

**City of Crystal Lake Economic Development Committee**  
**February 28, 2012 – 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.

**Roll Call/Attendance**

Members Affrunti, Dalzell, DeHaan, Haleblian, Reece, Riley, Saidler and Fowler were present. Mr. Hymes was absent.

Michelle Rentzsch, Director of Planning and Economic Development, and James Richter II, Assistant Director of Economic Development, were present from staff. Tom Stephani, representative of the Home Builders Association was also in attendance.

**Approve Minutes of the December 6, 2011 EDC Meetings**

Mr. Reece moved to approve the minutes from the December 6, 2011 and the January 24, 2012 EDC minutes as presented. Mr. Affrunti seconded the motion. On voice vote, members Affrunti, DeHaan, Reece, and Fowler voted aye. Members Dalzell, Haleblian, Riley, and Saidler abstained. Motion passed.

**Public Participation and Comment**

Mr. Stephani said he is the state representative for the Home Builders Association. He is very impressed with the City and staff's approach to economic development. The housing industry has been ignored and has been in a depression – not a recession – for 5 to 6 years. The new housing starts in the state are down 85% and it is higher in northern Illinois. The housing industry is a huge driver for the economy. Mr. Stephani said we need to look at the housing sector to make homes more affordable. Even now homes in McHenry County are not affordable. People who work here can't afford to live here.

Mr. Stephani handed out copies of a Power Point presentation regarding housing and jobs. The economic impact ripples through the economy for years through sales tax, job creation, etc. In Crystal Lake there are more than 1,000 developed or entitled units. Now OSHA laws are being enforced such as lead abatement that will add to the cost of renovating a home.

Mr. Stephani said with most states taking Federal bail-out money, they are required to update their energy code every 3 years. He came to the meeting to discuss sprinklers and impact fees. The State Fire Marshall wants to implement mandatory sprinklers for new residences. The discussion has yet to take place in Crystal Lake. Mr. Stephani said sprinklers don't do what they have been told they will do. California and Maryland are the only states that currently require residential sprinklers in new homes which adds \$6,000 to \$12,000 to the home cost.

Mr. Stephani said impact fees for school and park districts came into existence in the 1980s and 1990s to help districts get by until the real estate taxes for newly developed properties kicks in. The fees were to be used to purchase land and/or build facilities but they are now being used to cover administrative costs. The Home Builders Association feels it is unconstitutional but doesn't have the funds to fight it. He said in Crystal Lake the impact fees for a 3-bedroom home is \$17,752 and a 4-bedroom is almost \$24,000. Then add the cost for mandatory sprinklers and look where the price of the home will start.

Mr. Stephani said if impact fees are really to cover the cost of growth, why they are still used since there is no growth. They feel impact fees should be reduced and they should be if communities want new

construction to start up again. There are several communities in northern Illinois who have taken a one year “holiday” on fees but they have not eliminated them.

Mr. Stephani said there is no state-wide building code in Illinois currently. That means each individual community adopts their own. It would be much better for builders if there was one general code to comply with. Examples are electrical wiring. Some allow BX and don't allow Romex and other require conduit. Also plumbing - some only allow copper pipes while other also allows the plastic pipe.

Mr. Fowler asked if residential sprinklers are pending at the State level. Mr. Stephani said it is pending as an administrative rule and not legislation. We need to create a buzz about it. Sprinklers do make buildings safer but they will never be 100% safe. Also there is yearly maintenance that needs to be done to the systems. Sprinklers are usually in more affluent communities such as Barrington Hills. Those homes are also 4,000 square feet and up and are more like commercial buildings. Mr. Stephani said residential sprinklers have been available for years but no one seems to want them.

Mr. Fowler asked how many vacant homes are in the area. Mr. Stephani said he doesn't know and they should speak with realtors. There is also a shadow inventory of homes held by banks. He said affordability is most important.

Ms. Rentzsch said the City had an appraisal done to reassess the basis for the school impact fees. She said the school district does use the impact fees for land and brick/mortar but they also have bonds for buildings in place that need to be paid. Mr. Stephani said impact fees are a tax.

Ms. Rentzsch said they see a trend for housing demand for multi-family. Mr. Richter reviewed the City's impact fees for apartments and townhouses which is a nominal amount. Ms. Rentzsch said impact fees are based on the number of children living in the housing type and they were last updated in the late 1990s.

