

**Minutes
March 9th, 2020
Village of Bartlett
Economic Development Commission**

1) Call to Order

K. Erickson called the meeting to order at 7:04 pm.

2) Roll Call

Present: K Erickson, M Hughes, N. Gudenkauf, J. LaPorte, R. Perri

Absent: S. Gandsey, A. Lewensky, T. Smodilla, G. Kubaszko,

**Also Present: T. Fradin, Economic Development Coordinator
S. Skrycki, Assistant Village Administrator;
J. Dienberg, Management Analyst**

3) Approval of Minutes

A motion was made to approve the minutes from the February 10, 2020 meeting.

Motioned by: J. LaPorte

Seconded by: N. Gudenkauf

Motion Carried

4) Public Comment

None

5) BEDA Program Enhancement

T. Fradin stated that staff, the EDC and the Village Board created the Bartlett Economic Development Assistance (BEDA) program in the 2018-2019 fiscal year as an economic development tool to help attract and retain businesses.

A majority of the eleven short-term complex elements of the Village's Strategic Plan are related to improving the Village's economic development. Four of the items include developing a business recruitment strategy to attract developers to invest in the downtown area and provide options for businesses to locate in Bartlett; to develop strategies for development of Railroad Avenue vacancies; working to improve the retail business profile in the Village; and revisit, refine and execute the Village's overall economic development incentives.

The program was created to help achieve several of those goals.

Since August of 2018, seven grants have been approved for various projects. The total amount of grants approved to date has been \$250,000, leveraging \$2,773,500 in private investment.

Three projects have been approved but not yet completed. Both Siri Indian Grocery and 120 Live are nearing completion of their projects in the coming months. The Still has not yet commenced its expansion and interior improvement project.

While the Village has succeeded in enhancing our business environment via the BEDA program these past few years, we have also found some of the elements of the program as originally conceived as limiting or incomplete in our efforts to make the best use of the funds allocated for this program.

While meeting with numerous potential applicants and pitching this program to desirable businesses as an attraction and retention tool, staff has multiple suggestions on ways to improve it.

For example, when the program was created, we included a caveat restricting individual properties from being eligible for grants more than once every three years. The impetus for this was based on the TIF rebate program that was in place from the late 1980's through 2010 and the desire to spread the rebates around through the entire community rather than concentrating on particular properties.

The best example of this is the Streets of Bartlett, where Mr. Rafidia has been the recipient of two BEDA grants in the maximum amount, totaling \$100,000. He has documented a substantial amount of investment in the property and we continue working closely with him to fill the remaining portion of the former grocery store space.

Attracting a second grocer to the Village is one of the top priorities of the Village Board, the EDC and staff, and we believe that removing the limitation of grants on particular properties for a period of three years could possibly be a useful tool in helping to attract a store to this space despite the two grants already awarded the past two years.

Other properties would also be eligible and may benefit from removing this limitation as we work with existing property owners or investors to enhance commercial buildings over the coming years. We have removed the three-year provision from the application but will continue to be mindful about concentrating too many applications for the same properties.

Another example is removing all language referencing a fifty percent (50%) rebate amount. This came from other towns' programs but generally applied to smaller buildouts than the ones we have worked with.

To date, the grants awarded have ranged from 5% for Streets of Bartlett to 35% for the Still. The Village's economic development team meets to discuss appropriate amounts to recommend to the EDC and Village Board based on several factors prior to presenting a recommendation, so we feel it better to remove the references to a 50% rebate.

Also, when the first applicant (Indian Express) first appeared before the Committee of the Whole, they requested that a business plan be provided. Knowing the risk of first-time business owners, particularly in the restaurant industry, staff has subsequently requested that business plans be provided with the applications.

For those businesses that have already succeeded in Bartlett or elsewhere, we still request that business plans be submitted, but can include less details. We have added language about business plans in the updated application.

Other changes include the addition of consideration of one's military status on applications and additional language that takes into consideration the most challenging properties to attract investment to, such as the former dentist office located next to First Class Cleaners on Main Street, the vacant cottage owned by Franco Vercillo at 143 S. Oak Avenue and the chronically vacant building at 151 S. Oak Avenue.

T. Fradin added that staff wants to continue enhancing the BEDA program to make the best use of limited resources while leveraging the maximum benefit for the Village as a whole.

No longer the pilot program it was two years ago, we feel that increasing the flexibility of the program while simultaneously not offering a fixed percentage may encourage more existing businesses to apply and may provide further opportunities for business owners and investors to continue rehabilitating properties that they otherwise may not have.

We ask the EDC to endorse these changes and consider others that may enhance the overall economic development of the Village throughout the early 2020s.

N. Gudenkauf asked if the Bartlett Tap provided a business plan.

T. Fradin responded that he did and that it was actually one of the more thorough ones that they received throughout the other BEDA applicants.

