



Village of Lombard

Village Hall
255 East Wilson Ave.
Lombard, IL 60148
villageoflombard.org

Minutes

Economic & Community Development Committee

Bill Johnston, Chairperson
Reid Foltyniewicz, Alternate Chairperson
Dennis McNicholas, Garrick Nielsen, Matthew Pike, Brian
LaVaque, Paula Dillon, Laine Vant Hoff, Gregory Ladle and
Alan Bennett
Staff Liaison: William Heniff

Monday, November 12, 2018

6:00 PM

Village Hall - Communtiy Room

1.0 Call to Order and Pledge of Allegiance

Trustee Johnston called the meeting to order at 6:04 p.m.

The Pledge of Allegiance was recited.

2.0 Roll Call

Present 8 - Bill Johnston, Dennis McNicholas, Brian LaVaque, Matthew Pike, Paula Dillon, Laine Vant Hoff, Gregory Ladle, and Alan Bennett
Absent 1 - Garrick Nielsen

Also present: William Heniff, AICP, Director of Community Development; Jennifer Ganser, AICP, Assistant Director of Community Development Zoran Milutinovic & Robert Rychlicki of Kane, McKenna & Associates, Inc.

Trustee Johnston said Mr. Bennett is now a full voting member of the ECDC. The Village Board approved his appointment on November 1st. Mr. Bennett has been an advisory member of the ECDC for some time and has made good contributions to the Commission.

3.0 Public Participation

None

4.0 Approval of Minutes

On a motion by Mr. Pike, and seconded by Ms. Dillon, the minutes of the October 8, 2018 meeting were approved by the members.

5.0 Unfinished Business

[170188](#)

101 - 109 S. Main Street - Request for Proposals (RFP)

Review and recommendations of submitted Request for Proposals (RFP) pertaining to the sale and redevelopment of the 101 - 109 S. Main Street property owned by the Village of Lombard. (DISTRICT #4)

Trustee Johnston thanked everyone for attending the ECDC meeting. The only agenda item is the RFP for 101-109 S. Main Street. We are reviewing two RFPs for the site. We began this discussion at the August meeting and continued the discussion to the October and now November meeting. We've heard many good comments and questions and hope to continue that tonight. The order of items is as follows: next, a 15 minute total period will be opened for public participation; staff will then summarize their memo; Kane McKenna will summarize their report; the ECDC will ask their questions and engage in discussion; last the ECDC can make a recommendation vote. Upon a roll call vote, the item will be closed. The next step will be a Village Board workshop discussion on Wednesday, November 28th at 7pm, which is open to the public.

Trustee Johnston opened the meeting to public comment.

Kevin, a twenty-year resident, said at the heart of the community is character and the Luxica plan has more character. It allows families to enjoy the space all day. He is placing his support and investment in the Luxica plan.

Raj, a resident on Charlotte Street, said he supports Luxica for commerce instead of apartments. He asked Luxica how the sales tax dollars will be preserved since they reduced the size of the plan. Mr. Chris Czarnowski said the space removed was the civic space and they will be buying and using the former Lombardian building for that use. That space did not create sales tax; therefore the numbers are the same.

Mr. Chris Joyce, a twenty-two year resident, asked why Luxica removed the residential. Mr. Czarnowski said it helped maximize his cost benefit analysis, reduce the incentive request, and create a long term benefit.

Mr. Matthew Schmidt, a nineteen year resident, said he works in real estate and the downtown is lacking the ability to compete with south Lombard. Retail and local amenities are needed. He said we need to create areas of interest first and create something people will want to

come to.

Mr. Chris Burley of North Charlotte said his daughter recently got married and they couldn't find a space in Lombard for a reasonable price. This site is near churches and could offer something new. He said there are plenty of apartments.

