

# CITY OF WEST CHICAGO

WHERE HISTORY & PROGRESS MEET

## MINUTES

### Development Committee

June 10, 2013

#### APPROVED AT THE AUGUST 12, 2013 MEETING

#### 1. Call to Order, Roll Call, and Establishment of a Quorum

Chairman Stout called the meeting to order at 7:00 p.m.

Roll call found Aldermen John Banas, James Beifuss, Laura Grodoski, Alan Murphy, Jim Smith, John C. Smith, Jr. and Rebecca Stout present.

Also in attendance were Mayor Ruben Pineda, Aldermen Don Earley and Kurt Meissner, City Administrator Michael Guttman and Director of Community Development John D. Said.

#### 2. Selection of a Vice Chairman

Chairman Stout made a motion, seconded by Alderman John Smith, to elect Alderman Beifuss as Vice Chairman. Voting aye: Aldermen Stout, John Smith, Beifuss, Banas, Grodoski, Murphy and Jim Smith. Voting nay: 0. Motion carried.

#### 3. Approval of Minutes

A. Development Committee of May 13, 2013.

Alderman John Smith made a motion, seconded by Alderman Banas, to approve the May 13, 2013 Development Committee Minutes. Voting aye: Aldermen John Smith, Banas, Beifuss, Grodoski, Murphy, Jim Smith and Stout. Voting nay: 0.

#### 4. Public Participation – None.

#### 5. Items for Consent – None.

#### 6. Items for Discussion

A. Downtown Redevelopment Opportunity – Town Builder Studios

Chairman Stout requested staff to provide a brief overview. Mr. Said provided an update in accordance with the Agenda Item Summary. He added that Mr. Louthen was here to present some concepts to the City and get some input, direction and feedback.

Chairman Stout asked the members if they had any questions now before the presentation. There was no response.

Jim Louthen stated that he appreciates everyone's time. He commented that he owns a family-owned community development company. He added that he is very proud of their portfolio and the types of projects that they pursue. He added further that part of their commitment is to projects that are community oriented that involve properties that are a crown jewel to the community and need to be developed very carefully. He noted that they typically are involved in more than one type of development and work as a partner in a public-private partnership. Mr. Louthen commented that the projects also contributed in various ways to the quality of life for the community. He noted that they are here tonight to present ideas that they have and to hear the members' ideas for the Washington Redevelopment Project as well as the concerns and ideas for the growth of the downtown. Mr. Louthen said they responded to an RFQ for the Wiant House but their real interest is in the protection and growth of the downtown and the redevelopment of that campus.

Mr. Charles Smith stated that he is an architect and planner and has had an architectural planning firm for 28 years. He noted that he started out in architectural land planning for large enclosed shopping centers and then had the opportunity to look at how you plan space around that. He added that over the years it has morphed into more focused projects with small towns and community centers. Mr. Smith stated that he is licensed in about 25 states and has worked all over the country. He added that over the years they have had the opportunity to work hand in glove with communities who, they have learned, had specific needs and specific personalities. He added further that one glove does not fit every situation. He commented that they have developed some techniques that help them deconstruct preconceived ideas and deal with issues such as a viable retail district. He stated that he is guilty of designing large shopping centers which have displaced downtown retail centers. He added that over the last several years he has been working with communities on how to reposition or reinvent downtown retail that does not compete with the shopping centers but develop a special niche that really reflects the community at large.

Mr. Greg Terwilliger stated that he is a Vice President with McShane Construction here in Chicago based in Rosemont. He added that they have seven offices around the country and are a national firm. He added further that they are a commercial builder and work with all product types. He noted that office and industrial projects are their roots but they have done retail projects, mixed use and multi-family. Mr. Terwilliger commented that they are primarily a general contractor and have a development arm as well. He stated that even though they are a general contractor, their perspective is to get upstream and help with the planning process. He added that to help a community with the planning

process they have planning sessions, such as this, through the Urban Land Institute. He added further that they conduct technical advisory panels which are very similar to the discussion that is happening this evening. Mr. Terwilliger described the steps involved in a typical technical advisory panel. He noted that a panel would have a discussion on how to reinvigorate a downtown, how you can create transit oriented development and what types of projects are good for a downtown to create viability and commercial activity. He noted further that the discussion this evening is very similar to the type of advisory panel conducted by the Urban Land Institute.

