APPROVED
MEETING MINUTES
ECONOMIC DEVELOPMENT COMMITTEE
Wednesday, October 23, 2013
7:30 pm
Lorraine H. Morton Civic Center, 2100 Ridge Avenue, Room 2200

Members Present: Alderman Burrus, Alderman Fiske, Seth Freeman, Alderman Holmes, Alderman Rainey, Alderman Wynne, Raymond Zenkich,

Staff Present: Wally Bobkiewicz, Meagan Jones, Marty Lyons, Johanna Nyden, Melissa Parker, Cindy Plante, Paul Zalmezak

Members Absent: Alderman Grover, Lori Summers, Alderman Tendam

Others Present: Carolyn Delleutri, Downtown Evanston, Paul Hletko and Todd Paul from FEW Spirits, Shalom Klein from Career Institute

Presiding Member: Alderman Rainey

AGENDA

1. CALL TO ORDER / DECLARATION OF QUORUM
With a quorum present, Alderman Rainey called the meeting to order at 7:41 pm.

2. APPROVAL OF MEETING MINUTES OF SEPTEMBER 25, 2013
Alderman Burrus moved for approval. Alderman Fiske Seconded.
The meeting minutes of September 25, 2013 were unanimously approved 7-0.

3. ITEMS FOR CONSIDERATION
A. Façade Improvement Program Financial Assistance for 1801 Dempster Street
Ms. Meagan Jones, Economic Development Coordinator, presented the request from Mr. Jeff Cunningham, owner of 1801 Dempster, to assist in the façade improvement project for that building. Mr. Cunningham plans to replace glass windows and doors, woodwork and tuck pointing on the existing brick and removal of wood paneling over the businesses and installing new awnings. The total estimated cost is $30,370 of which the City would fund up to half of that totaling $15,185.

Alderman Burrus moved approval of the Façade Improvement Program for 1801 Dempster Street. Alderman Wynne seconded.
Alderman Rainey asked if he was going to clean it up and to expand upon the improvements that Ms. Jones had presented. She also asked whether or not the signage would be going completely away.

Mr. Cunningham explained that the entrance way has concrete and will power wash it to make it look new and match the newer storefronts in the area. All the signage will be taken down and replaced with awnings that will have the business names on it. Americaash has a lit sign that they want to put it above the awnings but they are flexible on what they need to do with the sign because they like the improvements.

Alderman Fiske and Alderman Holmes expressed concern about façade improvement versus building maintenance which should be the responsibility of the owner.

Alderman Rainey addressed the City staff in regards to the signage in the windows. The signage is not atypical and it is a mess. There has to be a way for staff to enforce the use of signage in the windows. Ms. Johanna Nyden, Economic Development Division Manager, indicated that she will check with the Community Development Director to make sure they are not in violation of the window covering.

Mr. Seth Freeman asked about the side of the Americaash on Darrow Avenue that has wood panel which is north of the window. Is that being replaced? Mr. Cunningham stated he believes that will also be replaced.

Mr. Freeman suggested that maintenance needs to be defined for future applications. Alderman Rainey asked for follow up with more recommendations in 2014.

A voice vote was taken and was approved 6-1 (Alderman Fiske voting no).

B. Annual Funding Request from Downtown Evanston for FY2014
Ms. Carolyn Dellutri, Executive Director, Evmark dba Downtown Evanston introduced several staff members and gave a brief introduction for Downtown Evanston and stated the goals of the organization. The Board of Directors met and will be updated the goals and strategic plan by March 31, 2014. She shared that they recently received an award from the International Downtown Association Event in NYC for the Wedding Event that she included a brochure on.

