Minutes
Village of Glen Ellyn Board of Trustees
Special Workshop Meeting
Monday, October 6, 2014

Call to Order

President Demos called the meeting to order at 7:04 p.m.

Roll Call

Upon Roll Call by Clerk Galvin, Trustees Burket, Clark, Elliott, Ladesic, McGinley and O'Shea answered "Present".

Staff present: Village Manager Franz, Assistant Village Manager Stonitsch, Village Attorney Mathews, Planning & Development Director Hulseberg, Police Chief Norton and Interim Finance Director Coyle.

Pledge of Allegiance

President Demos led the Pledge of Allegiance.

Proposed Redevelopment Projects - Financial Analysis (Presented by Village Manager Franz)

Consultants Gruen Gruen + Associates and Kane McKenna and Associates will provide financial reviews of the two proposed redevelopment projects.

The Village Board reviewed the financial aspects of two potential redevelopment projects in Downtown Glen Ellyn proposed by Opus and Next Generation respectively. Our financial advisors Gruen/Gruen (Aaron Gruen and Debra Jeans) provided a summary of their Financial Analysis for both projects. In addition, our TIF Consultant, Kane McKenna and Associates (Bob Rychlicki), provided a summary of the TIF projections and potential impact of these projects. Within these presentations, the Board briefly reviewed the critical business terms that have been negotiated to this point with both Opus and Next Generation. A summary of both projects and the incentives being requested through land acquisition, parking costs, and other requests is provided in the Board Packet for this meeting:

http://glenellynvillageil.iqm2.com/Citizens/FileOpen.aspx?Type=1&ID=1073&Inline=True

OPUS DEVELOPMENT

Incentive Requests

The developer has requested assistance with remediation costs, and will likely request assistance with sidewalk and public improvements associated with this project. No formal request has been made and no other TIF Incentives have been requested. In addition, Opus has agreed to pay for the replacement of all public parking (81 spaces). Therefore, the Village is responsible for only the additional public parking considered for this project.

The Village has tentatively negotiated a 99-year lease agreement with St. Petronille use their property on Glenwood, as well as Village property on Glenwood, to construct the parking garage. In exchange for the use of the property, the Village will maintain, replace, enforce, and insure these 98 parking spaces for St. Pet's under a shared-used philosophy.

Next Generation

Next Generation has submitted an economic incentive request to the Village that includes the following.

1. The Village's contribution of the Crescent/Glenwood parking lot and Crescent Boulevard right-of-way to the developer at no cost. The property was appraised at $1.91 million.

2. That the Village provide an estimated $1.75 million in utility relocation costs.

3. That the Village pay to replace the existing 112 parking spaces on the property at a cost of $27,845 per space for a total of $3.12 million.

4. That the Village pay for the creation of any new public parking that would be created. If 156 public parking spaces were provided at a cost of $27,845 this would total $4.34 million.

5. A Village contribution of $850,000 toward the project to allow the developer to achieve a reasonable project return of 7%.

The total incentive requested by Next Generation is therefore $7.63 million, not including the up-to-$4.34M that the Village could contribute if a second level of below grade parking is constructed.

Discussion

Management asked for direction from the Village Board on whether either project meets Village Board expectations and whether we should proceed with negotiating and drafting a Memorandum of Understanding, what business terms are acceptable and whether staff shall continue to negotiate for either of these projects. The key questions that need to be answered are:

1. Do these projects make financial sense?

2. How do these projects impact public parking?

3. Do these projects align with long-term Downtown goals?

Trustee O'Shea asked about an analysis with additional parking spaces. Manager Franz responded that would be independent with OPUS. Trustee McGinley asked about soft costs such as remediation, Manager Franz responded that has not yet been determined.

Mr. Bob Rychlicki, Kane McKenna and Associates stated that the TIF law requires municipalities to identify the burden or potential burden to school districts by September 30 every year. Schools have the first lien on TIF funds. Trustee Elliott responded he did not realize this impact.

Trustee McGinley asked if schools benefit from a TIF. Mr. Rychlicki responded in his opinions, they do. Trustee Elliott asked if the developer still pays an impact fee in a TIF. Mr. Rychlicki responded they do.

