AGENDA
COMMUNITY COMMITTEE
Wednesday, December 18, 2019 – 7:00 p.m.
Council Chambers
Fairview Heights City Hall
10025 Bunkum Road

Public Participation
Approval of Minutes – November 20, 2019

Parks & Recreation
Alderman Brenda Wagner, Chairman
1. Director’s Report

Planning
Alderman Harry Zimmerman, Chairman
1. Director’s Report
2. Variance for 9800 St. Clair Avenue

Development
Alderman Bill Poletti, Chairman
1. Update from The Fource on launch of the Branding Campaign
2. Review of final version of the Economic Development Strategy
3. Director’s Report
4. Sales Tax Collections
COMMUNITY COMMITTEE MINUTES
Wednesday, November 20, 2019 – 7:00 p.m.
City Council Chambers
10025 Bunkum Road, Fairview Heights, IL

Committee Members in attendance – Frank Menn, Ryan Vickers, Brenda Wagner, Harry Zimmerman, Bill Poletti

Committee Members absent – Mayor Mark Kupsky, Ex-officio

Other Aldermen and Elected Official in attendance – Anthony LeFlore, Pat Baeske, City Clerk Karen Kaufhold, Josh Frawley, Denise Williams, Pat Peck

Staff in attendance - Parks and Recreation Director Angela Beaston, Economic Development Director Paul Ellis, Land Use and Development Director Andrea Riganti, City Attorney Garrett Hoerner, Lt. David Kitley

Public Participation – None.

Approval of October 16, 2019
Motion and second to approve said minutes were made by Committee Members Brenda Wagner/Ryan Vickers. Motion carried.

Planning Committee
Alderman Harry Zimmerman, Chairman

Land Use & Development Director’s Report
Director Riganti presented the Director’s report to Committee for review. There were no questions.

Special Use Permit to allow a church to operate in the B3-Community Business District at 10227 Lincoln Trail
Director Riganti briefed Committee on Planning Commission case PC 10-19, a Special Use Permit to allow a church to operate in the B3-Community Business District at 10227 Lincoln Trail.

Steven Hubbard was present and available to answer questions.

Motion and second to recommend to City Council approval of case PC 10-19, a Special Use Permit to allow a church to operate in the B3-Community Business District at 10227 Lincoln Trail in accordance with the recommendation of the Planning Commission were made by Aldermen Bill Poletti/Brenda Wagner. Motion carried.

Director Riganti briefed Committee on a proposed Ordinance amending Ordinance No. 190, “The Revised Code”, Chapter 27, “Offenses” by adding Section 27-1-53 Prohibiting Cannabis Establishment.
Motion and second to recommend to forward to City Council an Ordinance amending Ordinance No. 190, “The Revised Code”, Chapter 27, “Offenses” by adding Section 27-1-53 Prohibiting Cannabis Establishment were made by Aldermen Bill Poletti/Ryan Vickers. Motion carried.

**Motion to send to City Council with the recommendation of approval the demolition contract with Hank’s Excavating for the demolition of 109 N. Ruby Road (a condemned derelict property) in the amount of $9,745.00.**

Director Riganti briefed Committee on a motion for approval of the contract with Hank’s Excavating for the demolition of 109 N. Ruby Road (a condemned derelict property) in the amount of $9,745.00.

Motion and second to recommend to City Council approval of the contract with Hank’s Excavating for the demolition of 109 N. Ruby Road (a condemned derelict property) in the amount of $9,745.00 were made by Aldermen Brenda Wagner/Bill Poletti. Motion carried.

**Development Committee**
*Alderman Bill Poletti, Chairman*

**Economic Development Director’s Report**
Director Ellis presented the Director’s report to Committee for review. There were no questions.

**Promotional Flyer – Café Biz 618**
Director Ellis presented the Promotional Flyer for Café Biz 618 to Committee for review.

**One Page Flyer – PACE Financing Program**
Director Ellis presented the PACE Financing Program Flyer to Committee for review.

**Slides for Nov. 14 Presentation – PACE Financing**
Director Ellis presented slides from the November 14, 2019, presentation for the Pace Financing Program to Committee for review.

**Sales Tax**
Director Ellis presented the Sales Tax Report to Committee for review.

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

**Parks and Recreation Director’s Report**
Director Beaston presented the Director’s written report to Committee for review. There were no questions.

Meeting adjourned at 7:45 p.m.

Submitted By:

Recorder
PARKS AND RECREATION DEPARTMENT

INTER OFFICE MEMO

TO: Elected Officials

FROM: Angela Beaston, Director of Parks and Recreation

DATE: December 16, 2019

SUBJECT: Parks & Recreation Committee Agenda Overview

Director’s Report

The following is a synopsis of the Parks and Recreation Department:

On December 14th the Parks and Recreation Department held the annual Christmas Spectacular. This year the event was held at The REC for the children and families in our community. The Christmas Spectacular is a wonderful holiday program that is always a huge success because we offer an inexpensive day of fun filled events such as games, crafts and a visit from Santa Claus to the residents in our community.

