City of Crystal Lake Economic Development Committee
May 15, 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, Haleblian, Hymes, Reece, Saidler and Fowler were present. Mr. Fowler arrived at 7:45 a.m. Members Riley and DeHaan were absent.

James Richter II, Assistant Director of Economic Development, was present from staff.

Approve Minutes of the April 24, 2012 Meetings
Mr. Reece moved to approve the minutes from the April 24, 2012 EDC minutes as presented. Mr. Affrunti seconded the motion. On voice vote, members Affrunti, Haleblian, Reece, and Saidler voted aye. Members Dalzell and Hymes abstained. Mr. Fowler had not arrived yet. Motion passed.

Public Participation and Comment
There was no one present who wished to speak.

I Shop Crystal Lake Program Updates
Mr. Richter said the Summer gift certificate contest has officially kicked-off. He has a meeting scheduled with the Crystal Lake Patch to discuss placing ads for I Shop. He asked the members if the complete application needed to be in the Northwest Herald ads. The consensus was to reduce the size of the ad and not print the application. The ads should note where people can pick up the application – the Chamber, City Hall, website, etc.

Mr. Richter said they are working on the press release for the contest winners. He has also created bullet points for the business journal to write an article.

Mr. Richter stated that the I Spot Chris promotion was well received by several of the businesses he spoke with. He said their response was "when can they get started?" Mr. Saidler said the only question is how to select and rotate the businesses. Mr. Richter suggested that they might start with the businesses impacted by the road construction and draw the name(s) through a lottery system.

Mr. Richter said he sent to the members the Google analytics for the ishopcl.com website, which seem a little low. Mr. Dalzell said he is more concerned with the lack of return visits. They need to get them to come back. Mr. Saidler said that there is nothing new as far as rewards is concerned. Mr. Richter said he will add a direct link from our website and that may draw new people as well as returning ones. The members agreed.

Economic Development Incentive Program for FY 2012-13
Mr. Richter said the City Council approved the incentive program funding for the matching grant programs of $80,000. As is customary, the program and their criteria are reviewed each year to reflect changes in funding levels and the market.

Enhanced Sales Tax Incentive Program Ordinance

Mr. Richter said there has only been one approved applicant for ESTIP program so far and it is M'Lady Nissan for their building improvements. Since that time, the City has received numerous inquiries for sales tax sharing, many of which have come from existing Crystal Lake businesses for expansion projects. The City has historically maintained a zero general fund property tax and has relied heavily upon sales tax revenues to fund essential City services, such as public safety and infrastructure. The financial viability of the City rests upon our preservation and enhancement of this essential funding source. The primary purpose of the ESTIP program is to encourage the recruitment, retention and substantial expansion of sales tax generating businesses within the City. There was a short discussion regarding the taxes that are charged on a vehicle being from the owner's home community and not the taxes that are charged from that municipality.

Mr. Richter said he had attached a list of national retailers/restaurants and their average annual national sales. He proposed increasing the threshold of annual sales from $1 to $3 million with a minimum project cost. Mr. Dalzell said that will be leaving out a lot of businesses that we want or want to keep here. He said we need to keep what we have. Mr. Saidler said those figures given are sales over the entire US and some areas do better than others for certain businesses.

Mr. Fowler arrived.

Mr. Hymes said the guidelines could be written as stated previously but add that something about the Council can always amend those requirements. Mr. Haleblian asked if other communities have thresholds. Mr. Richter said he would research it.

Mr. Fowler believes they should be concerned with filling smaller vacant spaces and the program should support that. Mr. Affrunti said they need to help the smaller businesses. Mr. Fowler added that the grant money means more to a small business than a national giant. Mr. Hymes suggested that for the new businesses have a lower threshold and for the existing businesses a higher one. This would focus on new businesses. Mr. Dalzell said small businesses may want to make an improvement but it may be easier to move. Mr. Saidler asked what other communities in various parts of the country do. He said Crystal Lake can't be the only one out there that is doing this. Mr. Richter said other communities have programs but they don't always have published guidelines.

Mr. Fowler asked what are the costs associated with setting up this program – attorney fees, etc. Mr. Richter said they had not calculated the cost and there is no application fee associated with this program. Mr. Fowler asked if the attorney fees are being taken out of the budget for Economic Development. Mr. Richter said they were being taken out of a different professional services budget.

Mr. Hymes said they need to write the program so it gives City Council flexibility.

Mr. Richter said he will gather additional information for the June meeting.

Mr. Richter asked if they could suspend the agenda to allow the Assistant City Engineer, Abby Wilgreen, to make her presentation on the road improvement projects for this year. The members agreed.

City of Crystal Lake Engineering Department update on roadway projects

Ms. Wilgreen thanked the Committee for allowing her to review the roadway projects for this year. She said the Route 176/Briarwood improvements are a City project. That will include a traffic signal as well as left turn lane improvements. This will increase the safety at that intersection and it will be completed this year. The Route 14 improvements from Crystal Lake Avenue to the City of Woodstock is an IDOT project. At

this time they are not certain when it will be started. They are in the process of acquiring right of way as well as funding. The Walkup/Route 176 project is being done by McHenry County and is in conjunction with additional improvements to Walkup further north. Currently the project is delayed until the utilities are moved. They hope the utility work will be completed soon. Routes 31 & 176 is an IDOT project. A contractor has been selected and there are conflicts with utilities that need to be taken care of prior to the construction starting. The moving of the utilities should start soon but a date has not been supplied to the City. Crystal Lake Avenue project is a continuation of a project started last year by the City. Again there are utility conflicts that need to be taken care of and they hope the project will start in June and be completed in 2 to 3 months. Pingree and Congress is a City project and Congress should be open by August with Pingree north to the tracks being open in October.

