Members Present: Alderman Burrus, Alderman Fiske, Seth Freeman, Alderman Grover, Alderman Rainey, Matt Rodgers, Jeannemarie Sierant, Alderman Wynne, Raymond Zenkich,

Staff Present: Marty Lyons, Meagan Jones, Johanna Nyden, Melissa Parker, Jonathan Williams-Kinsel

Members Absent: Alderman Holmes, Alderman Tendam

Others Present: Richard Fischer - Autobarn

Presiding Member: Alderman Wynne

AGENDA

1. CALL TO ORDER / DECLARATION OF QUORUM
With a quorum present, Alderman Wynne called the meeting to order at 7:35 p.m.

2. APPROVAL OF MEETING MINUTES OF JANUARY 22, 2014
Alderman Rainey moved for approval. Alderman Grover seconded.

The meeting minutes of January 22, 2014 were unanimously approved 9-0.

3. ITEMS FOR CONSIDERATION
   A. Consideration of Financial Assistance for Just Turkey at 2430 Main Street through the Façade Improvement Program
      Meagan Jones, Economic Development Coordinator, stated that the applicant was unable to attend to speak on behalf of Just Turkey due to illness. A hard copy of an email from Ginger Maddox, the applicant, explaining her absence was provided to the Committee.

      Alderman Rainey indicated that Alderman Braithwaite had requested that the Committee still consider the agenda item despite the absence of Ms. Maddox since it was for relatively small amount of money and she has never missed opportunities in the past.

      Alderman Rainey moved approval, Alderman Grover Seconded.

      Alderman Grover asked what the timeframe was.
      Ms. Jones responded ideally in March.
      A voice vote was taken to approve the allocation of funds to Just Turkey for façade improvement not to exceed the amount of $2,090. It was approved 9-0.
B. Consideration of Financial Assistance for Autobarn at 222 Hartrey Avenue from the Howard/Hartrey Tax Increment Financing (TIF) District

Johanna Nyden, Economic Development Manager, gave an overview of the staff’s recommendation and some background information about Autobarn which came to the attention of the Committee in August 2013. The highlighted benefits included:

- 30 new jobs at this new location.
- A reduction in traffic on Chicago Ave.
- Re-occupancy of a vacant industrial space.
- Expansion will facilitate improved operation and increases sales.

The terms that staff recommended were a forgivable loan for $2.5 million and for a 24 month extension to the existing sales tax sharing agreement with no more than $500,000 collected over this time.

Alderman Grover asked how close we were to realizing the total rebate amount that was set in 2005 under the sale tax sharing agreement which was the greater of $1.35 million or 50% of eligible cost.

Ms. Nyden indicated that the collection from this past year has not been returned from the State but we are close.

Alderman Grover requested the updated numbers.

Richard Fischer, owner of the Autobarn, added that they stopped booking sales tax sharing by last June. By their records they had earned out at that point. They are only awaiting one payment from the City of Evanston for $128,000.

Alderman Rainey asked does that mean from that date in 2013 the additional dollars came directly to the City but we don’t know what that amount is.

Mr. Fischer replied that was correct and the agreement has definitely ended.

Alderman Rainey stated that this is clear benefit for the City because of the tax generation. The Hartrey property was the subject of an enormous lawsuit based on zoning that wasn’t available to the user. The property is now owned by Autobarn. TIF funding for the rehab is desperately needed and she asked for the full support of the Committee to the greatest extent possible.

Alderman Grover asked about the extension of the sales tax sharing agreement since staff is proposing two years and Mr. Fischer had initially requested four years for the extension. Would Autobarn be able to do without the revenue sharing agreement after two years?

Mr. Fischer commented that he honestly doesn’t think so in order to facilitate the type of growth that they are trying to achieve which is holding up to 200 pre-owned vehicles. They need to change the level of the floor plan financing by about $8 to $10 million. For 2013 they were dangerously close to not being profitable. Since they have closed on the Hartrey
property it has increased the expenses by $50,000 monthly and it will be at least a year before they are up and running. The project is at least $3 to $3.5 million. We have taken enormous losses in January and will also in February because of the winter. Our previous sales tax sharing agreement was $1.5 million. The rehab on Chicago Ave was $1.3 million. We sold more vehicles in Evanston in 2013 than we ever have by a factor of 20%. Hartrey will help us grow our volume by 10% to 15%. We desperately need the shares tax sharing and we don’t want it to be limited to $500,000. The more that Autobarn collects, the more the City collects. If it could be extended for 48 months he won’t ask for more sales tax sharing. All it does is help the City and it gives JP Morgan security as well.

