

Committee Members:  
Frank Menn  
Ryan Vickers  
Brenda Wagner  
Harry Zimmerman  
Bill Poletti

**CANCELLED**  
**A G E N D A**  
**COMMUNITY COMMITTEE**  
July 22, 2020 – 7:00 p.m.  
Council Chambers  
Fairview Heights City Hall  
10025 Bunkum Road

Public Participation

Approval of Minutes –

*Development*  
*Alderman Bill Poletti, Chairman*

1. *Director's Report – Sales Tax Report*

*Parks & Recreation*  
*Alderman Brenda Wagner, Chairman*

1. *Director's Report*

*Planning*  
*Alderman Harry Zimmerman, Chairman*

1. *Director's Report*

# MEMORANDUM

TO: Elected Officials

FROM: Paul A. Ellis, Director of Economic Development

DATE: July 20, 2020

SUBJECT: Economic Dev. Dept. - Director's Report

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## Re-openings

The Director has continued to work with businesses, property owners, other local and regional agencies, and other City departments to help facilitate re-openings as allowed.

## Transitions

Some businesses have permanently closed, but replacements are in the wings, and the Director continues to work with businesses seeking to expand and even to start up:

- Pier One Imports has closed its store in Lincoln Place as part of a nation-wide business failure, but the Director is working with Acadia Realty Trust, the property owner, to secure a replacement tenant
- Ruby Tuesday In Fairview City Centre has closed, but a new fast casual chain restaurant has finalized a lease and will be announcing its opening soon
- The Director has been working with Sweet Cravings, a startup opening on Lincoln Hwy., as well as three other startups
- The Director has a number of redevelopment projects in play at the current time, as represented in the Current Projects List, attached

## Outreach

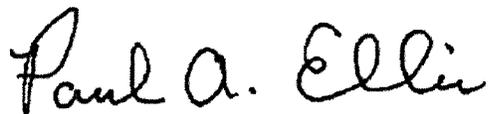
The Director continues to market advantages of a Fairview Heights location to national and regional retailers, and he strives to keep open communication with the 800+ businesses already in operation here. He has been contacting several businesses each day via phone calls, emails and/or review of survey responses, and he has been able to help several connect with federal, state and/or regional loan programs or other resources needed to keep their businesses open.

## Initiatives

The Director continues work on several initiatives to help bring more business and broader investment into Fairview Heights:

1. As a member of the Mid America Workforce Investment Board (MAWIB), the Director has been helping to open a retail training center in Fairview Heights; a proposal is now under review by the Illinois Dept. of Education (IDOE)

2. The Director is working with other departments, a professional services firm and a regional real estate broker to pursue interest from a retailer in the 72 acres across from The Fountains ♥
3. The Director and the Director of Land Use & Development are working with Namdar Realty Group, the new owners of Fairview Heights Plaza, to explore the vision for future development of that center included in the ED Strategy ♥
4. The Metro East Business Incubator (MEBI) has accessed the \$100,000 allocated for its operations by the State of Illinois, and the Director and partners from various agencies helping set up the new agency to serve entrepreneurs and small businesses immediately via a virtual platform, Startup Space ♥
5. The Director is finalizing assembly of data to complete the dashboard envisioned in the Economic Development Strategy; he anticipates having a first draft for review in September ♥



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Paul A. Ellis  
Director of Economic Development

Attachments:

- a. Current Projects List (July 2020)
- b. What's Next for Large Format Retailers? [ED Now]
- c. Sales Tax Report (showing collections for Apr. 2020)



Economic Development Dept.

