happy to disclose it with a nondisclosure agreement, but we have very specific methods of how we train our employees, marketing techniques. It would be a day-long presentation.

COMMISSIONER SIGALOS: I'm just hoping it's not, you know, smoke and mirrors, that you are economically feasible and that we're not going to be left with a banquet facility that's failing a few years from now as well as a hotel that's failing a few years from now.

MR. CAZARES: Well, you know what, there is a test to that. It's called the lenders. The lenders put me through the washing machine and the dryer. I want to let you know, John, that I have a record of taking a vacant property that was vacant for over 10 years in Downtown Chicago and I converted it into one of the top 10 hotels out of over 90 plus hotel rooms in that period. The street that I was located at, I call it Marriott row. It had a Marriott, it

APPROVED

had a Courtyard Marriott, and a Fairfield Marriott, Autograph Marriott, it even had a Doubletree. I'll tell you, competition was tough over there, but I was able to get an ADR that was higher than the competitors. I was able to get a consistent repeat business, and I'll tell you it's back to my presentation of being local.

You know, it's easy for the front desk employees to go say, ah, you want to go to Schaumburg, you want to go to dinner, go to Schaumburg. You know, the employees need to be intrinsically intertwined with the community. They need to know that there's a yoga place. They need to know that there's a -- they need to know that there's a really bar down the street, that there's walkability. You know, that's not represented in any of the --

COMMISSIONER SIGALOS: I understand that, but you're comparing your previous operations to downtown hotel which is attracting worldwide tourists in the Chicago Downtown. So, again, I think that's a different market than what you're going to get in Arlington Heights. Arlington Heights is a great suburb, but again you're also trying to get people from the airline industry, and there's so many hotels around Rosemont. Why would they come out to Arlington Heights when they can stay at a nice local hotel in Rosemont and get on their flight the next day or whatever?

Again, I'm just saying I'm hoping that you would have your market study and your economics all in line and that we're not dealing with a situation right now where you're saying you're hoping the hotel helps the banquet facility, and then also the banquet facility is going to help the hotel, and that we're not left with something that's failed a couple of years down the line because the economics aren't there.

MR. CAZARES: That's --

COMMISSIONER SIGALOS: Just make sure you have all your numbers all together. I don't really have any further questions.

VICE-CHAIR JENSEN: Thank you. Commissioner Green?

COMMISSIONER GREEN: Having gone through this for two-and-a-half years on the Conceptual Plan Review Committee and the Plan Commission, I have to say that I'm impressed by our request for you to really get into the parking situation and solve the problem. We do meet code and we do have a good handful of alternatives to overflow if that is a possibility. So, I have to say that, Mr. Cazares, you've really done your homework on this one. It took you a little bit of time, but we were very, how would you say, consistent and determined to make the parking work, and I think you've done that.

So, I think it's a, I'm in favor of this project and I like the fact that there's more than one option for any overflow that might occur. I like the idea that you have valet parking and you have 150 spots across the street available to you if you need them. It sounds like it's a favor for a favor, so I think it's going to go on for quite a while. So, as far as I'm concerned, you've solved the parking problem. Thank you.

VICE-CHAIR JENSEN: Thank you. Commissioner Dawson?

COMMISSIONER DAWSON: Hi. Just a couple of questions. The one thing I've noticed is that in the original plan, I believe you had like a full spa facility. That's gone now?

MR. CAZARES: The spa facility is gone. You know, the elephant in the room is the parking, and we unfortunately had to remove that because there's a specific amount of parking spots that are required for it. So, yes, it's removed.

COMMISSIONER DAWSON: Okay, you broke my heart then. Never mind.

LeGRAND REPORTING & VIDEO SERVICES

Chicago & Roselle, Illinois - Miami & Orlando, Florida

(630) 894-9389 - (800) 219-1212

APPROVED

I have to say that that was one of the things I was very, very excited about in your first plan. But of course I was in favor of your first plan with the significant parking deficit and I was in the minority. But anyway, that's, you know, besides the point.