Mr. Louthen stated that very specifically their goal and interest is to serve as the private developer through construction including investment and equity for the Washington Street area. He added that that is their goal assuming that is what the City wants and their vision and the City's vision match. He added further that everyone has an opportunity to rely on each other to build the redevelopment plan that the City has or something like it for the property. He commented that they are organized to go at risk with performance requirements and the like to build the components of the plan. Mr. Louthen reiterated that they are not interested in only the Wiant House. He added that the house combined with the redevelopment campus is a good fit for their organization. He added that they spent a lot of time and effort in preparing and submitting their response to the RFQ, which he believed everyone received a copy of the proposal and qualification package. He added further that the package has a tremendous amount of information. He noted that it was a very conscience decision on their part to submit the RFQ. Mr. Louthen stated that they did their due diligence and met with staff to make sure their proposal would be appropriate since the RFQ was for the Wiant House only. He noted the various sections of the proposals. He noted further that they did a lot of research especially regarding the history of West Chicago. He added that they did enough due diligence to understand the demographics of West Chicago and DuPage County. He said that in their organization, their line of work often gravitates to distressed communities and with the current economy, almost every town fits that description. Mr. Louthen commented that they understand the issue of economic development, creating jobs, creating tax revenue and that is a huge driver in terms of finding an economically viable project. He added that one of the reasons they are most interested in the project is because the City has demonstrated leadership to bring the properties together. He noted that they talked to URS about their plan and added that they have a great approach to consulting with towns like West Chicago. He added further that their core competency is in environmental engineering and transportation. He noted that URS created a plan based on input from the community. Mr. Louthen stated that at this point in the meeting he would like the Committee members to provide input in terms of if the URS vision is still relevant and what the Committee's thoughts and ideas are for the redevelopment of the area.

Alderman Beifuss noted that the URS redevelopment plan happened at Development Committee meetings over a period of time. He noted further that it was a plan for an interesting parcel that references pre-existing Main Street, which is over 150 years old, and the City has poured a lot of money into the downtown over the years. He commented that the downtown is reasonably vibrant and, of course, fits into the community.

Alderman Beifuss stated that the downtown is situated within a historic residential neighborhood. He added that the City wanted a plan that would serve a number of needs. He added further that the City wanted to move the municipal campus and at that time the park district was going to construct a recreational center. He noted that the recreational center has been taken out of the area now so that parcel has to be repurposed. He noted further that the general desire for the area is a municipal campus but also mixed use commercial at the street front primarily with residential above it. He stated that the one thing that has been consistent for a dozen or so years that the City wants is a town square or downtown park. He added that a lot of events take place on Main Street. He added further that the City does have Sesqui Park downtown but it is not really used for events because it is next to the railroad tracks.

Alderman Banas asked if that would also include enough space for festivals, such as Blooming Fest or Railroad Days. Alderman Beifuss responded yes.

Mr. Smith commented that that is a great idea. He added that most of your traditional downtowns were centered around a town square with a government center, post office, library, village hall nearby and the area was the lifeblood of the community. He noted that after the war, those areas started to deconstruct and retail spread out to the major thoroughfares of a town. Mr. Smith stated that what they are finding is that downtowns have to be repositioned and he was happy to see that the City put together the property. He added that a civic center around the park will bring a communal sense to the community and it is great that the stakeholders have bought into that idea.

Alderman Beifuss stated that the City is mindful that it has put a lot of money into it and the City needs money to build things out such as storm water detention, access roads and parking. He noted that parking is an important component to the plan. He noted further that that is the one thing the downtown merchants, chamber of commerce and staff have told us, that more parking is needed downtown. He added that the idea was to have shared parking for people going to the downtown stores, businesses or city hall.

Mr. Smith commented that everyone is 100 percent correct, downtown parking is needed. He added that in some cases we tend to put an overlay on it where communities want their downtown to be walkable when what they have found is that people want to drive and park.

Mr. Terwilliger commented that in the early stages of planning what they see is parking decks or providing parking is one of the first things executed because you need to figure out logistically how to get people into the downtown. He added that once they can park, then they can walk. He noted that planning the town center is a great idea, understanding that the infrastructure needs to be figured out as well as the environmentals. He noted further that then the building pads and municipal campus can be set up and the area would be ready to go.

