

**MINUTES**  
**CITY OF ST. CHARLES, IL**  
**PLANNING AND DEVELOPMENT COMMITTEE**  
**MONDAY, OCTOBER 10, 2011 7:00 P.M.**

**Members Present:** Acting Chairman Bessner, Ald. Stellato, Payleitner, Turner, Rogina, Martin, Krieger, Lewis

**Members Absent:** Chairman Carrignan and Ald. Monken

**Others Present:** Mayor Donald P. DeWitte; Brian Townsend, City Administrator; Russell Colby, Planning Division Manager; Chris Aiston, Director of Economic Development; Michael Mertes, Economic Development Coordinator.

**1. CALL TO ORDER**

**2. ECONOMIC DEVELOPMENT**

- a. Recommendation to approve Savers request to amend the City's Municipal Code regarding Second Hand Stores.

Mr. Aiston reviewed the Executive Summary and stated that there were 2 Illinois store managers present to describe Saver's store operations and answer any questions the committee may have. He stated the company anticipated doing \$4,000,000.00 in business which equates to about \$80,000.00 in new taxes to the City. He further stated that Savers is not asking for any incentive, but rather for the city to amend its municipal code to allow the store to operate efficiently in St. Charles. Mr. Aiston said he feels that staff feels that 3 of the exemptions requested (records requirement; transactions with minors; and the prohibition against taking and selling secondhand bicycles) are appropriate he would recommend they be approved.

Cindy Tamburrino-Manager of proposed Savers store in St. Charles- stated that Saver's is a for-profit, thrift store that purchases all its products from a local not-for-profits. In the Chicagoland area, they currently partner with the Friends of Epilepsy of Greater Chicagoland. The charity goes throughout the community, collecting items that they later sell to Saver's in bulk (truckloads) at a flat rate. Ms. Tamburrino noted that presently, Saver's is the largest source of revenue for Friends of Epilepsy. This revenue allows the charity to run various programs, such a providing medicine and education to the poor that would otherwise not be possible for lack of funding. She noted that, as Saver's does not purchase anything directly from the general public but rather solely from charitable organizations and in bulk, the store has no way of identifying and recording from whom the items were originally donated to the charity itself, specifically, neither the name or age of such donator. As such, Savers is unable to operate per their business model in compliance with the existing St. Charles regulations.

Ms. Tamburrino stated that the store would like to occupy the building at 3880 E. Main St. (former Toys-R-Us) in January with an opening date of May of 2012 and that they would be hiring approximately 50 people from the local community, 60% of those will be full time benefited positions. She said that in terms of signage they do not have information right now, but if they are given the go-ahead, their construction and building dept. will go through the proper planning and building approvals once the site is theirs and that they would look forward to doing business in St. Charles.

Aldr. Stellato clarified that Savers was there tonight to find out first of all if they are able to do business in the City, and if so, they would provide some building architectural renderings so the Committee can see what the outside of the building would look like. He commended the store's work with not-for-profits but asked what would happen if the Friends of Epilepsy product stream dries up, would the City allow Saver's to purchase their products from the general public for re-sale. Ms. Tamburrino said the store's business model and operations does not allow for the store to purchase products from the general public. She also noted that nationwide, the store partners with a many different not-for-profits, including Easter Seals, Big Brothers and Big Sisters, and that Chicagoland stores can also use these organizations and others as a source of product.

Jeff Veith-Manager of Naperville Savers store- said he has been with the company for 7.5 years and he has never experienced a time where donations have dried up; usually nonprofits will expand their collection base. Aldr. Stellato said that is fine but asked if they are ok with agreeing to the city prohibiting the store from purchasing product from the general public. Mr. Aiston stated that, to address this concern, the requested exemptions will only apply to for-profit, secondhand stores that do not obtain their goods from the general public.

Aldr. Lewis asked if they ever sell brand new items or if they are all used.

