ECONOMIC DEVELOPMENT COMMITTEE
MEETING NOTES
January 25, 2012

Attendees:


Committee Members Absent: S. Freeman, D. Mennemeyer, L. Summers

Other Elected Officials: Ald. Braithwaite


Presiding Member: M. Tendam

I. Call to Order
A quorum being present, Chair Tendam called the meeting to order at 7:06 p.m.

II. APPROVAL OF THE MEETING MINUTES OF DECEMBER 1, 2011

Ald. Burrus moved approval of the minutes, seconded by Ald. Wynne

The minutes of the December 1, 2011 meeting were approved unanimously, 8-0.

III. Staff Report

A. Update on Recent Economic Development Activities
Nancy Radzevich, Manager of the Economic Development Division, introduced the new Economic Development Specialists, James Furey and Meagan Jones, noting that the division is now fully staffed and focused on business retention, expansion and attraction efforts.

B. Announcements/Updates from EDC Members
Ms. Radzevich reported that the Economic Development Division is completing a draft of the 2012-14 Economic Development Plan based on the City’s 2010 Economic Development Vision Statement and an Economic Development Strategy. In relation to the goal of outreach and marketing efforts, the Economic Development Division is promoting the economic development in a number of new ways including:
・ Posting an available properties list on the website with enhanced features including maps of their locations with links to the descriptions of the properties and real estate brokers
• Continuing to update the local business directory: there are over 1,000 businesses included.
• Added “before and after” photos of projects to the Façade Improvement Program web page
• Added links to the districts on the business district map, with direct links to the City’s website
• Created a Facebook page (Ms. Radzevich thanked Erika Storlie, the City’s Citizen Engagement Division Manager for her help) where Staff are posting news stories and events such as ribbon cuttings
• A monthly email newsletter will be issued beginning at the end of January

Nancy Radzevich also reported the following:
• The City is working with Bonnie Management the new owner of Evanston Plaza to ensure that the shopping center is re-tenanted with quality retailers and services and to determine what physical improvements may be needed. The new owners have attended both the WestEnd and the West Village meetings to solicit community input.
• Some of the new businesses that opened this month include:
  o Pret a Manger sandwich shop
  o Soulwich restaurant
  o Fresh Food Grocery
  o Ruby G’s restaurant
  o Mod*ern gallery (mid century modern antique furnishings)
  o Co-Lab Evanston, a membership based co-working space at Chicago and Main with approximately 40 startup company members.
  o Corrado Cutlery
• Bright Horizons daycare is expected to open downtown, in September 2012 - a much needed service for Evanston residents and workers
• Starting February 2012 the Joint Economic Development Committee meetings between Staff and merchant groups will take place in each of the business districts; a schedule of locations and meeting dates will be sent to the Committee.

At Ald. Burrus’ request, Ms. Radzevich agreed to be the point of contact for any notices or information about businesses that are at risk of closing or are in need of assistance.

Ald. Burrus noted she has heard of landlords who refuse to lower rents in order to make it possible for their tenant to stay. Steve Griffin, Director of the Community and Economic Development Department, responded that Economic Development Staff works with all departments/divisions including Building & Inspection Services, Parking or Public Works to identify creative ways of offering assistance.

Ms. Radzevich announced that Economic Development Division staff has begun proactively meeting / interviewing business owners throughout the City to establish relationships, to learn about their businesses, and to determine what the City can do to enhance the business environment in Evanston.

Chair Tendam asked for updates from each ward:
Ald. Holmes, 5th Ward, reported that the JJ Java Cafe opened at 911 Foster.

Ald. Fiske, 1st Ward, reported that Pret a Manger had opened.

Ald. Rainey, 8th Ward, reported that the City Lit Theater on Howard Street had been approved by City Council. They will do their own programs and manage the space so other theater groups may perform there and they plan to provide cinema when no live performances are taking place. She said there is also a wine bar at 629-631 Howard, where there is also 4,000 sq. ft. ideal for a complementary restaurant.

