

City of Crystal Lake Economic Development Committee
December 14, 2010 – 7:30 a.m.
Municipal Complex – City Council Chambers Conference Room

Call to Order

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

Welcome guests – introductions

Mr. Haleblian welcomed the guests to the meeting both the hotel managers and those who were interested in a vacant positions on the Committee.

Roll Call/Attendance

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

Michelle Rentzsch, Director of Planning and Economic Development, and James Richter II, Assistant Director of Economic Development, were present from staff. Also in attendance were Keith Saidler with JMS Consultants; Jeff DeHaan; Steve Dalzell with Dalzell & Co.; Penny Hughes with Hughes Signs; Andrew Hymes with Millennium Electronics; Michael Cotten with Comfort Inn; Richard Harms with Countryside Nursery; Dorene Palmer and Becke Connelly with Country Inn and Suites; Michael Ross with Sweet Pea Cakes; and Cort Carlson with McHenry County Convention and Visitors Bureau.

Approve Minutes of the November 30, 2010 EDC Meetings

Mr. Fowler moved to approve the November 30, 2010 EDC minutes as presented. Ms Feddersen seconded the motion. On roll call, all members present voted aye. Motion passed.

Tourism Discussion

Mr. Richter said the Committee requested that we invite representatives from the hotels with Crystal Lake to attend this meeting and discuss the McHenry County Visitors Bureau (MCVB). He said that MCVB has requested a recommendation of support from the EDC for their request for hotel tax funding.

Mr. Cotton, manager for the Comfort Inn, thanked the Committee for inviting them to this meeting. He has been in the hotel business for more than 30 years in various states and can't understand why the City of Crystal Lake doesn't support tourism through the MCVB. Mr. Cotten added that the endeavors that are supported by the hotel tax funds divided by the City Council are wonderful things but the hotels and tourism needs their support as well. He said his hotel is 57 rooms and if the occupancy is increased by just 1% that this results in an increase to the local economy by over \$40,000. Mr. Cotten said the hotels promote Crystal Lake with every advertising dollar they spend and they don't see any return or support from the City.

Mr. Haleblian asked to define "support." Mr. Cotten said he understands the downtown area needs support from the City. He added that the I Shop program doesn't benefit hotels. Families come to town for sports tournaments. If people go to Chicago why would they stop at Crystal Lake? He has spoken to tourism companies – bus tours – to encourage them to stop here. The MCVB doesn't promote individual hotels but the area in general.

Ms. Feddersen asked what the investment would cost. Mr. Cotten said it depends on the City's funding. As the number of people staying at the hotels in Crystal Lake goes up so does the hotel tax dollars as well as the taxes that are spent on items purchased in the city. He said the average business traveler spends \$250 per day in the City.

Mr. Haleblian asked how much of the hotels' business is from non-business trips. Mr. Cotten said there is a lot of travel in the summer because of sports. He said there is some in the winter because of Sky High volleyball tournaments. They need to market the City to bus tours. If the tour companies don't see you at the conventions, the City gets lost.

Mr. Affrunti said the sports clubs do their own marketing. Mr. Cotten said that their arrangements with sports teams actually cost the hotels money to promote stays for sporting events. The sports clubs want to offer rooms at a discounted rate and they also get a fee from the hotel for each room they fill.

Mr. Affrunti said the EDC has always been supportive of the MCVB to the Council. Mr. Carlson said the City can help itself by helping the MCVB. Mr. Fowler said we all benefit from what happens in Crystal Lake. Ms. Hughes asked what do the hotels promote in Crystal Lake – the Three Oaks Recreation area. Mr. Cotten said everything from the Raue Center and the new recreation area and more but they can't afford to market Crystal Lake.

Ms. Palmer said that hotels need to serve a well-rounded base of customers. The sports teams are mostly weekend business and Crystal Lake is not a typical tourist destination. She said it takes money to make money. Ms. Rentzsch said a few years ago they took a survey of the people who attended the Johnny Appleseed Festival downtown and approximately 30% were from out of town. Ms. Palmer said she doesn't believe that is the case any longer unless they are staying with family.

In response to a question by the EDC, Mr. Carlson said Woodstock pays \$15,000 and McHenry pays \$12,000 to the MCVB for their memberships. They are requesting \$15,000 from the City of Crystal Lake, which is not more or less than what Woodstock provides and Crystal Lake benefits most from the MCVB. Mr. Fowler asked, with that amount, would the City receive a position on the board. Mr. Carlson said yes.