Mr. Veith said 95% of store sales are products that were previously donated (secondhand) and the other 5% is new products, typically associated with a holiday (Halloween, Christmas).

Aldr. Rogina noted that in the Executive Summary it says Savers requests that the store be exempt for reporting to the police every secondhand bicycle they receive. He asked Mr. Aiston if he felt this was appropriate and if the City's police department has reviewed this matter. Mr. Aiston said he has not run this by the Police Department but that he would check with them before Council meets. Aldr. Rogina asked if Mr. Aiston knew why this requirement is the existing code. Mr. Aiston said he suspects that it is because bicycles are items that are somewhat easily stolen and are often sold later somewhere else but couldn't fully answer the question without speaking to Lamkin to get his thoughts on this. Aldr. Rogina said that, if Mr. Aiston is looking for a vote this evening, he would have an issue in voting without getting more information on this question. Aiston said that he was not looking for a vote on all the ordinance changes requested from Saver's per se but only for direction from the Committee as to how he should present the

ordinance amendments to the City Council. Mr. Rogina said his only issue is with the bicycle exemption.

Acting Chairman Bessner asked if the signage and colors will be consistent with their other locations. Mr. Veith said yes the signage is consistent with Savers written in red and the outside paint schemes is dependent on the area or strip mall building to keep it consistent with the rest of the plaza.

Acting Chairman Bessner asked how sales are tracked. Mr. Veith said they have a point of sales system so what happens is we get a donation in, we sort through it, the sellable stuff then gets a determined value, tag it, which then puts it into an inventory for us, then it goes to the sales floor and we track that through sales up front. He said it's a pretty basic profit/loss statement that most retailers have.

Aldr. Lewis asked if prices are negotiable with the customer. Mr. Veith said no there is no haggling.

Mr. Aiston recapped on what recommendations need to be made to amend the Ordinance: change to the hours of Operations-Savers is requesting to start at 7am instead of 8am, transacting with minors, cooperation with police and to not operate as a pawn broker. And the bicycle issue is outstanding but we can come back to that. Mr. Aiston said that the City Attorney and Staff feel the requirements with respect to bicycles probably should not apply to Saver's, but he feels it's a good idea to find out why it's in the Ordinance to begin with and he feels Chief Lamkin can provide insight on that.

b. Presentation of Sales Tax Reimbursement Criteria.

Mr. Mertes said, since the last presentation made by Economic Development back in the spring of this year, he has done some research on what comparable communities in the Chicago area have been doing and put together a list of 10 essential criteria that could be used when considering whether or not a business is suitable for a sales tax reimbursement incentive. He said he has some suggested guidelines for the city council to use in ensuring that the city's best interests are safeguarded when undertaking such a consideration. He noted that during the recent Comprehensive Plan business workshop, many attendees indicated an interest in the City having more concrete business incentives to attract more retailers to the community, especially in the downtown area. He stated that any request for an incentive must be accompanied by proof that "but for" the incentive itself, the business could not operate at an acceptable profit margin in He further noted that a number of sales tax reimbursement incentives have been awarded by the city over the past ten years, providing a list of the specific businesses that have received such awards.

Aldr. Stellato questioned whether staff is looking for an amendment. Mr. Mertes said the intention is more to say this is how we would go about determining whether we would

recommend awarding a sales tax reimbursement incentive to a specific business or not. He felt it was important for the city to address the question of whether or not we need to be more aggressive in some cases, say based on a particular type of retailer or a particular area in town, and less so in other cases. Aldr. Stellato stated that this is an appropriate question, but in either case, we can look at a given request for an incentive on a case-by-case basis, asking whether the incentive makes sense economically for the city and meets our stated goals, then we should strongly consider using this tool to attract a given retailer, particularly if they are also looking to locate at a neighboring community instead. Aldr. Stellato clarified that staff is not suggesting we eliminate our current guidelines in place on this matter but rather that we look at each request on a case-by-case basis. Mr. Mertes said that summarizes the staff position well.

