ECONOMIC DEVELOPMENT COMMITTEE
MEETING NOTES
October 26, 2011

Attendees:

Committee Members: C. Burrus, (J. Fiske for portions of the meeting), S. Freeman, J. Grover, D. Holmes, D. Mennemeyer, A. Rainey, M. Wynne, R. Zenkich

Committee Members Absent: M. Tendam


Presiding Member: C. Burrus

I. Call to Order
A quorum being present, Chair Burrus called the meeting to order at 7:29 p.m.

II. Consideration of Meeting Minutes of August 24, 2011

The minutes of the August 24, 2011 meeting were approved unanimously, 8-0 (Ald. Fiske had not yet arrived).

Chair Burrus announced that Staff Reports would be moved to the end of the meeting.

III. OLD BUSINESS
A. Main + Chicago Update and Consideration for Additional Partner Financial Assistance
J. Nyden presented the request for additional financial assistance for the development team of OMS for the parcel located at Main Street and Chicago Avenue. John O’Donnell and Greg Merdinger, principals of OMS Evanston, LLC, explained they did not want to take the second installment of $20,000 approved for their development of an office building at Main and Chicago because they had not succeeded in obtaining a tenancy as planned and will need additional time to market the property. They said they have identified a handful of candidates to market the site. They held 2 public meetings at the end of June in the library and Lincoln School and the community’s reaction to the development has been generally positive. They presented a site plan which had been modified based on the feedback of the community such as making the building more transparent and making the exterior entrance to parking more integrated into the building. They have created an online interactive brochure which describes the amenities, technology, floor plans, professional layout, tenancy, and proximity to hotels and transportation of the 300,000 square feet of space, which they have sent to
410 brokers in the region. They have met with 12 tenants as a result of their marketing. They have established a calling program for all tenants and presented detailed space plans for 3 tenants by architects which made their proposed spaces 20% more functional than their own designs. They re-priced the building and issued proposals to 2 fairly large tenants and expect a response from one lead tenant within the next 60 days. They concluded that they would rather not take the $20,000 from the City at this time.

Ald. Wynne responded that she appreciates their gesture of offering not to take the money, but she considers the City to be their partners and would prefer they take the money, as there is no hesitation about having an office building at that location. She said the Executive Director of the RTA met with her last week and he is supportive and enthusiastic about the development. She said the project is a lynchpin in the extension of development towards Howard St. and the entire corridor towards the lake. She offered her support as the alderman. She wanted to be sure the money was there for them when they do need it as the calendars of government do not always coincide with the needs of developers and November and December are not good months for government entities.

Mr. O'Donnell explained that it has been very difficult to get a business to commit to expanding and to a 10 year lease and that as developers they cannot feasibly do a short term lease.

Ald. Grover asked what the best incentive is that Evanston can give to ratchet up the marketing. The developers simply said it is not feasible to build a smaller building for smaller tenants and that they also need a 2 year pre-commitment payment in advance of the building being built which presents obstacles for many prospective tenants. They said they are going to work on creating a plan that works.

Ald. Rainey noted that they know what they are doing and have stated that they don't want the money now.

The Committee voted 8-1 with Seth Freeman opposed, to give OMS Evanston LLC the $20,000 grant as previously approved, in May of 2012.

B. Lakefront Committee Report

Ald. Grover, who chaired the Lakefront Committee, reported that it met 4 times over the summer. She acknowledged the members present: David Reynolds, Ald. Wynne, Ald. Burrus, Ald. Fiske and others on the Committee: Marcel Eberle, Percy Berger, Chris Ernst and Mark Sloane.

Ald. Grover explained that in July of 2010, the Lake Front Committee discussed architect, Michael Vasilko's proposal for a performance center on the lake front. Mr. Vasilko brought experts in performing arts and architecture to meet with the Lakefront Committee and discuss the location, which evolved to an area just offshore of Northwestern University’s campus.

In August, 2011, the proposal was discussed at length by the Lakefront Committee. Ald. Grover reported that they voted:
• To take no further action on the proposal
• That Mr. Vasilko be commended and thanked for his work on the proposal
• That if the proposal be considered in the future, Mr. Vasilko will be included.

