
OPERATIONS COMMITTEE MEETING AGENDA



MEETING DATE: Monday, November 4, 2019

MEETING TIME: 6:00 p.m.

MEETING LOCATION: North Aurora Village Hall, 25 E. State St., North Aurora

CALL TO ORDER

ROLL CALL

AUDIENCE COMMENTS

APPROVAL OF MINUTES

1. Approval of the Operations Committee Minutes dated October 7, 2019

NEW BUSINESS

1. HR Manual - Travel Expenses
2. Moka TIF

OLD BUSINESS

OTHER INFORMATION

TRUSTEE COMMENTS

ADJOURN

Initials

SB

Village of North Aurora Memorandum



To: Government Operations Committee

From: Bill Hannah, Finance Director

CC: Steven Bosco, Village Administrator

Date: October 28, 2019

RE: Revisions to Human Resources Manual – Travel Expenses

As part of the Human Resources Manual, the Village provides policies regarding travel and expenses incurred by employees when conducting Village-related business or attending professional development seminars and/or conferences. These policies were last updated in 2016 when the Local Government Travel Expense Control Act became effective January 1, 2017. That Act set forth additional requirements regarding pre-approval of travel-related expenses and reconciliation of expenses after the event has completed.

The current policy provides a per-diem limit per-meal based on location of the event and based on federal GSA rates. For example, an employee attending a multi-day, overnight conference is eligible to be reimbursed for a specific amount for breakfast, lunch and dinner (for example, \$13 for breakfast, \$14 for lunch and \$23 for dinner). These amounts are sometimes more based on the location of the event. Employees who spend more than that on a specific meal must reimburse the Village for the additional amount (if a purchasing card was used, or they only request reimbursement if personal funds are used, up to that amount) and are also not able to use their allowable amount from another specific meal allowance to cover the cost. For example, an employee could not spend \$16 on lunch but only \$21 on dinner but in total spend the same amount.

This current process has led to inefficiencies in tracking and reconciling minimal travel expenses both during the training/events and after the event, and allows for no flexibility on the employee's part to manage per diems for certain situations.

One option originally discussed in order to simplify the process was to provide employees a per diem amount for the day, i.e. \$50 as an example, based on location and GSA rates, and not require receipts. Employees would have flexibility to use the funds as necessary for meals, tips, etc. however, this would take away accountability in the process. Staff felt that a hybrid approach, where employees may utilize the per diem daily meal amount, i.e. \$50 but only to the extent that actual expenses were incurred, would provide the best overall approach. Staff also clarified in the policy revisions that incidental expenses are part of eligible expenses so that only the total, daily M&IE rate needs to be used.

The attached red-lined changes to the current policy are included for discussion.

9.10 Travel and Expenses for Business Purposes

Travel and/or Expenses for Business-Related Purposes

Generally, all business-related travel shall be done in the most economical manner as possible, taking into account the length of travel and reasonable steps necessary to make such travel economical. Travel for business-related purposes shall be approved ahead of time and include details on anticipated mileage, dates of travel and estimated expenses which are necessary for employee training, professional development or to carry out the public business, responsibilities or interests of the Village.

Employees attending training or other business related event may be required to return to work if the event length is less than the employee's regular shift. Employees must notify their supervisor if the event lasts less than their full shift or is less than originally planned in order to determine if the employee must return to work. Requests for travel approval and reimbursement shall be submitted to the Village by submitting a form approved by the Village Administrator to their Department Head and are subject to the following Maximum Allowable Expenses:

- Airfare – Employees are expected to obtain the lowest available airfare that reasonably meets business travel needs. Employees are encouraged to book flights at least thirty (30) days in advance to avoid premium airfare pricing. Only coach or economy tickets will be paid or reimbursed. The Employee will pay for the difference between higher priced tickets and coach or economy tickets with personal funds.
- Auto – If a Village-owned vehicle is not available for travel, the Village will reimburse an employee at the current IRS-approved standard mileage rate less normal mileage from the employee's residence to their regular work site.
- Rental Car – Employees shall obtain the lowest reasonable rate for a midsize, non-luxury model.
- Rail or Bus – Employees shall obtain lowest reasonable rate and cost shall not exceed airfare.
- Taxi, Shuttle, Rideshare, or Public Transportation – Actual reasonable rate.

- Meals and Incidentals (M&IE)

A. Employees attending training, conferences or Village-related business events lasting most of the regular work day are not eligible for a lunch meal reimbursement if a lunch meal is provided as part of the event. Exceptions may be approved by the Department Head. If an exception is granted by the Department Head, such reimbursement may not exceed the federal per diem rates for lunch meals per meal as established from time-to-time in that particular location. At no time is alcohol considered an eligible expense for reimbursement.