So, the other point is there's been a lot of questions about relative to competition, and it's my understanding that our role here on the board does not include the analysis of competition amongst competing brands. I recall that from the Subway conversation, that we are not able to get involved in whether or not this will drive competition in the area. I could be wrong, Sam could clarify. But to my understanding, that's not something that we are to consider.

We're just to consider the special use criteria and the impact. There's hotels in the area, this is an upscale hotel. It seems to fit the area. To me, it seems to meet the special use criteria. I'd love to see the spa go back in, but I'm not going to win that argument. So, that was it for my questions, and I'll wait until after the audience.

VICE-CHAIR JENSEN: Thank you, Commissioner Dawson. Sam, do you want to respond to that as best you can in terms of, you know, what the purview of the Commission is as it relates to competition?

MR. HUBBARD: Right. Yes, I mean you're charged with determining if the proposed land use variation meets the criteria for land use variation approval, and there is no direct criteria outlining, you know, market competition. So, you're on the right track.

VICE-CHAIR JENSEN: It does seem to me that since we do require most people to do a market study and we do not want to end up with vacant property that couldn't quite meet what's needed in the market, that we kind of tiptoe around the issue of competition but we don't have a direct charge there. But we wouldn't want to actually take action that rendered a property, you know, that had been built, left vacant, and was not likely to ever be used for anything else for the next 10 or 15 years. So, I think we do have a bit of a role there if I understand this correctly.

MR. HUBBARD: No, you're correct. I mean the general criteria for the general welfare of the Village could be construed to cover something like that. But there is no direct competition language in the criteria.

COMMISSIONER DAWSON: So, you're speaking towards that it's viable and there's questions as to whether or not it was going to pull something else from other hotels.

VICE-CHAIR JENSEN: Right, no, I understand the difference.

COMMISSIONER DAWSON: That's what I was speaking to.

VICE-CHAIR JENSEN: Sure, and actually I'm sure we'll have some comments to that effect. I would like to ask Mr. Mandigo a couple of questions if I could. From the presentation, it looks like you're trying to appeal to a niche market.

MR. MANDIGO: That is correct.

VICE-CHAIR JENSEN: How do we know that it's under-served at this point?

MR. MANDIGO: The age and the facilities of the properties that are there, we surveyed the properties, and as part of the market feasibility study, we visited each of the properties that are listed as competitive. We go back and research the rates that they are charging on several days during the year to see what the price positioning is for those properties. We compare the quality of those properties against the specifications of the description of the project as it is planned and proposed. We take a look at the banquet facility and the business

APPROVED

that comes out of the banquet market as we look at it to find out if that particular area is matched.

My son, who does most of the research and knows more about the tabulation and the calculations that are presented in the report than I do, gave us, just gave me a list of the properties and we sorted them under several criteria and pulled together a listing of the properties in the market area. They represent all types of different price points, brand, orientation, age of property, size of property, and we cross-tabbed those and selected the properties that we thought were most representative of the properties that are currently serving the market. We looked at properties serving the upscale market that are in the immediate area for comparative purposes, and that's how we came up with the differentiation on it.

But it's not done blindly, it's done with diligent research, visits to the properties, analysis of where they stand in the market area.

VICE-CHAIR JENSEN: Okay, thank you. If the market, how do we know if the market is saturated? What criterion would you use to say, yes, I'm taking a looking at this and the market is already saturated before we build anything?

MR. MANDIGO: We build in the growth in demand in the market area, and again I indicated that on a year to day basis that demand grows at about 3.5 percent in the defined market area for the northwest segment of Chicago. We add in the properties that are proposed, take into consideration that 3.5 percent. We also put together what are defined as, and there's two categories of demand that are not picked up in a current market area, and that is unaccommodated demand and that's when everyone in the area is at peak demand. In other words, properties are doing 90 percent or better in the market area, so you're pushing demand outside. We attempt to track that market demand that would be recaptured in the market if there were sufficient rooms available. We also look at latent demand which is demand that is created by building a new property at a different market rate, at a different quality within the market area, and we have statistics that come around from different areas of the country that show how those come in. Generally, those range anywhere from 10 percent, what we call latent demand increase in the market area because of introducing a unique property, up to as much as 30 percent new demand in the market area for a property that is extremely unique, that is something that doesn't exist in the market. That might be something like the CAA downtown, the Chicago Athletic Association building rebuilding completely as a hotel and that provides a very unique architectural space.

