

**MINUTES
CITY OF ST. CHARLES, IL
PLANNING AND DEVELOPMENT COMMITTEE
MONDAY, SEPTEMBER 9, 2013 7:00 P.M.**

Members Present: Silkaitis, Payleitner, Lemke, Stellato, Bancroft, Martin, Krieger (7:03), Bessner, Lewis

Members Absent: Turner

Others Present: Mayor Raymond Rogina; Mark Koenen, City Administrator; Peter Suhr, Acting Director of Public Works; Rita Tungare, Director of Community Development; Russell Colby, Planning Division Manager; Matthew O'Rourke, Planner; Chris Tiedt, Development Engineering Division Manager; Bob Vann, Building & Code Enforcement Manager
John McGuirk, City Attorney

1. CALL TO ORDER

The meeting was convened by Chairman Stellato at 7:00 P.M.

2. ROLL CALLED

Roll was called:

Present: Silkaitis, Payleitner, Lemke, Stellato, Bancroft, Martin, Bessner, Lewis

Absent: Turner, Krieger*

*Aldr. Krieger joined the meeting after roll was called at 7:03 P.M.

Aldr. Stellato noted that he was pleased with the great attendance for the meeting. He said tonight's presentation for the mall was a break from tradition. He said the development group presenting tonight is here on a very informal basis and it is not being done in the usual manner which is usually to go to Plan Commission first. He said he would allow for some testimony.

3. COMMUNITY DEVELOPMENT

- a. Presentation of a concept for the redevelopment of Charlestowne Mall.

Ms. Tungare said the mall was constructed in the late 1980's and after being successful for 2-decades, it has been struggling for the past few years. She then introduced The Krausz Companies, who represent the contract purchasers for the mall. She said there would be no formal action in regard to the concept being presented tonight, and going forward there would be a public hearing process sometime in October before the Plan Commission. She said they would need to obtain zoning entitlements and plan approvals before any changes will be possible for the mall property.

Chairman Stellato reiterated that there would be no vote taken, just to accept/receive comments from the developers.

Chuck May-185 Heathrow Ct., Lake Bluff- thanked the Committee for allowing them the opportunity to share the initial planning for the renovation and revitalization for the Charlestowne Mall. He gave a brief history of The Krausz Companies, stating they are 3rd generation family owned and specialize in the acquisition development/redevelopment/management of high-quality, well located retail/industrial/office/mixed use properties.

Mr. May said The Krausz Company has developed and repositioned over a billion dollars in commercial properties throughout the US, and is headquartered in San Francisco. He said they have 2 important values that have driven them to success: creating developments that best serve the communities, along with their experienced team of in-house and hands-on professionals that work closely with communities to ascertain its unique culture and preferences. He said that results in well-conceived projects that are completed on time with maximum profitability and long term relationships. He said they also, unlike many developers, invest in quality and success of the properties for the long-term.

Mr. May said they have assembled a top team of experienced partners to deliver the relaunch of the Charlestowne Mall including Senior Management: Ron Krausz- President and CEO, David Pyle- Executive VP, Jay Krigsman- Executive VP, Dan Krausz- Chief Legal Officer, as well as himself, Project Director.

Mr. May said he has worked with The Krausz Companies on many occasions and they have become close friends. He said he is excited to have the opportunity to work with them as Project Director for the site. He said he was the former Sr. Vice President for CBL and Assoc. Vice President of store development for Sears Roebuck and Co. and Sr. Vice President of Homart Development Co. He said in the US he has developed over 100 regional shopping centers, including Joliet Mall, Fox Valley, Spring Hill, Northbrook Court and Hawthorne Center. He said he has also been involved in over 100 development and acquisitions for Sears Dept. Stores.

Mr. May then introduced the rest of the team, Andy Shedland of Andy Shedland Companies-Regional Mall Leasing Specialist, Barbara Bruce-Location Strategies-Regional mall and retail market analyst and development services expert, Mark Goodman-major role in the financing, Jennifer Wolford and Carol Dice-marketing and public relations, KA Architects, Stoutenborough Inc. Design Team, Graycor Construction-Contractor and Jacobs and Heffner-Civil Engineers.