## Current Projects List (July 2020)

Expected Completion	Project	Location	Description
Now Open	Sanitizer & Mask Store	5900 N. Illinois St.	New branch for regional retailer
Summer 2020	Sweet Cravings, LLC	708 Lincoln Hwy.	New (startup) retailer
Summer 2020	C.A. Jones, Inc.	10890 Lincoln Trail	New home construction showroom
Fall 2020	[Name TBR]	6565 Illinois Ave.	New branch for major fast casual chain
Fall 2020	Chase Bank	6535 Illinois Ave.	New branch for national bank
Fall 2020	[Name TBR]	Lincoln Place II	New branch for national retailer
Fall 2020	Simsco Family Kitchen	Illinois Ave.	New (startup) restaurant
Winter 2020	[Name TBR]	114 Commerce Ln.	New big box retailer
Winter 2020	[Name TBR]	455 Salem Pl.	New professional/service use
Spring 2021	New construction	Lincoln Place I	Junior box retail space
Fall 2021	Project Vagabond	Exit 12 - I-64	High sales tax producing retailer
Spring 2023	Project Pantry	Fountains Pointe (72 acres)	Big box retailer

Additionally, we have several business startups seeking affordable locations in town, and we are working with the new owners of Fairview Heights Plaza to identify new partners for redevelopment

## ED Now Feature | What's Next for Large-Format Retailers?

tags: [big box stores](#), [covid-19](#), [retail](#)

Michael J. Berne on Monday, July 13, 2020 at 11:15:00 am



*By Michael J. Berne, MJB Consulting*

Medium boxes. Big boxes. Even bigger boxes. Economic development professionals have long taken a special interest in large-format retailers, especially in municipalities that depend heavily on sales-tax revenue. Such stores will be even more critical in the covid-19 recovery, not just for their direct fiscal contributions, but also as anchors for larger shopping centers and traffic drivers for a severely distressed small-business sector.

At the same time, some powerful forces are pulling in the other direction, compelling practitioners and policymakers to reconsider the wisdom of pursuing such businesses. Most notably, there is the accelerated rise of e-commerce, which has already spelled doom for a slew of now-defunct category killers. And this trend is set within the context of an overbuilt retail footprint, as measured by square-foot-per-capita figures dwarfing those of other modernized economies in Europe and Asia.

However, this narrative is grossly oversimplified, raising the danger of an overcorrection. Online sales as a percentage of total retail sales will no doubt increase as a result of covid-19, but there will be a ceiling to this growth, due to aspects of human nature that will always favor in-store shopping; the massive costs associated with delivery, customer acquisition and returns (and inability to pass those expenses along) that give retailers a powerful incentive to lure consumers into physical stores; and the role that those stores themselves play in rationalizing such costs, through buy-online-pickup-in-store (BOPIS), curbside pickup and ship-from-store, for example.

As for the oversupply of retail space, while that might be the case overall, there are certain settings where it does not hold. Many dense urban areas, for example, have long been *underserved* with retail, and remain so today. And even suburban and exurban submarkets might have latent demand to tap as a result of changing demographic profiles or shifting competitive dynamics.

Finally, while surging caseloads and stalled reopenings suggest near-term choppiness, savvy retailers with relatively healthy balance sheets will be looking beyond that, anticipating the rebounds in consumer

confidence and spending once a vaccine is widely available. After all, stores are built to last for decades, whereas covid-19 should start to recede from view long before that.

### **Who's going to grow**

So, while most retailers have indeed reduced their capital expenditures for the coming year and remain deliberately vague about their future plans, many will still be expanding with new stores, perhaps just at a slower pace in 2020 before resuming or even accelerating in 2021. A subset will be channeling Warren Buffett's adage to "be greedy when others are fearful" and seeking opportunities to secure desirable real estate at significant discounts. Indeed, the ones owned by private equity – which could increase in number as a result of the current crisis – can usually be relied upon for aggressive growth.

The challenge facing property owners and economic development practitioners is in picking the winners and the losers. With some of these chains, store expansion will be ill-advised and ultimately unsustainable. And as for private equity, its recent track record does not exactly inspire confidence. Which large-format retailers, then, represent promising targets for anchoring new projects or, more likely, backfilling existing ones?