Mr. Reece said the City has done a wonderful job contacting the businesses in the area that will be affected by the construction to keep them up to date. Ms. Wilgreen said they walked the area and talked to the businesses face-to-face.

Mr. Affrunti asked why these projects are being done all at the same time. Ms. Wilgreen said they were not slated to be done at the same time. Some were to have been done last construction season but there were issues to be resolved such as utilities and acquisition. Now there will be an increase in costs associated with the delays so we want to get the projects complete as soon as possible. Also if the projects are held off, there is a possibility the grant funding could be taken away.

Mr. Reece asked if there are any road projects scheduled for next year. Ms. Wilgreen said Routes 176 and 31, possibly Route 14 into Woodstock, and Walkup may need to be continued to next year's construction season.

Ms. Wilgreen handed out brochures for the Congress and Walkup improvements. On the back are listed the website information. The website is updated continually but it anyone has any questions to please feel free to contact her.

The Committee thanked Ms. Wilgreen for coming to give them an update.

Matching Grant Incentive Programs Ordinance

Mr. Richter said some changes were made to this program last fiscal year when it was determined that prevailing wages needed to be paid by the grant applicants. Now they can use the money to be reimbursed for fixtures, furniture and equipment, which has allowed the grant to function well. He said the $80,000 goes rather quickly. Mr. Reece asked if a business could get both grants. Mr. Richter said they could but it would be better to do one or the other.

In response to the proposal to provide a tiered grant award for existing businesses up to $20,000, Mr. Fowler said the big box businesses will do the improvements anyway no matter if there is a grant or not. Mr. Dalzell said a car dealership that is locally owned is different than a large big box like Home Depot. He said the car dealerships are told what to do by the brand and they have to pay for it.

Mr. Affrunti said they need to leave room for the Council to be able to negotiate. Mr. Richter said the original intent was to fund new retailers to fill vacant spaces. Mr. Reece said they will be able to say to small businesses that we can't give you the one grant program but there is another designed more for them. Mr. Fowler said that would be good to have one for the larger retailers and one for the smaller.

Targeted Development Zone Incentives 50% Fee Reduction Program
Façade and Commercial Tenant Improvement Programs

Mr. Richter said they would like to continue the 50% fee reduction program. It has been very successful. Mr. Dalzell asked why it is restricted to certain streets. Mr. Richter said there were significant vacancies on Routes 14 and 31 at the time this was approved. Mr. Dalzell said he would like to add the Downtown area since there are a good number of vacancies there now.

Mr. Hymes said they were going with the high visibility areas in the City. Mr. Fowler said the business model has shifted.

Mr. Hymes said the Algonquin Commons did a good job to attract businesses. Mr. Reece said the Algonquin Commons is hurting too. Many of their national retailers have left and now there are smaller businesses moving into their space.

Mr. Saidler said they need to look towards the future and not necessarily what is happening now. Mr. Reece said it is important to attract industrial uses to keep employment here.

Mr. Hymes said the City needs to have a good idea of what they want to see here. Mr. Fowler said the major focus should be on attracting industry with employees to the City. Mr. Affrunti said years ago people said that MCC would attract businesses. He believes that MCC could help.

Mr. Fowler said they had contacted MCC a year or so ago to have marketing students help with contacting businesses regarding the I Shop program and the students were not a great help. Mr. Saidler explained his recent experience with MCC students. He said MCC needs to look at the buildings in the area that are available for their use such as the Raue Center, etc. before building their own. He said MCC needs to go to the community for information first. Mr. Richter suggested they invite Dr. Smith to attend an upcoming meeting. The members agreed.

Organization Reports

Downtown Crystal Lake (Brian Fowler)
Mr. Fowler said they are getting ready for the Lunch and Dinner in the Park.

McHenry County Economic Development Corporation (Brian Fowler)
Mr. Fowler said Ms. Cumpata from McEDC also attended the recent tour. Mr. Richter said she has given him a few leads for businesses possibly moving to Crystal Lake.

Chamber of Commerce (Gary Reece)
Mr. Reece said the annual dinner will be at the end of the month and the golf outing is sold out. Everything is great in "Chamber-ville."

Monthly Report to the City Council

Mr. Richter said he will prepare the report for Council.

Comments from the Committee

Mr. Fowler suggested the members take a look at the video that is on line from General Kinematics. The article was sent with the packets.

Mr. Richter asked the members to sign the thank you to Autotrol for their hospitality and tour the other day. He said the next tour will be Chicago Plastic System.

Mr. Richter said the meeting date for this month was moved up because he and Ms. Rentzsch will be attending the ICSC in Las Vegas next week. He will give the members an update when they return.

Adjourn

There being no further business, the meeting was adjourned at 9:05 a.m.