Alderman Rainey asked what if we agreed to 36 months, 3 years and if it is shown that they there is a greater need then we can reopen it. She then asked Ms. Nyden if this would be a possibility.

Ms. Nyden would want Marty Lyons, Assistant City Manager, to weigh in on the agreement.

Alderman Fiske asked why staff picked 2 years.

Ms. Nyden responded that it was their professional assessment looking at the construction period which would last throughout the year and the transition of moving pieces from Chicago Ave. over to Hartrey and then the stabilization period.

Alderman Rainey said that the Hartrey space is in bad shape and it needs to be addressed.

Mr. Fischer said it is more than they thought it was going to be. He provided an addendum for equipment which is pretty accurate. If we are going to open the collision repair that would provide the bulk of the new jobs and would need the equipment. There aren’t many repair places that are certified to fix Audi, BMW, etc. If you look at the addendum there is at least $600,000 to $700,000 after the fact and the equipment is not TIF eligible.

Mr. Fischer stated that they are going to move the tire sales over there as well which are about 300 tires of sales a month. The actual sales at Hartrey once the collision center is completed could exceed $20 million a year.

Raymond Zenkich asked Ms. Nyden for the parameters that goes back to the 24 months that staff is recommending. What are some of the high level criteria that go into determining the appropriate length of time?

Ms. Nyden specified that sales tax sharing agreements are typically used to address a funding gap or a need to cover a certain cost. The original one addressed a large investment that Autobarn made on Chicago Ave. and an investment to keep Autobarn in Evanston instead of Skokie where they would have had a larger amount of land. It seeks to reimburse somebody over that period of time to address those extraordinary costs.

Alderman Wynne addressed Marty Lyons (who joined the meeting) and asked what were the factors that determined the 24 months’ time period for the sales tax sharing rather than the 48 months that Mr. Fisher has requested.
Mr. Lyons stated that extending it to 36 months is the operative part. It is the half of million dollars. It is important to have the cap because that sets the parameter. If there is a delay in the building then it hasn’t harmed either side.

Mr. Fischer indicated that it is the cap that he objects to more than the term. The original funding sought for this project was $4 million in TIF and $3 million is sales tax sharing. Right now we are at $2.5 million in TIF and a proposed $500,000 in sales tax sharing and agreed to never seek sales tax sharing again. It is not an appropriate level of funding for what they are doing.

Alderman Rainey said her intention with extending the term was also to increase the cap.

Alderman Wynne asked Mr. Fischer if he would ideally like to have no cap on the amount and then an open ended sales tax sharing.

Mr. Fischer responded absolutely because the more they earn the more the City earns.

Alderman Rainey expressed that Mr. Fischer shared that with the expansion opportunity there might be an opportunity to bring in another franchise.

Mr. Fischer said that they are getting Nissan commercial vehicles over the past 6 months. He would expect for the City to be getting their vehicles from Autobarn in the future.

Alderman Rainey asked Mr. Fischer to share more about the employment opportunities.

Mr. Fischer responded that there will be one parts counter person, a service manager, 6 technicians, 8 vehicle detailers, and 2 photographers. Autobarn is working on a program with the Evanston Township High School to rename the automotive lab to a hire and training program. They would hire four to six interns from ETHS for the summer that will work in the dealership doing a variety of tasks. Two of those that are electing not to go to college will get full time jobs with Autobarn.

Mr. Fisher reiterated that it is his passionate desire to pay down the amount of debt they have on Chicago Ave and at Hartrey to be prepared for any storms ahead without any exterior help. That is why he feels so strongly about the cap.

Seth Freeman asked what will be the total incremental jobs that Mr. Fischer is projecting with the expansion.

Mr. Fischer replied between 30 to 39.