Mr. May said their vision is to create a regional destination with a year round climate controlled environment that people of all ages will enjoy for shopping, dining, entertainment and gathering.

David Pyle-Krausz Companies-44 Montgomery, San Francisco, CA-presented the concept plan. He said the mall's problem is it's too large with too many in-line stores, the anchors are all the right size and do well, so they would like to reduce some of the area of the mall. He said the mall is currently a fortress mall, not allowing anyone to see in because there are many landscaping mountains that hide the mall from Main St. He said they would like to bring the retail out to the street and eliminate the sea of parking that works its way up to the mall. He said they would like to put some pads on the outskirts with maybe some restaurants, fast food or financial institutions overlooking the detention basin, to bring a presence to the street. He said they would like to remove the Sears building along with a bit of the mall to give more presence to the Cinema to create a retail, entertainment and restaurant area that's open to the outside. He

said to make it work parking wise they want to re-grade the parking lot so it goes down about 2% slope so it's not being perceived that you're moving from the 1st level to the upper level.

Mr. Pyle said he wanted to make it very clear that they would not be developing anything on the north side of the mall. He said there is an existing piece where the carousel and food court sit that they would be demolishing to bring in the area to what would be a center court, and in doing that would get the mall to the right size. He said the mall would have an urban looking environment and after moving the food court, the wall would be opened up and made transparent to add an outdoor alfresco type dining on the 2nd level.

Mr. Pyle showed some conceptual renderings and said they are moving along with their civil engineering. He said the existing VonMaur entry would have restaurants planted on the side which would give the opportunity to have a little street that's for dining, entertainment, an entrance to the mall and the theatre. He said there would be an opportunity for some signage and presence for the Cinema at that entrance as well. He said the other entrance that faces the street is still being worked on but could be changed from a block wall into some signage areas to articulate and express them in a more interesting way.

Mr. May said the tentative schedule is to move through the Plan Commission public hearing, develop the ultimate scheme and plans, and hopefully break ground the start of construction season in 2014, and open in late summer/early fall of 2015. He said he and the contractors feel comfortable that they can meet that timeline.

Chairman Stellato said some obvious questions have been answered; the mall will remain retail, anything surrounding would be retail or possibly some ancillary office use, anchors will remain in place and the interior of the mall will be reworked. Mr. May said correct.

Aldr. Silkaitis said it's an interesting plan and asked what the budget is. Mr. May said they are still working on it but the general vicinity it will be over \$70 million. Aldr. Silkaitis asked if there would be engineering issues. Mr. Pyle said there is a lot of grading there, it's not so much an issue but trying to re-sculpt the site, it will be a big job. Mr. May added that the pads out front are not serviced, so they would need sewer and water pulled to them. Aldr. Silkaitis said the concept looks good and he would wait to see the plan progress before he has any more questions.

Aldr. Payleitner asked when the closing date is. Mr. May said it is supposed to be in November.

Aldr. Lemke asked if the grading would be semi-circular/quarter-circular outside of the former Sears. Mr. Pyle said yes definitely but also getting rid of the masking mountains in front to put pads in front, and there would also be a high to low transition. Aldr. Lemke asked what they plan to do about the area to the north of Savers. Mr. Pyle said they are trying to flush out what is going on with the property behind it, but the thought is some type of commercial use. He said they would be phasing- demolition and grading, remodel inside the mall and then the pads around the mall.

Aldr. Bancroft said he feels conceptually the plan looks terrific. He asked, since there is such a large presence of sponsorship tonight, what besides physically will be different. He said it's still the same 3 anchors, still an interior mall and still a well-lit mall. He asked what the other aspects

are that will make it a success, and how the retail pieces will be brought into the mall space. Mr. Pyle said they have the connection to the retailers and they know how to make leases. He said it takes money to bring leases in and it's a knowledgeable ownership that understands how to tenant a mall that has various uses and a tenant mix.