Mr. Stephani said residential construction has always been the “whipping boy.” School districts don't like new construction and don't like it when there is no construction.

Ms. Rentzsch said people live in Crystal Lake because of our school districts. Mr. Stephani asked why we are losing population. Ms. Rentzsch said the population has grown since the last census. Mr. Stephani said people can't afford to live here. Mr. Richter said there is still a lot of interest in Crystal Lake.

### **I Shop Crystal Lake**

#### **Winter Gift Certificate Contest update**

Mr. Richter said as of February 13<sup>th</sup> there was 352 entries in the Winter Certificate Contest but he anticipates a strong finish. People are still coming in with entries. They are still planning to move forward with the spring certificate program. It will be covered in the City's newsletter, three Sunday ads in the Northwest Herald, etc. He added that the flyers will also be added to the bags that will be handed out at the Chamber's Expo thanks to Mr. Reece. The City will also have a display at the Expo for the I Shop program, and there will be Rewards sign ups.

#### **ShopQA Automated Call**

Mr. Richter said at the last meeting they started to discuss the robo calls that is a free service from the ShopQA /GovQA company. Automated calls to business owners and shoppers could be sent, free of charge, to promote I Shop Crystal Lake. Mr. Saidler asked where the phone numbers would be coming from. Mr. Richter said we have phone numbers for the businesses who are participating in the I Shop program as well

as some of the shoppers who gave us their numbers. Mr. Saidler said he would be concerned if the Mayor did the audio especially at certain times of the year it may be taken as political. Mr. Fowler said staff has enough on their plate and there are other things that can be done to promote I SHOP without having the automated calls. He said people will see that it is an automated call and won't answer it.

Mr. Affrunti moved to not proceed with the automated call through ShopQA. Mr. Haleblian seconded the motion. On voice vote, all members voted aye. Motion passed.

### Strategy for 2012-2013

Mr. Richter said this is the first strategy meeting for the next fiscal year. He believes they will still have a budget of \$25,000 to work with for I Shop. How they spend the money is important. Some City Council members had a few ideas for us to consider at their last strategic Planning session.

Ms. Rentzsch the Council would like to focus on attracting more people to the Three Oaks Recreation Area for more day or weekend trips. As a possibility, they suggested that there be a 1-page quarterly news letter focusing on businesses and industries that would go to all of the households in Crystal Lake. It could also include a coupon from participating businesses. This would be a separate piece from the City's newsletter. Mr. Haleblian asked if this would be an ad or information piece. Ms. Rentzsch said both. Mr. Saidler said it needs to reach more than just households in Crystal Lake. Mr. Reece suggested getting the school or park district lists. Mr. Saidler suggested that we also send it to one specific person within a business. Their employees do shop in Crystal Lake and it would be good to get the information to them.

Mr. Richter said there are three main questions that need to be answered for setting the strategy over the next year: (1) is our mission to promote overall general marketing or specific programs such as I Shop certificates? It is more difficult to measure general marketing; (2) what did you like about the I Shop programs – current and prior? What did you prefer and why. What program(s) should be continued if any?; and (3) any ideas for new programs? Mr. Richter asked that the members think about those questions and bring their answers to the next meeting. He will bring the previous budget information on how the money they were given was spent for the last few fiscal years.

Mr. Dalzell said he believes the drop-off in participation in the winter contest is due to people remembering the certificate program was only during the Holiday season. Mr. Saidler said many businesses don't know this program exists. Mr. Richter said some businesses are die-hard I Shop businesses. It might be possible to have someone help with getting the word out about the program.

Mr. Richter said even though this is a free service it is hard to sell. It is very difficult to get your foot in the door with businesses. Mr. Fowler said they went with a yearlong program so the businesses would be more likely to support it.

Mr. Haleblian asked if the winners of the contests could be put in the City news letters. Mr. Saidler said it would be a good reminder for the program even if it is delayed.

Mr. Richter said every winner he spoke with said this contest was in the back of their minds while they were doing their holiday shopping. We need to let people know the program is still out there. He said this will be discussed further at the next meeting.

### **Incentive grant programs update**

Mr. Richter said that since the grant program was modified in November, there has been better participation. The prevailing wage was the problem. He said there was a concern raised by some Councilmembers during the review of the grant application for The Olive Tap. They were concerned with counting the business owners as employees. He asked if the committee would like to further amend the grant process. Ms. Rentzsch added that the Olive Tap was going to be making enough improvements that the number of employees added was not a problem.

