ECONOMIC DEVELOPMENT COMMITTEE
Wednesday, February 25, 2015 – 7:30pm
Lorraine Morton Civic Center, 2100 Ridge Avenue, Room 2200

Members Present:  Alderman Wynne, Alderman Holmes, Alderman Tendam, Alderman Grover, Matt Rodgers, Jeannemarie Sierant, Raymond Zenkich

Staff Present:  Wally Bobkiewicz, Paul Zalmezak, Meagan Jones, Cindy Plante, Jessica Wingader

Members Absent:  Alderman Fiske, Alderman Rainey, Alderman Burrus, Scott Peters

Presiding Member:  Alderman Holmes

AGENDA

1. CALL TO ORDER / DECLARATION OF QUORUM
With a quorum present, Alderman Holmes called the meeting to order at 7:40 pm.

2. APPROVAL OF MEETING MINUTES OF January 28, 2015
Alderman Wynne moved approval. Alderman Grover seconded. A voice vote was taken and the meeting minutes of January 28, 2015 were unanimously approved.

3. ITEMS FOR CONSIDERATION
   A. Annual Request for Great Merchant Grants
      1. Central Evanston Business Association
      2. Noyes/Foster Merchant Association
      3. Main Street Merchants Association

Economic Development Coordinator, Meagan Jones, outlined the grants and provided a summary of funds. She closed by stating that representatives from the different business districts were available to answer questions.

Alderman Grover moved approval, seconded by Alderman Tendam. A voice vote was taken and the Annual Request for Great Merchant Grants was approved 7-0.

4. ITEMS FOR DISCUSSION
   A. Economic Development Work Plan Update
   B. Utilization of Economic Development Funding Application
   C. Creation of Storefront Modernization Program

Senior Economic Development Coordinator, Paul Zalmezak, requested to review item 4C first.
4C. Creation of Storefront Modernization Program
Economic Development Specialist, Cindy Plante, introduced the Storefront Modernization Program and stated its purpose and goals. She defined the scope of eligible projects and outlined the financial guidelines. She also provided examples of projects and closed by calling for questions and feedback.

Mr. Zenkich stated his support for the intent of the program, but expressed concern that benefits would go to landlords and questioned the City’s ability to recoup costs.

Ms. Plante outlined the terms of the loans, the intended recipients, and enforcement options.

Alderman Holmes stated similar concerns especially for landlords with a track record of deferring maintenance. She stated her desire to improve neighborhoods and expressed support for the idea, but stated that landlord issues would need to be addressed.

Mr. Zalmezak agreed with the concerns, but stated that the goal is to expand and retain business. He is aware of specific landlords who are not responsible and specific tenants who would benefit from the program. He suggested dividing the cost of improvements with landlords as a way of increasing their investment. He also referenced Chicago’s Small Business Improvement Fund (SBIF) funded through TIF because it is a similar program. He closed by stating the goal of the program which is to attract and retain businesses – especially unique retail start-ups that may not be able to afford the rent for premium locations in Evanston. He closed by calling for other suggestions.

Alderman Wynne stated her support for Mr. Zalmezak’s suggestion and also suggested that as a screening, landlords shouldn’t have property standards violations.

Alderman Grover agreed and requested more information around other property owner incentives.

Ms. Plante stated that the topic needed more research. She highlighted another program in Durham, North Carolina that also focused on interior build outs and stated that she would research the issue of enforcement.

Mr. Zenkich stated that an unintended consequence could be property owners forgoing making improvements in order to be a part of the program. He suggested vacancy as the ultimate incentive to improve.

Mr. Rodgers asked why the program was focused on retail goods rather than services or other establishments.

Ms. Plante explained that retail goods bring more foot traffic and stated that more retail was needed to balance out all the restaurants in Evanston.

Alderman Grover pointed out that this was true except in certain designated areas.
Mr. Zalmezak stated that the goal was to incentivize retail goods. He further stated that Evanston is gaining recognition as a restaurant destination, but he concurred that the downtown needs to diversify and include more retail goods.

Ms. Sierant speculated that another unintended consequence could be landlords raising rents after receiving infrastructure improvements.

Ms. Plante suggested writing in a stipulation that rents remain constant.

Alderman Tendam stated support, but pointed out that a lack of parking was an issue in his ward. His retailers are diverse and attract people who come for the day. He supported the idea of an increase in retailers selling goods as a way of increasing turnover traffic.

Alderman Grover pointed out that some streets would only be eligible for façade improvements and not build-out improvements.

Ms. Plante pointed out that businesses would qualify if they were retail and listed the streets eligible to participate.

Mr. Zenkich asked staff to speculate on the number of eligible landlords who would raise rents or keep rents at current market value.