Ald. Wynne, 3rd Ward, reported that the owner of the Walgreens at the shopping center near the new AMLI development on Chicago Avenue south of Main Street, will be improving replacing the Walgreens store with the current, more modern design, to reflect their new style which includes fresh food and a well-lit new layout. In addition, the façade of the rest of the center will be improved and the owner will be adding the streetscape in accordance with the Chicago Avenue Corridor Streetscape Plan.

Chair Tendam, 6th Ward, reported that the recently opened Central St. Café is very popular. He announced that Casteel Coffee has left their current location and is looking for another location in the area; the owner of the Casteel Coffee site wants to have a food and live music venue.

Ald. Burrus, 9th Ward, suggested that the City consider contacting Walgreens to ask if they would upgrade all Evanston stores like they plan to do in the 3rd Ward. She also reported that in her ward a bakery/café is opening and a private gym may expand. She suggested that the City have a presence at the 2013 Biotechnology Industry Organization International convention at Chicago’s McCormick Place and perhaps create events in Evanston to coincide with it.

C. Update on Comprehensive Signage Program
Marty Lyons, Chief Financial Officer of the City of Evanston, reported that staff is reviewing multiple proposals for the signage program and that Staff will provide those to the Committee. The updated proposals will only include signs such as parking and directions, not names of parks, etc. Mr. Lyons has not talked to vendors yet about a phasing plan.

Ald. Rainey asked whether Mr. Lyons could contact vendors who have asked her about the status, to which Mr. Lyons replied that the City will be reaching out with an answer but it is not normally given until a decision has been made.

At Chair Tendam’s request, Mr. Lyons said he will email the number of bids to the Committee since he did not have that information on hand.

Ald. Holmes mentioned that she has waited three years for the signs in her ward, and is anxious to get those installed.

IV. OLD BUSINESS
A. Consideration of FY 2012 Merchant Grant Application: West End Business Association

Johanna Nyden, Economic Development Coordinator, distributed the Guidelines for the 2012 Merchant Grant Applications and stated that staff recommends utilizing the Business District Improvement Fund to fulfill the West End Business Association’s request for $6,925 to be distributed as follows:

- $3,555 for planters and plantings at entry points;
- $1,500 for the 2nd Annual WestEnd Block Party (none of which to be used for alcoholic beverages)
- $1,870 for their website.

Ms. Nyden added that IRMCO is committed to working with the WestEnd Business Association on the 2nd Annual Block Party and introduced Jeff Jeffrey and Jennifer Kalas of IRMCO.

Chair Tendam called on Mike Vasilko, the citizen who signed up to speak regarding this agenda item:

Mr. Vasilko said he feels it is a bad precedent for the community to fund parties when there are other economic development needs. Related to the TIC request for funding (late on the agenda), he added that the TIC has not demonstrated a return on investment.

Ald. Burrus stated that parties are not a good use for the money and she finds it difficult or impossible to vote for the approval of funding a party when there are other, more important problems such as infrastructure. She said the guidelines need to be revised and the City needs to be careful what it is funding.

Ald. Rainey said she is not voting to approve funding a party. She said the struggling Howard Street Business Association funded its own party.

Ald. Grover said she sees the value of bringing a business district together but other events, such as the Central Street Art Fair, are self-funded.

Ald. Peter Braithwaite, on behalf of the West End Business District Association, invited Mr. Jeffrey of IRMCO to speak about the event. He said last year’s event was wonderful and it brought together the businesses in the area.

Mr. Jeffrey said IRMCO has been in existence and at its location since 1919. He said he tried for years to build camaraderie between businesses in the area. He said IRMCO does sponsor a holiday party each year, which 90 people attended for lunch and brought a gift for charity, for which he personally delivers invitations. He said the party was labeled as such to get people to participate and that IRMCO is willing to sponsor half the expense, $1,500, as a vote of confidence. He added that there are a lot of factories in the area which bring in tax dollars.

