

City of Crystal Lake Economic Development Committee
Regular Meeting
June 23, 2009 – 7:30 a.m.
Municipal Complex – Council Chambers Executive Conference Room

Call to Order

The meeting was called to order at 7:30 a.m.

Roll Call/Attendance

Members Affrunti, Bawolek, Feddersen, Fowler, Riley, Viger, and Haleblian were present. Mr. Johnson was absent.

James Richter II, Assistant Director of Economic Development, was present from staff. Michelle Rentzsch, Director of Planning and Economic Development, Gary Mayerhofer, City Manager, George Koczawara, Deputy City Manager, Mark Nannini, Director of Finance, and Gary Reece, Chamber President, were also present.

Previous Meeting Minutes

Mr. Haleblian said that due to lack of a quorum at this time the minutes will be voted on later.

Public participation and comments

There was no one present who wished to speak at this time.

Economic Incentive Programs

Enhanced Sales Tax Incentive Program

Ms. Rentzsch thanked the members who attended the workshop with the City Council. She said the information that was sent to the members incorporates the comments made during the workshop.

Ms. Rentzsch said the ESTI program is not just for public improvements. She said on page 3, “B” was amended to provide further definition of the “improvements.” She asked if there were any other changes to this program that were discussed at the workshop. Mr. Riley asked if the City Attorney had reviewed the information. Mr. Mayerhofer said he had initially reviewed it but that they would ask him to review it again with the changes that were made.

Ms. Viger stated she is concerned with the amount of work for staff. Mr. Mayerhofer said they had looked at many programs around the country and this is a hybrid of the programs staff reviewed. Mr. Koczawara said this is a unique program.

Mr. Haleblian asked if there was going to be a dollar cap for the program. Mr. Mayerhofer said there will be both a time and dollar cap incorporated into the program. He said they did struggle with the parameters of the program but didn’t want it iron clad. That would leave no room for negotiations. Mr. Haleblian asked if there were a minimum that could be requested. Mr. Mayerhofer said no but that could be discussed. Mr. Fowler said that leaves it open for negotiations. Mr. Haleblian said he doesn’t want staff to be flooded with requests for small amounts. Mr. Nannini said it would not be worth it for the businesses to request small amounts. He said the amount is self-policing. Ms. Feddersen said there are some businesses that have done very well recently and this program may not apply to them. Mr. Mayerhofer said they will take a closer look at this program and will send the discussed changes to the Committee.

Targeted Development Zone

Ms. Rentzsch said at the workshop discussion it was asked why just Route 14. There has been an amendment to include Route 31. Mr. Haleblian asked why not add Route 176. Mr. Riley said there are too many residential areas along Route 176 to include it.

Ms. Feddersen said she has been encouraging a business on Main Street to renovate and that area is not included. Mr. Fowler asked why not the portion of Main Street by downtown. Ms. Rentzsch said possibly Main Street from Route 14 to Crystal Lake Avenue. Not all of that area is within the TIF district. Ms. Feddersen said the business she spoke of was south of Route 14. Mr. Fowler added there are many vacant storefronts north of the tracks on Main Street. Mr. Haleblian said these parameters will cut out a lot of people but there are other programs available.

Mr. Mayerhofer said this program was modeled after a Palatine Northwest Highway program. Mr. Affrunti asked if this program could be expanded. Mr. Mayerhofer said yes. Mr. Koczawara said the program in Palatine started with a very small area along Route 14 and has since grown.

Ms. Viger stated that the targeted program should remain targeted since it can always be amended. Mr. Mayerhofer said they want to concentrate on Route 14 redevelopment first. The consensus was to keep it with Routes 14 and 31 for now.

Façade/Commercial Tenant Improvement Program

Ms. Rentzsch said the discussion of the Façade Improvement Program included a question of oversight of the receipts. The comments regarding oversight regulations are included in the agreement. She asked if there were any other comments.

Mr. Fowler said there are several buildings that the City may want to be taken down which is also a public safety concern. Mr. Mayerhofer said demolition could be added. Mr. Reece said this would help small business owners.

Annual Shopping Incentive Program

Ms. Rentzsch said the Annual Shopping Incentive program is three-prong – back to school, car promotion, and the holiday promotion. Mr. Mayerhofer said the big question is using gift cards or checks. Ms. Feddersen said she has been in contact with Home State Bank who will charge \$1.95 per gift card. Mr. Mayerhofer said they were interested in setting up an account and the funds coming directly out of that account. Ms. Feddersen said if this is considered a rebate then there are different regulations to be followed.

Mr. Reece said the Chamber was looking into going with the gift cards but if the card is not used by the expiration date, the money left in the account goes to the State – not back to the municipality. That is why the Chamber went with the gift check and not the card. Also there is a bill pending in the House (House Bill 3703) to amend this practice. Mr. Mayerhofer said they want the remaining funds to be reinvested in the program.

