



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,
Markus Pitchford, Christopher Carter and
Paula Dillon
Advisory Members: Alan Bennett and Larry Kelly
Staff Liaison: William Heniff

Monday, September 14, 2015

7:00 PM

Village Hall - Community Room

1.0 Call to Order and Pledge of Allegiance

The meeting was called to order by Trustee Johnston at 7:00 p.m.

The Pledge of Allegiance was recited.

2.0 Roll Call

Present 7 - Trustee Bill Johnston, Dennis McNicholas, Brian LaVaque, Garrick Nielsen, Markus Pitchford, Matthew Pike, and Christopher Carter

Absent: Andrea Harnden (Andrea provided notice that she is resigning from the Committee).

Also present: Scott Niehaus, Village Manager; William Heniff, Director of Community Development; Sarah Richardt, Executive Director of Lombard Town Centre; Paula Dillon, Alan Bennett and Larry Kelly, pending ECDC members.

3.0 Public Participation

There was no public participation.

4.0 Approval of Minutes

A motion was made by Mr. Pike, seconded by Mr. Carter, to approve the minutes from the August 10, 2015 meeting. The motion carried by the following vote:

Aye: 6 - Dennis McNicholas, Brian LaVaque, Garrick Nielsen, Markus Pitchford, Matthew Pike, and Christopher Carter

5.0 Unfinished Business

There was no unfinished business.

6.0 New Business

[150368](#)

Downtown Improvement and Renovation Grant Program

Discussion of parameters required for proposed projects to qualify for the program. (DISTRICTS #1 & #4)

Following up from the discussions as the July and August meetings, Mr. Heniff summarized the staff memo included within the packet pertaining to possible changes to the Downtown Improvement and Renovation Grant Program (also known as the Façade Grant Program). Specifically, the policy issue regarding the replacement of materials paid for by TIF grant dollars in the past and the applicability of such grants to items that may be replaced in multiples was discussed. Staff collected the comments offered by the ECDC in the past and prepared draft policy amendments for the committee's consideration.

Staff notes there are multiple properties and applicants that have received more than one façade grant in the past. Also, eligible improvements such as signage and awnings are changed more frequently than a complete building façade. As such, the draft language recommends the ECDC continue to allow multiple applications, but lower the percentage from 50% to 25% when signage or awnings have been previously granted TIF dollars to the same applicant at the same location. This would allow an applicant at the same location to apply numerous times and still receive the full 50% grant for new façade enhancements, but only receive 25% when signage and awnings were previously given a grant. This change continues to help the existing businesses and property owners, but tapers down the amount of TIF assistance.

Per ECDC suggestions at the August meeting, Mr. Heniff noted that staff incorporated a time limit of seven years for when a new sign or awning can be applied for. Seven years is consistent with past Village time allowances for sign amortizations and would allow for a new grant to be applied for after that period. A new business, new property owner, or a business moving locations would be eligible for the 50% grant for a new sign or awning.

Chairperson Johnston opened the meeting for public comment. Tom

Masterson, property owner of the 128-134 W. St. Charles Road property then discussed his thoughts regarding the grant program and his pending application before the Committee. He referenced the history of his own awnings on his property, which started the discussion regarding the grant applicability. He stated that he could have used past grant dollars on a vinyl awning that would have been able to last longer, but he believes the fabric awning was more consistent with the historical character of the building. He noted his past grant approvals for various improvements to his property since the TIF District was created and he stated that changes now would not be consistent with the intent of the grant program. He noted that awning improvements are deemed to be worthy improvements to the downtown based upon the TIF Redevelopment Plan. He also noted that his awning request is not a repair but rather a replacement and should be reviewed as such.

Chairperson Johnston noted that much of what Mr. Masterson discussed pertains to his request specifically, which is on the agenda for later in the meeting, but his comments can be considered as part of the overall discussion.

Discussion was then offered by the ECDC members. Mr. Carter expressed concerns regarding the amortization concept, stating his concern that the committee discussion suggested that the grant could be tied to the useful life of the item to be replaced through the grant. Mr. Heniff noted that the intent of the timing in the draft for signs and awnings was to address this concept.