The Winter Newsletter was distributed during the first week in December to over 8,000 homes in our community. This newsletter is filled with the upcoming programs and events sponsored by the Parks and Recreation Department. The Department has many fun things planned for the Winter/Spring Session, please be sure to share all the great news to the residents in your ward.

The City now has an APP, be sure to let your residents know that by downloading the APP they can stay up-to-date with information from The REC such as closures, delayed openings, class changes, promotions and up-coming news. Another great way to find out what is happening at The REC is to follow The REC facebook page, you will find lots of great information that helps keep the members connected to everything that is happening at The REC.
INTEROFFICE MEMORANDUM

To: City Council
From: Andrea Riganti, Land Use and Development Director
Subject: Director’s Report
Date: December 13, 2019

Following are the major action items or ongoing projects for the Department of Land Use and Development (LUD):

**Planning and Zoning**
- Planning Commission did not meet in December as there were no applications to consider.

- Zoning Board of Appeals met on December 5 to consider a variance request for 9800 St. Clair Avenue to allow an accessory structure (garage) to exceed the square footage of the principal structure as required by 14-1-11.b (2) and be constructed at 2,400 square feet. The ZBA recommended approval. Additional information is attached for Community Committee consideration.

- Staff has taken the lead on working with St. Clair County Transit District (SCCTD) on the bicycle facilities plan. SCCTD is seeking community support of a draft trail system, which will then be used to prioritize funding for design and construction.

- Staff continues to consult with developers, property owners, and residents on new development, annexation and zoning related matters.

- Staff continues to work with Economic Development Department on various efforts including interdepartmental coordination and 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, Business Alliance Commission, and TIF administration (developing a strategic action plan for Lincoln Trail).

- Staff is identifying grants to assist with housing programs and city-wide beautification efforts.

- Staff continues to partner with the St. Clair County Trustee agent to identify properties for strategic acquisition. This effort is part of a neighborhood preservation effort.

- Staff continues to research the zoning implications of the state legalization of recreational marijuana and draft potential ordinance amendments. The next steps will be determined after the December 17 City Council meeting, at which time the ordinance to “Opt-Out” will be considered.
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.
- A problem property list has been created for properties that have four valid complaints within 12 consecutive months. These properties are to be proactively inspected twice a month, rather than complaint driven.
- Staff continues to respond to animal control calls.
- During the winter months, staff will engage in property maintenance sweeps of commercial areas.
- Staff continues to establish a neighborhood preservation strategy. The Vacant Building Registration Program draft ordinance is being reviewed by the City Attorney.

Building Division
- Hank’s Excavating will soon begin demolishing 109 N. Ruby Lane.
- A demolition order was issued for 9716 Ridge Heights, a problem property. An Invitation to Bid will be issued for the demolition of that structure.
- Staff continues to perform plan review and building related inspections.

Please let me know if there are questions or concerns

FYE - DID YOU KNOW…SPECIAL USE PERMIT

For most Planning Commissions and City Councils, Special Use Permits (SUP) are the most frequently considered zoning matter. But what exactly is a special use?

A “Special Use” is a land use deemed acceptable in a zoning district, but that has the potential to cause harmful impacts on the zoning district, neighborhood or surrounding area. The use may generate traffic congestion or public health hazards that if not “conditioned” by the governing body could result in an undesirable land use. Special uses require analysis by staff, Planning Commission and City Council to determine how the use may impact the City’s Comprehensive Plan, traffic, public utilities, schools, public health and safety, surrounding land uses, and essential character of the zoning district in which it is located. If approved, a SUP will be tied to the applicant (not the property) and include conditions that minimize potential impacts.

Common Types of SUP – drive-thrus, daycares, kennels, churches and places of formal worship, and schools.
## TOP FIVE PRIORITY

<table>
<thead>
<tr>
<th>ADDRESS</th>
<th>OWNER</th>
<th>DESCRIPTION</th>
<th>DATE CONDEMned</th>
<th>RECOMMENDATION (REPAIR/DEMOLISH)</th>
<th>STATUS</th>
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<tr>
<td>9776 Ridge heights</td>
<td>William &amp; Nancy Scofield</td>
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<td>3/14/2014</td>
<td>Demolition</td>
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<td>In court</td>
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<td>Duplex</td>
<td>6/6/2016</td>
<td>Demolition or repair citations issued</td>
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<tr>
<td>9770 Ridge Heights</td>
<td>Carol Smiley</td>
<td>Single Family Dwelling</td>
<td>4/16/2018</td>
<td>Demolition or Repair citations issued</td>
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## OTHER UNSAFE STRUCTURES