Chair Burrus mentioned that Mr. Vasilko was present and would speak at the end of the meeting.

**Ald. Rainey** said she understands the Lakefront Committee’s decision for the City to not pursue the proposal, and moved that the Economic Development Committee has received the Lakefront Committee’s report and approves of it, but that the Economic Development Committee encourages Mr. Vasilko to meet with Eugene Sunshine, Ron Naylor or President Shapiro and/or the trustees of NWU to pursue his proposal.

Ald. Grover explained that the Committee’s understanding of their scope was that it was only to recommend whether the Economic Development Committee should pursue the proposal but there was no mention that Mr. Vasilko could not go to NWU.

Chair Burrus clarified that the Committee never concluded that it would not entertain the proposal again. Ald. Rainey stressed that Mr. Vasilko has been called a visionary and there may be much interest by Evanston citizens to pursue his proposal.

Mr. Mennemeyer seconded the motion, saying he likes that it is a big idea, and supports it and does not want to limit Mr. Vasilko in pursuing it nor does he want to kill it.

Ald. Wynne said she does not support the idea but has no objection to Mr. Vasilko approaching NWU with it and added that the Lakefront Committee did not discourage Mr. Vasilko from pursuing his proposal.

**The Committee voted unanimously 8-0 to approve the motion to accept the Lakefront Committee’s decision and to encourage Mr. Vasilko to follow up on the Committee’s motion to meet with NWU for support of his proposal.**

**C. Varsity Theatre Report**

Carolyn Dellutri of Downtown Evanston reported that on June 8th, 2010 Downtown Evanston received an NEA Grant to study the cultural centers of downtown Evanston. A task force was formed who requested funding from the City to hire a consultant to conduct a study of the cultural centers or lack thereof in downtown Evanston. Kennedy Smith of Community Land Use & Economics Group was contracted to do the study.

On January 26, 2011 Ms. Kennedy reported to the task force that there was no performing arts facility in the downtown and that Evanston is fortunate to have active arts organizations, which could serve as an economic catalyst providing enormous growth potential. Ms. Kennedy presented her findings to the City Council and said Evanston has a regional and national reputation as an arts incubator and that the City is in need of a variety of art spaces close to transit and supportive businesses. She suggested that TIF money could be used for this development.
Mr. Mennemeyer recused himself from voting since he sits on the Chamber of Commerce Board.

Mr. Zenkich said he observed many contradictions in the report compiled by Ms. Kennedy, such as the comment that Evanston lacks visual arts activities but possesses 25 non-profit art organizations. He felt that the question of whether the Varsity Theater would fit the need of Evanston as a performing arts venue was the most pertinent question to the study, yet the report seemed to focus only on the 2nd floor.

Ms. Dellutri explained that initially the study was regarding the Varsity Theater but she realized the need was much greater than just one space, so she expanded the study to include how to develop downtown Evanston as an arts destination, as the project evolved.

At Ald. Rainey’s inquiry, Ms. Dellutri stated that what she concluded from the report was goal setting by looking at the arts in Evanston and working towards creating a vibrant downtown art district. She said the task force would continue to work to bring arts to Evanston. She said people want to stay in Evanston for nightlife.

At Mr. Zenkich’s inquiry as to whether the data of the study is available for the City’s use, Ms. Dellutri replied that the task force is moving into the next phase with the City in their goal setting and way finding and that she is happy to help with other districts besides the downtown.