B. Employees required to attend a conference, training or conduct other Village-related business that requires an overnight stay away from home previously approved by the Department Head are eligible for meal reimbursements. ~~if those meals are not provided by the event. Reimbursement for meals when meals are provided by the event may be approved by the Department Head subject to the Employee's submission of an estimate in the approved form or upon submission of receipts after the event along with a statement by the Employee as to the justification for, and nature of, such meal.~~ The total amount per day that employees may be reimbursed or may charge expenses will be the total daily meals and incidental expenses (M&IE) rate based on the federal GSA rate in effect at that time, without limitations per meal. Employees authorized to carry a purchasing card may use their card for such meals in accordance with Village policies. ~~The Village will generally maintain a policy of reimbursement of actual expenses. Such reimbursement may not exceed the federal per diem rates per meal established from time to time. Receipts are required for reimbursement if a village purchasing card was not used. Incidental expenses are eligible expenses within the M&IE rate. The allowable, total reimbursement for the first and last day of an event where travel to and from the event back to an employee's home is involved shall be 75% of the daily M&IE rate. Exceptions must be authorized by the Department Head and Finance Director. At no time is alcohol considered an eligible expense for reimbursement.~~

C. Employees who request and are approved to attend trainings, professional association meetings, council of government meetings, networking events or other similar events typically coordinated by outside associations or groups where a meal is provided, the cost of such event and meals provided are not subject to the per meal, per diem limits of this policy.

D. Unless limited or restricted elsewhere in the Policy or in another agreement, Department Heads may authorize meals to be provided to employees who are meeting to discuss or conduct Village-related business or other authorized purposes ~~so long as the meals provided do not exceed per diem per meal limits in effect for the Village, unless an exception is granted by the Village Administrator.~~

- Lodging – Employees will be reimbursed for a standard single-room at locations convenient to the business activity or at the group rate obtained by the event organizer. In the event of a change in plans or cancellation, employees shall promptly cancel reservations in order to eliminate or minimize any cancellation charges that may be incurred by the Village. so as not to incur any related charges. Any cancellation charges will be reimbursed upon submittal to the Village Board as provided in this Section.
- Vacation and Business Travel - In the event the employee wishes to extend travel on business related purposes for personal reasons, the Village will pay or reimburse an employee only for the amounts specifically related to the business-related travel for the

employee.-

- Parking – Parking fees at event location will be reimbursed only with a receipt.

Reimbursement or expenses charged to an employee's purchasing card in excess of the above Maximum Allowable Expenses above will only be approved in an open meeting of the Village Board by a majority roll-call vote.

Limitations on Charges/Reimbursements

No employee shall be reimbursed or charge to a Village purchasing card for any entertainment expense, unless ancillary to the purpose of the program, event or other official business. For purposes of Section 9.10, "entertainment" includes, but is not limited to, shows, amusements, theaters, circuses, sporting events, or any other place of public or private entertainment or amusement.

Non-Exempt Employee Travel Compensation

Non-exempt employees should keep in mind the following rules regarding compensation for work-related travel that occurs outside of the normal work day or shift:

- An employee driving directly from home to an off-site training, conference or other work-related activity shall be compensated for time travelled less normal home-to-work commuting time.
- An employee travelling as a passenger on an airplane, train, boat, bus, other public transportation or as a passenger in a private automobile is not compensated for time travelled if the travel occurs during non-regular shift hours (applicable to all days in the week) and work is not performed during the travel..
- An employee travelling on Village business involving an overnight stay away from home will be compensated for travel time (with the exception of driving) for travel time occurring during regular shift hours including regular days off.
- An employee travelling on Village business involving an overnight stay away from home will be compensated for all travel time spent driving a vehicle regardless of when the driving occurs.

9.11 Workplace Inspection Policy

The Village wishes to maintain a work environment that is free of illegal drugs, alcohol, unauthorized firearms, weapons, explosives, or other improper materials. To this end, the Village prohibits the possession, sale, transfer or use of such materials on its premises or in Village vehicles. The Village requires the cooperation of all employees in administering this policy.

Desks, lockers and other storage devices may be provided for an employee's convenience but remain the sole property of the Village. Accordingly, if the Village has reasonable suspicion to believe that a workplace inspection is warranted, these storage devices, as well as any articles

VILLAGE OF NORTH AURORA OPERATIONS COMMITTEE REPORT

TO: OPERATIONS COMMITTEE MEMBERS
CC: STEVE BOSCO, VILLAGE ADMINISTRATOR
FROM: MIKE TOTH, COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR
SUBJECT: 24 S. LINCOLNWAY (MOKA COFFEE) TIF REQUEST
DATE: NOVEMBER 4, 2019 OPERATIONS COMMITTEE MEETING

The subject property is developed with an operational drive through coffee shop located in the Route 31 Tax Increment Financing District. The business/property owner has made a formal request to the Village for the reimbursement of certain site development costs associated with the redevelopment of the property. A request in the amount of \$232,758 over the course of a five (5) year period has been made to assist with borrowing costs. According to the property owner, the cost to acquire the land, build and put the business into service was over \$1,100,000.