So, adding those in along with the 3.5 percent demand gives us total demand in the market area. We know what the supply is. We add in the new properties and do a calculation. We have supply on one hand, demand on the other, and it's basically a division process that says here is what the occupancy in the market is. If we see that drop substantially, and that means introducing the property, we're going to see a three to five percent drop in occupancy in the market area, then that's going to overbuild market.

VICE-CHAIR JENSEN: That's over what period of time? The three to five percent drop?

MR. MANDIGO: We do that starting in year one, and a part of what happens is the average occupancy in the year the property is introduced actually drops a point to two points in the market area, but that's because of the lower occupancy during the ramp up period for the existing property. So, if I throw 60 rooms into a market area and they do 50 percent occupancy in the first year, which is unheard of, that's going to pull down the average for

APPROVED

the market. So, we're going to see a decline in occupancy for that introductory period partly because of the property and partly because of realignment of demand in the market area. But by the third year, the market ought to be stabilized and the impact for that ought to be already evident. But that entails two years of growth in demand and that entails picking up this latent demand and unaccommodated demand that are also factored into those four numbers.

VICE-CHAIR JENSEN: Great, thank you. Just one question for you, Mr. Cazares. You indicated that, you know, the niche you're going for is to be a four to five-star property. Commissioner Dawson just identified you've gotten rid of one of your amenities thus far. What is it that's going to make this a four to five-star property, and who is going to be doing the rating that would give you that rating?

MR. CAZARES: So, AAA and Forbes are the ones who did the ratings at our facility prior. They also gave us the rating and we didn't have a spa in our hotel either, so we had to do something creative. We had to offer in-room spa services. So, unfortunately, since we lose this spa, it's another trick that we're going to do, we're going to provide it in-room. So, that will count for that.

We are, another requirement is to have two food and beverage outlets. We have the coffee shop right now, and I'm looking very closely with Charles and Sam to propose a second food and beverage outlet for the hotel guests. We're doing that at the moment, we're not prepared to present that yet, but we'll take it step by step with Staff.

VICE-CHAIR JENSEN: Great, thank you. I think at this point we can open it up for public testimony. First of all --

COMMISSIONER CHERWIN: I had one follow-up question.

VICE-CHAIR JENSEN: Oh, sure, go ahead.

COMMISSIONER CHERWIN: I'm sorry. About the hotel rating, and you mentioned, where are nearest facilities of like rating located?

MR. CAZARES: Sure. So, in the suburbs there is a hotel in Naperville called Hotel Arista. It's an independent, it's a four-star hotel, very highly ranked. Calamos Investments actually developed that hotel to bring in all their executives in. It's doing extremely well. Renaissance Hotel is another four plus star hotel. Intercontinental in O'Hare.

COMMISSIONER CHERWIN: Okay, so Intercontinental O'Hare, Schaumburg Renaissance?

MR. CAZARES: Correct. These would be our competitors, the demographic clients that we're looking to ascertain here --

COMMISSIONER CHERWIN: There's no other similar rated hotels in Arlington Heights?

MR. CAZARES: There isn't. I know there may be one at Schaumburg, it's proposing a new Motorola campus for there. So, but no, there isn't a single one in Arlington Heights.

COMMISSIONER CHERWIN: Thank you.

VICE-CHAIR JENSEN: Great, so we'll open it up to public testimony. Could I have a show of hands of who wants to speak with the public? So, we just have one person? I think you know the procedure, so if you'd come up and give your name and spell it?