IV. NEW BUSINESS
A. Update on NEA “Our Town” Grant
Dennis Marino, Planning & Zoning Manager, said the City received a $50,000 grant from the National Endowment for the Arts to support an architectural study and financial plan with 4 components in 3 phases:
Phase I – Find sites
- Find 4 sites to study further
- Develop a scenario for development of each of the 4 sites
- Develop a financial plan for the 4 facilities
- Produce a staff memo reporting on each phase of the architectural and financial analysis of properties that are currently for sale or lease or vacant land
- Conduct interviews with performing arts groups
Phase 2: Finance
- Create a detailed financial plan for construction or rehab of each of the 4 sites
- List costs for construction and marketing (sources and uses)
- Develop an operating plan
Phase 3: Action Plan
- Implementation after architecture and financial plans have been established

Mr. Marino explained that the City received the award letter on August 23, 2011 and he expects the work to be under way in January or February. There is a matching requirement of $50,000 by the City. Staff recommends providing $25,000 from the Economic Development Fund and $25,000 from the Washington National TIF. He requested that the Committee consider recommending to City Council that a mayoral
advisory committee work with staff to fruitfully continue this process that began with the first study. Mr. Marino noted that Mr. Sklenar made the proposal happen.

The Committee discussed how this project would fit in with the current project of the Downtown Evanston task force. Mr. Marino said the City has been pursuing this for a long time and that the study would be a continuation of the effort, and that no other projects have gone the whole way with financial and technical plans. He said this project will include interviews with stakeholders and will go deeper and be more focused, looking into multiple sites. At Ald. Grover’s inquiry, he added that the project could help us identify other grant money but also sources and uses for each of the buildings, which will include other capital. At Mr. Zenkich’s inquiry, Mr. Marino explained that this type of project has always been part of the arts strategy and part of a continually expressed City goal. The project will focus on existing groups and getting them the space they need, such as Northlight Theater.

Chair Burrus asked whether the $25,000 requested of the Economic Development Committee had been budgeted for 2012, to which Ms. Radzevich replied that the money is available. Ald. Rainey asked why the money was not coming from just the Washington National TIF, to which Mr. Griffin replied that then the study would be limited to just that area.

Ms. Dellutri said this study will go deeper and that the City needs to go deeper into this endeavor. Ald. Rainey said she hopes the City does not spend all its money on studies.

Ald. Grover moved to match the grant with $25,000 from the Economic Development Fund and $25,000 from the Washington National TIF, seconded by Mr. Freeman.

The Committee voted 8-1 with one Mr. Mennemeyer recused from the vote

Ald. Grover moved to form an advisory committee, seconded by Ald. Fiske.

Ald. Rainey said the Economic Development Committee is involved and that the advisory committee should be an Economic Development sub-committee. She said the City has an Arts Council and suggested the Arts Council work with staff on the project and asked whether the committee is a requirement of the grant. Mr. Marino replied that it does not require a committee. He said it would include people with expertise to be involved in the study to identify and involve people who could make philanthropic donations. He added that he and Mr. Sklenar are working on such requests.

Ald. Fiske asked Ms. Dellutri how she felt the task force has done. Ms. Dellutri said they have done well but the project needs to go to the next level.

Mr. Mennemeyer recused himself from the vote. He said the Varsity Theater cannot be discussed in a vacuum.
The Committee voted 2-5 to create a mayoral committee to work with staff on the granted project. The motion did not pass.

B. Consideration of Façade Improvement Program Applications
Aaron Brown, Assistant Economic Development Planner, presented 3 requests for façade program grants:

- IRMCO, Jennifer Kalas – Staff supports the request for $11,100 for ½ of the estimated cost to replace the front shaker roof, front entry doors and side doors, to be funded from the West Evanston TIF.

  Ald. Rainey moved approval of the grant, seconded by Ald. Grover.

  The Committee voted unanimously 8-0 (Ald. Fiske was not present) to approve the grant.

- 500 Davis, Richard Similio – Staff supports the request for $17,200 for 1/2 of estimated cost to replace existing signage and recessed fixtures in cantilevered façade, to be funded by the Economic Development Business District Improvement Fund.

  Ald. Rainey moved approval of the grant, seconded by Ald. Grover.

  Mr. Mennemeyer asked whether staff encourages the grantees to get quotes from Evanston businesses to which Mr. Brown replied that as part of the program’s guidelines, grantees are directed to Evanston businesses.

  The Committee voted unanimously 8-0 (Ald. Fiske was not present) to approve the grant.

- 604-606 Davis, Andy Spatz – Staff supports the request for $10,900 for removing a wall and adding architectural features to the façade, to be funded by the Economic Development Business District Improvement Fund.

