

**MINUTES
CITY OF WOODSTOCK
ECONOMIC DEVELOPMENT COMMISSION
April 28, 2015**

The Special meeting of the Economic Development Commission of the City of Woodstock was called to order at 8:03 AM on Tuesday, April 28, 2015, by Chairperson Rick Francois in the Council Chambers at Woodstock City Hall, 121 West Calhoun, Woodstock, Illinois. A roll call was taken by Deputy City Clerk Amy Weber.

COMMISSION MEMBERS PRESENT: Rick Francois, Ryan O'Connor and Henry Patel.

COMMISSION MEMBERS ABSENT: Craig Hallenstein

STAFF PRESENT: Cort Carlson, Director of Community and Economic Development, Economic Development Coordinator Joe Napolitano, and Deputy City Clerk Amy Weber.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES

Henry Patel made a motion to approve the minutes for the January 13, 2015 meeting. Ryan O'Connor seconded and the motion carried unanimously.

GENERAL BUSINESS/DISCUSSION

1-Revolution Loan Fund Program

Cort Carlson handed out copies of the Woodstock Revolving Loan Fund (WRLF). He stated that the city reestablished the fund three years ago as an incentive for businesses to relocate to Woodstock however there have been no requests for funds until just recently. He explained that it is a low interest, revolving fund, administered through the Finance Department and the process we are looking for: an application comes in and staff creates some kind of tentative approval or recommendation. Then the final approval would come to this commission and their recommendation goes to city council for approval. This commission would have advisory role to recommend or deny application.

Rick Francois asked for clarification on the process. Cort Carlson indicated they currently have an applicant going through the application process. Joe Napolitano said the request was put together with the applicant's bank. They will work through the lender. This particular loan would be a bridge loan as well. They will work with the applicant and their bank, review docs, make sure bank approved other loans. Rick Francois asked if the city has the loan documents and if they have been reviewed by an attorney. Cort Carlson indicated they had the documents and that they had been reviewed by the applicant's lawyer and the city's attorney. The city's attorney is putting together forms and contract.

Henry Patel suggested tying loan program to job creation and tying loan agreement to specific purchases of equipment, land but not tied to construction projects. For example, the loan could

be tied through equipment, where equipment would be collateral for loan. It would be for specific piece. Rick Francois wondered if the collateral would be light. For fixtures, there is not a lot of value. Would the city be a quasi -unsecured lender? Cort Carlson said, "Yes it may come down to that."

Rick Francois wondered if rather than job creation, we should be focusing on job retention. Cort Carlson agreed noting that if they are already here versus if they are moving here and there is a dollar amount attached to each full time employee created or retained of \$10,000 per employee up to a maximum of \$150,000. He stated the terms are 2%, below market rate and the loan is not intended to replace a conventional loan through a bank rather it's a bridge fund for businesses that are maxed out at their bank and the loan is a way to offer incentive to attract business, not a grant, and they have the responsibility to pay it back.

Cort Carlson has talked to other communities and they've expressed they are not getting 100's of applicant's. He added that it's a nice program to have in our back pocket if someone is on the fence. Rick Francois indicated that some of the terms in the loan could be limiting for a small business and we should try to be flexible. Cort Carlson indicated at this point they are relying on the city attorney's advice. Further questions were asked by the commission members, including how applications would be prioritized. Cort Carlson indicated that it would be first come, first served. As the loan is paid back, the fund will be replenished and grow with the 2% interest rate. If we need to, the city could borrow into other funds to keep it going. He indicated they don't expect people to borrow the maximum.

Cort Carlson reviewed various incentives the city does, or can, offer. Sales tax sharing is an option, as is a real estate abatement. He noted the revolving loan is not a big incentive to a large company, for those there are other incentives, but it is a nice incentive for smaller businesses. For smaller companies, the incentive is more appealing, it helps the applicant, and the city gets its money back. Cort Carlson noted that they wanted to present the program to the commission and get their input. Rick Francois asked if McHenry's program was still in existence. Cort Carlson replied that it was still available.