Acting Chairman Bessner asked to hear briefly about the “pay as you go” part in regard to the TIF. Mr. Mertes replied that in terms of the TIF that it’s not his area of expertise but in term of pay as you go as far as far as sales tax reimbursement, he said he would, depending on the business, recommend probably setting a front loaded reimbursement that would therefore incentivize them to be more aggressive at first. Mr. Mertes said he was unsure if he answered Aldr. Bessner’s question. Aldr. Stellato said that this is 2 different topics that have similar terms but are handled differently and that his understanding was this is just about sales tax reimbursement, there is no TIF involved with it. Mr. Aiston said that is correct and there is no money up front for the pay as you go and you get a percentage of the money back and re-capture it over time.

c. Presentation of potential East Main Street Business Development and Redevelopment District.

Mr. Aiston reviewed the Executive Summary followed by a PowerPoint presentation describing the Business District state statute in greater detail, including its general purpose, applicability to the proposed geography in question, eligibility criteria requirements and what specific activities and costs are eligible for funding through use of district tax revenues.

Mr. Aiston noted that all staff is looking for today is direction with respect to undertaking an eligibility study and redevelopment plan, through the use of a third-party consultant and that this can be budgeted from existing resources in the Economic Development Department-Professional Consulting Budget for this fiscal year. If it can be determined that there is an area eligible for Business District and we approve the redevelopment plan, the City may then establish the district. If the District is established, state law allows the city to adopt an additional retail sales tax, up to one cent on the dollar, and that this tax must be used to create economic development within the specific district itself. Aldr. Stellato asked what the retail sales tax in the city is right now. Mr. Aiston said 8 cents on the dollar. Mr. Stellato said so we are talking about adding one-quarter of one cent to our existing 8-cent sales tax.

Mr. Aiston briefly described the difference between a Tax Increment Financing District and a Business District, and that although both related only to a specific area in town, the former affects property tax bills and the latter affects only retail purchases. Mr. Stellato noted that East Main St. will be reconstructed over the next 18 months and that we will have a better looking roadway leading through the east side, but that there are many other issues besides the street itself within the proposed district, noting that the council regularly faces questions about the state of the Charlestowne Mall. He asked if the money collected through the new sales tax can be used to address Charlestowne Mall issues. Mr. Aiston said that it definitely could be used for everything from helping to make exterior and interior improvements to the property, to collaborative marketing to establishing financial incentives to retain or attract new and especially larger retailers and restaurants. Mr. Aiston said there is money that can be spent toward comprehensive marketing for the whole district, offering grants for signage and storefront upgrades, and improvements to property access.

Aldr. Martin said he has a general aversion to taxes and he's concerned. He asked what type of revenue this will bring in annually. Mr. Aiston said that even at a quarter of a cent this district would generate additional sales taxes well into the six figures annually. Aldr. Martin asked of that tax money what kind of administrative costs will apply. Mr. Aiston said he believes that all administration for the district can be handled by the existing personnel in the Economic Development Department, at least for some time to come.

Aldr. Lewis asked how this will work seeing as though we are in the process of the Comprehensive Plan, suggesting that the city should wait until the new plan was adopted. Mr. Aiston said that his feeling is this area will remain a commercial district and the new comprehensive plan will depict it as such. He stated that the city should not wait, that the city needs to be pro-active, sooner rather than later. He stated that it is his opinion that the much of the commercial properties along East Main Street will not return to former vitality anytime soon without some action by the city and, the longer we wait, the more vacancy's will occur. He feels we need tools in place soon to ensure that we can entice new development and hold onto the existing stores. Aldr. Lewis asked Mr. Aiston how he feels the businesses are going to feel about this. Mr. Aiston said there needs to be an education process, not just about the program and how it works but how businesses in the district can materially benefit from the new funding source. He added that it is important to realize that, by including as much property in the East Main Street corridor district as possible, its consumer base will pay the additional tax across the board, leveling the playing field within the entire district. He doubted that these shoppers would be willing to add another 10 minutes or so each way to shop at alternative stores across the river or in neighboring communities to say one penny on a four dollar purchase.