  Ald. Rainey moved approval of the grant, seconded by Ald. Grover.

  The Committee voted unanimously 8-0 (Ald. Fiske was not present) to approve the grant.

Mr. Zenkich asked for before and after photos of the projects, to which Mr. Brown replied that staff is still waiting for “after” photos from grantees. Mr. Zenkich asked him to take them himself if it is taking too long.

C. Consideration of Request for Financial Assistance from Corrado Cutlery
Paul Zalmezak, Economic Development Coordinator, introduced Jim Bilger, owner of Corrado Cutlery. Mr. Bilger explained that he is a resident of the 9th ward and is planning to open a retail store in the 2nd ward at 716 Main and he has a successful online business selling leading brands of cutlery and shaving products. He said he is requesting funding to take advantage of an investment opportunity at the vacant 1,200 square foot retail store which needs an interior build out to house the high quality knives he sells. His business caters to professionals from the north side of Chicago, Evanston, and the North Shore suburbs. The bank has invested $150,000 but the plan will cost $250,000 and he is requesting $31,500 from the Economic Development
Mr. Bilger said the business started in 1905 on Clark Street in Chicago where high end cutlery and all kinds of knives such as Swiss Army knives and giftware were sold. In 1985 he had stores in Old Orchard and downtown Chicago and since 1999 has had an online store. After 9/11 and the economic downturn, he decided to take a break on the retail end and focus only on the online store. He said the men’s shaving and grooming products sell well online and that the full Corrado Cutlery line is starting to grow; he is cautiously optimistic. He said it is not easy to find the right spot for his business but the location of the storefront on Main is ideal because there are many businesses in the area that have been there for years. He likes the idea of bringing people to the west side of Chicago and Main. The size of the storefront will allow him to operate the internet business at the site also. The gap in the financing will defer the growth of the internet and the hiring of one full time employee. He plans to ship all orders from this location so he will need to hire someone to help with that.

At Ald. Grover’s inquiry, Mr. Zalmezak explained that 50% of the $31,500 is forgivable after 3 years; the rest will be a no-interest loan, so the City’s risk is $15,500. Ms. Radzevich added that there is a good opportunity for Evanston to do gap funding since banks are currently more conservative and are lending less. She said Randy Usen at 1st Bank secured the loan for Mr. Bilger in one week, so the City can feel secure in its investment. She said the bank lent their portion to get started with the buildout, but the internet portion is proven.

The Committee expressed enthusiasm for the new business.

The motion was moved and seconded. The Committee voted unanimously 8-0 to approve the financial assistance of $31,500.

D. Consideration of Request for Financial Assistance from Downtown Evanston

Ms. Radzevich explained that this is an annual request by Downtown Evanston which stems back from Ordinance 67-O-07, when the City Council removed residential programs from SSA #4. Downtown Evanston is requesting $77,000 in assistance for FY12 in addition to the request for funding for the downtown maintenance contract. Ms. Radzevich said both amounts had been included in the recommended budget and that 50% of the funds would come from the Economic Development Fund and 50% would come from the Washington National TIF. SSA #4 is downtown Evanston’s special taxing district and they are asking proportionally for less than last year, since there is a difference in the number of months in FY 2012 (12 months) and FY2011 (10 months).

Ms. Dellutri acknowledged the President of the Board, Russ Abell and members of the Board of Downtown Evanston and introduced those present: Rick Similio?, Eve Doi, Jim Corirossi from the Downtown Business Association, Maggie Denard from
Winestyles, and Gina Speckman from the North Shore Visitors Bureau, who she said Downtown Evanston partners with. She commended Ms. Radzevich for her presentation of the request.

Ms. Dellutri presented the new Downtown Evanston Directory, which had just been delivered that afternoon, which is in accordance with an agreement with the City requiring Downtown Evanston to market the downtown. She said the new brochure style directory is better than a booklet because it allows people to find the location of the business in relation to the map. From an economic development standpoint, the benefit is that it illustrates the business clusters and helps to identify strengths and weaknesses within the clusters.