Ms. Plante replied that the goal is to benefit vacant properties and make it possible for vacancies to rent out at current market rates.

Mr. Zenkich suggested that a portion of the rents collected could go to the City if there is an increase in rent.

There was discussion about this suggestion.

Alderman Wynne requested more information on the programs in Chicago and Durham, specifically the duration of these programs and the results.

Alderman Grover suggested including commercial property owners in future discussions.

Mr. Rodgers asked if there was anything else in conjunction with this program that is working to drive retail business.

Mr. Bobkiewicz replied that hiring Ms. Plante as a full time staff person to further support retail attraction and retention efforts and he detailed all of her efforts to date. He pointed out that there have been lots of changes over the last year due to the restaurant market. Landlords are happy to rent to national chains, that are quick to come, but may not stay, so the trend is troubling. He stated that the goal was to retain businesses and market vacancies to the region. He also talked about Ms. Plante targeting specific businesses and inviting them to consider Evanston.

Ms. Plante stated that the program language would be refined based on tonight’s discussion and that revisions would be brought to the Committee again in March or April.
4A. Economic Development Work Plan Update

Mr. Bobkiewicz introduced the topic and stated the goal of devising a plan that focused on current business owners. He discussed recent efforts to support local merchants, like Small Business Saturday, and outlined the three proposed changes of focus outlined in the draft work plan. He discussed maintaining quality of place and finding businesses that support the concept, he talked about promoting business district vitality and highlighted the SSA as an example, and he highlighted business retention and expansion efforts and the City’s desire to keep a mix of businesses that reflects the community. He closed by commending staff.

Alderman Tendam highlighted Bonobos as an interesting retail model. The store holds very little inventory, but offers great customer support and incentives and merchandise ships directly to customers.

Mr. Bobkiewicz replied that landlords are a challenge because they want nationally recognized businesses as tenants and not specialty shops. He stated that staff efforts were critical to work with landlords and businesses to explore options. Landlords are generally more focused on renting space and less concerned with the broader retail/business mix. He stated that Annie Coakley with Downtown Evanston and Ms. Plante were working to talk to individual businesses. He closed by restating the challenges and the City’s efforts to work with each landlord and each business.

Alderman Grover asked about businesses drawn to university communities and identifying and filling the gaps in current retail offerings. She suggested talking to students to get suggestions and expressed concern over the recent vacancy of Pret-A-Manger at Church and Sherman.

Mr. Bobkiewicz agreed and stated that the landlord has had offers. He also mentioned the expansion of Joy Yee and stated that the City was trying to negotiate for a supermarket that would sell specialty groceries to international students and residents. He also mentioned ideas for Radio Shack and stated that Amazon has expressed interest in a retail presence at other Radio Shacks nationally.

Alderman Wynne asked to involve property owners in the discussion. She highlighted the 3rd ward property owners who worked together to agree on tenants that preserve the community. She stated that bringing the landlords together could create a similar synergy.

Mr. Bobkiewicz agreed and stated that the relationships City staff are working to form would help, but again stated the challenges and the desire landlords have to get tenants that have good credit and national recognition. He requested that the issue be moved to City Council.

Alderman Grover moved recommendation of the plan to City Council, seconded by Alderman Tendam. A voice vote was taken and the motion passed 7-0.

4B. Utilization of Economic Development Funding Application

Mr. Bobkiewicz opened by explaining the origin and goal of the revised application, detailing the inclusion of livability public benefits. He highlighted the addition of SYEP information in the application. He offered to review details and urged the Committee to recommend the application to City Council for approval.
Alderman Tendam moved to recommend the application to City Council, seconded by Alderman Grover. A voice vote was taken and the motion passed 7-0.

5. COMMUNICATIONS
   A. Monthly Economic Development Communication
   B. Real Estate Transfer Tax Report
   C. Announcements/Updates from EDC Members
   D. 2014 Year End and Quarterly Report 4Q2014
   E. Progress Report on Creation of Chicago/Main/Dempster Special Service Area

Alderman Holmes called for comments or questions.

Mr. Zenkich asked about the recent closing of Buffalo Wild Wings.

Mr. Zalmezak stated that he was in regular communication with the property management company representing the property owners. He stated that there were several factors that lead to the closing; ultimately the business realized that it did better in mall locations. Mr. Zalmezak concluded by stating that Evanston has lots of high quality restaurants and Buffalo Wild Wings couldn’t compete.

6. ADJOURNMENT
   Ms. Sierant moved to adjourn. Mr. Zenkich seconded.
   Meeting was adjourned at 8:25 pm

Next Meeting:  March 25, 2015

Respectfully Submitted,

Jessica Wingader
Administrative Secretary