This article touches on certain types of anchors, including some specific operators, that can be expected to keep their growth plans in place (if not accelerate them) over the next 12 to 18 months. Given space constraints, it is *not* meant to be exhaustive in terms of categories or the major chains within them. And as it uses the definition of an anchor as a retailer with a typical floorplate of at least 15,000 square feet, it excludes large-format drug stores, the discount-variety / dollar stores, most hardware franchises, some smaller-box grocers and the like.

#### **1. Groceries and essential-goods providers**

Supermarkets and other retailers that sell groceries (e.g. supercenters, warehouse clubs) have enjoyed strong top-line growth since March, with operators increasingly optimistic that the shift towards eating out and away from home cooking over the last quarter-century has finally started to reverse. At the same time, developers and landlords are likely to double down on and offer more favorable terms to anchors that trade primarily in essential goods.

That said, plans for additional locations vary widely. The largest players – Kroger, Albertsons, Walmart and Target – had long since reduced new openings of their conventional formats, choosing instead to invest in their online capabilities. Already boasting the extensive store networks that are critical to reducing the high costs of last-mile delivery (i.e., curbside pickup, ship-from-store, etc.), they are less likely to see the need at this point for large-scale expansion.

Other operators, however, will remain intent on filling or spreading out their physical footprints, like Publix in the Southeast and Mid-Atlantic; BJ's Wholesale Club along the Eastern Seaboard and in the Midwest; Meijer in the Midwest; WinCo Foods in the West; and most significantly, Amazon Grocery, with an initial focus on Southern California and Chicago. The last is the new conventional mid-market concept that Amazon had been starting to roll out prior to covid-19 as part of its ongoing effort, beginning with its 2017 Whole Foods acquisition, to play catch-up on brick-and-mortar.

The need for additional online-fulfillment capacity near where customers live, and the efficiency in separating that function from in-store shoppers, will also probably lead grocers to open more **hybrid or “dark” stores** on the outskirts of dense urban centers that are either partly or wholly dedicated to staging areas for delivery and pickup orders. Operators such as Stop & Shop, Giant, Walmart and Meijer had already begun dabbling in such formats before covid-19.

Municipalities, however, will have to sort through the complications. Conversions of traditional stores to these formats could run afoul of existing zoning ordinances, and might also have fiscal implications if the respective state is one that levies destination-based sales taxes on grocery sales. Furthermore, reducing or removing square footage for in-person shopping would likely result in diminished foot traffic for other nearby businesses.

Meanwhile, the **natural/organic grocery** space might have entered into a period of transition late last year, but growing consumer interest in health and nutrition bodes well for the longer term, with several regions across the country still far from saturated, especially at the value price-point. Sprouts Farmers Market emerged from the recent shake-out in the strongest position and primed to continue with store expansion, first in existing markets and eventually further afield, while Publix also appears to be ready to quicken the pace with its GreenWise Market banner in the Southeast.

The **deep discounters** will no doubt be eager to take advantage of both reduced land costs as well as increased price sensitivity amidst an economic downturn. ALDI has no intention of slowing down, and will ultimately be joined on the national stage by Lidl, currently focusing on the Eastern Seaboard, as well as Grocery Outlet, concentrating at the moment on Southern California and the mid-Atlantic.

Meanwhile, given demographic realities and evolving tastes, **ethnic grocers** will likely maintain their appetites for growth, both in urban and suburban settings. Ones eyeing an eventual national presence include traditional formats like the private equity-owned, Latino-focused, Southern California-based Cardenas Markets, as well as a newer generation of “crossover” concepts, like H Mart in the Northeast and 99 Ranch Market on the West Coast, both intent on broadening their appeal beyond their core customer(s) and regional base(s).

Finally, covid-19’s disproportionate impact on black households and the rising awareness of institutional racism (including assertions of “supermarket redlining”) could refocus attention on the stubborn persistence of “food deserts,” with additional resources allocated and partnerships forged in the name of **improving access to fresh foods** in such submarkets. Meijer has already started to distinguish itself in this regard with a new format designed for underserved urban neighborhoods across its Midwestern catchment.