Ms. Dellutri reported that she had prepared a draft of the goals of the Downtown Evanston organization at the request of the Executive Board in preparation for a goal studies/strategic plan session. Her intern devised a chart for benchmarking progress toward their 5 overarching goals:
- Maintain and expand an exciting local and national retail & office presence
- Promote performing and visual arts in downtown Evanston
- Strengthen relationships between Downtown Evanston, the City & NWU for mutual benefit
- Further enhance the public realm of downtown Evanston & continue to partner with the City to enhance downtown housing and zoning.

Over the next 5-10 years, Ms. Dellutri will report and provide a chart tracking the various components of their progress.

Ms. Dellutri said positive things are happening: the Downtown Evanston app just launched. She introduced Austin, an NWU student who came to Downtown Evanston because of the passport program. He and a group of NWU students were doing a customer loyalty study which evolved into their designing of the downtown Evanston app. She said it is user friendly and 85 businesses are part of it. The students have graduated and have started a business. They have office space in Downtown Evanston above Café Mozart and need to hire more employees such as web designers. They had gone to the International Downtown Association Conference with Downtown Evanston. They have currently signed on Lake Forest and Naperville, whose apps are going live next week. They were part of the incubator.

Chair Burrus asked that they send a revised of list the positions and salaries of individuals in the Downtown Evanston organization, to which Ms. Dellutri agreed. At Ald. Burrus’s inquiry, Ms. Dellutri explained that the 30% to PPO and HMO are part of the Implementation Agreement of 2007: Employees pay 30% of the premium; Downtown Evanston pays the balance and sends a check to the City of Evanston for insurance benefits.

Ms. Dellutri introduced Matt DiNello, Downtown Evanston’s new Events Coordinator.

Ald. Grover moved to accept the report and grant $77,000 in budget assistance for 2012, seconded by Ald. Holmes.
The Committee voted 8-0 to approve the assistance (Fiske was not Present).

Ald. Grover moved to fund $115,632 for 2012 for the City’s portion of the maintenance agreement, seconded by Mr. Mennemeyer.

The Committee voted unanimously 8-0 to approve the funding (Fiske was not Present).

E. Consideration of Economic Development Committee Meeting Dates for 2012

Ald. Grover moved to approve the meeting dates for 2012, seconded by Mr. Mennemeyer.

The Committee voted unanimously 8-0 to approve the 2012 meeting dates (Fiske was not Present).

COMMUNICATIONS
In the interest of time, Ms. Radzevich offered to postpone staff’s communications and reports until next month.

PUBLIC COMMENT
Architect, Michael Vasilko thanked the Lakefront Committee and Ald. Fiske and Wynne for considering his proposal for a lakefront performance center. He said their exchanges led to a better solution. He thanked Ald. Grover for chairing the Committee and for her attention to everyone’s concerns.

He said Ken McHugh, John Shabica and Mark White had been at this night’s meeting and some residents had come to speak at the meeting in favor of his proposal but they had to leave.

Mr. Vasilko explained that his proposal is not a vision, but a means for Evanston to gain revenue by tourism, which would allow Evanston to lower property taxes. He said the proposal works in conjunction with the Lakefront Master Plan because it is situated where there is no Master Plan.

Mr. Vasilko referred to the NEA grant report focusing on the Varsity Theater and said he thought the NEA grant should cover more areas of Evanston. He said if the City is spending $100,000 on a report, it should cover Church and Dodge and along Howard Street.

Mr. Mennemeyer clarified that Downtown Evanston spearheaded the study on the Varsity Theater and it was funded by the Washington National TIF, which is why it did not include other parts of Evanston.

Ald. Rainey mentioned that Family Focus has spent money on renovating their theater and we have not heard about the theater since.

Mr. Mennemeyer stated that he was abstaining on the Varsity vote since he is the current President of the Chamber of Commerce.
VII. Adjournment

The meeting was adjourned at 10:00 p.m.

The next meeting will be held on Thursday, December 1, 2011.

Respectfully submitted,
Bobbie Newman