ECONOMIC DEVELOPMENT COMMITTEE
MEETING NOTES
APRIL 30, 2012

Attendees:


Committee Members Absent: None

Staff: W. Bobkiewicz, S. Griffin, M. Jones, M. Lyons, J. McRae, J. Nyden, N. Radzevich, P. Zalmezak

Presiding Member: M. Tendam

I. Call to Order / Declaration of Quorum
With a quorum being present, Chair Tendam called the meeting to order at 7:02pm.

II. OVERVIEW OF CURRENT BUDGETS AND FUNDING OBLIGATIONS

Nancy Radzevich, Manager of the Economic Development Division outlined the purpose of the special meeting of the Economic Development Committee as a means to seek guidance from the Committee on prioritization of economic development projects in the context of the Economic Development and individual TIF Fund budgets.

Ms. Radzevich presented a new report that summarizes Economic Development and TIF funded budgets, expenditures and planned projects. This summarizes a more detailed spread sheet that will assist staff and ultimately the Committee and City Council with project planning / budgeting.

A. Economic Development Fund
Ms. Radzevich reported that in terms of the obligations, overall the Economic Development Fund is currently in good shape and referred the Committee specifically to Sheet A of the April 30, 2012 Committee packet. She noted that the FY2012 budget, like past budgets, included higher levels of funding for items such as consultant services; however, as there is less need for these services, given the increased economic development staff, some of these budgeted funds could be re-allocated towards economic development projects. She suggested that given the increase in number, variety and complexity of potential funding requests, the total expenditures this year will likely exceed past year spending levels and suggested that Committee consider how to prioritize allocation of funds for future projects, going forward.
B. TIF Districts
Ms. Radzevich stated that the TIF Fund budgets are more simplistic in organization than the Economic Development Fund. She explained that there is the general working budget, which includes salaries, debt service payments, etc., that collectively make up the fixed operating costs. The project based budgets include CIP projects and other Economic Development or private development partnership projects. She then reviewed the budget sheets (Attachments Attachment B-1 to B-6 of the April 30, 2012 Committee packet) of each of the five active TIF’s: Southwest, Howard-Hartrey, Washington National, Howard-Ridge, and West Evanston.

Marty Lyons, Assistant City Manager, called the Committee’s attention back to an Economic Development Committee meeting, held several months ago, when the longer-term projections for each TIF Funds were outlined, and explained that tonight’s presentation focuses on where the Funds stand in the short term. He noted that after the close of the Downtown TIF, members of the Committee and City Council expressed a desire to spend TIF dollars, within the TIF District, while a TIF is open in order to avoid surplus distributions upon closure. Mr. Lyons then explained that there are available funds in some of the TIF Districts that need to be programmed in order to avoid this scenario in the future. He stated that bonds will be issued for the West Evanston TIF and Howard-Ridge TIF, as was done in Downtown TIF. He expressed that the best means to utilizing the increment is to develop/spend quickly in the beginning to take advantage of the increment. He stated he would be available to answer any questions regarding the Economic Development and TIF Funds.

III. DISCUSSION OF PRIORITIES/TIMING OF SUBMITTALS
A. Consideration of Creating Annual Plan/Strategy for Funding Assistance
Ms. Radzevich suggested that the meeting offered an opportunity for creating a new framework for how economic development projects are presented and reviewed moving forward.

Alderman Jane Grover expressed her belief that priorities and allocation of funds should reflect the Economic Development Vision Statement and Plan. She stated that this will help in weighing the merits of the projects and proposals that come before the Committee. She also stated that commends staff for trying to make the process more objective. Threshold criteria and guidelines could make process more predictable.

Ms. Radzevich stated that guidelines should be set up for projects that meet certain goals from Plans, Vision Statement, are catalyst projects for or in redevelopment/revitalization areas or those projects with extraordinary costs, such as the case with GFS Marketplace.

Alderman Coleen Burrus stated that the Committee should be process oriented and that she would like staff to be more stringent when reviewing what comes before the Committee. Alderman Burrus suggested that projects have come before the Committee that are incomplete, without full proposals, budgets, and business plans. She stated that there should be parameters set up and that a proposed project must meet those prior to being presented to the Committee.
She also indicated that she believes staff gets political pressure for recommendations that may not be best practices nor reflect the Economic Development goals. In those cases, she suggested if the proposal does not fully meet base level parameters, that the Alderman championing such a project should stand in support of moving that project forward.

Alderman Holmes and Alderman Ann Rainey both questioned Alderman Burrus’ assessment. Alderman Ann Rainey stated that she did not know of any project, supported by an Alderman, where that Alderman has not stood up and expressed their support. She stated that both staff and Aldermen bring good and bad projects before the Committee. She also expressed concern that there are good projects that the Economic Development Committee is unaware of and would like of the Committee to review.