Alderman Murphy asked how big the footprint was for the City Hall. Mr. Said responded that City Hall and the police department were on a 1.3 acre site and the building was approximately 25,000 to 30,000 square feet. Alderman Murphy commented that after you take out water detention, wetlands and the city property, how much actual acreage do you have to develop. Mr. Louthen responded that Alderman Murphy is right on target and that is why it is important to get everybody's expectations aligned. He noted that it is only a 14 acre site. He noted further that to move the floodplain sounds easy but it is not going to happen.

Mr. Smith commented that projects are economically driven now especially with the collapse of the economy. He added that in the past it was a detriment to the situation but now they have to look at how to make it an amenity. He added further that you can still use a floodplain as a walking path or recreational area. He noted that it could be used as a draw to bring people downtown. Mr. Smith commented that the plan has to strategically place retail in the area that supports the initial community. He added that they have to look at what else would draw people to the area, such as the park, which is a great idea. He added further that they have to look at how to redevelop the area for the least amount of money and make people want to spend time downtown.

Alderman Murphy stated that it is a difficult paradox that you are talking about. He commented that he knows retail better than anyone here and he is the owner of Murphy's Ace Hardware. He noted that a retail development was built across the street from City Hall where a Laundromat used to be. He noted further that his store progressed with the town. He added that it was located on Route 59 when it was a two-lane highway. Alderman Murphy commented that you have to keep in mind the density of the people within a mile of the downtown. He added that the retail in Chicago has been discussed and how people walk to it but that is because of the density. He added that people walk in Chicago because the traffic is a nightmare. Alderman Murphy stated that you can talk about building retail here but the density is not here to support it for the most part. He added that small service businesses or small grocery stores can come here but a big national chain is not going to come. Mr. Louthen responded that they are in agreement. He added that normally they are trying to send that message to a community they are working with. Alderman Murphy added that it is one thing to say give us the 14 acres and we will build you a beautiful site because there is property next to City Hall that was given to a developer that is now owned by the bank. He asked what kind of capitalization and assets do you have to guarantee this project will go through. Mr. Louthen commented that he wants to address one of the key points and that is that this is not a very big piece of property. He showed their site analysis on the screen. He noted that it is interesting where the City stopped acquiring property and there are parcels on the perimeter that are not included. He noted further that the floodplain would be highly expensive and incredibly time consuming to change, which is another key point. Mr. Louthen commented that the property really does not go anywhere, which means that Main Street is really the lifeline. He added that if you want to talk about supporting the retail you should be talking about protecting and getting as many consumers as you can to support the existing retail. He added that West Chicago is not alone. He stated that a

lot of historic main streets are being sucked dry by the Roosevelt Roads and Route 59s. He added further that it is difficult to compete. Mr. Louthen commented that their philosophy is to reposition the downtown using this property as an asset. He added that if it is not done carefully, the vacancy rate will continue on this property too. He added further that the earlier plan showed additional retail at the corner. He stated that as a concept that makes sense and the question is how are you going to fill it and how are you going to get a lease rate that is going to support that construction. He added that these are the realities that came to their mind as they looked at the property.

Mr. Smith stated that their goal for the project is to use the property that the City has as a vehicle to stabilize and increase the retail market along the existing retail strip. He added that with the development of the municipal center and repositioning the 14 acres in a way that brings people to the area, it will help strengthen the existing retail market and increase the revenue. He commented that he is currently working with a much larger municipality that has fallen in disarray over a period of 30 years. He noted that there are three colleges in this town and they have been working with the colleges to put program space in the downtown, such as adult education classes and a culinary art school. He noted further that by doing this, it will bring more people downtown and others will follow.

Alderman Banas commented that that is a great idea. He added that he represents a ward that is closer to St. Charles than West Chicago and most of his ward is north of North Avenue. He added further that there are 714 homes in his subdivision. He noted that the retail is not there. He stated that educational programs or park district programs would be the best solution.