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<th>DATE CONDEMned</th>
<th>RECOMMENDATION (REPAIR/DEMOLISH)</th>
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<tr>
<td>632 Deppe Lane</td>
<td>St Clair County Trustee</td>
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<td>10/14/2011</td>
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<td>9608 Old Lincoln Trail</td>
<td>AAFAB</td>
<td>Single Family</td>
<td>8/30/2013</td>
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<td>10319 Lincoln Trail</td>
<td>Vista Securities</td>
<td>Commercial</td>
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<td>128 Susan Court</td>
<td>St Clair County Trustee</td>
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<td>6/2/2014</td>
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<tr>
<td>34 Pine Trail</td>
<td>Keith &amp; Linda Santamour</td>
<td>Single Family</td>
<td>4/20/2016</td>
<td>Demo Or Repair</td>
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<td>9210 Highland Park Rd</td>
<td>Richard Egbert</td>
<td>Single family</td>
<td>4/26/2017</td>
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<tr>
<td>72 Bayberry Drive</td>
<td>DIAMANTE CAPITAL</td>
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<td>8923 Old Bunkum Road</td>
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<td>Patrick Wongler</td>
<td>Mobile Home &amp; Access</td>
<td>9/11/2019</td>
<td>Demo Or Repair</td>
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<tr>
<td>29 Lexington</td>
<td>Steven Atkinson</td>
<td>Single Family</td>
<td>12/3/2018</td>
<td>Repair</td>
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13-Dec-19
December 13, 2019

Fairview Heights City Council
10025 Bunkum Road
Fairview Heights, IL 62208

Dear City Council Member:

The petition listed below is hereby transmitted for your consideration:

<table>
<thead>
<tr>
<th>Petition No:</th>
<th>ZBA03-19</th>
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<tbody>
<tr>
<td>Petitioner:</td>
<td>John Hunn</td>
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<tr>
<td>Request:</td>
<td>Variance</td>
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<tr>
<td>Location:</td>
<td>9800 St. Clair Avenue</td>
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<td>Hearing Date:</td>
<td>December 5, 2019</td>
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<tr>
<td>Recommendation:</td>
<td>Approval</td>
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<td>Votes:</td>
<td>Yeas: Abernathy, Fowler, Wicks Bunfill</td>
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<td>Nays: Peterson</td>
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<td></td>
<td>Absent: Prescott, Petroff</td>
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<td>Report:</td>
<td>Staff Advisory</td>
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<td>Ward:</td>
<td>II</td>
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Respectfully,

Cheryl Bunfill

Cheryl Bunfill, Chair
Zoning Board of Appeals
APPLICATION NUMBER: ZBA-03-19

REQUEST: Area Bulk Variance to allow an accessory structure at 9800 St. Clair Avenue, located in the “C” Conservation District, to exceed the square footage of the principal structure as required by 14-1-11.b (2) and be constructed at 2,400 square feet.

APPLICANT NAME: John Hunn, 9800 St. Clair Avenue

MEETING DATE: December 5, 2019

ZONING: C - Conservation

LAND USE: Residential
1. BACKGROUND

The City of Fairview Heights Development Code divides the City into zoning districts and establishes standards for location, construction, alteration, and use of buildings, structures and land for residential, business, manufacturing and other land uses. The standards vary amongst zoning districts and are specific to the characteristics of each. In addition, the Development Code establishes standards for building height, accessory structures, mass and more.

The subject property located at 9800 St. Clair Avenue, in the southwestern portion of the City. It is bounded by St. Clair Avenue to the north, residential to the west and south, and vacant land to the east. Currently, there is a +/- 1,900 square foot single-family dwelling on the 1.16 acre tract. The zoning designation is C – Conservation. This district encompasses areas within which natural topography created practical difficulty for urban development. Site location for buildings may be difficult on small tracts, adequate and safe traffic circulation, engineering of utility systems and storm water drainage. It is the intent and purpose of this district to provide for appropriate densities to preserve and enhance the natural conditions of such areas.
2. **DISCUSSION**

**Reason for the Request**
The applicant is seeking to construct a 2,400 square foot garage on the property. A garage is a permitted accessory use, and shall be built in substantial conformance to all City codes. Therefore, at issue is the size of the accessory building, which exceeds the area of the single-family residence (the “principal building”). As proposed, the accessory building is not subordinate in area to the principal building. The City’s Development Code defines an accessory building or use as one that:

1. is subordinate to and serves a principal building or principal use and which is located on the same lot as the principal building or principal use;
2. is subordinate in area, extent, or purpose to the principal building or principal use served;
3. contributes to the comfort, convenience, or necessity of occupants of the principal building or principal use.

The applicant is seeking relief from the code to allow the accessory building to exceed the area of the principal building.