The request being made was not unanticipated as it is the result of several months of discussion between Village staff and the business owner. The business owner discussed the potential need for TIF assistance before, during and after completion of the project. For informational purposes, staff notes the following benchmarks associated with the subject property:

1. **February 2016** – the Village purchased the subject property for \$200,000.
2. **September 2016** – the Village awarded the bid for the demolition of all site improvements and removal of underground storage tanks to Fox Excavating, Inc. at a cost of \$49,900.
3. **March 2018** – the Village sold the subject property for \$200,000 to the current property owner for development of the drive through coffee shop.
4. **February 2019** – the Village reimbursed the property owner in the amount of \$39,997 for the testing and disposal of contaminated soils.
5. **March 4, 2019** - the Village issued the temporary Certificate of Occupancy allowing the business to operate.
6. **May 31, 2019** - the Village issued the final Certificate of Occupancy.

The Village's TIF consultant, Teska Associates, Inc., has verified that the items requested as part of the reimbursement are TIF-eligible expenses. While an after-the-fact request is atypical, request and reimbursement can be made after completion of a project, according to Teska.

If the Village Board were supportive of any reimbursement program associated with this request, the reimbursement could be contingent upon a redevelopment agreement that could include, but not be limited to the following parameters:

- The property owner provide documentation of all costs associated with the request in the form of paid invoices, canceled checks or any other documented proof of payment.
- Reimbursement be contingent upon the operational status of the business – if the business were to close, reimbursement would subsequently cease.
- Forfeiture of rights to *any* future financial assistance request to the Village.
- The business/property maintain good status with the Village at all times.
- No delinquency of payment to any taxing bodies.

Route 31 Tax Increment Financing District

- 5.75 years remaining
- Current TIF revenue = \$508,000
- Ending fund balance = \$1,614,260 (May 31, 2019)

Staff and the business owner are soliciting feedback from the Operations Committee. The property owner will be presenting the request at the meeting, which will include additional background information.

MILLER COFFEE PROPERTY, LLC

Village of North Aurora

Attn: Mike Toth

25 E. State St.

North Aurora, IL 60542

Dear Mike

Please let this letter serve as request for TIF funds, for reimbursement of TIF eligible expenses related to the now completed Moka Coffee Shop site at 24 S. Lincolnway, North Aurora. The following is a summary of requested reimbursement of site-related expenses:

Environmental testing, staking, surveying: \$8226

Earthwork, parking & other site work: \$48,662

Site Utilities - Sanitary, Water and Storm: \$78,361

Site concrete, curbs, paving, & walkways: \$82,570

Site Electric - Service and Site Lighting: \$14,939

Total: \$232,758 requesting to be paid over a 5 year period.

This list excludes haul-off of contaminated soil (already reimbursed). It also excludes \$140,365 of other TIF eligible expenses, including all of the Supervision & GC costs, landscaping, & other costs, none of which are related to the building construction itself. The total cost of this entire project has been approx. **\$1,100,000** to date, and these reimbursements are vital to the business's survival. I would be happy to present details of this request in person.

The following page provides some background information that may be helpful in supporting this request.

25575 Deerpath Rd., Batavia IL 60510

630.536.4579

Email: espressoscott@gmail.com

Moka is a family owned (Scott & Jeanette Miller, & family) and operated drive-thru/walk-up coffee shop. We have 14 employees and are becoming very active in the community and in building business relationships.

Moka, being located in the TIF district, is requesting relief for a portion of the TIF eligible expenses that will allow Moka to be able to sustain itself by reducing our monthly debt payment. The request would be for financial relief over a 5 year period, with stipulations on our part including keeping the business license in good standing, the property in good shape, and our continued growing involvement in the community.

Several factors in the project evolution became extremely expensive, mostly related to site work that was far beyond our planned expectations. The following are some of the assumptions we made which contributed to the unexpected high cost of the project: 1) Construction Costs would be reasonably similar to other Moka stores, 2) A construction estimate would be reasonably possible before the land purchase, 3) some TIF relief would be possible for TIF eligible expenses, and 4) the time table to design and build would be similar to WI/MN stores.

Detail bids we finally received ranged from \$560k to \$921k, and even with the lowest bid we went with (after a 2nd round of bidding and) along with choosing the most knowledgeable/experienced GC, there were still a number of change orders that brought the final construction piece to over \$677k (excluding the land and other costs).

We believe this request for relief will give us the ability to have cashflows based on proformas, largely from other similar Moka stores actual performance, that will allow us to stay in business for the long haul. Without relief, we fear the debt monthly debt payments will prevent sustainability over time.

Again, this is not the entire list of TIF eligible expenses, but it is a partial list of identifiable costs that are clearly specific to the project that we could not have done any cheaper, in our opinion. So far our reception from North Aurora patrons has been amazing and seems to be, best we can tell, just what the community needs on the Lincolnway strip. We would be happy to come and give a more detailed overview of the project and need for the relief, along with a specific 5-year plan for success and ongoing involvement in the community.



Thank you - Scott Miller

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630.536.4579

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