Mr. Bennett noted a couple of items for clarification purposes. First, he questioned that if Mr. Masterson already put up the awning, should his request actually be considered for a grant. In response, staff noted that Mr. Masterson did make his request, but as this policy matter was pending before the Committee, staff would not be able to represent that he would or would not be able to receive a grant during the interim period. However, he still had the right to install an awning in the meantime. If the grant was approved then he could receive a reimbursement.

Mr. Bennett also stated that the first sentence of the procedural requirements should read "his/her" instead of "their".

Mr. McNicholas expressed several comments on the reimbursement for signs and awning. He suggested allowing long-term businesses or property owners an opportunity to apply for additional grants for signage and awnings. He noted that historically these requests have had a contract price of under \$2,000.00 and suggested making that a

maximum amount for additional requests. He said the applicant could be eligible for the full fifty percent, which would be approximately \$1,000.00. He also noted the IRS ammonization of seven (7) years for an awning and suggested that time limit be added to the grant guidelines.

Mr. Pike suggested that the Committee should look at Mr. Masterson's grant based upon past practices rather than the changes that are being considered by Committee.

Other comments raised by the members included that:

- 1. the applicant should be present at the ECDC meeting to present their request,*
- 2. a specific effective date (such as January 1, 2016) should be offered with a notice to businesses or property owners regarding any grant program changes; and*
- 3. setting a grant cap with a statement that if additional dollars are desired, it needs to be identified as part of the request and would need Village Board approval.*

Mr. Heniff noted that the suggestions offered by the ECDC do not necessarily need to be memorialized into the program requirements. The ECDC could state the suggestions are the items that the members should consider when voting on a grant request. It may not be possible to think of every possible scenario for inclusion in the grant program. He then stated that staff would review the proposed amendments and provide a revised document for consideration at next month's meeting.

[150426](#)

Downtown Improvement and Renovation Grant Program: Thomas J. Masterson and Company - 128 W. St. Charles Road

Recommendation from the ECDC approving a grant request for 128 W. St. Charles Road. (DISTRICT #1)

The ECDC then considered the grant request that was raised in the previous grant discussion for a replacement awning to Thomas Masterson's building and business.

Recognizing the aforementioned comments, on a motion by Mr. Pike and seconded by Mr. Nielson, the grant request was unanimously approved by a 6-0 vote in an amount not to exceed \$847.50, subject to the conditions in the staff report.

- 1. The project must comply with the Illinois Prevailing Wage Act.**
- 2. Permits must be applied for and received for all of the work.**
- 3. Before the grant can be paid out, the petitioner will submit a final receipt (showing the project is paid in full) and waivers of lien from the contractors.**

[150378](#)

Lombard Economic Incentive Policy - Initial Overview

Discussion of general policies and the framework for the Lombard Economic Incentive Policy. (DISTRICTS - ALL)

Mr. Heniff introduced the draft Lombard Economic Incentive Policy for ECDC consideration. Supplementing the report, he also prepared a PowerPoint presentation summarizing key points in the policy. He discussed key points in the policy and discussed each of the sections. He noted that the policy is intended to be a primary tool for staff and Village officials to use when considering whether a business is worthy of an incentive. The rationale is further supported by the 2011 Economic Development Strategies Report that was supported by the ECDC. The policy should follow accepted practices and standards to ensure overall effectiveness. He referenced the sixteen overall goals raised at the August ECDC meeting and the general concept that incentives should be subject to a "but for" test. Mr. Heniff referenced past programs, goals, and grants previously approved by the Village that set the framework for an overall policy.

He then discussed in detail the four types of incentives, including performance based, property tax based, incentives associated with public capital improvements, and incentives to advance Village goals and policies. Specifics pertaining to each of these programs were offered. He also noted a draft exceptions provision to be incorporated into the agreement that would provide for a super-majority of the Corporate Authorities for adoption if a grant request did not meet the parameters of the policy. He referenced the questions page at the end of the policy, which is intended to be used as a toll by Village officials to determine if a request is worthy of favorable consideration.

The Committee members were generally supportive of the proposal. Staff stated that this will be brought back to the ECDC for final consideration in October, with the Village Board considering the matter before the end of the year. Chairperson Johnston noted that this will be a good tool for the Village to have in place and it is consistent with the Board Strategic Plan initiatives.