3. **AREA-BULK VARIANCE CRITERIA**

In accordance with 14-10-13 Zoning Board of Appeals: Powers, Duties, Procedures, the Board shall evaluate the request to determine:

(a) That special circumstances or conditions fully described in findings of fact apply to the land or buildings for which the area-bulk variance is sought, which circumstances or conditions are peculiar to such land or buildings and do not apply generally to the land or buildings in the neighborhood, and that said circumstances or conditions are such that strict application of the provisions of this Code would deprive the applicant of a reasonable use of such land or building;

(b) that, for reasons fully set forth in the findings, the recommending of the area-bulk variance is necessary for the reasonable use of land or buildings, and that the variance as recommended by the Board is the minimum variance that will accomplish this purpose;

(c) that the recommending of this variance will be in harmony with the general purpose and intent of this Code and will not be injurious to the neighborhood or otherwise detrimental to the public welfare. In addition to considering the character and use of adjoining buildings and those in the vicinity, the Board, in making its recommendations shall take into account whether the conditions of the subject premises are peculiar to the lot or tract described in the petition. Should it be determined that the conditions are part of the general condition of the neighborhood, then it shall be so noted and the Board may recommend appropriate corrections to Code.

Exhibits

1. Application and Supporting Documents
2. Public notice
3. Draft Findings of Fact
ORDINANCE NO.

AN ORDINANCE GRANTING AN AREA BULK VARIANCE TO ALLOW AN ACCESSORY STRUCTURE AT 9800 ST. CLAIR AVENUE, LOCATED IN THE “C” CONSERVATION DISTRICT, TO EXCEED THE SQUARE FOOTAGE OF THE PRINCIPAL STRUCTURE

WHEREAS, the Zoning Board of Appeals on December 5, 2019 held the necessary Public Hearing and reviewed the requested Area/Bulk Variance and has transmitted its Findings of Fact to the City Council.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAIRVIEW HEIGHTS, ILLINOIS:

SECTION 1. APPROVAL. The Area/Bulk Variance requested for Section 14-1-11.b (2) pertaining size of accessory structure was recommended for approval by the Zoning Board of Appeals.

SECTION 2. ADVISORY. The Findings of Fact and conditions of this variance are from the Zoning Board of Appeals is attached and “Exhibit A”.

SECTION 3. PASSAGE. This ordinance shall be in full force and effect from and after its passage and approval as provided by law.

FIRST READING:

SECOND READING:

PASSED:

APPROVED:

________________________________
Mark Kupsky, Mayor
City of Fairview Heights

ATTEST:

______________________
Karen Kaufhold
City Clerk

Sponsored by:
Planning Committee
EXHIBIT A

FINDINGS ZBA 3-19

Board member Abernathy moves to recommend (approval/denial) of ZBA03-19, an Area Bulk Variance to allow an accessory structure at 9800 St. Clair Avenue, located in the “C” Conservation District, to exceed the square footage of the principal structure as required by 14-1-11.b (2) and be constructed at 2,400 square feet for the following reasons.

Area/Bulk Variance

1. The request will not be injurious or detrimental to the public health, safety and welfare.

2. The applicant is requesting a variance for the use of the property due to the property being of an adequate size to accommodate structure.

3. Strict application of the Code would deprive the applicant of reasonable use of the property (land).

4. The request would not alter the essential character of the area.

5. The request will not extend the nonconformity.
MEMORANDUM

TO: Elected Officials

FROM: Paul A. Ellis, Director of Economic Development

DATE: December 13, 2019

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

1. The Economic Development Strategy has been finalized with Implementation Priorities and metrics for a dashboard allowing the City to measure progress towards defined goals; the final document has been submitted for review by the City Council at this month’s Community Committee meeting.

2. One outgrowth of the Economic Development Strategy—the Branding Campaign approved by City Council earlier this month—launched the social media elements this week; the Director will monitor results through ongoing review of analytics (online traffic), social media engagement and, ultimately, increased sales tax revenues.

3. Other elements of the Branding Campaign, including the app, will be deployed beginning next month.

4. Another project engendered through the Economic Development Strategy—the Signature Tap House—has received lots of local and regional attention with the announcement that this new theme restaurant will be opening Feb. 1.

5. The Director is working with Corbin Holdings, the owner of the former Babies ‘R’ Us location, and Location CRE, Corbin’s broker, to review a proposal from a regional retailer who would like to redevelop the property for a use that would provide significant new sales tax revenue to the City; he is also reviewing other nearby locations with that developer.

6. Café Biz 618, a co-working and event venue, is slated to open in Crossroads Centre (adjacent to TJ Maxx) after the first of the year; the facility will offer a variety of reduced cost office spaces, meeting rooms and other amenities attractive to entrepreneurs.