Ms. Dellutri indicated that she had discovered an error in the 2012 budget column in the marketing total and included a revised and corrected budget sheet. The yellow lines on the budget sheet show property values have dropped by about 20% so they had changed the budgeted amount from $370,000 last year to about $320,000. This brings the written agreement with the City and Downtown Evanston for the opportunity to request $138,000 and this year they will be requesting the total amount from the City. The Board voted to take money out of the reserves to create a balanced budget.
Mr. Raymond Zenkich asked why the street banners budget was $2,000 and the actual spent was $18,000. Ms. Dellutri replied that it was because more banners were made for the 150th Anniversary and the money was offset with the marketing reimbursement.

Mr. Zenkich requested a historical basis of what the City’s contribution has been. Ms. Dellutri indicated it based on the property tax levy and special service area. There is a side agreement that was included in the packet that said that they can request up to $138,000 each year. It was put in place because the City Council didn’t want to tax the residents.

Mr. Zenkich said that essentially your income has decreased because the levy is less so the $138,000 is to offset that decrease and stated that he was not sure that it was appropriate.

Alderman Rainey stated that $138,000 is the max and asked what the City’s normal contribution was? Ms. Dellutri shared that 4 years ago the request was $132,000, the next year with the tax levy it was $77,000.

Alderman Rainey asked if any discussion was had with the Board members to discuss that the revenue from the levy decreased and a sharp pencil needed to be taken to the budget. Ms. Dellutri said they took a look at where we could cut and what we could do. That was why money was being taken out of the reserves to maintain the level of service.

Alderman Rainey then asked if the value out of the additional 10% from the maintenance is about $10,000. Ms. Dellutri said that it was.

Mr. Freeman said why would it unusual for them to come and ask for the full amount if the tax revenue is not there. He believes the value is provided and assumes that the resolution that the City created was at the funding level they should have.

Alderman Rainey stated that in addition to the fact that was the agreement, there has to be some agreement that this geographical areas has agreed to be taxed more to provide for a nice downtown.

Mr. Zenkich asked when they start the budget what number do they start with. Ms. Dellutri indicated that they meet with Marty Lyons to take a look at the tax levy and continue from there. This year they maxed out the rate to get the most amount of money to fund this organization. They met quarterly and they are very hands-on as to how money is spent.

Alderman Holmes asked Ms. Dellutri to repeat the reason behind changing the maintenance from 60/40 to 50/50. Ms. Dellutri stated that they looked at the maintenance contract and looked at how they could balance the budget. The decision was to go to 50/50, request $138,000 and then use almost $20,000 from the reserves to make it balanced.
Mr. Freeman asked on a side note how the mobile app was working and performing and whether or not it was performing to expectations.

Ms. Dellutri expressed that was and they updated the program. There are over 5,000 users and there was a spike when NU students come back. It also increased to 150 businesses that will accept the Downtown Gift Card.

A voice vote was taken and the 2014 Downtown Evanston budget was approved 7-0.

C. Financial Assistance for FEW Spirits at 918 Chicago Avenue
Alderman Rainey indicated they were requesting a $250,000 loan at 6%.

Ms. Nyden introduced FEW Spirits who was there to discuss their plans for what they want to do at 918 Chicago Ave and requesting a loan for over 10 years. As staff we saw this as an opportunity to grow tourism and this was a piece that was seen as key to our community. The staff was recommending to move forward with the $250,000 loan for 10 years at 6% which would be used to secure equipment. If they were to leave Evanston the loan terms would automatically be in default.

Mr. Paul Hletko and Mr. Todd Paul from FEW Spirits gave an overview of the equipment they were looking to purchase to help grow the business and bring in more dollars to Evanston. They also mentioned that for London Cocktail Week they had seven FEW bars that made their Top 50 Best Bars list.

Mr. Freeman asked if the equipment that they were securing will be owned by FEW. Mr. Paul replied yes, it would be owned by them.

Alderman Burrus asked Ms. Nyden where the 6% interest number came from. She believes the 6% interest is better for the City than sitting in a fund and would be looking at it as an ROI. Ms. Nyden responded that the number was consistent with what banks were doing right now and was more than what they are paying on current loans which is 5.5%. Mr. Zenkich asked Ms. Nyden if Kentucky ever enticed FEW to leave, what part of the loan would become due. Ms. Nyden answered that the remaining balance would become due immediately.