APPROVED

QUESTIONS FROM AUDIENCE

MR. DADAY: My name is Stephen G. Daday, D-a-d-a-y. My office address is 2550 West Golf Road in Rolling Meadows. I represent primarily the Wingate Hotel, but it's a conglomeration of some of the other hotels in the area.

I provided a letter to Sam earlier today. I know he has distributed that to you, and I don't really want to go over all of the details on that. But the concern is and the objection is that there is a saturation in the marketplace, and this will significantly affect the existing hotels. There's been a lot of discussion about there's a niche and this is going to be a lot different than, say the Courtyard or the Wingate, and it may be. But be that as it may, it's still another hotel, it's another 60 rooms that's going to draw clients from our hotels to this one.

As I think, it's pretty clear that there is a margin and we've talked about that a little bit. There has been some testimony about that, that it's not a 10 percent drop that causes chain hotels not to build a hotel next door to each other or in a competing area, but it's a three percent drop. We've already heard testimony from the market study that it's a minimum of one percent. We disagree with that. We think that there's going to be significantly more, more in the nature of the three percent drop.

As a matter of fact, the market studies and the studies that I know were relied on by the Petitioner, the STAR report indicates, and again there's a little bit of, there's terms that are used in the area, one of which is demand which you've heard, one of which is average daily rate, another one is occupancy, and they're not exactly the same. But just as an example, demand decreased from 2016 to 2017 by 3.4 percent amongst the hotels in the area. Occupancy decreased by 3.3 percent from 2016 to 2017. We're obviously not through 2018 so we can't get into those numbers yet, but you know, we're already seeing a drop. The fact that this hotel is going to add to those issues, it's going to be a significant problem for the existing hotels.

I just want to point out, too, that we certainly appreciate and European Crystal has been a great neighbor and a great facility here in Arlington Heights and nobody wants to see any business suffer or struggle or fail, but the issue I think here is that the change here is going to benefit one of eight existing businesses in that area. The other seven are going to suffer. Are they going to fail? Maybe, maybe not. But the numbers are going to be so close that they'll struggle, and they'll struggle for a time. Maybe all those projections and all of the promises will come true and there will be a three percent increase next year in demand through the area, but we really haven't seen that historically in the last six to eight years. So, I think the point is that this is going to impact existing businesses in Arlington Heights, and I think it's going to be to their detriment.

A couple of things that I would just note. In the presentation, I thought it was a quick video, but I didn't really see a bar that was in the facility that was being built, although that was kind of the ambiance of the video. So, I'm not sure what that means exactly, maybe that's what part of the future discussions are with the Village and the hotel. But I just think that to a certain extent it was a very nice video, I thought it portrayed what a hotel downtown probably looks like, but I didn't see any plan for a rooftop bar anywhere in this plan. So, to that extent, take the video for what it's worth I guess.

So, again we would object to the petition and we would hope that you would reject it. Thank you.

APPROVED

VICE-CHAIR JENSEN: Yes, just a question or a comment. But let me ask if anyone else has something they want to ask? As I understand, part of your argument is that we're going to have the hotel come in, they're going to have a price that is significantly higher than the rest of the hotels, and that's going to take demand away from the existing hotels? That strikes me as very, as an economist, I'm having trouble seeing that, how that works.

MR. DADAY: Well, we think that the fact that there is another hotel, and again the price point that they're talking about or discussing, again we're not sure exactly if that's going to be the ultimate. I think there are people who, for example, there are people that come in to visit family members who stay in the Courtyard because it's convenient to family members, and maybe they have the facility and the ability to stay in a hotel that's a little bit more well appointed and pay a little bit more money. So, they're not going to stay in the Courtyard but they'll move over to this one. So, I think that there is some detriment even though this proposed price point may be a little bit higher than what the Courtyard or the Wingate have, but it's still going to draw away a customer we believe.

VICE-CHAIR JENSEN: Okay, thank you. Maybe I could ask Sam to clarify the, would you go over what our role is? Because the Board clearly can make decisions on the basis of competition, saturation in the market, a variety of other things that they have to take into account. What is it specifically that we are charged to be looking at as we consider this proposal?