Ms. Debra Jeans, Gruen Gruen + Associates provided a summary of the incentive request for the Next Generation proposed development. Ms. Jeans pointed out the Next Generation parking cost is higher since they are going down. The Opus Development is not. The OPUS development is assuming slower absorption of retail vs. residential.

Trustee O’Shea commented that Next Generation is asking for 3.1 million in incentives; OPUS is not. Manager Franz commented that with $3.7 million in TIF’s there is a $6.3 million gap. Mr., Rychlicki stated with 8-9 children residing in the apartments the schools can provide a waiver but that is a longshot.

President Demos expressed concerns with open ended liabilities such as utilities, infrastructure, and sidewalks around the properties. Director Hulseberg responded these are items a TIF typically covers.

Trustee O’Shea commented that OPUS makes more financial sense than Next Generation. But the Next Generation project fits Glen Ellyn better. Trustee O’Shea prefers the OPUS parking better. He does not want to see the McChesney & Miller property remain vacant. Trustee O’Shea like the idea of the OPUS development but is concerned with the appearance and the ability to make it fit the property. Can we cut Next Generation’s incentives down?

Trustee McGinley echoed Trustee O’Shea’s comments and added that the Board needs to revisit the downtown plan and they need to talk about closing Crescent. Trustee McGinley stated she is concerned that closing Crescent will not expand the downtown. The Next Generation project is in an ideal spot and Streetscape needs to be incorporated in any development. The OPUS project makes more sense financially and it fits in with the Village’s goals.

Trustee Ladesic echoed prior Trustees comments and added he has concerns with closing Crescent and asked if it is not financially feasible for Next Generation to acquire the north properties. If so, he could agree to both projects. Trustee Ladesic added that the Next Generation area is being considered for a railroad underpass.

Trustee Clark stated that on the surface, both projects bring a lot to the table. Trustee Clark expressed concerns over the substantial incentives required for the Next Generation project. Both projects move parking away from the street and Trustee Clark is ok with that. Trustee Clark expressed concerned about the amount of time the OPUS project will be under construction and the impact on the downtown.

Trustee Burket stated he is not concerned with the size of the OPUS development, or the closing of Crescent. The McChesney & Miller property is ripe for development. The added parking may not even be used as he does not see a massive shortage of parking.

Trustee Elliott stated that he is not concerned with the height of the buildings. Trustee Elliott pointed out that in Glen Ellyn's history a five story hotel, with a tower, was built on a hill. Trustee Elliott is supportive of the Next Generation project and it would add to Glen Ellyn's population. He is also impressed with the OPUS plan. The best value is the OPUS project; Next Generation's incentive costs are too steep.

Attorney Mathews identified what the Board will be determining tonight with a straw poll. Under the terms presented by the developers, are these projects feasible:

OPUS Project

Trustee Burket	Yes
Trustee Clark	Yes
Trustee Elliott	Yes
Trustee Ladesic	Yes
Trustee McGinley	Yes
Trustee O'Shea	Yes

Next Generation Project

Trustee Burket	No
Trustee Clark	No
Trustee Elliott	No
Trustee Ladesic	No
Trustee McGinley	No
Trustee O'Shea	No

Trustee Ladesic asked how this affects the developer. Mr. Jim Hughes, Next Generation responded they struggled to get the project to this point; it should have been presented a year ago. This has tied up Mr. Bill Behrmann at McChesney & Miller for a year. This is a great Village but the numbers are the numbers and at the end of the day it has to work for both of us.

Mr. Sean Spellman, Vice-President, The OPUS Group thanked the Board and remarked they have a lot of work to do. They have worked on this project for a year and it has already changed a lot.

Mr. Ken Kloss, 350 Ridgewood, Glen Ellyn, approached the Board to express his concerns about the proposed OPUS development. Mr. Kloss stated that Hinsdale and Naperville would have said no to this project as they know how to blend architecture. Hinsdale is a perfect example. OPUS is too massive.

Adjournment

At 8:50 p.m. a motion was made by Trustee Elliott and seconded by Trustee Clark to adjourn. Motion carried.

Respectfully submitted,

Catherine Galvin,
Village Clerk