Ryan O'Connor liked the concept of making Woodstock a more inviting place. He saw the fund as another option for citizens moving to Woodstock. Part of a basket providing more incentives to the overall picture. He asked if neighboring communities are seeing these types of programs as viable in long term. Cort Carlson indicated the city is optimistic about the program for some of its businesses. They tried to structure so that it is not meant to save failing businesses. It's about growth, new jobs, relocating jobs, helping growing businesses-- assistance for them to grow more. It is not meant as an operating business slush fund. He indicated the city is not in the business of offering loan funds to businesses that are struggling. Rick Francois asked if the funds are in place, if the council had adopted it. Cort Carlson said the fund is there, and the council did approve this program and application and the general process of program. Now it's up to us to tweak the details and process.

2-Draft Economic Development Plan

Cort Carlson reviewed the plan, wherein there are three initiatives, rather than listing them as goals. The three broad initiatives were: bringing more jobs to Woodstock, the route 47 project—

assistance for it and keeping it moving forward, and looking at the tax rate and lowering the tax burden in Woodstock. The next step was to create goals under each initiative.

Rick Francois discussed the first strategy initiative: to attract and retain employers to city. There are five action plans: 1. Retention, visits by staff and submit monthly summary, 2. Monthly maintenance and updates by staff, 3. Meet with brokers to see what role they can play in efforts, 4. Develop the website and resource guide, 5. Investigate job creation and retention.

For the second strategy initiative the city is looking to improve transportation infrastructure with an emphasis on route 47. For this initiative, and the others, the city has retained a lobbyist to help the city pick a plan and lobby for necessary changes. An example is the successful lobbying for no median on Rt. 47. He noted that the commission had not yet got into the tax rate discussion.

Rick Francois suggested that the strategies should include the square, and that the fourth strategy could be built around the square. Cort Carlson replied that one of the original goals was to enhance the downtown, and they could pull some of that information from the original goal and rework it. Rick Francois asked how the commission felt about it. Ryan O'Connor said he had received feedback from Arlene Lynes about how the square picks up in the spring, and that it is a really unique thing to Woodstock, a rarity and we need efforts to support it. It's small, hometown charm is real. Cort Carlson noted that staff in the city have taken an active role with the downtown retailers, hosting monthly meetings, and playing a leadership role in organizing them. He thought it made a lot of sense for the square to be one of the initiatives because it takes up a lot of staff's time.

Rick Francois indicated the square should be their fourth initiative, then asked the commission to focus back on the third initiative, the city's tax structure. He noted that for City of Woodstock residents, their tax rate is higher than any other municipality in McHenry County. He asked if there should be a tax rate review and if some action plans could be constructed around it.

Cort Carlson noted there is a larger goal to reduce tax burden for residents, and what we are doing in terms of job creation is having an effect on tax rate, hopefully an improvement. The trouble is that there isn't a direct impact they can have on reducing taxes. Ryan O'Connor suggested that it was not a question of the impact, but rather understanding what taxes are composed of, why Woodstock's are the highest, and, once that's understood, perhaps advising the council or other parties that can have impact. If a community attracts jobs, with that comes residents and a high tax burden is one of the greatest impediment to growth in the residential world.

Rick Francois noted that the commission is a conduit, a way to start the process. He noted that the local taxing authorities need to understand and care about the tax burden on residents. It does have an effect on people looking to relocate to Woodstock. He has had business tell him that the taxes were high, and nonprofits told him they cannot operate because taxes are too high. The commission's role is small, but it can help to improve things. Rick Francois asked if the mayor would advocate to set up a tax force committee to examine data and see what conclusions come out of that. Cort Carlson wondered if that was something the commission could do, rather than creating a separate tax force. Rick Francois believes the commission could play part of that role,

but there needs to be someone from the school district as part of that role, too, since the district is the highest taxing body for residents. They could provide info and facts that are helpful, and they could help develop strategies. District 200 has a good reputation for fiscal responsibility, but they are #1 on tax burden. Rick Francois wondered if they could pull assessor data over a 10-year period, break it down by city fire district, school district and townships. Joe Napolitano noted that they have pulled together some of that data and the assessed values have declined significantly from the heydays of 2006, which has obviously had an impact.

