

CITY OF COUNTRYSIDE

*5550 East Avenue
Countryside, IL 60525
www.countryside-il.org*



Meeting Minutes

Regular Meeting

Economic Development Committee

Wednesday, July 24, 2019

6:30 PM

City Hall

Board Members

**Chairman, John Von Drasek
Alderman Mark Benson
Alderman John Finn**

1. Call to Order

The meeting was called to order at 6:30 p.m.

2. Roll Call

City Administrator Paul called the Roll of those physically present as follows:

Present: Chairman John Von Drasek, Alderman Mark Benson, Alderman John Finn

Also Present: Mayor McDermott, City Administrator Paul, Finance Director Schutter, Ald. Jasinski, Ald. Mikolyzk, Atty. Peck

3. Approval of Meeting Minutes

The minutes of the Regular Meeting of June 26, 2019 were previously distributed to Board Members. Chairman Von Drasek asked if there were any corrections to be made to said minutes. There being no corrections or additions, motion made to approve the minutes of the Regular Meeting of June 26, 2019, as presented.

A motion was made by Alderman Benson, seconded by Alderman Finn, that this matter be APPROVED. The motion carried by the following vote:

Aye: 3 Alderman Von Drasek, Alderman Finn, And Alderman Benson
Nay: 0

4. Comments from the Public – none**5. Consideration of an Economic Incentive Agreement by and between the City of Countryside and Napleton's Countryside Motors, Inc.**

City Administrator Ms. Paul stated when the Napletons last appeared they produced a dealership plan showing the new Mazda Look – basically black and silver outside and wood grain inside – very upscale professional type of look. They are seeking an extension of their tax sharing agreement. This Committee preferred to see a new redevelopment agreement drafted; the City attorney has done so and it is attached herein. All parties have reviewed and revised the document. In summary, once the original agreement has been paid in full, the new agreement will fall into place. Tax sharing will continue 50/50 up to a maximum of five years, at which time the City would retain 100%. The dealership will be completely remodeled; lots will be resurfaced and restriped; estimated cost for these improvements is \$2.5M. Napleton plans have been approved by the Building Department and they are ready to proceed.

Mr. Steve Napleton, stated that his father has had a dealership for 34 years. He does not foresee a circumstance where they would sell the dealership in the future, but concerns were raised that if the City Council agrees, eight years from now, if they want to sell the dealership, language herein indicates that they would be repaying the economic incentive because they ceased their own operations. They would like that to transfer to the buyer with City Council approval. Ms. Paul stated that was not included herein because the original agreement has already been transferred twice. If the EDC is willing to make that change, language pertaining to some type of hardship could be added to complete a transfer. Once renovations are complete the building will be worth more – should the new owner pay more – that is the question. It could be included under certain circumstances – the attorney could draft additional language. In thinking ten years ahead, Mr. Napleton wants to be sure the company is protected from paying the full amount, should that happen.

Ms. Paul stated that three years are left on the original agreement; it will hit the max. Mr. Schutter stated there is a provision to operate the dealership for ten years, or until the City recoups its funds. Ms. Paul stated that if the City paid \$785K under this agreement, they would have to receive \$785K in sales tax. If the City only got \$750K, Napleton would owe the City \$35K. The agreement itself is only for five years; the incentive will only be paid out for five years but the City may need time to recoup its money – beyond that time.

After further discussion regarding assignment, Mr. Napleton's concern is the "ten-year clawback" which states if they cease operations; it doesn't allow for any "wiggle room". Mr. Benson suggested including language that the new owner could come before the EDC and the City Council requesting reassignment of the agreement. The biggest concern is the payback portion. Ms. Paul suggested language to the effect, "If you are selling but it will still be operated as a new car dealership, Napleton can seek a waiver of all or a portion of the penalty." Mr. Napleton agreed that language takes care of the clawback issue; including that language is very helpful.

Ald. Von Drasek sought a motion to approve, contingent upon the verbiage corrections "that the penalty be eliminated or reduced as long as it remains a new car dealership". Attorney Peck stated that provided the dealership is sold to another qualified buyer, e.g., a premium brand dealership – a worthy buyer. Ms. Paul and Mr. Peck will work on the appropriate language. Mr. Napleton agreed to the above.

**A motion was made by Alderman Finn, seconded by Alderman Benson,
that this matter be APPROVED as presented. The motion carried by the following vote:**

Aye: 3 Alderman Von Drasek, Alderman Finn, Alderman Benson
Nay: 0

6. Consideration of a Resolution Determining the Appropriateness for Class 6b Renewal Status For Commercial Property Located at 430 E. Plainfield Road

Fin. Dir. Schutter stated that the applicant and his attorney will make a presentation tonight. He noted this is the former Coopers Hawk distribution facility. They were given a Class 6b in 2010; 2019 is the last year this property is at the 10% level, and after two more years it will revert back to the commercial rate of 25%. For administrative purposes, it is structured as a renewal, rather than doing it as a new purchase for value under special circumstances. This is a new buyer and a new business that will purchase the property for \$2.4M and invest \$340K for improvements. Current fair market value is less than the purchase price. A fully vacant property is at 20% of normal assessment, which is less than the value at the Class 6b – basically 77% more than if it was fully vacant. If the property continued to be vacant for a long time this makes sense. It is a new business that will bring in 83 employees and doing \$6M in sales of a wholesale nature, so no generation of sales tax per se. Any applicant interested in this property has inquired about a Class 6b – it is important to the buyer for continued property interest.