Aldr. Martin said his concern was that the mall would be bought and demolished and turned into mixed use and residential. He said he is pleased the group has decided to retain the commercial/retail enclosed mall aspect of it, and he looks forward to the renewal of the east side commercial gateway.

Aldr. Krieger asked if the anchor stores and theatre be able to operate during the renovation. Mr. Pyle said absolutely, which is a big part of coordinating this big job and Graycor has done several malls where the stores have been kept open during construction. He said there are not many tenants in the mall so it will be quite easy to do.

Aldr. Bessner asked if, outside of the aesthetics, accessibility and logistics, there is any other design that they have improved that was in the same current state as Charlestowne. Mr. Pyle said yes, it's not exact, but so many old malls are bringing the life and pads out to the streets. He said they also have newer "ground up" projects, where from the roof everything looks the same but from the street looks like different urban buildings. Aldr. Bessner asked if when this is successful in the next 5-10 years would there be a way to implement what is being done now in another section of the mall. Mr. Pyle said VonMaur and Carson's have both expanded into the mall, so the mall presence to the parking lot and to the streets is fairly narrow and there is not much outside area, possibly the back, but they are trying to keep that low key. Aldr. Bessner asked if the traffic flow would be similar to what it is outside of some outlots. Mr. Pyle said yes, there are little rearrangements for a grand entrance and the ring roads to afford some parking and make the pad areas. Aldr. Bessner asked if the carousel would be going away permanently. Mr. Pyle said he believes so.

Aldr. Lewis said she is excited to have the opportunity to shop on the east side of town. She asked how many stores are anticipated. Mr. Pyle said about 80, some stores have downsized and some larger, so they are trying to juggle the mix to create fewer tenants with more variety while trying to generate the best revenue. He said the mall could have been successful if it were built later and smaller, and they are treating it as a "ground up" project but with a structure to work with and great anchors, which in the development of regional shopping business is the first struggle to get in place. Aldr. Lewis asked if they envision any new anchors. Mr. Pyle said there may be some larger stores added, but the major anchors are already there. Aldr. Lewis asked if the parking is the right ratio because there seems to be a lot of parking. Mr. Pyle said they would be reducing the parking. Aldr. Lewis asked if there would be any damage caused to Rt. 64 after they demolish and haul away the material, and how would it impact the surrounding neighborhoods. Mr. Pyle said they need fill out there, so the concrete and asphalt would be reused right on site, but there would be some rebar and steel taken offsite and recycled somewhere. Mr. May said there would be a lot of truck traffic but the contractors are well aware of the surroundings and they would work with city staff to establish construction routes. Aldr. Lewis said it's a beautiful rendering and she can't wait to see it filled up.

Chairman Stellato said he knows Mr. May cannot disclose lease negotiations because it's a sensitive subject but that he was impressed that Mr. May had gone to Wisconsin to speak to

Kohl's. He asked Mr. May to publicly make a statement reassuring the long-term interest of the anchors wanting to stay. Mr. May said they had good conversations with VonMaur, Carson's and Kohl's; they do well but struggle a little with the construction on Rt. 64. He said Carson's has had some bad times but are really looking for someone to re-tenant and revitalize the mall because they know, like and perform well in this market and they want to be a part of this provided the developer does their part. He said Kohl's feels the same but they own their own building, and hopefully there can be some interest generated in having them remodel their store. He said they would have to help them generate some signage, and he hope that putting the food court up a level will bring a lot of people to that end for them, and he is confident they will do well.

Kim Malay-526 S. 16th St.-said she shared the plan with the Near West Neighborhood Assoc. and they were sorry they could not attend due to a school discussion in the neighborhood, but they are thrilled to see the plan as is herself. She said has come before the Committee many times with this vision and she thinks it will set a great tone and she hopes to see something similar for the west side area. She said it's a wonderful plan, she is excited and she thanked the developers.

William Papp-3702 Queen Elizabeth Ct.-Past President of Kingswood HOA- welcomed the new developers as neighbors to the east side and said they are excited. He asked what the difference in sq. ft. would be to its current size and when it's finished. Mr. May said to keep in mind this is just a concept plan, but they approximate it will be a total reduction of 50,000-75,000 sq. ft.