Ms. Connelly, with Country Inn & Suites, said they are not just looking for tourism but also meetings. Mr. Carlson said there have been two statewide conventions booked for Crystal Lake. Holiday Inn is the only facility with meeting space in the area. He added that other hotels benefit from these meetings as well.

Mr. Haleblian asked why the Council chose not to fund the MCVB last year. Ms. Rentzsch said the Council does contribute to the Raue Center, Downtown Crystal Lake, which are members of the MCVB, and many other projects. Mr. Richter stated that the Council typically invests hotel tax funds in events and organizations that fill hotel rooms. He said that for 2010-2011 FY, the City received funding requests for approximately \$446,500 and there were only \$270,000 in projected funds available.

Mr. Dalzell asked if the City could perhaps invest in the MCVB this year and see if there is an increase in hotel tax funds generated in Crystal Lake after one year. Mr. Carlson said they are currently seeing a steady increase in hotel stays at this time. Mr. Saidler stated that this should probably be a two-year commitment since it would take time for the effect of the advertising. Mr. Haleblian believes that the new recreation park will help with the tourism in Crystal Lake.

Mr. Ross asked if the money contributed by the various municipalities is put into one pool or is it separate. Mr. Carlson said it is in one pool of funds that is used to promote tourism throughout the County. Certainly, member communities will see a greater level of service and more promotion from the MCVB.

Mr. Affrunti asked about their publications. Mr. Carlson said they have a map guide that is in the State's visitors' office and they are working on the first McHenry County visitors' guide. They concentrate on areas

over 50 miles away and do advertising in the Chicago Tribune, on WGN radio, etc. Mr. Carlson added that the majority of their funding comes from the County and they will be decreasing their funding this coming year. They also receive dollar-for-dollar matching grants from the State.

Mr. Fowler asked what the next step is. He said they have been down this road before. He asked if there needs to be workshops done with the Council. Mr. Richter said a workshop is held by the Council for the applicants to make their presentation. He has not received confirmation of the date but will be certain to let everyone know as soon as it is available. Mr. Richter said the City Council did consider the motion made by the EDC last year regarding the MCVB. Mr. Fowler asked if there were be an opportunity for the hotels to give their opinions. Mr. Carlson said each applicant is given 10 minutes to make their presentation. There are usually no questions but the hotel representatives are welcome to attend. They have received letters of support from hotels but it may be beneficial for representatives to attend. Mr. Fowler said they could speak to how the MCVB affects their business. Mr. Saidler suggested they also speak to how the money would be spent, i.e. internet ads, etc. He added that the Council knows what the MCVB does but they need to know how the money will be spent.

Mr. Fowler moved to recommend to the City Council funding for the McHenry County Visitors' Bureau in the amount of \$15,000 from the Hotel Motel Tax fund. Ms. Feddersen seconded the motion. On voice vote, all members voted aye. Motion passed.

Public Participation and Comments

None.

Staff updates

I Shop Crystal Lake

Mr. Richter said they are close to sending out the Rewards cards. They are contacting the "big box" stores for their participation. It doesn't need to be a new promotion but can be something they already are running. He had sent electronic copies of the I Shop Program Guide to EDC members and asked that the members go to five businesses and walk them through the process of entering a Rewards coupon. Mr. Richter said he hopes to have between 50 and 100 businesses involved prior to mailing out cards.

Ms. Rentzsch said staff will be contacting the larger national stores about their participation. Mr. Dalzell said they may want to wait until Valentine's Day or Mother's Day to roll out the program. Mr. Richter said they wanted to get this out soon and advertise for people to use their gift cards in Crystal Lake.

Mr. Fowler asked if the website has been edited. Mr. Richter said yes. Mr. Haleblian asked what the response from the big box stores has been. Ms. Rentzsch said they wanted the website to be up and running before they contacted those businesses.

Ms. Feddersen said they could hire high school and MCC students to update the website. Mr. Richter said they wanted a site the business owners could maintain themselves. He said that the City recognized that the businesses need to be educated in how to use the site.

Mr. Fowler suggested that EDC members visit various businesses in Crystal Lake to promote the Rewards program.

Incentives

Mr. Richter said there has not been any change to the requests since the previous EDC meeting. They City Council did approve re-allocating \$10,000 of the remaining funds from the existing retailer portion over to the new business grant fund.