Ald. Wynne asked whether there was an agenda/structure to the last event, to which Mr. Jeffrey replied that the Ward Alderman introduced the companies in the area.
and they raised $5,000 for Grandmother’s Park. Ald. Wynne said that sounds like a networking event.

Chair Tendam agreed that “party” is a bad choice of words and said “networking event” sounds better. Ald. Rainey said whatever you call it, it is a social event. She said the manufacturers in this district have enough resources to sponsor their own event. She indicated that she thought it was clear, given the discussion, that this should not be resubmitted.

Ald. Rainey moved to remove the party portion of the funding from the request.

Ald. Burrus asked whether any other business districts had asked for money for a party and noted that people are losing their jobs and the City cannot afford to keep businesses here and that it would be irresponsible to fund a party. She added that the Chamber of Commerce did not ask for funds from the City for its “Mashup” networking event.

Ald. Grover moved to remove the $1,500 from the funding request and grant the rest of the requested funds, seconded by Ald. Rainey.

The Committee voted unanimously, 8-0 to approve the funding of $5,425.

B. Consideration of requests from Participants in 2011 Façade Improvement Program for extension into 2012

Ald. Rainey moved to extend all of the requests, seconded by Mr. Zenkich.

The Committee voted unanimously, 8-0 to approve the requests from Participants in the Façade Improvement Program for extension into 2012.

C. Consideration of Modification to IRMCO’s Request for Participation in Façade Improvement Program

Ald. Rainey moved to approve the modification of IRMCO’s request, seconded by Ald. Grover.

The Committee voted unanimously, 8-0 to approve the modification of IRMCO’s request for participation in the Façade Improvement Program.

D. Discussion of proposed revisions to the Façade Improvement Program for Future Applications

The Committee had reviewed the revised Façade Improvement Program and agreed that it should be implemented.

V. NEW BUSINESS

A. Request for Financial Assistance from the Technology Innovation Center (TIC)

Paul Zalmezak, Economic Development Coordinator, explained that he has been working with the TIC to redesign their program offerings and reporting to better
demonstrate the City’s return on investment. While they work together on changes to TIC’s funding request submittal, TIC is seeking a modification to their agreement with the City to fund $25,000 for the first quarter of 2012. They plan to return in the second quarter with a revised plan. An addendum to the application illustrates how they met their goals for 2011.

Chuck Happ, Chairman of TIC, explained that Mr. Zalmezak has devoted many hours to understanding what TIC does and that he has struck a chord with younger members. He said TIC wants to become full partners with the City and help to fulfill their common goals. He said in the past year they have measured success in that they have hired 23 new employees. They are working on expanding their corporate, adding an advisory board and broadening their list of clients to try to reduce their dependence on the City going forward.

Mr. Happ explained that the banks are not lending the way they used to. TIC is leading the effort to host a “Makers” Fair, which is a convention for inventors, to take place in Evanston on August 5th and they have 4 sponsors so far. This fair has taken place in New York City in the past. An event planner that was recommended by Downtown Evanston will be hired for the event. Wally Bobkiewicz, City Manager, said the City’s participation in the Maker’s Fair has yet to be fully worked out, but will likely consist of in-kind services not any financial donations to the event. He said it will bring entrepreneurs and 10,000 spectators to the downtown in the Research Park. Mr. Happ said TIC has been rated by Forbes as one of the top 10 incubators in the country.

In order to create a more diverse workplace, Mr. Happ said they are looking for more women entrepreneurs and so far have found TULA Foods, which produces Natural Way Yogurt; Benevolent, which provides special needs to benefactors; and iParenting, (which was sold to Disney), which was invited to join the Merchandise Mart but chose to come to TIC.