As for other **essential-goods anchors**, Target has virtually halted development of new large boxes but plans on continuing with its rollout of smaller, “flexible-format” stores sized at less than 50,000 square feet, in both dense urban settings and university towns. Meanwhile, Tractor Supply Co. (TSC), featuring a similarly wide range of goods for the rural lifestyle, will be maintaining its aggressive pace of store expansion as well.

*(continued on next page)*

## 2. Off-price and value

The off-price category, encompassing fashion and home retailers that feature brand names at discounted prices, stands to emerge from the current crisis in an even better position than before. With relatively healthy balance sheets, ample liquidity, a track record of continuous growth and ambitious plans for the long term, operators like TJX (T.J. Maxx, Marshalls, HomeGoods, Homesense and Sierra), Ross (including dd's DISCOUNTS) and Burlington will be both able and eager to backfill vacated, affordably priced medium boxes in the years ahead.

While off-price has been undermining department stores and other full-price retailers for decades now (well before e-commerce ever did), it happens to be particularly well suited for the current moment. Not only does an economic downturn favor its value price-point, but also, supply-chain uncertainty and widespread bankruptcy both play to its opportunistic-buying model. Indeed, with even some of the higher-end department stores teetering, its assortment of more upmarket brands – and hence, its appeal to a broader demographic -- is likely to expand.

More importantly, its “treasure-hunt” atmosphere seems to speak to something even deeper within us, the thrill that we – and especially the so-called “sport” shoppers – get from unearthing hidden gems, then paying next to nothing for them. And such an experience can be difficult to replicate online, both for the consumer *and* the retailer. Indeed, Ross has never sold through the channel, Burlington stopped doing so earlier this year and TJX derives just 2 percent of its overall sales from e-commerce.

This certainly contrasts with the prevailing narrative, that the shelter-in-place directives in response to covid-19 have exposed the fatal flaw of digitally underdeveloped businesses. In fact, TJX had *stopped* taking online orders during the lockdown, and remains adamant that sustained growth in its store network will be its saving grace. It is not the only one. Many affordably-priced chains see limited value in e-commerce, since the costs of shipping alone obliterate the returns on such low-margin merchandise and cannot be passed along to budget-conscious shoppers.

Other off-price concepts likely to consider new stores in the coming years include Nordstrom Rack as well as the Bealls Outlet, Burkes Outlet and Home Centric divisions of Florida-based Bealls. Primark, an Ireland-based purveyor of low-priced fast fashion that does not sell online, will also be looking beyond the short-term blow that it has absorbed during the shutdowns and could be ready to spread further along and beyond the East Coast in the not-too-distant future.

And Dick's Sporting Goods, in a move that could become more commonplace as large chains contend with both excess inventory and penny-pinching consumers, recently debuted eight additional locations across two relatively new banners, Overtime and Warehouse, that both feature major athletic clothing and footwear brands at significantly discounted prices.

Given the impact of the economic downturn on household budgets and the fast-growing number of vacant boxes offered at reduced rents, some of the most aggressively expanding tenants will be “deep discounters” like Ollie's Bargain Outlet, Big Lots and Harbor Freight Tools. Such retailers can be a double-edged sword, however. On one hand, they often prove very popular with their target customer and

backfill large anchor spaces that would otherwise sit empty. On the other, they do not always reflect the broader aspirations of elected officials, civic boosters or other stakeholders.

### 3. **Category killers**

While e-commerce has forced many categories to shrink to just one large-format specialist (along with the more limited assortments available at discount department stores), some remain in a state of transition, with multiple operators continuing to jostle for market share or establish a well-differentiated niche. This happens to be the case in both crafts and sporting goods, with certain retailers in each viewing the current crisis as an opportunity to solidify their respective positions with new stores.

Hobby Lobby, for instance, shows no signs of slowing its rapid pace of expansion amidst covid-19, while Michaels has said that it has no plans to reduce its capital expenditures this year. And in addition to Dick's Sporting Goods' aforementioned new locations, Sportsman's Warehouse and PGA Tour Superstore will be resuming growth in their respective niches, while the French-based Decathlon might be plotting to expand beyond its Bay Area beachhead to other major metros.