7. The Director and the City’s Program Administrator, Tom Appelbaum, have been sharing details of the new PACE financing program via numerous venues, including a feature this month in the Illinois Business Journal (see attached); a kick-off event to promote the incentive with real estate brokers, developers, contractors and property owners is being organized for early next year.

8. Negotiations continue with the State of Illinois regarding potential relocation of a state office on the City’s west side.

9. The Director is working with Klein’s Brand Source to finalize that company’s Redevelopment Agreement for review by the City Council in January.

10. The Director and the Director of Land Use & Development have begun working on review of the Business Assistance Program (BAP), with recommendations for improving the program expected early next year.
Economic Dev. Dept. – Director’s Report (continued)

11. The Director is following up regularly with property owners for the former locations of Fortel’s Pizza, Smokey Bones Bar & Fire Grill, Steak & Shake, and TBD Social—as well as interested brokers—to speed the process of getting those locations re-leased; marketing data developed through the Economic Development Strategy and location of the new Signature Tap House will help brokers build a case for expansion of more chains into Fairview Heights.

12. The Economic Development Dept. will be launching an email newsletter this month aimed at local, regional and national retailers, real estate brokers, property owners and others who may be interested in better understanding the Fairview Heights market and tracking its progress.

13. Big data and digital marketing has been part of the Director’s portfolio since his days in the Silicon Forest of Washington State; he has been asked to moderate a panel discussion of tech leaders and retailers on digital marketing at ICSC’s big Heartland States trade show in St. Louis in early February.

Paul A. Ellis
Director of Economic Development

Attachments:

a. Metrics for City Dashboard [from the final Economic Development Strategy]
b. New PACE financing tool finds way into Illinois commercial development [Illinois Business Journal]
c. What the holidays could do to department stores [Retail Dive]
The following are key metrics to be regularly updated to the City Council. The preceding metrics listed for each implementation priority should be regularly evaluated to measure the progress of the plan. The below list is taken from the larger set of metrics to be a quick “dashboard” reference and should be the initial focus of on-going evaluation.

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<th>Data Source</th>
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<tr>
<td>■ Sales Tax</td>
<td>Grow Industry Clusters</td>
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<td>■ Hotel/Motel Tax</td>
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<td>■ Food/Beverage Tax</td>
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<td>■ Rebrand Fairview Heights</td>
<td>Retail Tourism</td>
<td>Monthly / Quarterly / Yearly</td>
<td>Website analytics</td>
<td>Measure separately for economic development, tourists, and prospective residents if separate web pages for each category are created.</td>
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<td>■ I-64 Tourism Collaborative</td>
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<td>Commercial vacancy rates</td>
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<td>New housing units (single family and multi-family units)</td>
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## Metrics for City Dashboard, cont.

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New PACE financing tool finds way into Illinois commercial development

By Editor | December 8, 2019 | 0

By DENNIS GRUBAUGH
Fairview Heights has an edge on PACE financing, one of the newest efforts by the state to ignite commercial economic development.

The city is the first to establish the program in Southern Illinois, with other government bodies showing interest, said Paul Ellis, director of economic development.

Ellis was part of a recent panel discussion to share details of the project statewide. Panelists also featured Brad Fletcher, vice president of the Illinois Finance Authority; Christopher Kane, executive director of business development and origination with Hannon Armstrong Sustainable Real Estate in Chicago; and Todd Rusk, associate director at Smart Energy Design Assistance Center at the University of Illinois Urbana-Champaign.

Rusk's agency, called SEDAC, presented the forum to a group that were mainly contractors and community officials interested in using PACE financing to advance their own projects.

The financing program is more commonly known as Commercial Property Assessed Clean Energy, or C-PACE. It is a unique funding model used to finance energy efficiency, renewable energy and water use improvement projects, which are often among the costliest components of commercial development projects.

With PACE, property owners have the opportunity to encourage sustainable development by leveraging 100 percent fixed-rate financing for commercial structures.

Based on the strategic state support model developed by IFA, the following counties and municipalities have taken steps necessary to launch and operate PACE programs in their communities:

**LAUNCHED PACE PROGRAMS**
- City of Chicago
- DuPage County
- Kane County
- Village of Rosemont
- City of Beardstown
- City of Fairview Heights

**PROGRAMS IN-DEVELOPMENT**
- Cook County
- Peoria County
- Madison County

SEDAC started in 2004, initially to help small businesses become more globally competitive by reducing energy costs. Since then, it's increasingly worked with larger businesses and organizations, multifamily projects of five or more units, and nonprofit organizations.

SEDAC's work is done through a private sector partnership with a Chicago concern, the 360 Energy Group.

“Our goal is to reduce the energy footprint in Illinois,” Rusk said.

PACE financing provides a mechanism for repayment of a loan where the repayment goes on the property tax assessment instead of a company balance sheet. It allows long-term repayment that can be really attractive for organizations, Rusk said.

