Committee Members:
Charles Daily
Bill Poletti
Don Barkley
Robert Triplett
Charles Kassly
Michael Hagen
Samantha Carter
Richard Avdoian
Van Johnson

AGENDA

CITY OF FAIRVIEW HEIGHTS
BUSINESS ALLIANCE COMMISSION
Tuesday, May 19, 2020 – 1:30 P.M.
Access via Conference Call
Phone Number: 1-650-215-5226 Access Code: 956 714 239

1. CALL TO ORDER

2. CITIZENS’ COMMENTS

3. APPROVAL OF MINUTES

4. SPECIAL REPORT: BUSINESS ASSISTANCE PROGRAM
   • REVIEW
   • RECOMMENDATIONS

5. LAND USE AND DEVELOPMENT – DIRECTOR’S REPORT

6. ECONOMIC DEVELOPMENT – DIRECTOR’S REPORT
   • CERTIFIED SAFE AND HEALTHY RETAIL

7. MONTHLY REVENUE REPORT
   • MAY 1% SALES TAX REPORT

8. SET NEXT MEETING - TUESDAY, JUNE 16, 2020

9. ADJOURN
TO: MEMBERS OF THE BUSINESS ALLIANCE COMMISSION (BAC)
FROM: PAUL ELLIS, DIRECTOR OF ECONOMIC DEVELOPMENT
ANDREA RIGANTI, DIRECTOR OF LAND USE AND DEVELOPMENT
DATE: MAY 15, 2020
SUBJ: REVIEW OF THE BUSINESS ASSISTANCE PROGRAM (BAP)

Introduction  Lincoln Trail is the designation given to the stretch of US-50 in Fairview Heights between IL-159 (Illinois St.) and Bunkum Rd. Although the city has never had a Main Street per se, a business decline in this commercial strip over the past few decades has been addressed by business and political leaders with redevelopment plans and programs, the most significant among these being the Business Assistance Program (BAP).

In 2007, the City Council adopted the Lincoln Trail Redevelopment Project Area and established a tax increment financing (TIF) district—the city’s third—through which to fund redevelopment project costs. In 2012, the City Council established the BAP with approval of Resolution 3641-2012.

The BAP was created to assist businesses and property owners in the Lincoln Trail District to reverse decline by pursuing several intertwined goals:

a. Increase private investment in the district;
b. Enhance consistency of development and compliance with city code;
c. Improve property values; and
d. Consolidate smaller parcels into larger sites more attractive to current development

Over the past eight years, several projects were successfully completed in the district as a result of this incentive program:

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In summary, the BAP facilitated $4,544,775 in improvements from only $388,519 invested by the city; this represents an average 8.5 times return on investment for the program.

Despite aggressive marketing and available funds, the City has not received many applications for the program. Several factors of the program were identified by staff and businesses that received BAP funds as onerous and unattractive to potential applicants in today’s market. These include:

- The branding for this district’s program is unclear as to how it differs from other incentive programs available city-wide;
- The program is overly complicated, with a number of interlocking steps and complex procedures that can be daunting for small businesses with little or no experience navigating government programs;
- Similarly, the program puts the onus for coordinating a complex application process largely on the applicants, who may not have adequate time or resources;
- The application process to date has only been available as a static paper printout, not in an electronic format as has become the case now with a majority of other grant applications;
- The program is onerous for the City, requiring no less than seven (7) meetings with the City Council or public committees (as well as the attendant staff time);
- Use of funds is limited and is directed more towards façade-type improvements rather than being made available for other purposes.

Recommendations  Following our review of the current program and consideration of best practices in other communities, we offer the following recommendations for revitalization of the program:

- **Branding**  Incentives available to businesses and property owners along Lincoln Trail should be more sharply defined and branded as one coherent program
- **Process**  Application to the BAP should be a three step process from application and initial staff review to Letter of Intent reviewed by Committee to Redevelopment Agreement approved by the full City Council
- **Venue**  Applications should be available online, including prompts that delay submission without relevant documentation (applicants uncomfortable with an online process may be referred to assistance)
- **Use of Funds**  Funds can be assigned to a broader array of uses, including operating capital
MEMORANDUM

TO:                  MEMBERS OF THE BUSINESS ALLIANCE COMMISSION (BAC)
FROM:               ANDREA RIGANTI, DIRECTOR OF LAND USE AND DEVELOPMENT
                  PAUL ELLIS, DIRECTOR OF ECONOMIC DEVELOPMENT
DATE:               MAY 15, 2020
SUBJ:               REVISED BUSINESS ASSISTANCE PROGRAM (BAP)