So what does all of this mean for retail development or redevelopment going forward? What sorts of projects can such anchors help to underwrite? Will new types of shopping centers start to materialize, or existing ones increase in value, as a result? And which kinds of corridors and sites will be favored? Finally, what, in turn, does it all imply for municipalities? How should they be planning and zoning for this future? Stay tuned for part 2 to learn more.

*Special thanks to Jon Spring, executive editor of Winsight Grocery Business, for his contribution to the research findings on grocery-chain expansion.*

*Michael Berne is the President of MJB Consulting (MJB), a retail planning and real estate consultancy hired by public, quasi-public, non-profit and private sector clients across the U.S., Canada and the U.K. He can be reached at [mikeberne@consultmjb.com](mailto:mikeberne@consultmjb.com) or <https://www.linkedin.com/in/michael-berne-9179442/detail/recent-activity/shares/>.*

**CITY OF FAIRVIEW HEIGHTS, IL  
SALES TAX REPORT  
State 1% Municipal Tax Portion**

DISTRIBUTION MONTH	MAY 2013 - APRIL 2014	MAY 2014 - APRIL 2015	MAY 2015 - APRIL 2016	MAY 2016 - APRIL 2017	MAY 2017 - APRIL 2018	MAY 2018 - APRIL 2019	MAY 2019 - APRIL 2020	MAY 2020 - APRIL 2021	% CHANGE	CHANGE IN DOLLARS
MAY	\$ 601,011.50	\$ 584,713.94	\$ 586,147.75	\$ 632,285.33	\$ 571,553.40	\$ 553,114.13	\$ 490,116.91	\$ 518,363.86	5.8%	\$ 28,246.95
JUN	655,667.46	647,401.33	708,268.15	696,077.63	677,065.69	676,704.83	654,604.36	473,959.16	-27.6%	\$ (180,645.20)
JUL	574,119.26	578,345.95	563,612.88	576,220.16	599,877.49	555,320.85	572,195.98	292,786.39	-48.8%	\$ (279,409.59)
AUG	586,795.92	593,876.18	607,839.70	608,444.47	600,057.37	607,357.54	585,032.16			
SEP	610,055.28	579,381.42	653,462.36	679,234.60	613,965.54	623,578.60	610,349.55			
OCT	554,178.50	550,782.54	573,059.41	572,368.09	476,801.05	540,557.44	562,791.28			
NOV	574,589.49	579,500.49	642,921.78	599,121.43	575,354.24	570,594.16	561,747.98			
DEC	468,313.25	588,998.17	626,164.49	612,305.99	581,474.30	577,677.65	585,185.60			
JAN	589,088.14	580,475.99	627,103.06	570,540.96	564,056.46	560,273.13	581,553.25			
FEB	687,960.48	680,833.91	695,015.32	678,820.57	672,397.54	668,036.72	644,092.22			
MAR	969,659.49	1,028,593.77	1,041,010.81	974,290.59	935,340.51	870,591.30	865,433.15			
APR	458,225.94	528,428.24	519,339.92	488,717.27	528,625.80	457,194.13	482,774.60			
<b>YTD TOTAL</b>	<b>\$ 7,329,664.71</b>	<b>\$ 7,521,331.93</b>	<b>\$ 7,843,945.63</b>	<b>\$ 7,688,427.09</b>	<b>\$ 7,396,569.39</b>	<b>\$ 7,261,000.48</b>	<b>\$ 7,195,877.04</b>			<b>\$ (431,807.84)</b>
<b>YTD CHANGE</b>	<b>-6.7%</b>	<b>2.6%</b>	<b>4.3%</b>	<b>-2.0%</b>	<b>-3.8%</b>	<b>-1.8%</b>	<b>-0.9%</b>			
<b>MONTHLY AVG</b>	<b>\$ 610,805.39</b>	<b>\$ 626,777.66</b>	<b>\$ 653,662.14</b>	<b>\$ 640,702.26</b>	<b>\$ 616,380.78</b>	<b>\$ 605,083.37</b>				