Rick Francois suggested that this is part of strategy one—pull together data. Strategy two is the task force. He ask staff to discuss this with the mayor and let them know what they are trying to accomplish. Cort Carlson asked for clarification: the idea is to review the tax burden data, create a task force, and then address how we can impact, lower or stop tax increases. Ryan O'Connor stated it is important to be a well-informed voice to the mayor and city. He added that forecasting is an important part of that, what with state budgets under review, state budgets getting cut-- looking at existing structure is important.

Rick Francois suggested that the 4th strategy and goals need to include action plans to improve the Square and downtown. Cort Carlson stated that they take an administrative role in organizing communication between the city and downtown retailers. He stated that we take on the role of getting out information to retailers and hosting and facilitating meetings to help keep things organized. Rick Francois asked if the City plays a role in organizing Square events throughout the year. Cort Carlson replied that any event that uses public property such as Market Day needs to work with the City for street closure and most events are organized and managed by non-profits who work with the City to get street closures and to schedule their event. Rick Francois asked if we did things to help promote their event such as on our website. Cort Carlson replied yes, the events are listed on the City website and we also promote through Facebook and other types of social media. He added that if it's something that will impact other businesses we contact businesses to let them know what is happening. However, he stated that most printed or marketing efforts are up to the organization. Joe Napolitano stated that they promote businesses working together, make businesses aware of events and helping them decide what they can do as a group of retailers to get people to come into their stores. He stated that they coordinate it through monthly downtown retailers meetings. Cort Carlson hopes to create more cooperative events similar to the Easter event that brought all the retailers together. He is also looking into other cooperative events such as making the first Friday of the month "Arts night on the Square" that would include artists in stores doing demonstrations and street performers.

Rick Francois referred to page 6, number 4 "enhance communication with retailers" and asked what role does the City take in promoting the City of Woodstock for daytrips and are we looking for retailers to support that. Cort Carlson stated that the City sponsored marketing campaigns, they did print ads in the Northwest Herald and advertised on radio station Star105.5. They recognized that there was no marketing in place and so they did a ten-week marketing campaign during the holiday season. He stated that they also did print ads in the Northwest Herald about the downtown sidewalk sales event. He stated that they are in the process of developing a marketing program. They have funds in place and hired a marketing firm to look at branding for the City and it's in progress. Rick Francois asked if other municipalities play a role in

advertising. Cort Carlson replied that Crystal Lake generally does some type of downtown organization program however it's done differently in different municipalities. He stated that generally, when we do it, it's on a broader level. Rick Francois stated that the City has to take on more of a leadership role in promoting the Square. He asked if there were any comments on the McHenry Tourism Bureau. Cort Carlson stated that they do a great job and get a great deal of publicity, for example Groundhog Day, and other events had very good media coverage. They also do a lot of motor group tourism and when we get a motor group into town it's usually through that office. He added that they let us know when a group is coming in, they do Opera House tours with shopping and dining at our restaurants. Rick Francois asked if there were any additional comments on the strategic plan. Cort Carlson asked to go through comments and updates.

COMMISSION COMMENTS/UPDATES

Cort Carlson announced Arlene Lynes resignation and added that Craig Hallenstein is still a member. Rick Francois asked if there were any prospects for the 5th member. Cort Carlson stated that it's up to the Mayor.

Cort Carlson also announced that they are going through a restructuring of the Economic Development department and as of May 1st they are splitting department into two segments. Building and Zoning will remain downstairs with Joe Napolitano as the director and the new Economic Development department will relocate to the back of the second floor of City Hall. This new department will have a much greater focus on Economic Development. He also stated that he is leaving the department however everyone else will remain.