Mr. Freeman asked if Mr. Fischer is requesting no cap over four years so it would no longer by $500,000 but it would be whatever you collect over the four years.

Mr. Fischer responded that would be correct and it would be 50/50. The more Autobarn collects the more the City collects.
Ms. Nyden clarified the existing sales structure vs the extension. Currently the way it works we collect equal parts of a base amount from 2005. Anything generated over that amount goes to Autobarn. The staff’s recommendation would be to extend that model for 24 months.

Mr. Fischer responded that he is requesting 50/50 split without the threshold that would allow the City to continue to get money for the four years.

Mr. Freeman asked if there were currently any projected numbers and stated he realized this might be the first time staff is hearing about this and therefore no projections are available immediately.

Alderman Wynne requested that staff runs some numbers and provide those who would take a vote at City Council.

Mr. Fischer stated $250,000 a year would be his projection. He noted that if Autobarn collects more than the City would also collect more.

Mr. Zenkich asked what estimated amount for the construction permit fees that are requested to be waved.

Mr. Fischer answered between $60,000 and $70,000.

Ms. Nyden indicated that staff is not recommending the waved fees.

Mr. Lyons specified that one qualification for moving forward would be to start the agreement at the time the current agreement expires that includes that Autobarn pay $75,000 toward streetscape on Chicago Ave. He would like to close the agreement out cleanly and then start the new agreement.

Alderman Rainey moved that once the current agreement with Autobarn is closed out that the committee recommends to council, with an additional study by staff, that we create a 50/50 sales tax agreement with Autobarn for 48 months with no cap.

Mr. Freeman expressed concern that we have a proposal recommended from staff and wants to fully understand with an analysis of the difference in the request. Alderman Rainey stated that over the many years there have been times when the staff brings something to us and the council comes up with other ideas.

A voice vote was taken to approve Alderman Rainey’s motion. It was approved 9-0. Staff has been directed to provide the information that Alderman Grover requested.

Alderman Grover moved to support staff’s recommendation of funding not to exceed $2.5 million from the Howard/Hartrey TIF District to Autobarn for the rehabilitation of the property at 222 Hartrey. Alderman Burrus seconded. A voice vote was taken and was approved 9-0.
4. ITEMS FOR DISCUSSION

A. Discussion of Recycling Center

Alderman Rainey shared that Mr. Zenkich had a discussion for an idea for the Recycling Center. We have heard so much that there is nothing for teens in this town and he had suggested using the Recycling Center as a non-alcoholic juice bar and dance venue.

Mr. Zenkich said the idea came about a year or so ago in considering options for activities for young people in the area. He considered venues and some of the industrial areas come up and then the Recycling Center. Six families are interested in exploring the idea but questioned how something like this is pulled off being led by parents. He foresees it being a multi-use facility for day and night. It has attractive features with the unutilized space and parking. The shell is in good shape but some building out would have to happen. Everyone he has spoken with seemed very interested in the idea. He asked what the next steps would be.

Alderman Wynne shared that there was some kind of need that the YMCA had dances aimed at middle schoolers. They were weekly and happened after school on Fridays but it doesn’t exist anymore.

Alderman Grover suggested that the good next steps would be to speak to the people in other agencies to possibly survey their participants to determine if the need is there.

The Committee asked staff what a next step would be for moving this project forward. Ms. Nyden offered that Mr. Zenkich could return to this group with a business plan and a proposal.

B. Update on State of City of Evanston Loans

In addition to the document provided in the packet Ms. Nyden stated that Curts Café has paid $1,500 or 10% of their loan that doesn’t become payable until 2015.

Alderman Burrus asked if we know why Chicken and Waffles hasn’t paid. Ms. Nyden said it was due to the ebbs and flows of a business and that it was anticipated that they would become current by mid-2014.

5. COMMUNICATIONS

A. Announcements/Updates from EDC Members

Mr. Freeman stated that tonight will be his last EDC meeting and Scott Peters would likely take over his role here.

6. ADJOURNMENT

Alderman Wynne adjourned the meeting at 8:55 p.m.

Next Meeting: Wednesday, March 26, 2014

Respectfully Submitted,

Melissa Parker
Administrative Secretary