Memorandum

To: Economic Development Committee
From: Lakefront Development Committee
        Alderman Jane Grover, Chair
        Alderman Judy Fiske
        Alderman Coleen Burrus
        Alderman Melissa Wynne
        Percy Berger
        Marcel Eberle
        Chris Ernst
        David Reynolds
        Mark Sloane
        Douglas J. Gaynor, Director of Parks, Recreation & Community Services

Subject: Lakefront Committee Report and Recommendation
        Regarding Mike Vasilko’s proposed Lakefront Development Proposal

Date: October 19, 2011

Recommended Actions:
The Lakefront Committee recommends no further action or work be taken by the Lakefront Committee or the Economic Development Committee with respect to Mike Vasilko’s lakefront development proposal.

The Committee commends and thanks Mr. Vasilko for his initiative, actions, and investment of resources to bring ideas to the Committee.

The Committee recommends that if at any time the City Council decides to pursue such a development proposal, that Mr. Vasilko be invited into any such discussion.

Summary:
Recognizing the City’s outstanding debt obligation and need for new tax revenue, Mr. Mike Vasilko proposed and presented plans for a lakefront development situated off shore that would include a fine arts and performing arts center, convention center, hotel and marina. Mr. Vasilko presented his concept to the Economic Development Committee (EDC) on July 28, 2010, and on September 22, 2010, the EDC recommended appointing a Lakefront Committee to further review the merits of the proposal. The Lakefront Committee was appointed by the Mayor in March 2011 and held four meetings. Attached are the meeting minutes from the Lakefront Committee’s final meeting on August 30, 2011, which serves as the Lakefront Committee’s report and recommendation to the Economic Development Committee.
LAKEFRONT COMMITTEE
MINUTES OF
Tuesday, August 30, 2011, 6:30pm
Civic Center, 2100 Ridge Ave. Room 2402

                    D. Reynolds,
MEMBERS ABSENT:    M. Eberle, M. Sloane
STAFF PRESENT:      D. Gaynor, P. Belcher
OTHERS PRESENT:     M. Vasilko, B. Seidenberg, A. McGonigle
PRESIDING MEMBER:  J. Grover, Committee Chair

DECLARATION OF QUORUM
A quorum was present.

APPROVAL OF MEETING MINUTES
The meeting minutes of July 14, 2011 were approved with noted changes.

PUBLIC COMMENTS
None.

UNFINISHED BUSINESS
Review/Evaluate M. Vasilko's Lakefront Development Proposal

Chair Grover stated tonight's meeting is for the committee to deliberate its report to the
Economic Development Committee specific to the current version of M. Vasilko's lakefront
development proposal.

Chair Grover presented a brief history: the Economic Development Committee (EDC) heard M.
Vasilko's presentation in July 2010. Discussion continued with the EDC through Sept 2010, at
which time the EDC decided to appoint a Lakefront Committee to further review the proposal.
The Mayor appointed members of the Lakefront Committee and met in May 2011, the first of
four meetings.

M. Vasilko's initial concept for a lakefront hotel and convention center was situated on an island
built of landfill in Lake Michigan east of Evanston's downtown, serviced by a tunnel connection
(attachment A). Over the next two meetings, M. Vasilko refined his proposal to incorporate
comments from both the Committee and guest speakers. His current proposal is landfill
acreage to be built off Evanston's lakefront, but east of the Northwestern University campus, not
connected by tunnel, but rather by existing roadway through the campus (attachment B).
Mr. Vasilko has been clear that he seeks Committee approval to investigate the feasibility of his proposal with an independent market demand study and a financial feasibility study.

The Committee first discussed the compatibility of Mr. Vasilko’s proposal with the City of Evanston’s Lakefront Master Plan. Since the Lakefront Master Plan was adopted, the City has continued its implementation, with improvements at Lighthouse Landing, the new bike and pedestrian path, the Clark Street beach facility, and the boat ramp and Dempster Street storage facility. The Master Plan did not address the property north of Clark Street Beach, which is the property involved in Mr. Vasilko’s current proposal. D. Reynolds explained that the Lakefront Master Plan was not intended to address private property, such as Northwestern University’s.