Ald. Grover’s asked if the number of jobs created was gross or net new jobs. Mr. Happ said that approximately 9 jobs were lost, in comparison to the 23 jobs gained. He explained that the owner and 5 employees of Maker’s Faire moved downtown; Caliber, a husband & wife who commuted from Elmhurst, decided to work from home. He added that no company left had more than 6 employees.

At Ald. Burrus’ inquiry, Mr. Happ said that of the companies that moved to Evanston, Rayonix, Inc. moved to 1880 Oak, FMN employees are working from home in Evanston, Aginity, with 60 employees, is at 1603 Orrington, and Caliber and Geometric have moved to their homes. Ald. Burrus said she wants the incubator to move companies to spaces where they will pay rent and taxes and build businesses and she does not see that, which is what they had set out to do.

Tim Lavengood of TIC said he will be promoting Evanston this July when he will be moderating a panel at the Scientific Ceramics Conference on Entrepreneurship.

At Ald. Rainey’s inquiry, Mr. Happ said Northwestern University (NU) helped fund for the first 17 years with the City and he has been funding TIC personally for the past 6
years, with the city’s assistance over the last 21 months. He said he has tried to get NU to help again and they do call TIC for case studies, but they seem to believe they can do better on their own. Ald. Rainey said she would not mind funding TIC, even at the same rate, if there were others participating in their funding.

Ald. Grover said Evanston has a lot of potential with international businesses coming through Evanston and suggested TIC contact Global Soft Landing Services, a company that helps foreign companies come to the U.S. to do business by helping with visas, etc. Mr. Lavengood added that since January, 2012 he has been working with CDM Mobile Tech of Belgium.

Ald. Fiske agreed that a relationship with NU is important, after working together for 17 out of TIC’s 23 years. She wondered how TIC is competing with NU and asked staff to keep the Committee informed of what NU is doing. She wants to be sure the City spends its money wisely. Ald. Rainey asked whether TIC has trouble attracting businesses, saying there should be room for both TIC and NU. Mr. Happ responded that they have 43 companies in two locations and they continue to put people together. At Ald. Rainey’s inquiry he said TIC provides legal, IT and infrastructure assistance. Ald. Rainey said there is no reason why the City should be the only subsidy and their success should be a key factor in motivating NU and others to want to help.

Mr. Zenkich asked whether there is a formal way companies can interface and acquire or merge, to which Mr. Happ responded that there is, not just with the TIC, but there is a network of companies involved. Mr. Zenkich asked whether Evanston companies are aware of them, to which Mr. Lavengood replied that they have been around for awhile, people come to him for software and he will expand that and he will list many more services to put before bankers and clients; he said often when a business comes to them for funding, they need a better business plan.

Ald. Rainey moved to grant the fund request to TIC, seconded by Ald. Grover.

The Committee voted 7-1 to approve the grant of $25,000, with Ald. Burrus opposed.

B. Request for Financial Assistance from IRMCO for Process Improvement of Manufacturing and Research and Development

Ald. Rainey moved to approve the request for financial assistance to IRMCO for $63,000, seconded by Ald. Wynne.

The Committee voted unanimously 8-0 to approve the financial assistance.

Ald. Rainey suggested celebrating the manufacturers of Evanston since many people do not believe there is much industry in Evanston. Ms. Radzevich said they are planning to do promote key milestones with our businesses, such as 50th anniversaries, etc. and blogging about the businesses.

C. Update on Tax Increment Financing (TIF) Districts within the City of Evanston
Marty Lyons explained that staff proposed a surplus distribution and potential closure of the Howard Hartrey TIF, to the Administration and Public Works Committee (A&PW) on December 12, 2011. He reported that the City asked District 65 representatives about using the surplus dollars to fund crossing guards, who responded that this has traditionally been funded by the City in their refusal.

Mr. Lyons noted that in the most recent annual reports, and as noted at the Joint Review Board Meeting, a $644,000 surplus must be distributed not more than 180 days after the close of the report. This means the surplus must be declared by May, which would give the City 30-60 days to send the distribution funds. The School would then receive those funds in July which works well for the school's budget cycle.