[150427](#)

Sam's Club Economic Incentive Agreement

Recommendation for an Economic Incentive Agreement for a proposed Sam's Club retail establishment to be located at 611 E. Butterfield Road. (DISTRICT #3)

Mr. Niehaus introduced a summary memorandum to the ECDC relative to a request for an economic incentive grant request associated with a proposed Sam's Club to be constructed at 611 E. Butterfield Road. Staff has been working with the petitioner for a

number of zoning and development entitlement efforts and in companion, Sam's has identified a need for an economic incentive to make the project viable. The rationale for the request is based upon anticipated extraordinary costs associated with the project development that are generally unique to the proposed development site.

The Village also anticipates that the project is expected to create job opportunities and will serve to further the development of adjacent areas within the Butterfield Road corridor, by strengthening the commercial sector and enhancing the tax base. The project was also deemed attractive as the Village does not have a warehouse club retail store within the Village. The use will reduce a leakage within the existing market and provide existing residents the opportunity to make purchases within the community. Given Sam's Club national stature, staff also anticipates a significant influx of dollars from outside the Village. There may be an ancillary benefit to Yorktown and other centers as it draws greater number of shoppers to the area.

Mr. Niehaus then referred to a chart within the staff report to discuss the nature of the agreement. They are seeking an economic incentive in a net present value amount of \$2,511,000.00, to cover extraordinary costs associated with the project. A Sales Tax Incentive Agreement was selected as the best approach for this project, as the project will be constructed and operated under a long-term ground lease (versus being an owner incentive). Performance based agreements also minimize risk to the Village.

The developer will supply the Village with copies of state sales tax information which will serve as the basis for the reimbursement. The developer intends to occupy the site for a period of at least ten years. However, if they do not occupy the site, no revenues will be redistributed back to the developer. If they perform poorly or below expectations, this will not impact the Village's obligations as it is performance-based only.

To account for administrative costs, the loss of the business activity and their corresponding property tax assessments, and to address the possibility of market cannibalization, the Village will retain the first \$136,000 of sales taxes generated as part of the project. Also, as there is a net present value adjustment associated with the project, there may be a desire by the Village to pay off the incentive earlier than projected. He also stated that two scenarios were modeled - the developer's projections and a more conservative projection by staff. He stated that such analysis is appropriate as it helps determine the worthiness of the incentive and various possible outcomes. In closing,

he noted that many past grants of this nature went directly to the Village Board. Staff envisions such requests of this nature will be brought before the ECDC in the future.

The members then discussed the incentives and the two hypothetical models. Mr. McNicholas asked about the conservative scenario two and how it considered any loss of business that could occur from other Lombard businesses. He also opined whether it would be good policy to outreach to other such businesses and inquire if they had concerns. Mr. Niehaus noted that the agreement will account for a cannibalization factor as it pertains to proposed Village revues.

Mr. Nielsen asked about the term of the proposed lease agreement, noting that a short term lease may not be as attractive when considering a grant. Mr. Heniff noted that the Village is not a part to the proposed lease but it would extend beyond the like of the incentive agreement. He would confirm the specific time periods contemplated through the lease agreement.

On a motion by Mr. Nielsen and seconded by Mr. McNicholas, the incentive request was recommended for approval by a 6-0 vote. Mr. Heniff noted that it would be brought to the Village Board for final consideration at the Village Board's October 15 meeting, concurrent with the final reading of the ordinances of approval for the zoning matters.

7.0 Other Business

There was no other business.

8.0 Information Only

Ms. Richardt summarized her report to the ECDC. She noted that Paradiso opened and Marquette Kitchen & Tap is slated to be open within the next month. Babcock's of Lombard, a proposed restaurant at 101 W. St. Charles Road, is proceeding with architectural design and development. The building at 24-28 W. St. Charles Road, occupied by Pillar Real Estate, Fairy Tales, Esquire Barber Shop, and Catholic Charities, is on the market for \$749,000.

9.0 Adjournment

A motion was made by Mr. Pike, seconded by Mr. Pitchford to adjourn the meeting at 8:35 p.m. The motion carried by the following vote:

Aye: 6 - Dennis McNicholas, Brian LaVaque, Garrick Nielsen, Markus Pitchford, Matthew Pike, and Christopher Carter