Mr. Dan Mennemeyer communicated that he understood the need for parameters. He explained that he believes pressure may come from the applicants themselves – particularly in moving forward incomplete projects to the Committee. He stated that Aldermanic advocating should not be the norm but the exception when evaluating projects. He supported the idea of allowing the Committee to offer suggested changes prior to making a decision. Alderman Fiske asked what the reason was for Aldermen not being overly involved and said that it may be not be appropriate in some cases, but that the ward Alderman should at least be aware of projects that are being proposed.

B. Priorities based on Adopted Economic Development Plan and TIF Redevelopment Plans
Alderman Grover expressed that the “but for” argument typically used in the establishment of TIF districts has not been discussed and should be a consideration when reviewing projects in an objective way.

Wally Bobkiewicz, City Manager, recommended the Committee consider tailored evaluation criteria based on the respective project type (i.e. facades, economic development partner organization such as downtown Evanston or ECDC, development assistance, etc.) Ms. Radzevich agreed and suggested adding an additional fund and funding criteria for technology/startup assistance (e.g. TIC, coLab).

Alderman Rainey inquired about the difference between various types of start-ups, saying that she did not believe there needed to be separate fund for technology. She stated that the Committee should look at organizations like ECDC, Downtown Evanston and their purpose and challenged staff to answer why we need certain organizations when there are other resources such as TIF.

IV. DISCUSSION OF POSSIBLE FORMATION OF SUBCOMMITTEES
Alderman Burrus suggested that early review of projects could be handled through a subcommittee. Using the case of the recent ECDC proposal she questioned whether preliminary idea sharing could have assisted with ECDC and stated that, generally, this concept of sharing of ideas and assisting in shaping a proposal has
not been a task given to the Committee. Mr. Bobkiewicz agreed, saying a subcommittee would be a good idea. He suggested that having subcommittees could streamline time spent at EDC meetings and could provide recommendations for changes to projects proposals earlier on in the process.

Alderman Judy Fiske stated that she agrees with putting a process in place but not one that would be too rigid and restrict new ideas from moving forward. Broader discussion needs to occur.

Alderman Holmes stated that she is not interested in a subcommittee, as she already spends significant time in meetings. With respect to the recent ECDC proposal, she indicated that she supports them because there has traditionally not been as much support for economic development on the west side of Evanston. If City is looking at the overall geographic area, then the west side needs support. She stated that she supports criteria but still did not see pressure being placed on City staff by Aldermen.

Alderman Grover inquired about the purpose staff had in suggesting formation of subcommittees and laying the groundwork for future projects. She stated that she trusts staff to propose criteria for how things “bubble-up” to committee and evaluate projects.

Ms. Radzevich stated that the purpose of the subcommittee was to get early feedback on potential projects – that might have unique or complex challenges. For larger projects, a discussion using Committee expertise could be helpful. A subcommittee format might be useful in evaluations of smaller projects – such as Façade Improvement grants – and then could come to the full Committee after having gone initial review. This could reduce time spent at full Committee, and allow that time to be spent on larger projects and strategic discussions.

Alderman Rainey stated that the Economic Development Committee does not get an opportunity to vet the bigger projects like a Trader Joe’s. She then expressed that she felt that ECDC was more productive in the past than in the present and that a highly organized formal business district is needed for that area.

Mr. Raymond Zenkich expressed that he does not believe the Committee has been a forum to exchange ideas. He stated that some projects cannot be compartmentalized easily. Mr. Zenkich continued, saying that he sees the Façade Improvement Program as productive but suggested to possibly look at the individual applications as “exceptions”, where if a proposed project raises concerns, it goes through the Committee. Otherwise funding the project is just an administrative decision.

Alderman Fiske stated that some applicants have come in and were encouraged to return once they were more prepared. She agreed with Mr. Zenkich’s statement regarding façade projects.

Steve Griffin, Community and Economic Development Director, stated that the most challenging aspect to the process is the assumption that every applicant gets to
have time in front of the Committee. He stated that more pressure comes from the applicants and that staff has less ability to deny an applicant's appearance in front of the Committee.

Alderman Melissa Wynne stated that Economic Development Committee reviews should be in two parts: 1.) a finished product that is shaped for more review and 2.) Pre-concept review/discussion, which is done with the Economic Development Committee, not a subcommittee. She stated that she sees the point of the subcommittee but also sees the usefulness of having a pre-concept phase where the full Committee gives feedback and information. She stated that she agreed that there is a benefit for the Façade Program to be more administrative, allowing the Economic Development Committee action only, with the exception of larger or more complex façade projects.