Ms. Deb Dynako of 125 S. Craig said she reviewed the materials and numbers. She said there is an intrinsic value to the community, neighborhood property values, and quality of life. She said she went to Elmhurst and saw their apartments which are a giant wall with no neighborhood feel or trees. She said the C in ECDC stands for Community and thinks the ECDC should look at the creative development of the property, the value of the site, and the legacy. It needs to be factored beyond the money.

Mr. Andy Lynch of 142 S. Charlotte said he talked to his neighbors about the ideas and said both entities did a great job with their plans and changes. He asked Holladay what is the setback on the east side. Mr. Mitchell said the building is not designed yet and can be modified to work with the neighborhood. Mr. O'Connor said the parking is mostly below grade. Mr. Lynch said he hopes everyone can be good neighbors. He said the RFP missed evaluating that the property was a gift and the non-binding decision of community space should be considered. He said most people want Luxica.

Ms. Lynn O'Donnell, a twenty-two year resident, said she supports Luxica. She said we don't need residential; we need a community draw and area. She said she is on the Lombard Historic Preservation Commission and Lilia Park is close to being on the National Register. The Luxica plan would be a nice draw for those coming to Lombard to see the park.

Trustee Johnston said public comments are now closed and the meeting is open to the Commissioners.

Mr. Heniff reviewed the staff memo and noted that comments from the previous two meetings are part of the record. He said the RFP used the best deal provisions and the ECDC is only recommending a preferred developer. The Luxica plan changed and now has zero residential, Holladay has residential and commercial. Prairie Food Co-op is in both proposals. Mr. Heniff went over aspects of the staff report. He reviewed multi-family development and noted there have been four

projects approved since 2000. He referred to the map of vacant commercial spaces. He discussed the TIF fund balance and noted that 90% of the TIF monies go back to the taxing districts. The Village has obligations in the TIF for grant money and Public Work projects. He said the reports have been expanded to show a twenty-year period, instead of ten. He said while property tax impacts are mostly a known, retail sales taxes are not. In order to collect, a retailer needs to occupy the space. He reviewed a chart of past incentives and discussed the O'Reilly's Auto Parts that turned into a medical office, not collecting sales tax. He noted the ECDC will recommend a preferred developer. There will still be a public hearing, negotiations, and an incentive review. He discussed cannibalism from retailers, disposable income of new residents, and money from the State. He reviewed meetings that the staff held with both Luxica and Holladay. Last, he reviewed the RFP review criteria.

Mr. Czarnowski said the Luxica plan reduced the flex space so the sales tax numbers stayed consistent and that the project has \$2 million in equity.

Mr. Rychlicki reviewed the KMA report. He noted the chart showing the property taxes out for 20 years to all districts. KMA looked at the two proposals independent of Prairie Food Co-op. He reviewed the requested incentives. Mr. Rychlicki said the TIF ends in 2024 and the numbers were updated to show that. He discussed how the numbers can be shown in present value and net present value. Per the chart on property taxes, the Holladay development will pay more in taxes. He discussed the proposed compensation for the land. Based on this the net revenue is higher for the Holladay development.

Mr. Czarnowski asked if Mr. Rychlicki could explain the benefit to the Village versus other taxing districts. Mr. Rychlicki said the Luxica development has the potential to produce higher sales and food and beverage taxes.

Mr. Bennett said the ECDC was tasked to look for the best deal and to review the economic component. He said he reviewed the materials and noted 10 concerns he has on the Luxica project. Ms. Ganser passed out materials to the ECDC from Mr. Bennett. The 10 concerns were quotes from the KMA report regarding incentives, the TIF, and the financial aspect. He said based on revenues, the best deal for the Village is Holladay.

Ms. Dillon asked Luxica what is the failsafe plan if the national retailer goes out of business. Mr. Czarnowski said first, the \$100,000 is not up-front that is upon completion, the majority of the incentive request is performance based. He said their debt service coverage is 1.4 and they could still pay their debts if a tenant left. He said a national tenant would not sign a lease until a project is further along and they may sign a lease for 10 years or more. He said if the project is doing well he can share with the Village.