Mr. Louthen commented that what we are talking about is rebranding this property to complement the downtown so that it becomes a destination point. He added that they are not going to be able to work together if they can not hold up their end of the bargain but at this time they are so far away from that. He added that they are coming in as investors. He noted that once they finish the analysis, the next part is how was the City planning to finance the plan. He noted further that other than the retail piece on the corner, the rest is public utilities so a lot of revenue is not coming in from this property back to the City. Mr. Louthen stated that it is a big investment and the City needs to do it because it has already invested in acquiring the property and you have a huge asset. He added that this project should be a high priority whether it is done with them or someone else. He added further that interest rates could not be any lower and the TIF clock is ticking. Mr. Louthen commented that they explored working within the 14 acre footprint, which hopefully could be expanded. He added that they started to look at what land is useable and cost effective. He added further that then they can create a viable development plan that is destination driven. He added further that they are going to take a green solution approach and minimize the infrastructure from a cost standpoint. He showed an option on the screen, which he discussed. He noted that the project needs to be priced out to see how much debt there really is and how much is on their side of the ledger and how much is on the City's side. He noted further that they need to figure out how to serve that debt

and make sure that it can be supported. He commented that they can not go forward and put their money at risk unless they are sure. Mr. Louthen stated that a public-private partnership is really the only way to complete a project like this. He added that maybe if they did it together and it is all finished, they would have a solution that could demonstrate that it was financially viable and that creates a hallmark, carefully designed and well priced solution that outcompetes some of your other neighbors. He added further that then the residents in Alderman Banas' ward would have a choice where to spend their money. Mr. Louthen stated that to recap, they responded to an RFQ to save the building at 151 W. Washington. He noted that they are not interested in the building by itself. He noted further that they are not sure it would be a good use of funds for anyone. He added that they walked through the building and have some ideas but it is the City's decision whether to keep that building or not. He added that they understand both sides of the argument and respect that. He added further that if the campus is done and it costs x number of dollars to renovate 151 W. Washington, they imagined how that expense could be amortized over a 14 acre construction redevelopment agreement but there are no guarantees. He noted that then you start thinking how that building could be used so it complements the larger campus. He noted further that if that building was renovated, it could create a unique theme. Mr. Louthen stated that where they are at is they like this project. He added that there are a lot of challenges with it. He added further that they are willing to put in more time if you want us to. He noted that once you get your questions answered and you are comfortable, they would like to know whether you want to enter into a development agreement. He noted further that the agreement would include a performance schedule, investments we are responsible for, etc. and ideally would be done soon. He commented that if you do not want to do that, they respect that and would like to be told soon.

Alderman Beifuss stated that as far as financing, the City needs to know what the developer is looking for from us and what the City is looking for from them if we did a partnership. He noted that the City comes with the land. He noted further that he wants to know how the infrastructure gets paid for. He commented that from what he understands, a larger component of the project for the developer is residential, which was considered initially. He added that the City then brings the zoning power. He asked specifically what the developer is looking for because he understands that there are credits available for developers for particular types of residential development. Mr. Louthen responded that it is premature to discuss uses at this time. He added that they are assuming there will be a City Hall and that the utilities will be owned by the City. He added further that whatever the uses, the pieces will be marketable and it will be viable financially so it can be leased. He commented that the uses will also have to be consistent with the vision. Mr. Louthen stated that financing the private portion would be their responsibility. He added that their ultimate goal would be to turnkey the whole project, including City Hall. He added that that might open up some issues and they would have to sit down to figure out the terms. He commented that the development agreement would say the developer is responsible for A, B and C and the City is responsible for X, Y and Z. He added that there would be very clear contractual responsibilities for both parties. He added further that there would be provisions for



performance measurements. He noted that they could assist with the bond underwriting if desired to assure that the plan matches your goals, matches the market and is financeable.

Mr. Terwilliger commented that Mundelein is currently doing the exact same thing. He added that the village had acquired the land and created a public-private partnership. He added further that they had a development agreement, like Mr. Louthen explained. He noted that the developer put in a certain amount of sweat equity into the project and there was cost sharing on both sides in terms of utilities. He noted that the site is pad ready. Mr. Terwilliger stated that today they are building the village hall and the developer is leasing space on the second floor, which made the village hall viable. He added that now they are in a position to figure out what is next, which is to market the land for various uses.

