

Minutes

Village of Bartlett Economic Development Commission

January 12, 2015

Chairman Kubaszko called the meeting to order at 7:00 pm.

Roll Call

Present: G. Kubaszko, C. Green, D. Weir, R. Perri, J. Petro, T. Smodilla, M. Sobel

Absent: N. Mehta

Also Present: J. Plonczynski, CD Director; T. Fradin, Economic Development Coordinator

Approval of Minutes

A motion was made to approve the minutes of the December 8, 2014 meeting.

Motioned by: C. Green

Seconded by: R. Perri

The motion carried with all members voting aye (voice vote).

Proposed Downtown Tax Increment Financing District – Review of Redevelopment Plan and TIF Eligibility Report

Jim Plonczynski introduced consultant for the project, Chuck Durham with Kane, McKenna and Associates (KMA). He also introduced audience member, Adam Hopkins, Bartlett Village Trustee candidate.

Jim Plonczynski stated tonight's discussion includes the Eligibility Study and Redevelopment Plan, as proposed by Kane and McKenna. The project originates from the Village's Strategic Plan goal of attracting and retaining a diverse business population and the EDC's recommendation to create a new Downtown Tax Increment Financing (TIF) District to create a future funding source for marketing, financial support of events and potential incentives for future businesses. He noted that the proposed area is larger than the original TIF District. It was expanded eastward to include the Flexonics property as well as the commercial area along Prospect Avenue and Wilmington Drive.

Jim Plonczynski stated the Redevelopment Plan has seven goals: 1) sustain and enhance the downtown area; 2) improve and augment the area's overall land use mix; 3) attract new shopping and service business opportunities; 4) improve the overall physical conditions of the area; 5) maintain an attractive pedestrian environment; 6) improve pedestrian, bicycle, and vehicular circulation; and 7) create a cooperative partnership between the Village and prospective business owners and developers.

Jim Plonczynski stated the estimated project costs are based on TIF eligible costs. These costs/activities include infrastructure; land acquisition; environmental remediation; rehabilitation; tax district costs; planning costs; interest costs; legal and administrative costs. The total estimated TIF budget is \$17.5 million.

Jim Plonczynski stated the TIF Qualification Report concluded the potential TIF District qualifies as a "conservation area" under the Illinois Tax Increment Allocation (TIF) Act. Under the Act, "blighted area" or "conservation area" means any improved or vacant area within the boundaries of a development project area located within the territorial limits of the municipality where certain conditions are met. Jim Plonczynski stated that out of a maximum of 13 factors and where a minimum of 3 factors are needed to qualify as a "conservation area", Bartlett has a total of 6 qualification factors present. This is in addition to meeting the age requirement that states a majority of buildings must be over 35 years in age. The six factors that were present are: 1) lag in the EAV growth; 2) inadequate utilities; 3) excessive vacancies; 4) lack of community planning; 5) deterioration of structures and site improvements; and 6) obsolescence.

Jim Plonczynski stated the Summary of Findings for the Eligibility Report show:

- ✓ the area is contiguous and is greater than 1 ½ acres in size
- ✓ it qualifies as a "conservation area"
- ✓ all property would substantially benefit
- ✓ the sound growth of taxing districts, including the Village, has been impaired by the factors found present
- ✓ the area would not be subject to redevelopment without the investment of public funds, including property tax increments

Jim Plonczynski stated that concludes his presentation but he and Chuck Durham were present to answer any questions. He stated Staff is looking for a positive recommendation from the EDC to the Village Board in order to continue the process and to conduct the Joint Review Board meeting and Public Hearing necessary to adopt the TIF District.

Commissioner Perri asked what the qualification of a “blighted” versus “conservation” area and the difference in what the Village is allowed to do. *Chuck Durham’s reply was inaudible.*

Commissioner Perri asked if we are required to utilize the funds for remodeling structures over 35 years of age or could we simply knock them down? Chuck Durham replied that the TIF Act provides for flexible uses of the funds. *(the remainder of Mr. Durham’s response is inaudible)*

Commissioner Smodilla noted that one of the qualifying factors enumerated in the report was the lack of a distinct Community Plan for this area. She asked if the cost for a revised plan is included in the TIF budget and would it be part of the site preparation/remediation category. Jim Plonczynski replied that is a possibility, but reminded the Commission that the Village applied for and was granted RTA funding for the Downtown Transit Oriented Development (TOD) Plan. He explained that the RTA Grant would go hand-in-hand with the TIF. It would enable the Village to go through the TOD planning process fairly soon; probably this spring and this summer. He stated that once that plan is prepared, the TIF would follow as the funding mechanism to implement that plan. Commissioner Smodilla asked if we would then consider redoing the Metra platform and erecting vertical parking structures. Jim Plonczynski replied that those types of items could come out in the planning process.