John Glenn-820 King Henry Lane-President of the Kingswood HOA-said he is not speaking for the townhomes, just himself, and he is thrilled to see the plan but is surprised by the down shifting size, but will let the experts prove him wrong. He said he is concerned about retail in general given the challenges it faces due to the internet. He mentioned Streets of Woodfield and a mall in Minneapolis and said they were very successful and would be a fantastic destination for the people of the city. He suggested getting rid of the circa 1995 floor tile, and he looks forward to hearing more details. Mr. May said the internet is here and most stores embrace it, however people still like to try things on, touch and feel the things they are buying. He said the internet is not a social activity, not an opportunity to dine, go to a movie, do some shopping and sit in a nice environment. He said internet sales will continue to grow, yet the anchor stores along with retailers that will occupy the inline space of the mall continue to prosper. He said there are some retailers that do not meet the challenge and they will not make it, but most retailers are figuring out how to use both.

Aldr. Lemke asked if they have reached out to anyone to have a gap study done. Mr. May said they have done an in-depth market research study of the opportunities utilizing data to analyze to determine the ultimate trade area and the potential of the trade area for the mall. He said the trade area has grown by 36% since the mall was built and has great incomes, and he thinks the demographics are powerful. He said as far as competitors for enclosed mall shopping environments, there is not anyone closer than 15 miles away, which is a great opportunity for the mall to capture a significant share of the shopping opportunity.

Vanessa Bell-Lasoto-1610 Howard St.-thanked the team for bringing their expertise to the City's visions and hopes, and though she understands it's only a concept plan at this point would the team be open to the idea of performance areas and incorporating the local arts community, local

sculptors, nature areas and walkability to create some outdoor interests to soften the hardscape a bit. Mr. Pyle said it's just a concept plan and at this point are more dealing what will happen on the outside, but that inside they plan for a toddler area, gathering places, performance areas, possibly a fireplace and some water features. He said the idea is to have a social environment not only to shop but to gather.

Aldr. Lewis said there is a difference between shopping and buying and we need things that will make them want to buy, not just gather. Mr. Pyle said if we bring them in, people will shop; the tenants want the traffic in the center. Aldr. Lewis said she would have to trust him.

Steve Bennett-3705 King Charles Lane-Past Treasurer of King Charles Townhome owners- said to generate the commercial income and make it successful and to have it run as retail environment, what the vision for an anchor that represents a restaurant is. Mr. May said a high quality restaurant would be appropriate and they will do their best to get the best quality because he feels the community would embrace them. Mr. Bennett said the inset is labeled different than the primary drawing-one states retail and the other states market, and do they envision a market of some sort. Mr. May said it's a thought, but they are looking at anything from sporting goods to an entertainment venue. Mr. Bennett said in blocking out Sears to build the new retail/open area space, was it calculated to possibly get another higher end anchor in there. Mr. May said some approaches were made but due to the positioning of the other anchor stores, and when asked if it were possibly to re-tenant that within the next 2-years, they felt the answer was no. He said maybe 5-10 years from now, but it doesn't do any good right now because immediate action needs to be taken.

Aldr. Bancroft said in regard to the question he asked earlier relating to the business plan, there has been a certain amount of "we are professional and we know what we are doing" that has not worked to date for the site. He said he really likes the plan, it looks terrific, but he would like to know what is behind it, what is the effort that will be made. Chairman Stellato added that this is the 3rd go around for the site. Mr. May said he understands and they are very sensitive to that, which is why they cherish the opportunity to be before the Committee to present the team and share their experience with taking on major projects that are challenging and they put all their senior executives on it and the best they can get to make it happen, and they make it happen. He said the team will be with the community from here on out and will continue to communicate with staff regularly, and in moving forward, they look forward to going before the Plan Commission with a formal proposal.