Mr. Louthen stated that as a developer, he has to be comfortable designing and building a project as well as financing it. He added that they pivoted their organization to understand how to get credits and what they can be used for. He added further that what is clear is that they are not the only ones doing it and West Chicago is not the only community that has an opportunity. He noted that the lenders with the credits are looking for this type of commitment and the dollars available are very competitive. He commented that City participation increases the score. Mr. Louthen stated that they want to move swiftly. He noted that if the City is willing to go down this path, they can volunteer their time for the next 60 days to meet with staff and start to layout the terms. He noted further that they could start to do some pricing to see what the numbers are and the City can look at its ability to support that debt. He added that they could look at the private side and how to design the site to meet the City's goals and vision. He added further that time is of the essence because if you are going to save 151 W. Washington Street, you do not want it to go through another winter and also because of the low interest rates.

Alderman Grodoski stated that she noticed in the proposal that some of the buildings in the qualifications portion had been LEED certified. She asked if there has been any talk about LEEDs for neighborhood development. She added that this seems like a good opportunity for it but she was not sure how early it comes into play or is discussed. Mr. Smith responded that it should be discussed at the very beginning. He added that what we try to do from a best standards practice from a standpoint of site design and storm water management, when we begin to look at building design we always take the approach to take everything into consideration with regard to sustainability and energy usage. He noted that they have some clients who do not want to walk through the additional costs for certification but we still try to design buildings with a certain level of equivalency. Alderman Grodoski commented that they have an actual neighborhood development certification and she was curious if anyone had any experience with that. Mr. Smith responded that this is a great opportunity for that. Mr. Louthen added that that is a goal once we talk about what it really means in terms of cost and energy efficiency. He commented that it could also lead to a theme because sustainable storm water



management has an appearance. He added that it has a native kind of look. He noted that creating a theme is very important. He noted further that the unique history of that site is a nugget to latch onto as far as a theme whether the 151 W. Washington building stays or goes. He stated that none of the other competing communities has West Chicago's history.

Alderman Beifuss commented that he likes the fact that Town Builder Studios likes to work with communities and understands the uniqueness of a particular community. He added that that is important especially for our community. He added further that we have a nice walking downtown that is convenient to transportation. He asked if they could talk about some of the other projects that they have worked on for other communities and how those have worked out. He wanted to know if they were public-private partnerships, if there was input and whether or not they succeeded. Mr. Smith responded that Tinley Park has been very successful and he purposely moved his office to Tinley Park several years ago because they began to embark on redeveloping their downtown. He noted that the area was depressed and a lot of the retail left because of the surrounding shopping centers. He noted further that originally he was not selected when the first RFP went out because his density was too high. He added that the developer who was selected could not make the numbers work and eventually backed out of the project. He added further that the city manager at the time asked if he would still be interested in the project and he said yes, if he could keep the density to make it financially responsible. Mr. Smith stated that as an architect and planner, he has made some money and lost some money in developing mixed use projects, including the one in Tinley Park. He added that he has been involved in every mixed use project in Tinley Park. He noted that there are other communities where they have come in as a planner and others where they brought in a developer to formulate a project. He added that they just finished writing an overlay zoning district for a community down south that wanted to look at how to interface their current downtown, which is very small, with their high traffic area, which was a couple blocks away. He added further that the first thing they did was an image assessment to see what people thought of the town as far as the assets and what the pros and cons were. He noted that they asked the community at large and then went out to retail spaces and softball games to gather information. He noted further that they did an assessment on what the residents thought and then what people two, five or ten miles out thought of the community. Mr. Smith stated that the assessment was brought back to the council so they could see what different people thought about the town and it helped them brand the good image items and rethink the plan. He added that they would do an image inventory for West Chicago and that would give them a foundation.

Mr. Terwilliger stated that McShane Construction came in on a project for the Village of Orland Park where they owned the land. He commented that they did all of the horizontal infrastructure work on the 22 acre site, including the roads, detention areas, parking lots, built a brand new train station and building pads. He added that it was all set up and all laid out and constructed.