Based on the Committee discussions related to the Façade Program, Ms. Radzevich suggested the Façade Improvement applications could be handled the way City Council handles content agenda items – the applications will be included with staff recommendations and voted on collectively, unless a specific application is pulled from the consent agenda. Only those projects would be discussed in greater detail. The Committee members responded yes. Mr. Griffin then asked for more details regarding the pre-concept idea. Mr. Bobkiewicz stated that it could be an issue of magnitude as to which would come forward in pre-concept versus those which could come as final recommendations. Some projects may be larger and take longer to evaluate and may need multiple meetings.

Alderman Burrus expressed that she does not feel that everyone should come before the Committee with incomplete plans or proposals unless it is a clear pre-concept phase. She stated that the Committee should set up criteria similar to Community Development Block Grant or Plan Commissions. She believes that it would be more productive to have a pre-concept review and a threshold for what comes to the Committee than an incomplete proposal called for a final vote.

Alderman Holmes stated that Committee members should be able to call and discuss an item or pull an item on the agenda if that project is not ready to move forward. Alderman Burrus replied that she has done this before to ask questions on proposed projects. She then expressed concern over how time is spent on the final project reviews, without the initial review on the concept.

Mr. Bobkiewicz summarized that there seems to be an agreement on the need for partnerships. He stated that the goal for the meeting was to lay groundwork to take advantage of improving economic conditions with limited resources. Mr. Zenkich replied, saying different initiatives call for different approaches.

Alderman Grover stated that the steps of the review process should be professionalized and some management of proposals and programs should be shifted to staff. Chair Tendam agreed. Alderman Grover referred to the document attached to the April 30, 2012 Committee report regarding programs offered in other communities and recommended staff consider the Cambridge, Massachusetts “Best Retail Practices” program.
Alderman Fiske stated that she believes financial support and a business plan are important for projects to have prior to coming before the Committee. Alderman Rainey expressed that she believes that there are good level requirements, for submittals, already in place and believes staff makes an effort to consult with Aldermen about the business interests and proposals.

Alderman Wynne stated that there is not necessarily a formula in place for project review and that ideas need to be shared. There should be a time to have more conversations about ideas that are more innovative and have not been done in Evanston before. Alderman Rainey stated that some parts of the process cannot be ignored and some guidelines should be put in place.

Mr. Mennemeyer stated that the Committee members’ opinions of the businesses should be asked and that not every business will necessarily serve the entire City all of the time. He added that partner organizations which have come before the Committee have been open to suggestions and come back with plans and projects that take Committee ideas and suggestions into account. He mentioned gaps exist with City services and that there should be organizations to fill those gaps. Alderman Holmes stated that various categories for evaluation should be in place since each of the groups and projects serve a different purpose.

Chair Tendam stated that most of the items on the agenda were discussed but one item he would like to go back to at a future meeting is Grants vs. Loans. He then asked for further comments.

Ms. Lori Summers expressed support for a consent agenda and pre-concept meeting. She stated that key aspects of the applicants’ business plans and proposal should be highlighted and included in an overview in the staff reports. She suggested that a one to two page document summarizing key criteria, such as rate of return or attempts at obtaining other funding, be established. She stated that there are certain projects that do not need Economic Development Committee assistance and may not come to the Committee.

Ms. Radzevich summarized the discussion, mentioning the need to set up priorities and making sure we set up metrics for projects to follow but do not confine them so as to limit the possible range of projects or proposals.

Alderman Rainey asked if the number of jobs created in TIF Districts is documented. She believes that the numbers would likely be impressive. She also stated that there should be a way to know what is coming to the Committee and asked if that could be developed. He agreed that the Committee should see a majority of the projects that are proposed to the City and a new framework should be created to deal with the projects that come in.

Alderman Rainey suggested that Committee members talk to one prospect every month, businesses that are not yet in Evanston, and share ideas which would be a good starting point.
Mr. Bobkiewicz stated that staff currently interacts much more with the Aldermen and as such they are often more informed about pending projects. He stated that staff will do a better job of keeping other Committee members in the loop.

V. OVERVIEW OF EXISTING PROGRAMS AND POSSIBLE ALTERNATIVE PROGRAMS

On overview of existing economic development programs managed by the City of Evanston was distributed to the Committee as was a spreadsheet giving an overview of programs that are managed by surrounding communities and cities similar to Evanston (Attachments C, D and E). Mr. Zenkich commented on the Broker Bonus program in Skokie.

VI. DISCUSSION OF GRANTS VERSUS LOANS FOR FUNDING ASSISTANCE REQUESTS

This item will be discussed at a future meeting.

VII. Adjournment

Chair Tendam moved to adjourn the meeting, seconded by Ald. Rainey.

The Committee voted 11-0 unanimously to adjourn the meeting.

The meeting was adjourned at 8:56 p.m.

Respectfully submitted,
Meagan Jones