

**Economic Development Commission
Wednesday, April 24, 2013
Council Chambers Room
Minutes**

APPROVED

Commissioners Present

Terrance Strauch
Patrick McCoy
Kirk Moffitt
James Kucienski, Vice-Chair
Maureen Ehrenberg
James Persino, Chairman (arriving after minutes approval)
Paul Levine (arriving after minutes approval)

Commissioners Absent

James Berger
William Pabst

Staff Present

Timothy M. Clarke, Community Development Director
Andrea E. Litzhoff, Community Development Intern
Timothy Wiberg, Village Manager
Aaron N. Cook, Community Development Manager
Robert Merkel, Finance Director

Others Present

John Vranas, resident and School Board member, District #74
Hal Franke, Attorney, representing North Capital Group
Robert Rychliki, Kane, McKenna and Associates
Lawrence Elster, Village Trustee
Jesal Patel, Village Trustee
Jerry Turry, Village President

I. Call to Order/ Quorum Declaration

Noting that a quorum was present, the meeting was called to order at 8:05AM by Vice Chairman Kucienski.

II. Minutes Approval

Commissioner Strauch motioned to approve the March 20, 2013 minutes as presented. Commissioner Moffitt seconded. Motion approved 4-0-1 with Commissioner Strauch abstaining.

III. Purple Hotel Development

Director Clarke introduced material prepared by Kane, McKenna and Associates (KMA) concerning TIF revenue projection for the proposed renovated Purple Hotel site. It was indicated that these redevelopment revenue projections for the Purple Hotel site are based on a completely renovated hotel and project revenue for the 23 year lifespan of the Lincoln-Touhy TIF District. It was stated that these revenue projections are related only

to the hotel facility since details concerning future retail development on the property had not been provided.

The KMA revenue projections for the renovated hotel over the 23 year period, included property tax revenue of approximately \$12 million dollars without any tax abatement granted. Director Clarke stated that based on material submitted for the upcoming public hearing, the Purple Hotel owner might decide to seek a 7b Cook County tax abatement and if he did and this was granted, cumulative property tax revenue was projected to be approximately \$8 million dollars over the 23 year period rather than \$12 million. Other tax revenue cumulatively projected over this 23 year period included hotel tax revenue of approximately \$12.7 million, \$912,000 in sales tax revenue and \$806,000 in food and beverage tax revenue. Robert Rychliki of KMA answered specific questions concerning the revenue projections.

Director Clarke noted that the public hearing on the Purple Hotel proposal had been scheduled to begin on May 1st however the property owner recently requested a delay in the start of the hearing until May 22nd. Clarke indicated that changes may be occurring that would affect the site plan as well as the revenue projections that had been produced by KMA. Discussion ensued and Mr. Rychliki stated that the projections presented were conservative numbers based on comparable hotels in the area.

Commission discussion continued on the use of TIF funds and bonding and funding mechanisms including the financing of parking decks. Commission members discussed the type of projects that could be funded using TIF funds. Director Clarke stated that TIF revenues in the past have been used by the Village for environmental remediation, site assembly, water detention and parking lot construction. Mr. Rychliki stated that typically building construction costs are not eligible for TIF funding; however 30% of 3 years capitalized interests on bonds may be TIF funded. Mr. Rychliki stated that the rehab of private and public buildings is eligible.

Commissioner Ehrenberg stated that projects should focus on improving infrastructure and increasing the tax base for an area. Commissioner Moffit opined that soft costs and related professional services should be at the expense of the developer.

It was noted that while state law may permit a certain cost to be TIF eligible, it is up to the Village to decide on what costs it believes should merit TIF funding. Chairman Persino stated that TIF revenues should generally be limited to extraordinary development costs. Discussion continued on TIF projects. Director Clarke indicated that if a developer is requesting assistance, the Village would ask for a pro forma which would then highlight extraordinary costs. Manager Wiberg noted that developers are aware of TIF districts and that pointing out what TIF projects that would not be considered by the Village would be helpful.

Commissioner Kucienski stated that he generally would not be interested in using TIF Funds for rehabbing a building. Commissioner Strauch stated that projects should be evaluated on a per request basis for TIF funding.

Commissioner Levine raised discussion on TIF bonding and discussion continued on the merits and weaknesses of financing methods including whether TIF backed bonds could have a negative impact on Village bond ratings. Mr. Rychliki stated that a pure TIF revenue bond has been used by other communities; however interests on pure TIF revenue bonds are very high. Mr. Rychliki also noted that currently the market is thin for pure TIF revenue bonds.

Commissioner Ehrenberg departed the meeting at 9:15AM.

IV. Radio Advertising

Community Development Intern Andrea Litzhoff presented research she gathered on radio advertisements produced and aired showcasing other Chicago area communities. She noted that radio advertisements were viewed as being successful in Bedford Park and less successful in Hanover Park and Skokie. She stated that representatives of WBBM met with Village staff and suggested that at a minimum the Village would need to invest \$7,000-\$12,000 per month for 6 months to see a successful radio campaign.

Trustee Patel suggested that a print ad campaign using Crain's or LoopNet might be both more cost effective and successful. Many Commissioners indicated that a targeted campaign would be the most effective. Before moving forward, Commissioner Levine stated that staff should reach out to advertising professionals in the Village for their advice. Public relations professionals would best be able to use social media or online platforms to advertise.

Commissioner Strauch stated that any campaign should have a specific focus, such as Purple Hotel redevelopment. Chairman Persino indicated that the Village does not now have any specific sites that lend themselves to mass media. It was indicated that possibly the Lincolnwood Chamber of Commerce could be helpful and it was noted that the Village would need to be appropriately staffed to handle inquiries from any campaign that might be developed.

V. Workshop Meeting Date

Director Clarke noted that the Village Board has an interest in meeting in a workshop setting with the Commission to discuss development priorities. Various dates were discussed with the following dates from the list presented having conflict: June 12, June 13, and July 22, 2013. Director Clarke indicated he will submit the remaining dates to the Village Board for scheduling.

VI. Development Updates

Director Clarke presented the development updates report for April 2013. Discussion ensued on the Town Center warehouse building.

VII. Other Business

Chairman Kucienski asked that at a future meeting that staff explain the internal organizational procedures within the Community Development Department for processing development requests.

VIII. Public Forum

John Vranas stated that branding is important for the Village before advertising initiatives are undertaken.

IX. Adjournment

The meeting was adjourned by consensus at 10:03AM.

Respectfully Submitted,

Timothy M. Clarke, AICP
Community Development Director