Mr. Fowler said if they work at the business day to day they should be considered employees but if they are silent partners they shouldn't. Mr. Haleblian said it will be difficult to enforce. Mr. Richter said they are required to provide documentation. Mr. Fowler said usually when a business starts up the owners don't pay themselves but are there and working hard.

Mr. Richter stated the consensus of the Commission is that the program should remain as it is currently and the owners count as employees if they work at the business.

Mr. Dalzell moved to keep the Incentive grant programs as they are currently and that the owners may be counted as employees if they work at the business and are not "silent partners." Mr. Haleblian seconded the motion. On voice vote, all members voted aye. Motion passed.

### **EDC business visitations/tours**

Mr. Richter said the City has been working with the MCEDC on creating a list of businesses for tours. They had originally thought of one per month but since we are getting a late start that possibly a couple of months could be doubled up. He asked if there were any changes or additions to the list provided. Mr. Richter said the Chamber, MCEDC, EDC, and Mayor and Council members will be invited to the tours.

Mr. Haleblian asked if Ticket Master was still in Crystal Lake. Mr. Richter said he will reach out to them. Mr. Saidler said they have a lot of turnover in employees and doesn't know if they are moving or not. He feels it would be good for the City to visit them. The employees there are spending money in Crystal Lake. It seems that they always are going out to lunch or having something delivered. Mr. Richter said they could be added to the list.

Mr. Reece moved to approve the list of businesses for the EDC, MCEDC, Chamber, and Mayor and City Council members to visit during 2012 adding Ticket Master. Mr. Affrunti seconded the motion. On voice vote, all members voted aye. Motion passed.

### **Organization Reports**

#### **Downtown Crystal Lake (Brian Fowler)**

Mr. Fowler said the annual meeting was recently held. Ms. Rentzsch added that a webinar was held recently on doing a market analysis of downtown areas. It was very informative and they are looking into conducting an analysis of our downtown.

#### **McHenry County Economic Development Corporation (Brian Fowler)**

Mr. Fowler said the MCEDC has moved to Crystal Lake. Mr. Richter said they will be purchasing Economic Impact Modeling software that will be available for members to use. That should be active in about a month or two.

#### **Chamber of Commerce (Gary Reece)**

Mr. Reece said Expo is fast approaching and there are only a few spaces that remain. Also the community clean up is coming up and there are many businesses who are helping to sponsor it. He said Pam Cumpata from the McEDC recently spoke at one of their meetings.

### **Monthly Report to the City Council**

Mr. Fowler asked if there was anything specific that the Commission wanted him to highlight. He has been making it short. Mr. Saidler said if the Council wants more information on a bullet point they can refer to the minutes.

### **Meet and Greet with John Casey, DCEO, Business Development**

Mr. Richter said John Casey was to make a presentation at the meeting but had a death in the family and was not able to attend. Ms. Cumpata will reschedule for a future EDC meeting.

### **Comments from the Committee**

Mr. Haleblian said he was recently traveling through Charleston and they have a sign listing the major companies in their area as well as “enterprise zone.” Ms. Rentzsch said they also have that in Texas. Mr. Haleblian said they are very pro business down there. Can there be a sign placed under our “Welcome to Crystal Lake” signs? Mr. Saidler said we need to play on our strengths. Mr. Haleblian said we are very pro business. Mr. Fowler said we need to stay one step ahead of the other communities. Mr. Reece said when we first started I Shop he receive a call from a town in California asking about it.

Mr. Haleblian said we need to tie in Three Oaks Recreation Area. Mr. Fowler said some businesses want their employees to be able to use Three Oaks Recreation Area. Mr. Saidler said everyone can’t live in Crystal Lake and there needs to be a limit on who can use it. It would be nice if there was one weekend where employees of Crystal Lake businesses can use the facilities. They could be spread over the summer. He said they will also be spending money in Crystal Lake when they come.

Mr. Dalzell asked if the impact fees on a home effect the appraisal. Mr. Fowler said yes. Mr. Haleblian said a larger problem than housing is jobs. Mr. Fowler asked how many homes in Crystal Lake are vacant. Mr. Stephani said they need to talk with the realtors. He added that the districts’ funding formulas are funny. He said the school district isn’t sure if it is good to have more or less kids, but they do spend more money each year on fewer students.

### **Adjourn**

There being no further business, the meeting was adjourned at 8:45 a.m.