# PARKS AND RECREATION DEPARTMENT

## INTER OFFICE MEMO

TO: Elected Officials

FROM: Angela Beaston, Director of Parks and Recreation

DATE: July 20, 2020

SUBJECT: Parks & Recreation Committee Agenda Overview

**Director's Report:** The following is a synopsis of the Parks and Recreation Department:

**Recreation Department:** The Recreation Department continues to operate with very limited resources due to the impact of Covid-19. There are very few programs being offered at this time. The number of reservations for rooms and pavilions are starting to increase even though the parties are limited to the number of participants under the 50% maximum capacity requirements. Special protocols are being enforced to ensure the safety of the visitors in the rooms and pavilions.

**Parks Department:** At this time, all playgrounds remain closed and most facilities are open but under social guideline restrictions allowing groups of 50 or less throughout most areas of the park. The Parks Department will be acquiring the lighting for the Miracle Field through the St. Clair County Grant that was awarded last year. The lighting system will be ordered through the state purchasing program by the end of July with hopes of installation in October.

**THE REC Complex:** Due to the Covid-19 situation, the department has slowly brought back a limited number of employees now that all areas of the building are currently open. The department is operating under limited hours until the demand is met to extend the hours for usage. Membership usage continues to increase each day with an average of 150 people per day. This number is considerably lower than a typical day before Covid-19 but does show that we are slowly seeing an uptick in membership numbers.

Good News for the REC, we have partnered with the O'Fallon Rock Steady Boxing which will be a huge win for the City. This group is designed to help people that have been diagnosed with Parkinson's Disease live a more fulfilling life by continuing to exercise their mind and body. In the last week, this program has registered over 25 new memberships to the REC. This will be a long lasting program that will enhance the many offerings we have for the people in our community.

**Agenda Review:**

Agenda Item #1 - Director's Report: General discussion regarding items in report



*Angela Beaston*  
*Director of Parks & Recreation*

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## DEPARTMENT OF LAND USE AND DEVELOPMENT

### INTEROFFICE MEMORANDUM

To: City Council  
From: Andrea Riganti, Land Use and Development Director  
Subject: Director's Report  
Date: July 20, 2020

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#### Major Department Activities.

##### **Planning and Zoning**

- The Planning Commission did not meet in July due to a lack of agenda items.
- There was no Zoning Board of Appeals meeting in July.
- Staff continues to respond to questions and consult with developers, property owners, and residents on new development, annexation and zoning related matters.
- Staff continues to work with Economic Development Department on revising the Business Assistance Program and economic recovery strategies.
- Additional efforts are being made to streamline economic development efforts. Encouraging joint meetings with potential developers, recommending the in-house development of an economic development packet (which could include an "Open for Business Guide", updated list of incentives, demographic information about the City, map, and other resources), the Economic Development Strategy, and Business Alliance Commission.
- Staff is reviewing the redevelopment plans for the existing Tax Increment Financing (TIF) districts to determine accomplishments and identify future projects.

##### **Code Enforcement**

- Staff continues to perform routine inspections of problem properties and "hot spots" for potential property maintenance issues. Staff also responds to complaint driven issues for same. Additional abatement time has been granted for non health-safety violations during COVID-19.
- Staff continues to work with the Public Works Department on nuisance abatement matters.
- Staff began larvaciding of drainage ditches and ponding areas.
- Staff continues to respond to animal control calls.

**Building Division**

- Staff continues to perform plan review and building related inspections.

<b>JUNE DEPARTMENT ACTIVITY</b>	
Residential Occupancy Permits Issued	73
Building Permits Issued	33
Commercial Occupancy Permits Issued	4
Code Enforcement Cases Initiated	55

Please let me know if there are questions or concerns.