Mr. Mayerhofer asked if the Chamber had talked with National Card. Mr. Reece said the cards they issue are more for individual companies such as Sports Authority or Bed Bath and Beyond. Mr. Koczawara asked what the Chamber was going to do. Mr. Reece said they are sticking with the checks. He said the checks that were given out this past holiday season were used mostly at WalMart, restaurants and grocery stores. Mr. Mayerhofer said there is a possibility of having “I Shop Crystal Lake” checks and have them issued from the

City. They want people to reinvest in Crystal Lake. He understands that 8-12% of “incentives” “rebates” or “gift cards” are not used.

Mr. Affrunti said every merchant needs to know this check is good anywhere – unlike last year’s program. Ms. Rentzsch said that gives staff an opportunity to visit the business owners and explain the programs. Mr. Mayerhofer said the City will pursue having the City’s own I Shop checks and we can visit the businesses to educate them about the programs.

Ms. Feddersen is concerned with fraudulent checks. Mr. Nannini said they will use safety paper. Mr. Mayerhofer said safeguards will be in place. Mr. Nannini said they can tell the bank that a certain number series of checks were used.

The Commission likes all of the programs presented.

Mr. Riley moved to recommend to the City Council the Enhanced Sales Tax Incentive Program, Targeted Development Zone, Façade/Commercial Tenant Improvement Program, and Annual Shopping Incentive Program as presented and amended by the EDC. Mr. Bawolek seconded the motion. On voice vote, all members voted aye. Motion passed.

EDC Projects

I Shop Crystal Lake program

Mr. Richter said the advertising and promotions program for I Shop Crystal Lake was recently approved by Council. He will be working with Dobbe Marketing on their contract and moving forward with this program.

Mr. Richter handed out copies of the possible revised website design for ishopcl.com. He said the website is approximately 70% complete. This site is easier to navigate and you can connect to a business’ website through this site.

Mr. Riley asked if the photos will be rotating. Mr. Richter said he will check into that. Ms. Feddersen asked if there will be a link to the City’s website. Mr. Richter said yes. Ms. Viger said she did not care for the staggering of the photos. She would prefer them to be in one line. She does like that the business of the week is front and center on the website’s home page.

Business retention

Ms. Rentzsch said she recently attended a two day seminar regarding business retention. She said the two important things she got out of the seminar were we won’t be going back to where we were before and the importance of business retention. She said in the next few meetings the Committee will be receiving information on workforce development and other topics.

Staff projects and reports

There was no report.

Organization Reports

Downtown Crystal Lake (Brian Fowler)

Mr. Fowler said the grand opening for the new gazebo was held recently. Mr. Reece said it was well attended. Mr. Fowler said the first Lunch in the Park will be this Friday and they hope to have two or three vendors on site.

Committee for Business Support (Terry Feddersen)

Ms. Feddersen said at the last meeting there was discussion about the possibility of the Olympics in Chicago in 2016 and what the impact would be on our area. She said because Crystal Lake is near the train, there can be a significant impact on the community for up to two years before the games are held.

Mr. Reece said the other portion of the meeting dealt with the issues being faced by the State. They don't feel that there will be as deep of cuts as were originally discussed.

McHenry County Economic Development Corporation (Brian Fowler)

Mr. Fowler said they are still looking for a director but they are currently in a fund raising mode. Mr. Reece said they have identified many people to make large commitments to the MCEDC. The stake holders will help propel the group forward.

City of Crystal Lake

There was no report.

Approve minutes of the April 28, 2009 EDC meeting

Ms. Viger moved to approve the minutes from the April 28, 2009 EDC meeting as presented. Mr. Affrunti seconded the motion. On roll call, members Affrunti, Feddersen, Fowler, Viger, and Haleblan voted aye. Members Riley and Bawolek abstained. Motion passed.

Approve minutes of the May 15, 2009 Special EDC meeting

Mr. Fowler moved to approve the minutes from the May 15, 2009 Special EDC meeting as presented. Mr. Riley seconded the motion. On roll call, members Affrunti, Feddersen, Fowler, Riley, Viger, and Haleblan voted aye. Mr. Bawolek abstained. Motion passed.

Approve minutes of the May 26, 2009 EDC meeting

Mr. Riley moved to approve the minutes from the May 26, 2009 EDC meeting as presented. Ms. Viger seconded the motion. On roll call, members Feddersen, Fowler, Riley, Viger, and Haleblan voted aye. Members Affrunti and Bawolek abstained. Motion passed.

Comments from the Commission

Mr. Fowler said there is a new government program – America's Recovery Capital. The ARC is a program for existing businesses to help pay loans, rent, etc. The maximum is \$35,000. The first 12 months there is no payment on the principal or interest by the business and the government pays the interest. The next 12-18 months there is a 5 year ameritized loan with the business paying the principal and the government paying the interest. This is no purchasing of real estate allowed and it is a first come first served basis.

Adjourn

There being no further business, the meeting was adjourned at 8:40 a.m.