Alderman Rainey asked Mr. Hletko if they have any plans to expand into a larger facility so they could produce more and how long do they think the current space will suit their needs? Mr. Hletko answered that it would not be long before they need more space but they do have a contingency plan of a location in Evanston. There was a strong chance they would need more real estate and it would be in Evanston. Mr. Hletko reiterated that they feel strongly about being in Evanston.

Alderman Wynne moved approval of the $250,000 loan for 10 years at 6% to FEW Spirits. Mr. Freeman seconded.
A voice vote was taken and was approved 6-0 (Alderman Fiske departed prior to the FEW Spirits agenda item with the intentions of returning shortly).

D. Meeting Dates for Economic Development Committee for 2014
Alderman Rainey took a moment to introduce Mr. Matt Rodgers who will take the place of Lori Summers on the Committee as the representative from the Zoning Board of Appeals.

Alderman Wynne moved to accept the 2014 Economic Development Committee dates and times. Mr. Freeman seconded.
A voice vote was taken and was approved 6-0 (Alderman Fiske was still absent for this vote).

4. ITEMS FOR DISCUSSION
A. Financial Assistance for Career Institute at 990 Grove Street
Mr. Paul Zalmezak, Senior Economic Development Coordinator, reintroduced Mr. Shalom Klein who was planning to launch the Career Institute which was outlined in the packet. Mr. Zalmezak highlighted a few elements that he thought were really important. He mentioned that it was a health and wellness project which fits with the Economic Development plan and it was linked to real job creation. The program that will be taught will be directly linked to a commitment to placing students in jobs with the partnerships he has established. As the discussion continues the City’s involvement allows Evanston residents to be hired and benefit from scholarships and certificates in degree programs. He also pointed that Mr. Klein was in negotiations for the 990 Grove location and the space being negotiated is roughly 10% of the building.

Mr. Klein gave an overview of how the Career Institute idea came about through speaking with employers that were tired of spending time and money on recruiting employees. He has established relationships specifically in the pharmaceutical industry and will directly link graduates to those positions. He also believes that 990 Grove is the perfect location for this endeavor which is close to ETHS who is excited to have their graduates go through the program. Mr. Klein has been establishing relationships with employers and will only accept students for the number of jobs that will be available.

Alderman Burrus asked if he had been in discussion with District 202 and how does this connect with what they are trying to do with Oakton Community College and vocational training?

Mr. Klein responded with a focus on pharmacy technician programs since that was where their strongest relationships exist. He used Harper College as an example and said they charge $17,500 for the program and placement rate is 16%, Oakton Community College was the only place that would be able to charge less than the Career Institute because of their subsidies but their placement rate is 20%. The goal would be to get people jobs. It doesn’t conflict in any way as their program was specifically in healthcare and ETHS was speaking with the other schools about multiple programs.
Alderman Burrus followed up with the question, has Mr. Klein talked to the Youth Job Center?
Mr. Klein said he has not yet because the focus has been to find a venue first but he wants to build relationships with everyone.

Alderman Wynne has learned that programs that work are ones like Mr. Klein’s that know there is a job at the other end. What will the students be charged?
Mr. Klein indicated that they were still figuring that out. They are figuring out what we have to charge and the cost of teachers. Most likely the charge will be in the $8,000 to 9,000 range.

Alderman Wynne then asked how long is the certificate program and what would be the starting salaries for graduates.
Mr. Klein answered that it would generally take six months and the starting salary for a pharmacy technicians would be about $40,000.

Alderman Wynne asked if they were anticipating offering a loan program to the students.
Mr. Klein said that they would have to but they were in a challenging situation because they were starting the school and were not approved for Title 4 funding through the U.S. Department of Education to give those loans. They were working to come up with some sort of solution and were working with First Bank and Trust right now. They were also working on getting some Workforce Investment Act funding so they were able to get costs as low as possible on day one and to help with loan.