Ald. Burrus expressed concern that the School District refused to fund crossing guards with the surplus. She said the schools should be concerned with safety in their vicinities.

Ald. Rainey said in addition to crossing guards, Oakton needs to be repaved and she is not comfortable closing the Howard Hartrey TIF since no funds have been spent on improving the surrounding area of the Target shopping area. She said she would like to use TIF funds to improve the landscaping on the opposite side of the wall the City constructed, among other projects.

Regarding the School District's refusal to use their surplus to fund the crossing guards, Ald. Holmes said the City cannot dictate to the schools how to use it. Ald. Grover said the taxpayers pay for the crossing guards either way, and she said she knows that the schools work hard to insure the safety of the students, as she has worked closely with a number of schools about safety.

Mr. Bobkiewicz suggested that Ald. Rainey list the projects she wants to be done in the Howard Hartrey TIF at the next A&PW meeting. Ald. Rainey said she wants to have a neighborhood meeting first to discuss it and they have not obtained estimates on any of the work yet. She added that she wants to be involved in the decision about where the money goes.

In response to a question from Alderman Rainey, Mr. Lyons introduced Robert Rychlicki of Kane McKenna, whom the City has contracted with as a TIF consulting firm, who explained that municipalities prevailed in the last legislative session in Springfield against the anti-TIF groups and they will make the same arguments this session: state of the economy and the lack of local resources.

Ms. Radzevich provided a brief overview of the status to date, on the TIF eligibility studies proposed for Evanston Plaza and Chicago/Main. In addition, as part the consultant’s review of the existing TIF's, Ms. Radzevich noted that Staff is suggesting an additional eligibility study to amend the Washington National TIF. Ald. Fiske asked whether additional area could be added to the proposed Washington National TIF or if it is better to just start a new TIF. Mr. Rychlicki explained that the Washington National TIF has resources that have built up and
areas could be added and others removed, but the area must be more than 5 acres and there must be redevelopment activity in the area. Ms. Nyden, also noted that areas should be included in a TIF that have the potential to redevelop and create new increment that will assist in the growth of the incremental taxes within a district. Ald. Fiske said she would like the TIF to be used for sidewalk and street lighting. Ald. Rainey said she, Ald. Wilson and Ald. Fiske need to meet with Mr. Rychlicki to discuss the projects in their wards. Mr. Rychlicki said the Washington National TIF has $5 million and it is paying for Sherman Ave. debt service at $3.5 million per year. Based on this projection, Washington National could have $20 million by 2018 if the City did not do any projects.

Ms. Radzevich said the original proposal with Kane McKenna was to consider two new TIFs, Evanston Plaza and Chicago/Main, and to evaluate whether any of the current TIFs need re-evaluating. She said if we want to study the possible amendment of Washington National TIF further, the City will need to amend Kane McKenna’s contract to add that alternate scope for an additional TIF eligibility study. Ald. Holmes asked Mr. Rychlicki whether the Evanston Plaza TIF would possibly extend to Lake Street. The Committee discussed the cost of extending the contract with Kane McKenna.

Ald. Wynne moved to approve an additional $31,000 to extend Kane McKenna’s contract in order to provide consultation for the amendment of the Washington National TIF, adding that staff has been directed to confer with Ald. Rainey and Fiske on projects in their wards, seconded by Ald. Rainey.

The Committee voted unanimously, 8-0 to approve the Kane McKenna contract extension for $31,000.

VI. COMMUNICATIONS
   A. Real Estate Transfer Tax Report
      The Committee acknowledged receipt of the real estate transfer tax report.

   B. Monthly Economic Development Communication

VII. Adjournment
   The meeting was adjourned at 9:27 p.m. The next meeting will be held on Wednesday, February 22, 2012 at 7:30 p.m.

Respectfully submitted,
Bobbie Newman