Attraction

Mr. Richter said there is nothing new with attraction of businesses since the last EDC meeting two weeks ago. He showed the action plan, and summary of businesses that have been contacted. He stated that Five Below will be taking the entire former Pier One building. Ms. Rentzsch said they are similar to Old Navy and are very popular in the northeast. Mr. Dalzell said he has been trying to contact someone from Inland about that building for about 2 years and they have never called him back. He called the phone number that is on the sign.

Retention

Mr. Richter reviewed the action plan. He said the tour of General Kinematics has been tentatively set for January 12 but it has not been confirmed. Mr. Fowler asked that this be finalized by the end of the year.

Mr. Haleblian said Walter E. Smith will be closing.

Legislative

Ms. Rentzsch reviewed the comments made by the Zoning Commission regarding the updates to the Unified Development Ordinance (UDO). Their recommendation will go before City Council for approval.

2011-12 Planning

Ms. Rentzsch said the draft budget for the next fiscal year is due before the end of the year. She said the City of Crystal Lake has not laid off any of the employees, has a very good credit rating, and is in good financial standing. The budget next year will be a zero growth budget.

Mr. Fowler said the business community loved the certificate program we had the past few years.

Ms. Rentzsch said they have found that ICSC participation is the best bang for the buck for the City. It has a tremendous impact. Mr. Richter said there are several other businesses interested in the City's new business grants during this fiscal year. Ms. Rentzsch said if they were to be approved by the Council the money would be coming from the reserve fund and they would be looked at on a case by case basis. Mr. Richter said when they make the presentation for the grants they are sure to add that the funds are limited.

Mr. Haleblian asked if the matching grant funds that are not utilized during a fiscal year can they be rolled over to the next fiscal year. Mr. Richter said that the City's Appropriations Ordinance for the annual budget, by State Statute, is only valid for one year and that funds cannot be arbitrarily carried over.

Ms. Rentzsch said they have attended other organizations' shows but the ICSC shows are worth attending. Mr. Dalzell asked if staff has attended the franchise show that is held in Chicago around September. He said that may be another place to go.

Mr. Fowler asked if the amount of funding for I Shop Crystal Lake for next year would be \$25,000. Mrs. Rentzsch said she believes so. Mr. Richter said they can start to review at next month's meeting the advertising budget. Mr. Fowler said they could always request more money from Council if they find something exciting. Mr. Richter said the grant programs are the single most important tool they have. Mr.

Fowler said the big businesses don't care about the grant money. Ms. Rentzsch disagreed and stated they do in fact care about that money. That puts them over the top to come to Crystal Lake.

Mr. Ross suggested a tiered program with a cap at \$15,000 or \$20,000 and goes down. He said that the City could choose not to pay out the grant immediately but wait 6 months and base the amount on business performance. In the mean time that money could be put in an escrow account and draw interest until it is paid out. It was suggested that there also be a separate small business fund.

Organization Reports

Downtown Crystal Lake (Brian Fowler)

Ms. Rentzsch said the holiday event held the previous evening was well attended. Mr. Fowler said the downtown area is busy. Mr. Affrunti said the newest restaurant downtown seems to be very busy. Mr. Richter said there is a sports bar owner interested in the former Carl's Furniture store. They have to go through the process for a Special Use Permit, parking variations, liquor license, etc. before they can open.

Mr. Harms said the downtown businesses have done an exceptional job on their windows this year.

Committee for Business Support (Terry Feddersen)

Ms. Feddersen said that at the last CBS meeting there was a presentation from Crystal Lake South High School regarding the work program. She said the program is voluntary for the students and they are not problem kids. They try to match the students' interests with the business.

McHenry County Economic Development Corporation (Brian Fowler)

Mr. Fowler said he and Mr. Richter will be attending a meeting regarding grants for manufacturing businesses tomorrow.

Comments from the Committee

Mr. Richter said they will be hosting a webinar at 1 p.m. today from the ICSC.

Mr. Fowler asked what the potential EDC members needed to do. Mr. Richter asked that they send a short resume and letter of interest. There are four openings on the Committee. He said they would like to consider the possible appointees at the next meeting the end of January so if the resume and letter could be received by January 10 it would be appreciated.

Mr. Haleblan thanked those who attended the meeting.

Adjourn

There being no further business, the meeting was adjourned at 9:15 a.m.