MR. HUBBARD: The role of the Plan Commission is not to regulate competition although it can certainly consider it relative to the criteria for a land use variation approval. But again, there is no specific criteria that outlines competition between similar facilities as being one of the criteria that needs to be met, not for land use variation.

VICE-CHAIR JENSEN: Great, thank you. Any other questions? I think that's, unless you have something further that you want to say?

MR. DADAY: No, thank you.

VICE-CHAIR JENSEN: Anyone else in the audience?

COMMISSIONER DAWSON: Just one clarifying.

VICE-CHAIR JENSEN: Sure.

COMMISSIONER DAWSON: I thought there was a rooftop. It's in your revised, not you, for the Petitioner. The revised project narrative says hotel guests will have exclusive access to our private outdoor lounge to see views of downtown. Is that not on the roof any longer?

MR. CAZARES: There is no rooftop at this moment. It's proposed --

COMMISSIONER DAWSON: Okay, so it shouldn't have been in the revised, put in that.

JIMP: Yes, it is a proposed storage area. We designed for it and we're working with Staff.

COMMISSIONER DAWSON: Got it, okay. Okay.

VICE-CHAIR JENSEN: Yes, in that connection, I would make one observation. I think it would be good to get the documents describing the property the same way. Sometimes it's described as a nine-story building, sometimes an eight-story building, and so forth. So, before you go to the Board, just as a bit of advice, I think you need to go through the documents and decide how you want to characterize it.

MR. CAZARES: I do apologize for that. I think, actually I just commented

APPROVED

today between me and Sam, there's around 3,000 e-mails in the last two years. So, it's a massive amount of revision in the proposal, change back and forth.

VICE-CHAIR JENSEN: Sure.

MR. CAZARES: You know, I also not only work with Sam but I work with, you know, most every department from the Village's counsel to so on and so forth. So, it's just a huge amount. That's why we're coming here and saying, you know, these are the three parking spots because, you know, to get this project moving over here, it's a very intertwined process of working very closely with each department and trying to, you know, our best to accommodate them.

VICE-CHAIR JENSEN: I do appreciate that you've been through a lot of iterations. But I think a nice, crisp proposal that has a consistent description of the properties would serve you best as you go before the Board.

We have someone else who wants to make a comment from the public? So, state your name and spell it.

MR. HASSENPLUG: Commissioner, my name is Jim Hassenplug, a 38-year resident of Arlington Heights here, and also a 35-year business owner here in Arlington Heights. I'm not here to discuss statistics or numbers or viability of what this hotel will or will not do. I am here to stipulate that the Cazares family that I have known for sometime is a very hardworking, very good family that I think will be a benefit to our community. They have been in the past, they will be in the future. I think Tony and Christina are trying to put together the legacy for their children, and I think that's what this is about.

So, I think the Commission here has done a great job in what you're doing. I think Jim has done a wonderful job in trying to bring this down, scale it towards workable, and he's done a good effort in putting together things and he's done a very good. So, I think that should be taken in consideration. Thank you.

VICE-CHAIR JENSEN: Great. You'll need to spell your name for the court reporter.

MR. HASSENPLUG: Pardon?

VICE-CHAIR JENSEN: You need to spell your name for the court reporter.

MR. HASSENPLUG: Oh, it's a wild name. It's spelled, first name is James, last name is spelled H-a-s-s-e-n-p-l-u-g.

VICE-CHAIR JENSEN: Thank you, thank you. Any other comments before we close the public portion of the hearing today? Hearing none, the public portion is closed. So, I'll come back to the Commission to see if there are any further comments.

Seeing none, does somebody want to make a motion?

COMMISSIONER GREEN: Sure. I'd like to make a motion.

