



## **Village Manager Randy Recklaus' Remarks at Village Board Meeting, Monday, March 18, 2024**

Tonight, I'm going to be giving an update on the status of Village's discussions with the Chicago Bears Football Club regarding the future development of the former Arlington Park site.

We have spoken to representatives of the Club after their statement last Monday, and they confirmed that their interest in the Arlington Park property as a potential site for a stadium has not changed, but that their current organizational focus is on sites in the City of Chicago. However, as evidenced by news articles this past week that included input from community groups about a lakefront stadium in Chicago, it is clear that the issue of where the stadium project will ultimately go is far from resolved. And while those discussions are happening, the Village knows the Arlington Park property is special and unique among sites in the entire region, as supported by the team's purchase of the property. But that is not exactly what we were going to talk about tonight.

The Village received a Freedom of Information Request from a member of the local press last Monday, regarding the ongoing discussions between the Chicago Bears, the Village, and School Districts 214, 211, and 15. As part of this request, a working document will be released. Rather than releasing that document to one reporter and without context, we wanted to make it available to members of the media and the public at the same time, and take the opportunity to provide a general update on the project. We will be making the document public later this evening on the Village's website.

As you all know, the Village has been engaged in talks with Chicago Bears since 2021, regarding the sale and potential redevelopment of the site. A pre-development agreement was approved and agreed upon in the fall of 2022 regarding a process on how the redevelopment of the site would be explored by both parties including the exploration of privately funded and owned NFL stadium on the site, along with an expansive mixed-use entertainment district. In early 2023, before the final purchase of the property, there were discussions between school districts 214, 211, and 15, Churchill Downs, and the Chicago Bears Football Club regarding the determination of fair property taxes for the former Arlington Park site. In the Spring of 2023, after the sale of the property, discussions between the Club and the School Districts broke down. In June of last year, the Chicago Bears Football Club announced that they had begun exploring alternative sites for a stadium as part of their due diligence process.

Since that time, the Village has been actively engaged in trying to resolve the differences between the school districts and the club. Those discussions led to tentative workable solutions on a number of issues including a possible framework for fair long-term taxation on the site, creation of new mechanisms for a limit on the number of school children produced by the development on the site, protection of the school districts from unsupported costs by providing new formal avenues for input on the development by the school districts and other overlapping taxing bodies, and other items.

These productive discussions were coalescing together into a draft memorandum of understanding (MOU) between all parties. This draft agreement is still work in progress and not yet finalized. Before any such agreement is reached, it will be subject to approval by each of the school boards and Village Board, as well as public scrutiny. I want to note that much progress has been made over the past few months by sharing concerns and working

together in creative problem-solving efforts. The last unresolved issue in the draft MOU agreement is one that has been discussed publicly by the club and the school districts in recent weeks-and that is the determination of fair short-term property taxes for the site while it is still vacant.

This brings us to the recent FOIA request, which is the reason for us talking about this tonight.

The Village wants to make sure that all taxpayers in the community, whether commercial or residential, are paying a fair amount in taxes. Not too much and not too little. In Cook County, disputes over property tax amounts are common. Many residents and commercial property owners alike, appeal their property tax assessments regularly. In some cases, large property owners will negotiate settlement agreements with school districts as those districts collect over 60% of the property taxes paid. That is the process that the Chicago Bears football club and the School Districts have been engaged in over recent months.

However, we are not currently debating the future, post-development property tax bill. That discussion will happen later. But as discussed last year, the Village will only support a development concept that increases tax revenues for the Village above current levels, even after factoring in any new costs incurred from the presence of the Project.

All we are talking about right now is what the fair amount of property taxes should be before any development occurs while the property is vacant, and not generating any revenue.

We understand the Bears seeking taxation more in line with comparable properties in the area, but we also are supportive of the school districts' goal of ensuring that there are adequate tax dollars to fund necessary services now and in the future. I am putting up a slide that shows some comparable property tax data that underscores this challenge. (Slide 2 in attachment.)

I will let you draw your own conclusion on this slide and the relative tax bills of these properties.

Also of note, is that commercial property is not generally assessed based on sales price, but rather based on the amount of revenue that property can generate. The practice of using recent sales prices to reassess properties is known as "sales chasing" and is actually not permitted in Illinois.

This brings me back to the FOIA request we received.

As part of the broader, ongoing discussions with the bears and the school districts, the Village made a proposal to all parties on a possible solution to the short-term property tax issue on February 27th. That proposal is the document that will be made public tonight in response to the FOIA request. The Village's proposal was as follows:

Under our proposal, for tax year 2023, the parties would agree on a settlement for an assessed value of \$124,691,296, which is the exact figure that the Board of Review arrived at in their recent ruling. However, the Village does not believe that the Board of review gave sufficient consideration to the status of the property in 2023. While it was not completely demolished for the whole year, it should be noted that even when the Bears purchased it, it was an unlicensed racetrack facility with virtually no ability to generate revenue. In addition, the property was in various stages of demolition for much of the year. For this

reason, we would suggest it be assessed at the 25% commercial ratio for half the year and the vacant 10% ratio for the second half of the year. Generating approximately \$6.3 Million in property taxes for 2023. For 2024 the Village suggests using the same assessment figure of \$124,691,296 but at the 10% vacant status out of consideration that the property is now completely vacant. This would generate about \$3.6 Million in taxes that year. For the following three years, 2025-2027, the parties would add a clause in the draft MOU indicating they would agree to negotiate in good faith on a settlement agreement with increases between 3 and 7% each year, depending on market conditions. In layman's terms, the proposal would allow the Bears to pay \$6.3 Million in taxes the first year, \$3.6 Million in the second year, with modest negotiated increases the following three years.

This is just a proposal that we made to the Chicago Bears and the School Districts and we encourage both parties to continue discussions on this issue and offer further alternative solutions to these issues. We believe this proposal is fair and sensible, but the Village cannot impose this solution unilaterally, The Bears and the Districts will need to agree. And we are still awaiting their responses to our February proposal. We are not raising this issue to stimulate a general public debate on this matter or other matters, but we wanted to explain the offer document and what it means, before it's shared with news organizations.

By resolving this last issue, we believe we can complete our discussion on the broader issues in the MOU and bring them into the public view for discussion sooner rather than later, and then get on with the robust exploration of the redevelopment of the site, including the traffic and economic studies promised in the 2022 pre-development agreement.

As I said earlier, the Arlington Park site is unique in the region and has the potential to provide the opportunity for a modern, privately owned NFL Stadium and mixed-use district that could produce tremendous private and public revenue, that can add value to the team, be closer to where a majority of bears season ticket holders live, create a visitor experience that could be second to none and provide unique amenities to residents and visitors, bring revenue to our community, and produce jobs for the entire region. But we can't even begin to evaluate if these things are possible, until we resolve these short-term tax issues locally.

We have always known and said that the development of this site would be a long road, but the Village of Arlington Heights remains committed to bringing about a good outcome for this community and all other stakeholders.

We have a high commitment to maintaining transparency throughout this process. I'm sharing this information tonight with the Village Board, and our community, in an effort to do just that. Again, you can find this information on the Village's website, [vah.com/arlingtonpark](http://vah.com/arlingtonpark) tonight.