Background. To augment business retention, attraction and expansion efforts and encourage reinvestment in areas of decline, a municipality may implement incentive programs. The City of Fairview Heights created four commercial Tax Increment Financing (TIF) districts to fund redevelopment efforts. To date, TIF funds have been used for property acquisition, infrastructure improvements, and site development enhancements. Using TIF funds, a formal Business Assistance Program (BAP) was created to assist business and property owners in the Lincoln Trail TIF District with property improvements. Over the past several months, the directors of Land Use and Development and Economic Development have been evaluating the use of TIF funds to determine if goals are being attained. Of particular focus was the BAP, which has been overly burdensome to administer. A separate memorandum provides an evaluation of the BAP.

Recommendation. Staff is proposing three programs that meet community goals, allowable uses of TIF, and help carry out the recommendations of the recently adopted Economic Development Strategy. Below is a summary of each; the collateral pieces such as application, maps and brochure will be developed at a later time.

1. Façade Improvement Program. The Façade Improvement Program is similar in concept to the BAP, but simplifies the application, reduces some requirements, and caps the assistance per business to $20,000. It is intended to encourage architecturally appropriate improvements to commercial facades readily visible to the public. The goal is to promote the attraction and retention of business operations and enhance the physical appearance of the eligible areas. Eligible activities may include painting, window and/or door repairs or replacements, addition of awnings or canopies, removal of inappropriate coverings or elements, landscaping, and other site improvements. The program is a low interest loan, to be forgiven after 3 years of continuous operation after receipt of the grant. The maximum grant amount is $20,000. This grant program is available in the Shoppes of St. Clair and Lincoln Trail TIF districts. The Lincoln Trail site development standards adopted in 2014 will guide improvements on that corridor.

2. Small Business Start Up Program. The Small Business Start Up Program is intended to assist new small businesses or small businesses new to the Lincoln Trail corridor with the cost of equipment, marketing, office space and other start-up costs. The program is a low interest loan, to be forgiven after one year of continuous operation after receipt of the grant. The maximum grant amount is $15,000. Recipients must participate in a Small Business Administration free counseling program and develop a Disaster Recovery Plan. Participants in the Metro East Business Incubator who are seeking a location on Lincoln Trail will be given priority.
3. **Placemaking and Corridor Identity Program.** The Placemaking and Corridor Identify Program is intended to improve the physical appearance of retail areas and create a sense of identity for same. Initiatives will be implemented by the City in coordination with property owners in target areas. Example projects include wayfinding, banners, landscaping, pop-up or permanent gathering spaces, small festivals/entertainment/food trucks/farmers market, sculptures, and brand establishment and marketing. The program will build upon completed, in process or planned streetscape improvements.

**Requested action.** At this time, staff is seeking the BAC recommendation of the programs as conceived. This recommendation will be forwarded to the City’s Community Committee and City Council for final approval.
“Normal, as we know it, isn’t going to exist... The new normal will mean following health & safety guidelines for any type of public activity... Ensuring safe environments is going to be key for businesses as they reopen their doors.”

- Rachelle L’Ecuyer, Executive Director, The Delmar Loop

A Blueprint for Re-Opening
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Executive Summary
There’s a pandemic at large, and current steps to address it have devastated the economy, particularly so in Fairview Heights, the city that serves as the retail hub for much of Illinois’ lower half and which in return receives 70% of municipal revenues from sales tax. It’s clear that the extreme lockdown of today will be eased at some point, though it’s not yet clear when; it’s also unclear, more significantly, when brick-and-mortar retail will again be safe in the public’s perception.

“The City of Fairview Heights is committed to finding innovative ideas to create safe, productive, and comfortable shopping, eating and entertainment environments.”

— Mark Kupsky, Mayor

As the precise nature of the novel coronavirus becomes increasingly clear, mitigation protocols are becoming evident and more widely recognized; however, such protocols are not being consistently deployed in retail centers and are largely unknown to the public.

The City of Fairview Heights is committed to finding innovative ideas to create safe, productive, and comfortable shopping, eating and entertainment environments and the City proposes to partner with other agencies and organizations to get people back to shopping, eating and playing quickly in safe, stress-free and productive spaces.

The City’s proposal is to create a center of excellence where best practices can be widely and consistently deployed, with the resulting environment providing reassurance to the public that shopping can resume in a safe and clean environment.

The Problem
There’s a pandemic at large, and current steps to address it have devastated the economy. About 50 percent of the 1,000 department stores in U.S. malls are vulnerable to permanent closure by the end of 2021, according to Green Street Advisors. If this projection proves to be accurate, the impact upon the Illinois economy will be devastating, and particularly so upon Fairview Heights, the city that serves as the retail hub for much of the state’s lower half and which in return receives 70% of its revenues from sales tax.