Commissioner Sobel asked if the areas on the map that are labeled “not included” because they are primarily residential areas. Chuck Durham replied the focus was on the commercial areas and generally recommend staying away from large residential properties. Commissioner Sobel asked if any property south of Devon Avenue was ever considered or was the area restricted only to the north side of Devon. Chuck Durham replied that south of Devon was considered, but they only included the north side of Devon because: 1) there is a distinct disadvantage of commercial properties in Cook County, and 2) the inclusion of properties in multiple counties would greatly impact the length of time it would take for the TIF process, along with additional reporting requirements.

Commissioner Petro stated the report cited “inadequate utilities” as another qualifying factor. He asked what specific utilities fall under that category. Chuck Durham replied that many of the underground utilities fall into this category, i.e. water mains and sewers. Commissioner Petro asked if there is a fee payable to the State of Illinois to formally submit for a TIF. Chuck Durham replied that as far as adopting a TIF Plan and establishing a TIF District, the answer is absolutely no. He stated the Village does not pay any fees to the State, however Bartlett must keep the State informed of the Public Hearing meetings and produce an annual report to the State of Illinois. He added that if you do not comply with the deadlines for these reporting activities, there are/may be late fees for failure to comply with these reporting deadlines. Jim Plonczynski added that the Asst. Finance Director is very vigilant and makes sure all of the reports for the existing TIFs are filed on time every year.

Commissioner Petro asked if Staff has ever had any pushback or jealousy from other businesses that are not included in a TIF District, and do you anticipate there may be some jealousy or resentment from other commercial properties not included in this TIF. Tony Fradin replied that it hasn’t been a large issue because the downtown area has always had a number of disadvantages over other commercial properties in the Village, but the issue has been raised in the past. Jim Plonczynski added that other

commercial property (shopping center) owners have been granted other incentives such as sales tax incentives or infrastructure improvements to help those owners that need help in those areas.

Commissioner Smodilla asked if there has been any sense of anticipation of the creation of a TIF District by the existing downtown businesses. She stated that Lucky Jack's is the building that immediately comes to mind. Tony Fradin replied yes there is an interest, especially by the downtown business property owners.

Commissioner Smodilla stated that although she generally believes in a TIF district, especially for a downtown area, she agrees with Commissioner Petro regarding the business owners in other sections of the village that are not able to take advantage of TIF dollars. She stated she also would hate to think that the downtown business owners are putting off necessary improvements to their businesses simply to take advantage of a possible rebate of tax money. She added that she is somewhat hesitant about a Downtown TIF District, given that it wasn't that long ago since the last one. Jim Plonczynski replied the last one concluded in 2010 and stated there were many businesses that took advantage of TIF dollar rebates to upgrade their properties. He added that there are new businesses now that can take advantage of TIF dollars, in the form of rebates, to upgrade or redevelop their properties/businesses.

Commissioner Sobel asked if there were any lessons learned from previous TIF experiences. Jim Plonczynski comically replied that the lesson he has learned was to never do this when the economy is about to crash. He stated that was the precise problem with the TIF at Route 59 and Lake Street, although he added that a big error on Bartlett's part was the failure to make that TIF district big enough and capture enough of the surrounding properties. Jim Plonczynski stated that one other lesson learned was not to set the parameters of the dollar amounts too strictly and perhaps to be more flexible in terms of what the rebates can be used for. He added that the Village learned about budgeting for environmental issues that may be encountered along the way. Commissioner Sobel asked that the Village make a list of "best practice" items to be included, based on the experiences of past TIFs. Jim Plonczynski replied that will be included and further defined later in the process.

Commissioner Smodilla stated that Lucky Jack's is a perfect example of a blighted property. She asked if there are any development plans for that building that have been tossed about. She added that it seemed to go back to the idea that Bartlett lacks a community plan for this area and suggested we go back to the drawing board to define what the vision is for the downtown area and the ability to attract the right use for the space and develop a continuity plan. Jim Plonczynski replied some developers want to act quickly and in the case of Lucky Jack's that seems to be the case. Other developers seem to have a long, vision that runs along the lines of land assembly for greater commercial use with a component of residential in a vertical fashion. Commissioner Smodilla stated it seems obvious that we should develop a robust vision for that area. Jim Plonczynski stated the RTA Grant is on board and the next step is to pick a consultant in that process, but meanwhile, the TIF District still has to move forward in order to qualify for the State requirements. He reiterated that the TIF District has to be in place for the funds to be in place.