Alderman Wynne also asked to what extent the students will come from Evanston.
Mr. Klein responded that Evanston Township has a lot of students and will be a great feeder. There were a number of people from other countries that live here and can’t get jobs as well. They don’t know the numbers but are committed to accepting and providing scholarships to Evanston to residents.

Mr. Zenkich asked Mr. Zalmezak if there were any reservations or concerns that have been expressed.
Mr. Zalmezak said that they wanted this Committee to hear about this first as a discussion point and will take the next few weeks to find out how people feel about it.

Mr. Freeman asked about his concerns about scholarships for lower income Evanstonians. If Evanston dollars are being given then there should be benefits back to Evanstonians, especially lower income Evanstonians. Mr. Freeman would have difficulty supporting this if it was not clearly defined how it would benefit Evanston residents at the next meeting.
Mr. Zalmezak said that this would be a point of emphasis.
Mr. Freeman confirmed that they will enroll the number of students for the number of jobs available and then asked if they are guaranteeing their students the jobs. He then asked if this was a for profit business? Mr. Klein said they can’t make a guarantee but the goal will be to place as many people as possible in those positions and they are a for profit business. They are charging tuition and establishing the relationship with the employers.

Alderman Holmes asked what the timeline for certification was and what if they don’t get it. Mr. Klein stated that the agenda would be for December 12th or 13th but it might be January. They want to be in business early in 2014. Their application has been reviewed and currently no red flags so they are expecting certification but cannot start without it.

Alderman Rainey asked if the lease would be contingent on certification. Mr. Klein replied yes, but hoping the build out would be done by the time of certification.

Mr. Freeman asked if the Career Institute would receive funds from the employers. Mr. Klein answered no, they have an investor for startup costs and they would receive no fees for placing the students. With Walgreens it would not be a financial partnership just a partnership to hire from the graduate pool.

Alderman Rainey asked what would be the qualifications for entry. Mr. Klein said it would be basic qualifications and a high school diploma or GED would be needed.

Alderman Rainey asked if there were other programs that are similar that are out there right now? Mr. Klein replied that there were very few or any that were focused on building the relationships with employers. They may offer the same training but placement rates are 20% and getting a lot of students.

Mr. Zenkich stated to Mr. Zalmezak that it would be helpful to provide information at the next meeting to help think through two aspects which would be to get as many students as possible through the program but then also the business aspect.

Mr. Klein indicated that the selling point would be that students are more likely to get placed instead of going to program that may or may not get placement.

Alderman Rainey requested a budget.

**B. Issuance of Request for Qualifications and Proposals (RFQ/P) for Redevelopment of 1718 Chicago Avenue**

Ms. Nyden indicated that they have had a number of inquiries for the use of the service parking lot property at 1718 Chicago Avenue and before the staff continued conversations with any interested parties they wanted to discuss the process to move
forward, if they move forward, with the Committee. She stated that one way they could move forward would be for a request for proposals that solicits a pre-qualified party.

Mr. Wally Bobkiewicz, City Manager, reiterated that the City has received a lot of interest about the property. The question that was being asked was, does this Committee think it is a prudent thing to entertain those interests or are we happy with it being a service parking lot? If that is the case then we are done. Otherwise if a request for ideas makes sense then we need to set parameters because we have received interest from office buildings, hoteliers, and residential use. If the Council thinks it makes sense then we would draft a request with those parameters in place. It would be important to know if the Council is prepared to sell or to have a long-term lease. If there are things that are completely off the table, dorms, etc., then it would be important to know that.

Mr. Freeman asked what the value of the property was. What was the current income?

Mr. Bobkiewicz indicated that the income of the property was limited to the meters. The value will be generated by the use. If it is hotel for example it will have more value for the tax revenue perspective and a public use would be on the other end of the scale and the least value to the city. We are coming to you because the market is coming to us.