"The questions are, first, how long will the virus actually be here? And then, how long will it be in people's psyches?"

— Simeon Siegel, managing director at BMO Capital Markets

It’s clear that the extreme lockdown of today will be eased at some point, though it’s not yet clear when; what’s unclear, and perhaps of greater importance, is when brick-and-mortar retail will again be safe in the public’s perception. “The questions are, first, how long will the virus actually be here? And then, how long will it be in people's psyches?” Simeon Siegel, managing
director at BMO Capital Markets, told Retail Dive in an interview. "Right now it's very unclear how long this impact will be--not only because we don't know the duration of the virus but because there's a latent fear that's emerging as well. The longer the impact, the more lingering the fear and the more evolution there will be of consumer processes."

"Right now, there's fear as customers move through a store," said Daniel Binder, a partner at Columbus Consulting, who managed Asia-based supply chains during the SARS and H1N1 pandemics. "What retailers will have to figure out is how to bring a sense of structure and calm."

"Right now, there's fear as customers move through a store."

- Daniel Binder, a partner at Columbus Consulting

Survey results continue to reveal that the general public is not ready, under current conditions, to resume pre-pandemic shopping habits; among recent results:

- Only 33% of consumers feel safe shopping in a mall, compared with 54% who feel safe shopping in a grocery store, half who feel safe at a drugstore chain, and 45% who feel safe at a big-box retailer like Walmart
- Consumers have ranked frequent cleaning and sanitizing as the top (66%) measure that would make them more likely or more comfortable with visiting physical spaces
- 95% of consumers want businesses to implement physical protection and distancing measures

Commercial property owners are scrambling to figure out how to proceed with few precedents to follow.

Potential Solutions
As the precise nature of the novel coronavirus becomes increasingly clear, mitigation protocols are becoming evident and more widely recognized. Industry groups like the International Council of Shopping Centers (ICSC) have developed best practices for shopping centers, for retailers, and for service providers that support both. As of yet, however, such protocols are not being consistently deployed in retail centers and are largely unknown to the public.

“When the consumers get back to the store, it’s up to the retailer to make the experience safe, acceptable and on the journey to being seamless between the car the curb and the store.”

- Naveen Jaggi, JLL president of retail advisory services

“Brick-and-mortar has a chance to capture consumer attention unlike [what] they’ve had in the past 10 years,” said Naveen Jaggi, JLL president of retail advisory services in America. But it’s all about safety for the foreseeable future, he says. “When the consumers get back to the store, it’s up to the retailer to make the experience safe, acceptable and on the journey to being
seamless between the car the curb and the store. Brick-and-mortar, online and last mile will give clients the best engagement.”

Store cleanliness, once a "nice to have" aspect of the shopping experience, has taken center stage for a majority of customers in pandemic America. A whopping 87% of U.S. shoppers prefer to shop in stores with "touchless or robust self-checkout options," for example, while more than two-thirds are using some form of self-checkout, according to new research from weighing solutions firm Shekel. “There’s high demand for deep-cleaning services,” said Greg MacKinnon, research director for the Pension Real Estate Association, “but they can cost more than rent and will be difficult to keep up in the long term.”

“Store cleanliness, once a "nice to have" aspect of the shopping experience, has taken center stage for a majority of customers in pandemic America.”

Additionally, stores will need to address traffic patterns, said Emily Miller, vice president of strategy and insight at Big Red Rooster, JLL’s in-house design firm. “One-way traffic patterns will become the norm, where customers must follow a specific, marked path though the store,” she said. Strategies for a touchless shopping experience can range from smartphone and voice-activated technologies to specific doors for entry and exit, she said. She added: “Experience and services will be that much more important. Retailers will partner with artists and other brands to bring exciting experiences to life.”

The Proposal
As a super-regional retail center and a community that relies heavily on sales tax, Fairview Heights needs to identify the protocols for healthy shopping, implement those protocols effectively, coordinate implementation with a variety of partners, and promote the results widely to the shopping public.

The City’s proposal is to create a center of excellence where best practices can be widely and consistently deployed, with the resulting environment providing reassurance to the public that shopping can resume in a safe and clean environment.

The City of Fairview Heights is committed to finding innovative ideas to create safe, productive, and comfortable shopping, eating and entertainment environments and the City proposes to partner with other agencies and organizations to get people back to shopping, eating and playing quickly in safe, stress-free and productive spaces.
The City’s proposal is to create a center of excellence where best practices can be widely and consistently deployed, with the resulting environment providing reassurance to the public that shopping can resume in a safe and clean environment.