Mr. Mark Rogers, representing Wexford Holdings, stated that although this is a renewal, basically it is a new Class 6b; doing it this way eliminates waiting for a vacancy period and waiting for special circumstances, which takes about six months, leaving the property vacant for that amount of time. Wexford Holdings is a leading manufacturer and distributor of quality art and home goods,

mostly framed canvasses, gallery wrapped canvasses, multi-piece art, picture frames and more; this year they became the largest supplier to Wayfair.com and Overstock.com. They began in 2014 with a very small business in an 800-sf framing shop and have grown to \$6M in annual sales, up from \$100K in 2014. They expect to grow to 80+ employees; they work in shifts so parking will be adequate. They hope to have a very small retail portion for items like returns and slightly damaged products, sold straight to customers and generating sales tax.

Ald. Finn stated they will have parking issues. John McGuire, VP Sales Operations for Wexford, stated that they currently operate from 6 am to midnight daily. There are usually 20-30 employees on site at any given time; they do staggered shifts working 7 days a week, even Christmas Day. They will lose 20% of staff upon moving and will replace them with local hires. They will gain efficiencies with staff, but will hire 20-30 more as the need arises. There is very little room for expansion at this location, so they must do staggered shift work; they have run 20 hours per day; they utilize facilities to the max. The retail portion may open on Saturday and Sunday; this facility has 3,000 sf of office with only 6-7 administrative workers; that space can easily be converted into a part-time showroom every weekend.

Ald. Benson asked about PILOT – payment in lieu of taxes -- since the City will not receive sales tax. Ms. Paul stated that is only done for the Arterial Overlay District; right now there is no mechanism for that. If they requested variances, that option could come into the picture.

A motion was made by Alderman Finn, seconded by Alderman Benson, that this matter be APPROVED as presented. The motion carried by the following vote:

Aye: 3 Alderman Von Drasek, Alderman Finn, Alderman Benson

Nay: 0

7. Presentation by Hoffman Development Regarding the Purchase and Development of the Current City Hall Property

Ms. Paul stated that this matter will be tabled at present

8. Consideration of an Amendment to the City Code 3-12-2, Self-Storage Facility Tax

Fin. Dir. Schutter received a business application from Makespace Labs and Iron Mountain for a storage facility. Applicants solicit deposits from the general public to be stored in their warehouse and return them at the end of a lease; they operate vehicles to pick up and redeliver goods to customers. The City believes this operation is similar to CubeSmart – they are subject to a rental tax – 5% of gross rents. The City wants to clarify language to make that tax applicable to this business operation. Attorney Peck provided language that clarifies the intent consistent with other storage facilities.

Ald. Finn asked if the company is aware that this change is imminent; Attorney Peck has discussed this matter with their attorney; the clarifying language makes it a fait accompli.

A motion was made by Alderman Benson, seconded by Alderman Finn, that this matter be APPROVED as presented. The motion carried by the following vote:

Aye: 3 Alderman Von Drasek, Alderman Finn, Alderman Benson

Nay: 0

9. Discussion with CGI – Ms. Paul has had discussions with CGI, a video production company that works with the National League of Cities and the Illinois Municipal League. They contacted the City of Countryside regarding making a community video on several occasions. Since Staff is moving into the new facility, it might be a good time for a community profile. They are located in Chicago; they will produce up to four videos at no charge. They do a welcome video featuring the Mayor lasting about one minute discussing the City in general. The City may choose different topics, such as real estate, parks or the new municipal facility. CGI will solicit businesses in the City to see if they wish to advertise on the page where the video is shown – either on one or all four of the videos. If no business wishes to advertise, they will still honor the four videos.

They provided various websites to peruse focusing on communities they have profiled in the past and they looked extremely professional. They do all filming, write scripts, etc. It's up to City to decide which features to highlight. Ms. Paul is gauging EDC interest for this project; they could do a section on Economic Development, working well with businesses, etc. They host all videos on their site; it doesn't take up storage space on the City's website. They will install a button on the City's home page to link users to the Countryside videos, listing all four short videos, with users clicking on their choice. They will provide it in any format – YouTube, links, Eblast, or share with new businesses coming to town. They will do a business community analysis depending on the City's choice, real estate, for instance, they might contact RE agents; for community development, perhaps contact banks. They will take suggestions from the City, pro and con, for contacting prospective businesses.

With two new business men in the audience, Ald. Benson asked if they would be potential investors – both agreed they would, if the price was right; it's a good idea. CGI staff will contact the City to see what will be highlighted; they will do the filming, perhaps interview businesses. They could be here in October and the finished product could be completed by year-end. The EDC is interested in the project. Ms. Paul will send a list to all elected officials with links to some communities that have participated.

Mr. McGuire suggested that on the video, make sure they give the City the proper "embed code" in the banner of the website so that the site can play within the City's website; getting it to play within the website is crucial so it stays within your site; you want to keep people in your website. Ms. Paul thanked him for the information.

10. Other Committee Business - none

11. Adjournment

There being no further business to discuss:

**A motion was made by Alderman Benson, seconded by Alderman Finn,
that this meeting be ADJOURNED. The motion carried by the following vote:**

Aye: 3 Alderman Von Drasek, Alderman Finn, And Alderman Benson
Nay: 0

Chairman Von Drasek declared the meeting adjourned at 7:10 p.m.

APPROVED:

Respectfully Submitted,

/fp

JOHN VON DRASEK, CHAIRMAN