A motion to recommend to the Village Board of Trustees approval of PC#18-013, a Land Use Variation to allow a 62-room hotel within the M-2 District, and the following Variation:

- 1. A variation to Chapter 28, Section 10.2-8, to reduce the required width of a two-way drive aisle from 24 feet to 22.6 feet in width.**

This approval shall be subject to the following conditions:

LeGRAND REPORTING & VIDEO SERVICES
Chicago & Roselle, Illinois - Miami & Orlando, Florida
(630) 894-9389 - (800) 219-1212

APPROVED

1. **Prior to Village Board consideration, the Petitioner shall provide the following items:**
 - **Revised plans that address the fire lane concerns identified by the Building Department which may include revisions to the drive aisles, parking spaces, and landscaping.**
 - **Revised landscape plans that address the concerns raised by the Planning and Community Development Department in their review letter dated June 21st, 2018.**
2. **The property owner shall maintain the existing agreements for overflow parking on the Brite-O-Matic site (527 W. Algonquin Road) and the Hand to Shoulder Associates (515 W. Algonquin Road). Should these agreements be adjusted or terminated, the property owner shall inform the Village within 30 days and must secure comparable alternative overflow parking agreements to the satisfaction of the Village. If comparable alternatives cannot be secured within 30 days, the Petitioner shall not schedule events to the 377-occupant capacity and shall work with Staff to come up with a suitable banquet hall occupant limit for events at the facility. Additionally, the Petitioner shall minimize overlapping bookings at both the hotel and banquet hall.**
3. **The property owner shall continue to provide onsite valet parking and shall provide airport shuttle services for guests at the hotel.**
4. **The Petitioner shall remove all three exterior storage containers located in the three parking spaces adjacent to the loading area on the eastern side of the building. All spaces on the subject property shall be kept free of storage and made available for parking.**
5. **All dumpsters shall be kept within a code compliant dumpster enclosure and shall only be placed outside during trash collection times. Once trash has been collected, the dumpsters shall be promptly relocated back inside an enclosure.**
6. **The 10 proposed bicycle parking spaces shall be relocated to a paved surface.**
7. **The Petitioner shall comply with all applicable federal, state, and Village codes, regulations, and policies.**

VICE-CHAIR JENSEN: Do we have a second?

COMMISSIONER CHERWIN: I'll second.

VICE-CHAIR JENSEN: Great. So, I think we need to take a roll call on

this. Sam?

MR. HUBBARD: Sure. Commissioner Dawson.

COMMISSIONER DAWSON: Yes, with comment.

MR. HUBBARD: Commissioner Sigalos.

COMMISSIONER SIGALOS: Yes, with comment.

MR. HUBBARD: Commissioner Lorenzini.

COMMISSIONER LORENZINI: Yes, with comment.

MR. HUBBARD: Vice-Chair Jensen.

APPROVED

VICE-CHAIR JENSEN: Yes.

MR. HUBBARD: Commissioner Green.

COMMISSIONER GREEN: Yes, with comment.

MR. HUBBARD: Commissioner Cherwin.

COMMISSIONER CHERWIN: Yes.

VICE-CHAIR JENSEN: Great. So, then we'll start with, I think we'll start with Sue.

COMMISSIONER DAWSON: My comment is only that while I think it's a great project, my enthusiasm for the project is reduced, not at Petitioner's fault just for lack of a better word, but I'm concerned about the Village's lack of foresight and understanding of the changes, and that we are putting just another, nice but just another hotel in a place where we could have something really special and unique if we could be a little bit more flexible on the parking situation, understanding that this is the type of hotel that someone like myself would very much have loved to go to in the past plan and would not have parked there. There's a change, there's a younger generation, much younger even than myself, that Uber and Lyft. They don't park. We have lost an opportunity to have a truly unique and outstanding project in this town because we have such a focus on parking demand.

VICE-CHAIR JENSEN: Thank you. Next, we just want to just continue with you, John.