Public sector leadership is necessary to overcome the inertia that often blocks new initiatives, and a coordinated approach will be needed to help all parties overcome other obstacles—for instance, bulk buying may help drive down the costs for deep cleaning.

**Elements of the Program**
The foundation of the proposed program will be alignment with protocols defined in the recent document, [COVID-19 Re-Opening Best Practices](#), developed by the International Council of Shopping Centers (ICSC). In the document, ICSC has aggregated information from a variety of sources across areas such as planning and communication, common area adjustments and traffic flow for retailers, developers and service providers.

The City’s proposal is to create a center of excellence where best practices can be widely and consistently deployed, with the resulting environment providing reassurance to the public that shopping can resume in a safe and clean environment. The re-opening of certified centers in Fairview Heights can engage performance-based protocols, developed to reflect best practices from scientific research and applied across multiple adjacent properties.

Malls and other shopping centers in Fairview Heights will be offered voluntary review by the City leading to certification. Those centers that achieve certification may also participate in joint marketing efforts and other common activities that they see as beneficial. One of these common activities will be a retail and hospitality training program now under development through the Mid America Workforce Investment Board (MAWIB).

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**The re-opening of certified centers in Fairview Heights can engage performance-based protocols, developed to reflect best practices from scientific research and applied across multiple adjacent properties.**

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Other common activities may include bulk contracting and/or technical assistance to implement outfitting of facilities with features such as:

- **Automatic door conversions** for hands-free use
- **Blue tube UV light for HVAC systems** to kill infectious diseases, mold, mildew, and dangerous bacteria in the air
- **Employee temperature checks** and even store-wide heat scanning to identify infected persons
- **Facilitating “contactless” payment processes**
- **Minimum efficiency reporting value HVAC filters** that help keep air clear of harmful particles
- **Multi-level deep cleaning**
- **Requiring masks for employees and customers**
• **Safety shields and sneeze guards** that promote social distancing with point of sale barriers
• **Spray sanitizing** of high-traffic areas
• **Touchless restroom amenities** such as motion flush valves, touchless hand dryers, and motion faucets

The City is exploring how some of these facility improvements might be underwritten through the Property Assessed Clean Energy (PACE) financing program now in place in Fairview Heights.

The certification program in general and participation by the super-regional mall and other centers, specifically, will be promoted through the ongoing “All In Fairview Heights” campaign.
Partners

- Acadia Realty Trust (Lincoln Place I&II)
- CALC Institute of Technology
- CBL Properties, Inc. (St. Clair Square)
- City of Fairview Heights
- Corbin Holdings (former Toys ‘R’ Us properties)
- DLC Properties (Marketplace Center)
- Fource, The (public relations consultancy)
- Illinois Dept. of Public Health (IDPH)
- Int’l. Council of Shopping Centers (ICSC)
- Mason Asset Management (Fairview Heights Plaza)
- Mid America Workforce Investment Board (MAWIB)
- Northeast Capital Group (Crossroads Centre)
- St. Clair County
- Select Strategies Realty (Fairview City Centre)
Sources

d. https://prosperinsights.com
### CITY OF FAIRVIEW HEIGHTS, IL
### SALES TAX REPORT
### State 1% Municipal Tax Portion

#### DISTRIBUTION

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#### YTD TOTAL

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- **MAY 2014 - APRIL 2015**: $7,329,664.71
- **MAY 2015 - APRIL 2016**: $7,521,331.93
- **MAY 2016 - APRIL 2017**: $7,643,945.63
- **MAY 2017 - APRIL 2018**: $7,688,427.00
- **MAY 2018 - APRIL 2019**: $7,396,569.39
- **MAY 2019 - APRIL 2020**: $7,251,000.46
- **MAY 2020 - APRIL 2021**: $7,195,877.04

#### YTD CHANGE

- **-6.7%**
- **2.6%**
- **4.3%**
- **-2.0%**
- **-3.8%**
- **-1.8%**
- **-0.9%**

#### MONTHLY AVG

- **MAY 2013 - APRIL 2014**: $610,805.39
- **MAY 2014 - APRIL 2015**: $626,777.66
- **MAY 2015 - APRIL 2016**: $653,662.14
- **MAY 2016 - APRIL 2017**: $640,702.26
- **MAY 2017 - APRIL 2018**: $616,380.78
- **MAY 2018 - APRIL 2019**: $605,083.37

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5/14/2020