Commissioner Weir asked what would be involved if we now decided to increase the TIF District boundaries to go further toward Lake Street in order to include the strip mall at Lake and Oak Streets. Jim Plonczynski replied that the Village Trustees have, in the past, looked at other areas in the Village that could qualify as blighted areas and therefore be designated as additional TIF Districts. He stated one area that was looked at was the corridor that runs along Lake Street, basically from the realignment of North Bartlett Road and Oak Avenue that would run east to the village boundary, which would be

approximately Park Boulevard. Presently, the new TIF District boundaries end at North Avenue at Oak Avenue so as not to include residential areas between North Avenue and Lake Street. So, instead of extending this downtown TIF to Lake Street, it would be more prudent to create one along that Lake Street corridor because it could clearly be classified as a blighted area and/or a conservation area. It certainly has been considered over the years, but has not yet made the priority list for the Village Board in its Strategic Plan. *Chuck Durham's response was inaudible.* Commissioner Petro asked if the omission of the dental surgery business at Oak and North Avenues was because it would skew the numbers for the TIF District. Jim Plonczynski replied that it was not included in the previous TIF, but it could be if that is what the Commissioners recommend. Chuck Durham stated it is easier to change the boundaries now rather than later. Commissioner Green stated and Commissioner Smodilla agreed that it seems like a glaring omission. Jim Plonczynski stated that property is actually zoned residential and the business use has been grandfathered in. In order to qualify for any consideration for a TIF rebate, the property may have to be re-zoned as a commercial property.

Commissioner Green asked for clarification regarding the eight items listed in the memo as activities and what TIF funds could be used for if the Redevelopment Area was approved. Chuck Durham replied it was simply a blueprint or menu of activities that TIF funds could cover. Commissioner Green stated that in the last TIF, the school and library payments didn't kick in until the TIF expired and what was left over. She asked if this document said they would be eligible for TIF funding during the life of the TIF. Chuck Durham replied that under new TIF guidelines, if a residential project occurs in the future and utilizes the services of the schools and the library, you are entitled to a payment. If they do not occur, you are not entitled to a payment. Commissioner Green asked if included an increase of people using these services, anywhere in the Village or simply increasing people in the TIF area. Jim Plonczynski replied that it would be only in the TIF area. It would be if there was an increase of residential development within the TIF district in the Redevelopment areas, then it would kick in.

Commissioner Green stated that the Village Board has viewed this document and asked what the next step was. Jim Plonczynski replied the Village Board reviewed this item at the Village Board Committee level and referred it to the EDC for discussion and recommendation. He stated it will go back to the Village Board, they will conduct a Public Hearing and then it will go for a final vote and creation of three ordinances. Commissioner Petro restated that the EDC needs to make a formal motion of recommendation that will be forwarded to the Village Board.

A motion was made to recommend the Village Board proceed and move forward with the creation of a Downtown TIF District.

Motioned by: J. Petro

Seconded by: M. Sobel

The motion carried with all present members voting aye with one abstention (voice vote).

Commissioner Smodilla asked if the EDC could again discuss the Spartan Consultant Report that was presented last month, as there were many details that resonate with the current TIF study. Jim Plonczynski replied that John Karnatz indicated there is a written report that was supposed to be given to the Village at the conclusion of the semester. He added that Bartlett Staff will follow up to get that full report. Commissioner Smodilla strongly suggested that Bartlett utilize the bucket of resources available wisely and tap into the enormous information put forth by the Spartan Consulting Report and the Kane, McKenna Associates proposed Redevelopment Plan. Commissioner Smodilla suggested that the EDC also

review the Village Marketing Plan. Jim Plonczynski stated that would be a likely off-shoot of the Village's Strategic Plan.

Commissioner Green asked about the Video Contest. Jim Plonczynski replied that the Video Contest is open and Bartlett will be working with a South Elgin High School video class this semester in hope of making an economic development video.

New Business

Tony Fradin announced that two small businesses just opened as of the first of the year, Ion Nutrition located at 138 S. Oak Avenue and Book Lady's Book Attic, also located at 138 S. Oak Avenue (upstairs unit).

Tony Fradin stated that Ion Nutrition is located in the space previously occupied by the candy store. Former Bartlett resident, Neal Cervone, opened the business and strives to be your source for vitamins, sport nutrition, diet supplements, protein, and much more at competitive prices.

Tony Fradin stated that Book Lady's Book Attic is located upstairs from Ion Nutrition at 138 S. Oak Avenue. Owner and Village resident, Pam Jaramillo, has turned her long-term love and knowledge of books into a used book store in downtown Bartlett.

Tony Fradin stated both of these businesses are small, single proprietorship businesses and urged the Commissioners and residents to shop local as much as possible.

Commissioner Perri asked if there has been any interest in the old Dominick's building. Tony Fradin replied there is no solid, potential tenant for that space. He added that the parent company, Safeway, continues to pay the rent for that space.

Commissioner Perri asked if the dirt removal on the property located at Route 59 and West Bartlett Road is being done at the request of a developer. Jim Plonczynski replied that is being done at the request of the property owner.

Commissioner Smodilla asked if there has been any change in the vacancies in Brewster Creek Business Park. She noted that the RhinoDox building had a name change. Tony Fradin replied they were acquired by a larger company. He added that a very large candy packaging and processing company in the market will soon be locating in in the former Victory Land Group building in Brewster Creek Business Park. Commissioner Smodilla asked how many jobs that would bring to the area. Tony Fradin replied that it would be approximately 300, however it would be 20 to 30 full time positions and the remaining positions are hourly and contractual positions.

The meeting adjourned at 8:30 pm.