K. Erickson added that a business plan is extremely important to outlining one's vision of their business. She added that there are many resources available to businesses to help write them out. She added that it is critical to the process and a great requirement to add to the BEDA application.

T. Fradin agreed.

M. Hughes asked what led to the changes, specifically asking if they were an obstacle or even suggested by the business.

T. Fradin stated that the 50% requirement was originally based on an older program with the village. He stated that the change for that was spurred on by how the program has played out in actuality and added that it will help temper expectations by applicants. He outlined that none of the previous grantees have received 50% and this gives staff flexibility when making a grant recommendation.

For the change on the three-year provision per property, Mr. Fradin used the Streets of Bartlett as an example. He stated that while Mr. Rafidia has received two grants to upgrade the two properties, the current rules would limit and prevent a business owner that was a tenant from utilizing the funds to improve/expand their business. He added that they wouldn't want to miss out on a good opportunity for the village based a rule that they made themselves.

K. Erickson stated that she likes the removal of the three-year provision. She stated that it encourages businesses to continue making improvements, and it reinforces the village's commitment to its businesses.

M. Hughes asked if there is a way to recapture if a business applies for multiple grants year-after-year to prop up a poor business plan and ultimately does not make it.

T. Fradin stated that there is not, but it is something they thought about. He stated that based on conversations with the Village Administrator, the thought was that the Village wouldn't want itself to get into the collection agency realm. He added that what the staff strives to do is where the businesses will use grant funds to improve the guts of the building, improving aspects that will stay with the property, and will improve the Village as a whole. He added that a claw-back provision could dissuade property owners from allowing tenants to apply and make those improvements.

R. Perri asked why staff is making the changes with the 50% provision when they have not had a project get near that 50% threshold to this point. He asked for an example of when a project would need 50% or more.

T. Fradin pointed out two photos that were included in the meeting packet. He stated that those two buildings are in dire need of repair, full of code violations, etc. He stated that if the rehabilitation of those properties totaled \$100,000, it is very likely that staff may recommend a 50% grant depending on the circumstances.

R. Perri asked if there was a chance in a similar example for the village to exceed a \$50,000 grant amount to hit that 50% threshold on a project of \$170,000 as an example. He also asked what other communities have as a maximum in similar programs.

T. Fradin stated that the maximum grant amount would remain at \$50,000. He added that Bartlett is in a way a leader in programs like this, and not many other communities have a similar program. He also differentiated from TIF programs, versus one like the BEDA program. He emphasized that he is very happy with the program that they built, and that other communities have reached out to pick staff's brains on the program.

S. Skrycki stated that the program is designed to leverage private investment, not supplement it. He added that staff is proud of their BEDA program and that it is more than many other communities are able to give.

R. Perri said that it is good to hear that Bartlett is a leader in this area. He said it gives Bartlett an advantage over neighboring communities.

T. Fradin agreed and stated that the BEDA program is making current prospects take a harder look at Bartlett, and it may lead to a new building on Route 59.

J. LaPorte asked if the owners can make the improvements for a tenant, and asked if they have been approached about it, specifically the owner of the building with First Class Cleaners on Main Street.

T. Fradin stated that there has been a mix so far of both tenants and building owners applying for and receiving grants. He added that they have approached almost all of the different centers in town about

the program, including the building Commissioner LaPorte asked about. He added that if a tenant applies, they have to provide proof that the building owner approves of the changes/renovations.

N. Gudenkauf asked if the cleaners are tenants or owners.

S. Skrycki stated that they own their half of the building.

M. Hughes asked if it would be possible for an owner to apply for a grant, as well as a tenant for two separate projects.

T. Fradin stated it is possible. He added that with the current changes, they are trying to make the program more inclusive and give staff more latitude. They would like to fix up more of the dilapidated properties, so that staff can then target vacant properties. He stated that the goal of the program is to help local entrepreneurs start a successful business.

K. Erickson stated that these changes open up the box and make it more forward thinking. It's the right thing to do and added that she loves the veteran component of the changes.

T. Fradin thanked commissioner Erickson. He added if any commissioners have any other recommendations to make changes, to let staff know, and that they are always open to suggestion.

R. Perri made a motion to recommend the changes to the BEDA program to the Village Board.

N. Gudenkauf Seconded.

6) New Business

T. Fradin stated that the Village and Chamber are hosting a business workshop on Wednesday morning at Bartlett Hills. He invited the commissioners to attend if they would like. He highly recommended it to any business in town.

K. Erickson stated that she has loved the presentations in the past, and that the speaker is very energizing.

7) Adjournment

A motion was made to adjourn the meeting.

Motioned by: N. Gudenkauf

Seconded: J. LaPorte

Motion Carried. The Meeting Adjourned at 8:03pm