His firm helps companies identify the types of energy savings projects that might be eligible for financing.

“If you’re an organization that's very cash-flow sensitive, I would recommend you seek guidance through an independent, third-party expert. It’s really important to have confidence” in the estimates, Rusk said.

Many of the projects are also eligible for utility incentives, he said, such as those from Ameren Illinois. Such incentives should be sought out early in commercial development planning so all those numbers can be considered in the overall costs, Rusk said.
Fletcher said the Illinois Finance Authority offers tax exempt bonds on eligible projects — at no cost to taxpayers. The agency works with borrowers on a variety of projects, many involving municipalities.

Currently in Illinois there is no provision for residential PACE financing (neighboring Missouri is one of three states that does have it.)

The lender is in most cases a bond purchaser, and the bond issue is not the obligation of any city or county. The obligation is solely that of the property owner.

The ultimate property assessment lien is then senior in importance to any outstanding mortgage on the commercial property, Fletcher said.

The repayment responsibility can be transferred to a new owner upon sale of the property, which also makes the method popular in the right situations.

The energy efficiency savings that are enjoyed after completion of the work are also transferred to the new owner, Fletcher said.

“This transferability allows for us to exceed otherwise standard lending terms. Banks will lend to corporate clients anywhere from five to seven years.” Routinely, to really realize economies of scale and make the economics work, most energy efficiency improvements get financing of over 20, 25, or 30 years.

By statute, the aggregate amount of improvements cannot exceed more than 25 percent of the value of the property. Further, an evaluation of any savings must be conducted for any property improvement before the property owner executes the special assessment.

How PACE came to be

The current iteration of C-PACE began as legislation in summer 2017, but the Illinois Finance Authority was not a party to the original legislation. The way the original act was designed, it contemplated little or no state support. The bill proponents assumed that most of the PACE financing would be locally driven, which meant there would likely be a high upfront cost for communities wanting to participate.

Various stakeholders reached out to the Finance Authority for help, Fletcher said.

“We looked into Department of Energy recommendations and came up with what we felt would be a better fit for the Illinois landscape,” Fletcher said.

IFA has been a conduit for public financing of projects for health-care systems, higher education institutions, small manufacturers and a host of other big-ticket projects.

On Feb. 18, 2018, roughly six months after the original measure was signed into law, the IFA board adopted a resolution encouraging options for municipalities. A trailer bill was introduced in the legislature and eventually was signed and in effect in early 2019.

A short time later, a new model was introduced by the IFA in which the authority would pay for the forms and documents to reduce legal costs for applicants and make the capital market more accessible to them. The move was seen as helpful to the entire process, including for lenders.

However, a technical rewrite was needed to improve the efficiencies, and that measure was approved this year. Gov. Pritzker signed it into law in July, and last month the Illinois Finance Authority closed on its first PACE funding transaction, a $21 million deal with the city of Chicago.

Statutorily, there is a $2 billion limit on bond issuances for the authority, Fletcher said. But, if things go well, the authority will return to Springfield to seek an increase in that limit.

“No one is in this alone,” Fletcher said, inviting commercial property owners and energy efficiency engineers to contact the authority.

Municipalities can also contact the IFA to get started, but their first step is to adopt a local PACE ordinance.

Fairview Heights did that earlier this year, although Ellis said the community worked toward that end for many months. The community is the only jurisdiction in downstate to have joined the program, but others, including Madison County, are working toward that end. Fairview has been adding many tools to its belt in order to address the 4.5 million square feet of commercial space in its boundaries, about two thirds of which is retail. Incentives include six TIFs, an enterprise zone, ongoing streetscape projects and a business assistance program.

“I’ve been on a pilgrimage since January 2018, a little while after the state of Illinois adopted the initial enabling legislation for PACE financing,” Ellis said. “I heard about it at a conference and wasn’t familiar with it. I got up to speed, and way before it was able to be implemented in our area, we got busy on it.”

Ellis said the city had two anticipated “entertainment projects,” one of which is still in play and both of which had energy efficiency intensive aspects to them. PACE seems a possible option for such development, he said.

“I thought this would be a way to provide an additional incentive to the ones we already have,” he said.

In October 2018, Ellis got acquainted with Tom Applebaum, who has a St. Louis company, Sustainable Solutions Funding. Applebaum has a number of PACE projects to his credit. By September 2019, the Fairview Heights City Council adopted two ordinances, one setting up a PACE program and the other designating Applebaum’s company as the program administrator.

Under Fairview’s program, Sustainable Solutions will package the applications, which will then be approved first by Ellis’ office, then the City Council.

The application fee is $150, and the program fee is 1.75 percent of the financed amount.

The city is also considering attaching a bond placement fee, an administration maintenance fee and a servicing fee.