Cort Carlson stated that Guy's Paper is looking to purchase a portion of the D.B. Hess building and are currently under contract. He stated that another business out of Cary that makes products and components of applicator pens is looking at purchasing the remaining portion of the building. He added that this company will bring in about 30-40 jobs. Flint River Recycling moved into the building on rental basis and now the building is under contract and they have to leave. They are currently in discussion with the owners of the property next door. Wolf distributors is moving forward with their work in the Quincy building. Their headquarters would be there bringing around 60 jobs. Cort stated that they are optimistic that in the near future the Precision-Quincy building will be filled and operating. He also stated that there is some interest in the Silgan building on Lake Avenue however the owners are not willing to reduce their price. Ryan O'Connor stated that Courtalds Drive will be in full occupancy in a few days. Also, Air First Mechanic is coming up on their first anniversary and a new company called Woodstock and Co., a farm wood reclamation company that makes barn wood benches, tables and conference tables, is looking to expand.

Rick Francois asked if there was any further contact with Dura-Bar. Cort Carlson stated they hosted a manufacturing forum back in February. Their intention is to have the property for finishing instead of production work.

Rick Francois asked if there was any new information on the train station near the Square. Cort Carlson stated they are not open for business yet.

Rick Francois asked about Woodstock Harley. Cort Carlson stated that Jill met with brokers and Harley is moving over from their current space in June or July. He stated he sees the current space as becoming some type of commercial retail or gas service station because it's right on the intersection.

Rick Francois asked if Taco Bell is still looking to relocate. Cort Carlson replied yes, they are looking to relocate down to the intersection of Route 47, Irving and Judd. He added that they've reviewed the initial plans but haven't received final plans yet. He also stated that Murphy Oil will begin groundbreaking near Walmart very soon. Rick Francois asked if the company is Walmart related. Cort Carlson replied in the negative. Rick Francois asked if Walmart will allow them to sell liquor. Cort Carlson stated Murphy Oil did not receive a liquor license because no new liquor licenses are being offered to gas stations.

Cort Carlson stated that Porkies Pig Pen is expanding out by Harley Davidson. They are closing their old location and opening up a newly remodeled and expanded dine-in establishment. He expects them to do very well in their new location. He also added that Bull Valley Ford may potentially expand because they don't look like a typical Ford dealership and are being pressured by Ford to comply. They are looking at incentives to help him do expansion to comply with requirements.

Rick Francois asked Cort if he's seen a general increase in activity with inquiries. Cort Carlson stated that they are filling industrial space but filling retail space is lagging. He states that there is not a lot of availability for downtown retail space. He states however he's had some discussion with a developer for out lots at Farm n Fleet. He's had inquiries from an engineer to place a restaurant chain at that location. Further updates include a coffee roasting company is looking at a small spot on Route 47 and Dollar Tree is coming in to the former Family Dollar location. Dollar Tree assumed the lease and is opening in June. Office Depot is vacating which is part of the consolidation with Office Max and Staples with 400 stores closing nationwide.

Rick Francois asked if they've been in contact with Centegra Hospital on South Street. Cort Carlson replied that they've done a lot of inspections with the new hospital and he believes that Centegra Hospital on South Street will be closing. He states that the building will remain open for some type of medical services such as Hospice. He added that the Centegra Doty Road facility will remain more as an outpatient facility. Rick Francois asked if jobs will be dropping at Centegra. Cort Carlson replied yes, restructuring of the hospital will have some impact on jobs.

Rick Francois asked for a motion to adjourn.

ADJOURN.

Motion by Henry Patel, second by Ryan O'Connor, to adjourn to the next regular meeting of the Economic Development Commission on Tuesday, May 12th at 8:00AM in the Council Chambers at City Hall. Ayes: Francois, Hallenstein, Lynes, and Patel. Nays: None. Absentees: Abstentions: none. Motion Carried. Meeting adjourned 9:40 AM

Respectfully Submitted



Amy Weber
Deputy City Clerk