COMMISSIONER SIGALOS: Yes. I approved it, but again I'm concerned with the economics, that I remember in the past you said how you needed 130-140 rooms to make it economically feasible. Now all of a sudden, 60 rooms makes it economically feasible. I'm just really concerned about that, that it's going to have an impact. I hope you have all your numbers correct, and I'm not quite sure what really makes this as a boutique hotel as opposed to really the Ivy Hotel downtown, what makes a different situation. Looking at the plans, I don't see, you know, even a swimming pool or a health club or sauna or anything like that that may help with amenities to attract people that would want to come there and pay more as opposed to going down the street to the Courtyards and Marriott or someplace else. So, I'm concerned by that. That was my comment.

VICE-CHAIR JENSEN: Thank you. Commissioner Lorenzini.

COMMISSIONER LORENZINI: Thank you. My comment is I think it is a good project, but I'm still concerned about the draw it would have or the effect it would have on the other hotels. I know there seems to be some confusion amongst us as to what our role is, but I always look at this as common sense to me and we're just looking at all issues and talking to it as citizens of Arlington Heights. That's my concern, thank you.

VICE-CHAIR JENSEN: Commissioner Green.

COMMISSIONER GREEN: I'll take the opposite side of that coin. I think the complaint from the other hotels is simply competition. That's it.

COMMISSIONER CHERWIN: Commissioner Jensen, can I just revise and give a comment? I think Commissioner Dawson said it, you know, I would agree a hundred percent with what Commissioner Dawson said. I think my prior concern was that there didn't seem to be any effort to try to accommodate parking, and now it seems like we've really done a good job of accommodating but maybe lost some of the nuances in the deal. So, I would say if there's any flexibility, you know, in this, to consider that.

VICE-CHAIR JENSEN: Great. Well, I think that does it. Congratulations,

APPROVED

you have the unanimous support of the Plan Commissioners who are here tonight. Good luck with the Board.

MR. CAZARES: Thank you.

VICE-CHAIR JENSEN: Is there a motion, is there any further business I guess?

COMMISSIONER DAWSON: No, I just had one comment. Last time, we had confusion about our role, we got a little memo from Robin. I have a feeling we might be getting a memo from Robin.

VICE-CHAIR JENSEN: Are you going to help her write it?

COMMISSIONER DAWSON: No, I won't. I stay out of Robin's way, she knows what she's doing.

VICE-CHAIR JENSEN: So, Sam, any further business?

MR. HUBBARD: We have a large amendment to the Arlington Downs PUD coming before us at the next meeting on July 25th, and also a small land use variation for auxiliary parking at Arlington Lanes by the Napleton Dealership.

VICE-CHAIR JENSEN: Well, Sam, I did not ask you about the harmony and spirit of the chapter for this particular proposal, and I won't ask you now. But I find that phrasing disconcerting, and so in the future I'd like to actually have a tag line on it that says what makes us think it is in the harmony and spirit of the chapter.

MR. HUBBARD: We'll try our best. The purpose of the zoning code is contained at the beginning of the zoning code and it has, it's almost like a page-long of different criteria that outline what the purpose of the zoning code is. So, that standard is basically saying does this project align with what the purpose of the zoning code is? A lot of the criteria doesn't apply to every project, it's not a one-size-fits-all.

VICE-CHAIR JENSEN: Sure.

MR. HUBBARD: But we can certainly make an effort to articulate that a little more.

VICE-CHAIR JENSEN: Since we had an M-1 zone and we actually gave a land use variation, I just am having a little bit of trouble. I don't want to belabor it but, you know, a little bit of clarification in the future when we're saying the people have met that criterion would be helpful.

MR. HUBBARD: Sure, yes.

VICE-CHAIR JENSEN: Any other further business? Could we have a motion to adjourn?

COMMISSIONER GREEN: I'll make that motion.

COMMISSIONER DAWSON: Second.

VICE-CHAIR JENSEN: So adjourned.

COMMISSIONER GREEN: No, all in favor.

VICE-CHAIR JENSEN: All in favor, excuse me.

(Chorus of ayes.)

VICE-CHAIR JENSEN: Any opposed?

(No response.)

(Whereupon, the above-mentioned petition was adjourned at 9:10 p.m.)