Mr. Ladle said if Luxica buys the land for \$1 the asset is gone. With Holladay the Village would have \$1.5 million. He asked if Luxica should include that as an upfront incentive as they want the land first. Mr. Czarnowski said his proposal includes a clawback if the land is sold within seven years. Mr. Ladle said that is profit or revenue sharing and, he said the Village will be giving the land at a reduced price which should be factored in. Mr. Czarnowski acknowledged that their offer is \$1 versus \$1.5 million from Holladay. Mr. Ladle said if the project is not successful the Village could lose the value of the land. Mr. Czarnowski said the Village would receive sales tax, if the property was foreclosed the bank would have lien rights. Mr. Ladle said the ECDC has seen requests for existing businesses asking for TIF funds and reviewed the Public Works projects that could be completed. He said there are available properties in the downtown that could use the TIF funds for grants. He said he agrees with Mr. Bennett.

Mr. LaVaque asked what the appraised value of the land is. Mr. Heniff said the Village doesn't have a final appraised value but speculates it is close to the number Holladay proposed. Mr. LaVaque said \$1.5 million is a small portion of the Village's budget. He said the ECDC should look at the history of the site and keep a portion as open space for the public. For Holladay, the property can only be enjoyed by those who live there. There is risk with both projects, but for this property the ECDC should consider the community use to help other property owners and residents who already live here. He said he would recommend that others consider Luxica.

Ms. Vant Hoff said she reviewed the property taxes each development would generate over 20 years and that Holladay would generate much more than Luxica. As a new parent she noticed the amount of taxes the school districts would receive. She said Holladay has proven they can develop this property and drove by their project in Downers Grove. She said the downtown will benefit from this and we need people rather than more empty storefronts.

Mr. Czarnowski said the taxing districts would incur costs as well.

Mr. McNicholas said he has been on the ECDC for a long time and remembers when the property was considered for other uses. Ms. Ganser passed out materials to the ECDC from Mr. McNicholas. He said it is a different time now regarding finances and the Village can't depend on the State for funding. Our future financial security depends on us being prudent with funds. He discussed the Prairie Path condos and how the commercial spaces were vacant for years. Since Luxica removed the residential units he wonders where the customers would come from and if the new businesses would cannibalize existing businesses. If the project goes bankrupt then the gift to the Village becomes a gift to commercial lenders. He said Trustee Tross' comments may not have envisioned an incentive request. He said the responsibility here is to the community as a whole. He said he agrees with Mr. Bennett.

Mr. Bennett made a motion to recommend that the Village Board enter into negotiations with Holladay Properties on a purchase and sale agreement for the subject property. Mr. Pike seconded the motion. Ms. Ganser asked if there is any discussion of the motion. Ms. Dillon said she agrees with Mr. McNicholas' statements.

Trustee Johnston thanked everyone for attending and giving comments. Mr. Heniff said the next step will be a Village Board workshop discussion on Wednesday, November 28th at 7pm, which is open to the public.

On a motion by Mr. Bennett and a second by Mr. Pike, the ECDC unanimously voted 7-0 to make a motion to recommend that the Village Board enter into negotiations with Holladay Properties on a purchase and sale agreement for the subject property.

Aye: 7 - Dennis McNicholas, Brian LaVaque, Matthew Pike, Paula Dillon, Laine Vant Hoff, Gregory Ladle, and Alan Bennett

Absent: 1 - Garrick Nielsen

6.0 New Business

7.0 Other Business

8.0 Information Only

Ms. Vant Hoff asked if the Hilton Tru was approved. Ms. Ganser said

yes, in August. Mr. Heniff said the development has applied for permits and they are under review

9.0 Adjournment

On a motion by Mr. Bennett and a second by Ms. Dillon, the meeting adjourned at 7:21 p.m