Betsy Penny-90 Whittington Course-said she always thought the problem was the mall wasn't big enough and asked where there was an example of something they cut and made smaller. Mr. Pyle said yes in California-Puente Hills Mall, they have also done this with office buildings and industrial buildings. He said they take on complicated projects and put all their power on it and take it to completion. Mr. May said it is unusual to downsize but it is important to have the right size and this mall was never fully leased and developers overbuilt here. He said the market has grown and we do not want a 70% filled mall, we want it 92%-98% and standing in line to fill up space, and then have the ability to be able to replace retailers if they are not doing that well.

Aldr. Payleitner complimented the developer because they have done more than just verbally engaging the community; they have already taken efforts and taken steps to engage the neighborhood.

Malcolm Clough-3703 King Charles Lane-asked if the team could talk to how the budget of \$70 million would be financed. Chairman Stellato said it's too early at this point, but that would be talked about eventually, the important part was to first get the concept going.

Rosemary Leppert-4N130 Thornapple Rd.-said she is at the mall weekly at the movies and daily as a walker, and she hopes she will still be able to walk in a continuous mall without snow or rain. Mr. Pyle said yes. Ms. Leppert said she hopes the bottle neck by the Jewel would be taken care of, and that the developers are fortunate to have a wonderful east gate location.

Chairman Stellato noted the next visit with the developers for the mall would be sometime in October, in the Council Chamber, in front of the Plan Commission and is a public hearing, so the public will be sworn in and can speak freely.

- b. Presentation of 2013 St. Charles Housing Market Affordability Analysis and recommendation to accept the determination that the City's affordable housing stock has reached 25%.

Mr. O'Rourke showed a PowerPoint presentation explaining the 2013 Housing Market Affordability Snapshot. He said the purpose is to provide an annual data update, check the percentage of affordable housing for the city, home sales and income data and to use as guide for future housing policies. He said in 2003 the Affordable Housing and Planning Appeal Act was passed and 10% of home were to be considered affordable. He said the state defines affordable housing as: Owner Occupied (at or below 80% of AMI) or Rental Housing (at or below 60% of AMI).

Mr. O'Rourke stated the total affordable housing stock is at approximately 25.56%. From 2010/11 to 2012, owner-occupied housing increased from 11.97% to 26.70%, single-family increased from 9.32% to 20.57%, townhomes increased from 8.40% to 21.05%, condominiums increased from 45.71% to 78.10%, and rental housing decreased from 29.11% to 23.01%.

Mr. O'Rourke said from 2010/11 to 2012, median sale price increased from \$225,000 to \$245,000, and the median income increased from \$75,800 to \$83,603. He said the number of households with an income at or below 80% of AMI decreased from 34.35% to 32.89% and the percentage of single family housing affordable to families at or below 80% of AMI increase from 13.06% to 26.74%.

Mr. O'Rourke said that the Inclusionary Housing Ordinance (IHO) states that if the Director of Community Development determines that the housing stock has reached 25%, the IHO requirements would then be suspended, but would be reactivated if housing stock fall to 15%. He said staff is asking that the Committee agree with the determination that City's affordable housing stock has been reached at 25%.

Aldr. Bessner asked about the affordable housing threshold in dollars per unit, is it \$184,000. Mr. O'Rourke said it's an across the board number, and there is also a sliding scale that equates to how many bedrooms, the \$184,000 is a general number regardless of how many bedrooms, for the Chicago land area.

Aldr. Krieger asked we keep track so it doesn't fall to 10%. Ms. Tungare said we will present this information this time every year.

Aldr. Lemke made a motion to approve that the Planning & Development Committee agrees that the Affordable Housing stock has reached 25%. Seconded by Aldr. Bessner. Motion Carried.

4. ADDITIONAL BUSINESS –None.

5. EXECUTIVE SESSION

- Property Acquisition

Aldr. Bessner made a motion to go into Executive Session to discuss a land acquisition. Motion was seconded by Aldr. Bancroft.

Roll Call:

Ayes: Payleitner, Lemke, Turner, Bancroft, Martin, Krieger, Bessner, Lewis, Silkaitis

Nays:

Abstain:

Motion Carried. 9-0.

6. ADJOURNMENT

Aldr. Martin made a motion to adjourn at 8:38PM. Seconded by Aldr. No additional discussion. Approved unanimously by voice vote. Motion carried.