M. Wynne said the current proposal is problematic because it involves property belonging to Northwestern University and would require the University’s involvement. She feels the Committee is not in the position to recommend Mr. Vasilko’s proposal to Northwestern. Moreover, the Lakefront Master Plan’s intent was to balance passive with more active uses and to minimize commercial uses, where the proposal is a very intense commercial use. She doesn’t think that the proposal is consistent with the Lakefront Master Plan. She agreed that the Lakefront Master Plan intended to plan for property that the City of Evanston controlled and that it isn’t within our purview to tell Northwestern what to do with its lakefront.

C. Burrus said she supports development generally. However, given the report on the Varsity Theater and the new recent music venue’s struggle to obtain financing, she doesn’t see the financial feasibility of such a large scale project. Public funds don’t exist and she questions the feasibility of the project for a private developer. She believes Mr. Vasilko presents a great idea, but that the timing of such a large development is difficult now.

P. Berger said he doesn’t totally agree that the Lakefront Master Plan controls in this case, but states that it is the only approved lakefront plan. He does not believe that Mr. Vasilko’s specific proposal is consistent with the Master Plan. He appreciates Mr. Vasilko’s proposal as a solution to the City’s financial problem, but thinks that the City should pursue a larger process. That process includes a clear definition of the problem (economic), discussion of what the range of possible solutions are, one of which could be development of the lakefront, and a conclusion. He suggests that consideration of just one solution is too far ahead of the process. And the process needs citizen input. He does not recommend that the Committee pursue Mr. Vasilko’s proposal based on process.

J. Fiske said the revised proposal, with a location off Northwestern’s property, creates more problems. She was reluctant to consider the lakefront placement of the first proposal and is just as reluctant to situate it off Northwestern’s shore. She questions how shared government of new landfill with the University would work, such as whether the University would donate part of new landfill to the City for a performing arts center. And there are issues with traffic through the University campus to the particular venues.

J. Fiske does not favor of investing in a feasibility study, as she feels Mr. Vasilko’s plan does not fit with the long range mission for the lakefront and she’s not sure if the proposal fits with Northwestern’s plan for its lakefront. She thanked Mr. Vasilko for the time, effort and resources he invested in his vision and proposal.

D. Reynolds said Mr. Vasilko’s plan seems to have two basic revenue sources: commercial venue (marina, hotel, convention center) and a performing arts venue. His research shows, however, that almost no performing arts organizations gain even 50% of their operating revenue
from sales. He doesn’t think that a first class arts organization located in such a facility can
compete with the downtown organizations and raise enough money to profit.

C. Ernst said he doesn’t think this is the place for a plan like this and discussed his issues.
Ownership: Evanston does not own the lakebed, any lake development must benefit all citizens
(not just Evanston), and private ownership of lake development is not allowed under the Public
Trust Doctrine. He doesn’t think Northwestern would be able to build its existing landfill today
due to overlapping agencies responsible for the Lake Michigan. Infrastructure: Evanston, and
landlocked city, does not have the infrastructure to support a project of this magnitude; neither
Sheridan Rd, Church St, or Davis St can support the traffic from the proposal. Lakefront Master
Plan: he feels the proposal goes a bit too far in the way of development to fit with the Master
Plan. He doesn’t want to turn the Evanston lakefront into something like Chicago’s. Finally,
such a proposal requires many years to develop and he doesn’t think this is the solution for the
City’s economic challenges.

Chair Grover inquired whether the Committee should recommend to the Economic
Development Committee that the University and the City discuss the proposal.

J. Fiske said she wouldn’t want such a recommendation to be perceived as endorsement of the
Mr. Vasilko’s proposal for expansion into Lake Michigan, which she opposes. The University
could approach the City with regard to the proposal, but she doesn’t think the University will be
interested in it.