Ellis said he is also exploring the possibility of a “warehouse fund” to be able to finance some smaller projects.

“I will tell you that what attracted me the most — there are a lot of things you can do with PACE;” he said, “In my 35 years of economic development experience — a lot of it in the revitalization area — I can’t tell you how many deals I had founder because we couldn’t figure out how to finance an HVAC system. And in many buildings, that’s an expensive proposition. Immediately, I saw the potential to help fill that financing gap. Since then, I’ve come to appreciate some of the other advantages of PACE financing.”

Kane, of Hannon Armstrong, assists developers of real estate by providing capital financing. The group is based out of Chicago but working nationally.

In PACE, he believes Illinois has written one of the best programs to make it easier to obtain related financing.

“It’s a voluntary assessment on property. What that really means is we as capital providers have a very safe investment because people pay their taxes. Most banks look at capitol development and new construction as very risky.”

Because PACE lending is “off balance sheet,” (not showing up under a company’s liabilities and assets), borrowers’ look more creditworthy to other lenders as a result.

“There is a pretty thriving eco system in Chicago. Our group is right now the exclusive capital provider, but to the rest of the state it’s an open program. There are about eight or 10 quality people in the PACE planning area right now who are very bullish on Illinois and would be very happy to bid on your projects,” Kane said.

Based on the strategic state support model developed by the Illinois Finance Authority, the following Illinois counties and municipalities have taken steps necessary to launch and operate PACE programs in their communities:

LAUNCHED PROGRAMS
DEEP DIVE
What the holidays could do to department stores

It might be a make-or-break season for a segment already under siege — and it's more dire for some than for others.

By Daphne Howland
Published Dec. 9, 2019

Department stores once owned the holidays, staging celebrations that seemed above the sales hustle while simultaneously making the season lucrative for themselves.

These days the holidays own them.

Department stores aren't alone in their dependence on the fourth quarter; the period is critical for many, if not most, retailers. And they remain popular on Black Friday: The National Retail Federation this year found that half of the 189.6 million who shopped during that five day shopping weekend visited a department store.

Lately, however, the dawning of a new year has brought with it bad news for the segment, with evidence they once again missed expectations and ceded share to discounters and off-pricers. Holiday 2019 is setting up 2020 for more of the same.

"We foresee a highly promotional holiday environment that retailers should be prepared for given a tough 3Q particularly for women’s apparel and mall and department store retailers," Cowen & Co. analysts, led by Oliver Chen, wrote in a Nov. 22 client note. They also mentioned how mass merchants like Walmart and Target are increasingly winning, while "apparel-driven retailers" like Kohl’s, Macy’s and Gap Inc. underperform.
So far, 2019 has been a mixed bag for the likes of J.C. Penney, Macy's, Kohl's and Nordstrom, making the holidays a key time once again, a mad rush this year with six fewer shopping days. A few clues to the sector's fate this season can be found in third-quarter reports, along with some data trickling in from Black Friday weekend.

**J.C. Penney**

J.C. Penney surprised many with a third quarter that included a net loss narrower by a third, better than analysts had expected, and much improved margins despite a hefty sales decline. That sounds like good momentum, but the retailer remains hampered by problems left mostly unsolved by stop-and-go turnarounds under four CEOs since 2013.

The latest, Jill Soltau, seems to be embracing ideas from former Apple store guru Ron Johnson, who was abruptly fired from Penney in 2013 for making changes the board deemed too drastic. Now drastic change is exactly what the place needs. "If you're a young person, you've never been in a Penney's," Lee Peterson, executive vice president of thought leadership and marketing at WD Partners, told Retail Dive in an interview. "The smartest thing they ever did was bring in Sephora — but that was like sticking a thumb in the dike — they could have done a lot more than that a long time ago."

Among Soltau's moves is a new "brand-defining store," being piloted in Texas, which is capable of boosting traffic, conversion, sales, margins and volumes, "making it a much more efficient and effective retailer," according GlobalData Retail research. But a national rollout would be time-consuming and costly, warned GlobalData Managing Director Neil Saunders in emailed comments, adding that some locations wouldn't see such benefit because the malls they're in are declining.
Some analysts think that a bad holiday performance by J.C. Penney could usher in the kind of slow but inexorable decline seen at Sears; at the very least, it will likely mean a shrinking footprint. "If tougher US holiday trends materialize, we still see rising risk of another round of large scale store closures for JCP ... or worse," Credit Suisse analyst Michael Binetti said in a Nov. 15 client note.

**Macy's**

With its Thanksgiving Day parade, Macy's kicks off the holiday season for everyone. But the department store's third quarter siphoned a lot of air out of its own holiday hopes, with topline and comp declines and shrinking profits. Comps fell 3.5%, with a 30 basis point drag coming from stores in lower-tier malls. That led CEO Jeff Gennette to hint there could be store closures in 2020, a departure from the retailer's assertion earlier this year that its two-year, 100-store reduction was complete.