Aldr. Krieger said due to the upcoming road construction from 7<sup>th</sup> ave. to Kirk Rd. does Mr. Aiston feel it's a good time to add taxes to that area. Mr. Aiston said he agrees it's a tough time to add a tax but that the construction will happen no matter what having

additional funds to assist businesses in promoting themselves, make improvements to their property and to incentivize other businesses to locate in the district could work to offset and more than make up for the potential loss of business due to the construction.

Aldr. Rogina asked if there is any indication as to whether businesses would be for or against this. Mr. Aiston said he has not spoken to specific businesses, he has spoken to shopping center owners and they are amenable to it because for key anchors they would get more money back than they are paying because the perspective district generates more money.

Aldr. Krieger said another concern she has is that St. Charles for some reason always gets second rate stores and is there anything to ensure that we get first rate stores. Mr. Aiston said that just because we create a new district does not mean we'll suddenly be flooded with upscale retailers selecting sites up and down the corridor; we still need to earmark any incentives towards priority type retailers that will generate traffic for surrounding retailers. Mr. Aiston said he is hoping the Comprehensive Plan addresses that we need more rooftops on the east side, adding to the consumer base in this district, but it is not going to happen overnight.

Aldr. Rogina asked if whether the Economic Development believes that, without creating the business district, the prospects of growth within the district are not good. Mr. Aiston said he believes that without a proactive and aggressive policy on the part of the Council that it will be very difficult growing this back to full occupancy of existing buildings, let alone growing additional commercial buildings within the district. Aldr. Rogina asked what Mr. Aiston thinks regarding some of the smaller businesses on the east side learning that we may consider raising the sales tax a quarter of a cent? Mr. Aiston said there needs to be an education program, and they need to know how they can benefit from that increase. He said the statute is very clear, you cannot add a property to the district that cannot have an opportunity to be materially benefited from the district tax.

Aldr. Lewis asked if this tax applies to grocery stores, restaurants, nurseries and landscaping places. Mr. Aiston said food and medicine no, but restaurants yes. He noted that the statute also allows for the city to impose service occupation tax but to date, the city staff has not considered the potential imposition of such a tax or the revenues from that tax itself. This will be addressed during the redevelopment plan process.

Aldr. Stellato said in listening to all this, he is wondering what the sales pitch to the businesses will be and he feels business owners will wonder what is in it for them. He feels a vision needs be put together so people can see the positives in what the future brings as far as the mall having more activity and looking cleaner. He asked if this is like an SSA where everyone has to vote themselves in or do we have the right as a Council to establish this without their approval. Mr. Aiston said there is no requirement in the law for property owner approval in creating the district or in imposing the tax within the district. He noted that not all the properties shown in the proposed district map need to

be included but the district must comprise one continuous geographic area. Mr. Aiston said he feels in order for this to work and be more palatable to the businesses within the district, he feels we need to do some case study's where this has worked in other community's and has generated real growth where individual merchants have benefited from it, he said they will get that information for the Committee.

**Ald. Turner made a motion to direct staff to issue an RFP for East Main Street Business Development and Redevelopment District.** Ald. Stellato seconded the motion.

Voice Vote:

Ayes: Stellato, Payleitner, Turner, Rogina, Martin, Lewis

Nays: Krieger

Absent: Monken and Carrigan

Motion Carried.

**3. COMMUNITY DEVELOPMENT**

- a. Update on the Comprehensive Plan Project.

Russell Colby gave a brief update on the Comprehensive Plan Project.

**4. ADDITIONAL BUSINESS –None.**

**5. ADJOURNMENT at 8:15 p.m.**