M. Wynne said this proposal is not financially feasible, it is fundamentally at odds with the
Lakefront Master Plan, and opposes approaching Northwestern about it. She opposes a
lakefront marina and says the Wilmette Yacht Club does not make money from its marina. She
pointed out that this development proposal did not come from the community or the committee,
rather from Mr. Vasilko, who is a visionary. She questions whether the community wants such a
development.

Chair Grover said the missing piece of the puzzle is a consensus about what Evanston
residents want and what their lakefront vision is. She asks how we can assess whether there is
larger support for any lakefront development and specifically for this proposal.

P. Berger said the Committee should not recommend to the Economic Development Committee
that it contact Northwestern regarding Mr. Vasilko’s, for the simple reason the City of Evanston
hasn’t decided what it wants.

Chair Grover suggested that the Committee is not the proper venue for those discussions with
the University, but the University’s potential involvement has been discussed simply because of
the location for Mr. Vasilko’s current version of the proposal.

C. Burrus stated that an arts development can generate revenue, but not at a level to get the
City out of debt. Evanston’s smaller arts organizations have trouble generating revenue.
Northwestern has a strong arts community but is struggling to build a new arts center on
 campus. Raising dollars for a music building or an arts building is difficult.

A. McGonigle says he views the Lakefront Master Plan as a binding public citizen document and
that the proposed development would be a diversion from the Master Plan.
Mr. Vasilko addressed the Committee. He asks the Lakefront Committee to review and evaluate his proposal through an economic development lens. He regrets perceptions that the Lakefront Master Plan is controlling when it explicitly does not apply to Northwestern University's lakefront. As to the financial feasibility of his proposal, conclusions at this point would be speculative, and a formal feasibility study would be the best step to take. Contrary to suggestions that the State of Illinois would not permit this development, in his discussions with representatives from the State, they expressed interest in talking about his proposal. Finally, Northwestern has indicated an interest in the proposal based upon his conversations with university representatives. Again, a financial analysis and market study would answer many questions.

J. Fiske remarked that Northwestern, as an interested party, was welcome to attend the Committee's meetings and that Northwestern may come to the City to discuss this proposal.

C. Burrus said that her comments about Mr. Vasilko's proposal are based upon its feasibility and return on investment, and not the Lakefront Master Plan.

Chair Grover said because of the way Mr. Vasilko's proposal has been revised (moved northward, adjacent to the University) the path now leads to the University for this proposal. The location of the proposed site takes it outside the purview of this Committee. She agrees with Mr. Berger that studies are a predicate for such an undertaking, including an assessment of what Evanston wants, regardless of location.

M. Vasilko responded that he has been working to present his proposal to a number of community groups to generate support for it.

M. Wynne explained the process the City undertook to develop the Lakefront Master Plan, which was similar to revising the City's comprehensive general plan, and that the Master Plan precluded this Committee's discussion of lakefront development, which is why she voted against appointment of this Committee. She feels the Lakefront Master Plan expresses the community's vision for our lakefront.

Chair Grover asked the Committee to recognize Mr. Vasilko's undertaking, his efforts to meet Evanston's challenges with a big idea, and for asking the community to think differently about Evanston. She remarked that Mr. Vasilko's proposal was a very positive, constructive response to a problem that the City will struggle with for years. Whether we like the proposal, Mr. Vasilko deserves credit for investing his ambition, energy and resources in it.

For the Committee, Chair Grover suggested either producing a report with a synopsis of the Committee's deliberations, with a recommendation that further discussion about the proposed plan, given its location, will be with Mr. Vasilko and the University. If the University needs the City at the table, then it's the University's decision. Or the minutes of tonight's meeting can simply stand as the Committee's report and recommendation to the Economic Development Committee.

P. Berger said that to be clear as to the Committee's recommendation, it should officially state that it has reviewed and considered Mr. Vasilko's proposal from its first meeting through today and decided that no further action be taken by this Committee or the Economic Development Committee with respect to these plans.
P. Berger proposed a resolution that Mr. Vasilko's proposal from its beginning through tonight's meeting of August 30, 2011, has been considered by the Lakefront Committee and the committee has decided to recommend that no further action or work be taken by this Committee or by the Economic Development Committee with respect to the proposal.