Cowen & Co. in a Nov. 21 client note listed "store footprint & service levels, speed, and women’s apparel" as structural concerns and said they were keeping an eye on Macy's "holiday execution."

The department store appears to be taking no chances, and led apparel retailers in slashing prices over the Black Friday period, according to a report from Dataweave emailed to Retail Dive. Macy's average markdown was 29.5%, on 41% of its top product listings, and Macy's-owned Bloomingdale's was second with an average 24.5% markdown on 10% of its top products. Understandable, perhaps, considering how off-price retailers have grabbed Macy’s share for years now.

GlobalData Retail analysts found some optimism for Macy's holiday quarter, but mostly because last year's numbers will be fairly easy to top. "However, we do not expect the chain to be a big winner," Saunders warned. "The holiday magic that drives sales was lost a long time ago, and Macy’s has consistently shown a lack of interest and willingness in reviving it."
Kohl's

Located mostly in strip centers, which is sparing it the trouble befalling malls, and with a slew of new efforts, Kohl's has seemed well-positioned to escape the issues dogging other department stores. But it's not entirely turning out that way.

"We thought [Kohl's] would fare better than weaker industry trends considering a meaningful number of new initiatives," Credit Suisse's Binetti said in emailed comments regarding the retailer's third quarter. During the holiday months, the retailer should have the benefit of its Amazon returns program now that it's in all stores, "a record level of newness" thanks to new brand collaborations and partnerships, plus other new marketing and merchandise.

The company's stores may not be in the best shape to take advantage of the retailer's Amazon partnership, however. In fact, while many see Target dominating department stores thanks to its lower prices and broader assortment, retail consultant Sanford Stein, author of "Retail Schmetail," says it's also besting Kohl's and others when it comes to merchandising.
A "Frozen 2" display at Target (top photo) fosters discovery, while the same goods at Kohl's (pictured lower) are stacked efficiently. "The two photographs say everything about how those companies operate," says retail consultant Sanford Stein. | Credit: Sanford Stein

"Target recognizes that it's necessary to create an experience, compared to what Kohl's is trying to do, in just selling goods," he told Retail Dive in an interview, describing the two retailers' contrasting approaches to their recent "Frozen 2" displays. "It speaks to why Target continues to take share and why Kohl's is in a constant fight for its life."
Kohl's customer experience is better online and through its shopping app than at its stores, according to analysts at Jane Hali & Associates. That could be something of a boon this year, considering how many shoppers have turned to mobile to get their holiday shopping done.

**Nordstrom**

Credit Suisse took the occasion of Kohl's and Macy's third-quarter reports to worry about the department store sector as a whole, calling them "a sobering referendum for holiday 2019."

But Nordstrom swooped in later that week with expectation-busting results in its quarter.

To be fair, the retailer no longer reports store comps, which executives say is to account for surging digital sales — but which some analysts, including GlobalData Retail's Saunders, believe reflects consistent underperformance in that metric. In any case, the company did protect its margins, with what Wedbush analyst Jen Redding deemed "impressive expense management & inventory control." That, plus Wedbush's finding of less promotional activity heading into the season than last year, signaled "momentum building into Holiday," according to a Nov. 22 client note.

Such avoidance of promotions is an outlier in a year when several retailers are leaning on discounts to lure shoppers. It seems to be paying off for Nordstrom so far. Edison Trends, in a breakdown of Thanksgiving-Black Friday e-commerce spending by retailer, found that Nordstrom, with a 60% rise, and Walmart, with a 53% increase, saw the biggest year-over-year spending gains, followed by Amazon with a 49% increase. Nordstrom also saw a $17 increase in average online order value, second only to Best Buy's $18, (and besting Walmart's $11 and Amazon's $4, and declines at Etsy, Kohl's, Macy's, eBay, Target and J.C. Penney).
Other 2019 quarters have been less kind to Nordstrom, but it boasts some strengths uncommon in other department stores. While some analysts believe it may have to shutter some locations, for example, it's unlikely to face the level of downsizing that Macy's or Penney may have to contemplate next year. It never expanded drastically, and its flagships are mostly found in better malls and city centers, including its brand-new New York City store.

The department store is moving away from the pack in a few other ways, including by investing in cutting edge retail concepts, like its merchandise-free Local stores (now in expansion mode to more cities in time for holiday shopping) and Stitch Fix-like "Trunk Club" subscription styling service. Nordstrom has also succeeded in forging partnerships with some of digital retail's cult favorites, like Rent the Runway and, most recently, Glossier.
### CITY OF FAIRVIEW HEIGHTS, IL
### SALES TAX REPORT
#### State 1% Municipal Tax Portion

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