Alderman Wynne could provide a couple of things that are necessary right now. She believes at a minimum whatever we do should replace the parking and should not be residential but it is a prime for commercial space. She then asked what the zoning was for the property. What height it could be?

Mr. Bobkiewicz stated that if we could come out with the recommendations for request for qualifications from this Committee we would be in good shape and it would then be taken to Council. We are trying to determine if this is something that we want to consider or not.

Alderman Burrus expressed concern from the last time that we had taken request for qualifications and doesn’t want to put people through the RFQ process if they don’t get anything out of it. She is concerned about the surrounding buildings and what their apprehension may be with what the space was used for.

Alderman Rainey said we can control some of that by having in the specifications that is must be on the tax roll, it has to be a for profit and it must replace the parking are the three bottom lines. If we can’t agree unanimously then we shouldn’t move forward. We suggest you come back with suggestions.

Mr. Bobkiewicz expressed that they were here tonight to determine whether this was worth taking to the next step.
Alderman Holmes and Alderman Rainey both agreed that it is worth taking to the next level.

Alderman Rainey asked can we do without the parking while it is being developed. Is there replacement parking?
Mr. Bobkiewicz assured there would be other lots on a temporary basis and likely be using other vacant property. The only encumbrance on the lot is the agreement that we have with Igo for the charging stations but there is language in that agreement that if there was a change of use then we can move them.

Alderman Burrus noted that she felt like in previous instances we have made it difficult for people to go through the process and asked why we would continue to do this because it will only makes people complain about doing business in the City of Evanston. We make them jump through hoops that aren't necessary and the process dragged on.

Mr. Bobkiewicz addressed her concerns by stating that for the instance that she had noted that the property owner refused to complete the necessary demolition permit. They signed an agreement and were in default of that agreement.
Alderman Rainey asked the staff to come back to another meeting to discuss further.

5. COMMUNICATIONS
A. Announcements/Updates from EDC Members
Alderman Holmes said there was a ribbon cutting November 6th for Emerson Square and had their open house. November 13 will be the grand opening for Erie House Center.

Alderman Rainey asked staff to notify this committee of any upcoming ribbon cuttings, ground breaking or openings. Mr. Bobkiewicz said they will address this moving forward.

Alderman Fiske shared that the Music Institute had a ribbon cutting on today.

Alderman Wynne said that Walgreens is coming and November 17th is the Ribbon Cutting. It is a beautiful building and the rest of the shopping center will get a facelift.

Mr. Zenkich requested a report to the committee about Dominick’s. He also noted that the budget for this committee was a half million dollars and we only used about $40,000 and stated that the budget was largely untapped so should we adjust the amount?

Ns. Nyden stated that Dollop will be opening any day now and want to be open before Thanksgiving.

Alderman Rainey indicated that there will be a potential new user on Howard. She also requested from staff to have updates on projects, i.e. Autobarn, etc.
Ms. Nyden said Autobarn has provided their projected sales numbers for the next 10 years and they have had the contractors in to the different spaces to see what work will need to be done. The expansion to include the 222 Hartrey property will be presented at the public hearing for the City Council Meeting and that will be the last step of the process to add the property to the TIF.

Mr. Zalmezak clarified that they have been contact with Dominick’s Managers and Mid America that manages the Green Bay road Dominick’s and there is no reason not to think that there won’t be another grocery store in those locations. Safeway is controlling the response process and we are expecting further information in early November.

B. Quarterly Report
Mr. Freeman made an observation about the grand opening of Trader Joes and that they have announced only one full time and 40 part-time jobs. Ms. Nyden shared that they will not tell us how many jobs they have created and the numbers presented are based off the original process.

C. Real Estate Transfer Tax Report

D. Monthly Economic Development Communication

6. ADJOURNMENT
Alderman Rainey adjourned the meeting at 9:46pm.

Next Meeting: Wednesday, November 20, 2013

Respectfully Submitted,

Melissa Parker
Administrative Secretary