P. Berger proposed a second resolution commending Mr. Vasilko for his initiative, actions, and investment of resources to bring ideas to this Committee and if at any time the City Council decides to pursue such a development proposal, that Mr. Vasilko be invited into any such discussion.

The committee voted 7-0 on P. Berger's resolutions and to have the minutes of tonight's meeting stand as the Committee's report and recommendation to the Economic Development Committee.

NEW BUSINESS
None.

ADJOURNMENT
The meeting adjourned at 8:00 p.m.

Attachments:
- M. Vasilko's concept with island east of the downtown area
- M. Vasilko's concept with island east of Northwestern University
- Comments from M. Eberle, who was unable to attend the August 30, 2011 meeting.
- Comments from M. Sloane, who was unable to attend the August 30, 2011 meeting.
Evanston Lakefront Committee – Final deliberation, comments

To my fellow committee members,

I have found serving with this committee to be both engaging and stimulating. Mr. Vasilko, along with the staff of his design office, is to be highly commended for the efforts they have put forth in considering how Evanston might evolve over time. His willingness to volunteer these efforts on behalf of the city as a whole demonstrates his dedication to the city which he calls home.

The vision of an intensified public district on the lakefront harkens back to the historic civic aimed re-planning of US cities in general and Chicago in particular. In both authoring and steadfastly presenting his ideas, Mr. Vasilko is challenging the city, its officials and its residents in general to consider a bold future for Evanston.

The crux of the issue for me lies in the route this presentation has taken to date and the stated underpinning of its purpose. While on the one hand excited by the notion of the future re-shaping the lakefront, as architects tend to be, I must remain cognizant that the purpose of this plan is to address a current economic stressor. This committee is an outgrowth of the Economic Development Committee where the Lakefront Arts District concept was presented as a potential solution to escalating financial obligations. What I think we have all struggled with over the last several meetings is how to resolve whether a design concept can properly and directly address a financing challenge.

What Mr. Vasilko has presented us with is a compelling notion around which the solution to the underlying issue may be studied. By forging ahead and developing numerous design schemes, what Mr. Vasilko has done is to provide the broad outline, put the initial marks on the blank paper as it were. In my mind, the evaluation of whether this concept will address the growing debt obligations of Evanston will be found not in a design document but rather in the cash-flow analysis of that design. The concept must be tested with the input of experienced developers or tenant organizations in order to confirm that such development can quickly develop a positive cash flow without overly exacerbating the bond obligations in the short-term. It is on the review and vetting of such an analysis that a sub-committee to Economic Development should be working. Only after the economics of the concept have been verified can a Design Committee then begin efforts in earnest to determine which of the previously tested concepts is the most appropriate in realizing both the economic requirements and aesthetic aspirations of the city and its citizens.

In conclusion, it is my sincere hope that neither this grand vision for Evanston's future, nor our architect and resident's civic minded energies fade from frustration or lack of progress. We as a committee have been privileged to see and discuss what will prove to be the most well-considered idea for Evanston150. I thank you for the opportunity to serve with you.

Sincerely,

Marcel Eberle
Evanston Lakefront Committee – Final deliberation, comments

Evanston’s Lakefront is an extremely important and valuable asset for our community. I do believe increased use of this valuable asset is critical. Currently, transportation to the Lakefront is difficult and would be my first priority in increasing its use. I was and continue to be in support of a marina on the lakefront. It could become another financial engine for our community. The Marina could be a place that can generate additional sales tax and tourist dollars. I would suggest working with the City of Chicago in identifying the correct site for it and the transportation program needed for its success. In a perfect world I would like to tie the Howard Street redevelopment to a new Marina and have them both succeed.

I do concur that bringing downtown to the lakefront would be a benefit to the city. Creating a boardwalk between Greenwood and Northwestern would be an added excitement, with small shops, food and street entertainment. The Lakefront is for all residents of Evanston and getting more citizens to enjoy this amazing asset would be my ultimate goal.

MARK SLOANE