Mr. Louthen stated that he built a number of businesses for other consulting firms. He added that he built a large infrastructure project on Wacker Drive, Michigan Avenue and Route 31 in Grand Rapids. He added further that he was recruited by URS to work on a Brownfield project in Ohio. He noted that he was not satisfied being a consultant because he wanted to develop his own projects and that is when he started TBS with the idea of doing these kinds of projects. He noted further that there are not a whole lot of great examples in his portfolio or others that have done a whole piece of a town like we are talking about here. Mr. Louthen stated that he helped the Village of Robbins develop a plan for their train station. He noted that they were going to lose the train station and the area was extremely distressed. He noted further that he helped them get a grant. Mr. Louthen commented that they received some credit money for affordable housing. He added that two years ago he developed a vision for an industrial area, which would create jobs. He noted that Robbins is on waterfront and has a freight railroad next door. He noted further that they signed an agreement, which has performance standards, last month and they are now recruiting investors.

Mr. Smith commented that he has made numerous presentations before many communities before and he finds that most of the time he is educating the council, which is challenging, and it draws the process out because you instill concepts and a reality check with the task at hand. He stated that he is very impressed with what he has heard coming from the members and that you understand what you have. He added that the members are light years ahead of some of the villages he has gone to, which makes the process move quicker.

Chairman Stout stated that unless anyone else has questions or comments it would be best to digest what we have heard tonight. She added that if anyone has additional questions or feedback, we can invite Mr. Louthen back. She added further that a decision needs to be made about where to go from here.

Alderman Beifuss commented that he would like them to come back. He stated that he is pleased the City dangled out a project and they came forward. He noted that the City would like to maximize the value of the large parcel that has been accumulated. He noted further that the City is aware of the challenges to develop the site. He added that there is a lot of traffic in town on Thursday nights. He added further that there are a lot of service businesses and not quite as much retail as we would like. Alderman Beifuss stated that he would like them to come back to continue the conversation because he is happy that there is someone who wants to invest in our town.

Mr. Said commented that it is staff's role to help facilitate the process and support City officials. He added that this is a lot to digest. He added further that Mr. Louthen and his team have been very patient in working with us. He noted that if people have questions or comments to let him know and he can respond. He noted further that if there is anything in particular that anyone would like to see from Town Builders, we can have them back next month. He stated that he appreciates everyone's comments.

Mayor Pineda stated that one thing that might help the committee is that the results of the Phase II environmental study should be completed within the next few weeks. He added that we will find out what is there and if we are going to have to apply for some Brownfield money. He added further that it will help us think about the concept and what uses we want in the future to find out how clean or dirty the site is. He commented that Alderman Murphy is correct that we do not have the demographics now to support a ton of retail downtown. Mayor Pineda stated that we do need foot traffic. He noted that we have another redevelopment plan for property further west on Main Street when the economy picks up. He added that we can make it all flow from Route 59 to the downtown and make the municipal campus work. He added further that there is a lot to think about and he likes what he is hearing.

Chairman Stout stated that she appreciates them coming in and all of the work put in so far. She added that they will wait for the results to come in and see them in July.

**7. Unfinished Business – None.**

**8. New Business – None.**

**9. Reports from Staff**

\*Mr. Said commented that Old Time Pottery is expecting to open late summer or early fall.

\*Mr. Said commented that the public hearing before the Historic Preservation Commission for the 151 W. Washington Street property was completed last Tuesday evening. He noted that a lot of material was presented and there was a lot of discussion. He noted further that the public hearing was closed and there will not be any more testimony. He added that the Historic Preservation Commission will review the Certificate of Appropriateness at its next meeting on June 25<sup>th</sup>.

\*Mr. Said commented that the Park District is pursuing the recreational center at Reed-Keppler Park and will be submitting plans for the City to review.

\*Mr. Said noted that the City is working on Bishop Place because the Letters of Credit were seized.

\*Mr. Said noted that there is a proposal for an Auto Zone at the southwest corner of Main Street and Route 59.

\*Mr. Said commented that some of the City's larger employers, such as Subco, Jel-Sert Aspen Marketing, Ball Horticulture, Northwestern Flavors, have completed projects within the last six months to a year. He added that it is nice to see these businesses reinvesting in West Chicago.

**10. Adjournment**

Alderman Banas made a motion to adjourn, seconded by Alderman Murphy. The members unanimously agreed. Motion carried. The meeting adjourned at 8:27 p.m.

Respectfully submitted,

Linda Ericksen