

Economic Restructuring Committee minutes approved



Economic Restructuring Committee

May 18, 2010

Mission: Recruits new businesses and strengthens current ones

Item	Information	Action
Attendance	Present were (9): Chairman Dave Magyar, Gale Fabisch, Vincent Mastromauro, Don Blair Joe Angelastri and Ed Bannon, Glenn Nadig, Marc Sussman and Gale Fabisch	NA
Approval of minutes	Marc S. made a motion to approve the minutes of the Economic Restructuring Committee for the meeting and Rich L. seconded it.	The minutes were approved.
True Value update	Don B. reported that he put True Value in touch with a zoning attorney and they got approval to go ahead with the façade improvement that has been stalled by zoning and permit regulations.	Don B. to provide name of attorney for referral list.
Master plan update	Ed B. reported that the funding is waiting on approval. Ed B. asked if the committee would like to take any action because the city had suggested that bids were to have gone out to planning firms by now. Marc S. said we need a better idea of how the approval process works before the committee takes additional steps.	Ed B. to get info and e-mail the committee with an update.
Nick's Pizza	A proposal to hire Lakota Group was discussed in order to consult with a TIF proposal for Nick's Pizza. A memorandum of understanding between Nick's and property owner Frank King will need to be finalized before Lakota can start to work. Lakota will need a scope of services in order to make a proposal. The committee provided consensus to move forward.	Ed B. to contact Lakota to work out the details.
Portage Park SBIF	Ed B. reported that the Commission on Community Development has submitted an ordinance for introduction into the June City Council. If all goes according to schedule, it will be heard at the June Finance Committee hearing and then approved at the July City Council meeting. After that, a re-launch meeting will have to be held and then SBIF applications can move forward. Don B. added that the association can facilitate SBIF applications for eligibility approval before the launch meeting, so a slew of applications are ready to go. Ed B. said at least a couple are waiting signatures from businesses that are soon to open and a couple more are in the discussion stages.	Push SBIF apps forward.
Rent Subsidy	Dave M. noted that a rent subsidy was approved last month and having some momentum moving forward is	

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	<p>going to serve us well and is essentially our first success for the program. He asked moving forward how do we address some of the questions in the program about whether the subsidy was acting as an incentive or whether a tenant would come here without.</p> <p>Ed B. reported on a list of tenants who have opened and some who are probable to open at Six Corners in the past year without a subsidy. Marc S. questioned whether two who are probable might not be expecting the subsidy. He asked whether Inland knew about it and if they did, wouldn't they be counting on the subsidy. Ed B. said they did know about but have not made any mention of applying for it. Joe A. noted that they couldn't be expecting it because the limit on the program is \$10,000. Marc S. said that amount is just a budgeted amount and that it could be increased. He said Inland might be expecting it and that in the extreme, Marc said he would move that we quit meeting and give away all the SSA money in order to bring fill vacancies. Joe A. said he a problem with that because that would essentially be pooling all property owners money and then giving it away to a few property owners for overall benefit. Marc S. said a rising tide lifts all boats and that if we can get all vacancies filled, it will create a critical mass that will attract more shoppers.</p> <p>Marc S. asked whether a diner that is looking at property owned by Gale F. was expecting the subsidy. Gale F. said the diner is looking at both SBIF and rent subsidy.</p> <p>Glenn N. said there are many things an SSA has to do such as clean-up and landscape maintenance and putting all the money into a rent subsidy program would preclude that. He said a large business like Inland maybe should get the subsidy, but it should go to a small business struggling to put together capital. He asked how do you determine which businesses would come in without a subsidy and which ones would not.</p> <p>Don B. said the problem was that there is no documented business process for the program. If we think some should have and some should not, we should have a means test. There should be a map for the steps we will take. There are too many ambiguities in the program. Write a document that says here's the definition of how the program works, these are the approval steps; these are the means tests for how a business is qualified. We need to get some structure and really test it and see if</p>	<p>Ed B. to write a business process.</p>

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	<p>it works.</p> <p>Marc S. said he is OK with square foot limits and means testing.</p> <p>Joe A. said he still thinks we can use our funds more effectively if we promote the SBIF funds more effectively and leverage SSA money to get a tax credit through a listing on the national register of historic places.</p> <p>Don B. said the business process should include definitions and cycle times.</p> <p>Dave M: sees three things wrong with the program: (1) there's no process in place. (2) It sounds like there's no consensus within the committee on whether it's a good idea. Gale F. said it was voted on so there is a consensus. Dave M. continued (3) once you have the program, you will never be able to say whether someone would have come regardless. And we're never going to know.</p> <p>Glenn N said people come to Six Corners to make money to pay for their rent. Rent is the most minor thing in the world if you're making money. Gale F. said the subsidy should be used as a tiebreaker. It's not meant to make a weak tenant healthy. Glenn said it should be based on smaller square footage.</p> <p>Don B. said if get Nick's deal done and they can't come to an agreement and Nick's needs some money, of course the SSA would kick in some money. Joe A. said the subsidy is like a shopping center using common area maintenance to pay for someone else's rent. He asked why should other businesses pay for another business's rent when the shopping center owner should just lower the rent Marc S. said the logic is the property owners made an SSA to get something done, that thing is to get space rented. He said it shouldn't matter how the space is rented as long as its rented. He said the pro formas don't work for some property owners if they lower the rent and so the mortgage holders won't let them offer a lease at a lower rate.</p> <p>Vince M. said the SSA was formed to help the Six Corners business. He doesn't like the idea of the SSA paying for someone else's rent. He proposes something like the association devote \$2,000 to the outside improvement, not to go to rent. If the rent subsidy is available, of course someone is going to take it.</p> <p>Don B. said he recently reread the Andersonville study about local economies and suggested everyone</p>	<p>Send out Andersonville</p>

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	<p>read that study. He said it will be very valuable to frame the discussion.</p> <p>Glenn N. said a concluding thought is that he would rather see the rent subsidy killed than have other programs killed. Marc S. suggested a moratorium until the program can be further studies.</p> <p>Don b. said the priority should be to get rid of the blight then it will easier for property owners to rent.</p> <p>Glenn N. made a motion to discontinue the program. Joe A. seconded. Gale F. said we could try to struggle through one budget and see what happens. Glenn wants to amend the program. He revised his motion that the program be put on a moratorium after the budgeted \$10,000 is spent. Marc S. he's not trying to argue for the long-term survival of the program but at least make sure the association fulfills its obligations under the program it launched.</p> <p>Dave M. called for a vote. The motion carried 5-2 with one abstention. YES: Dave M. Joe A. Glenn N. Rich L. and Vince M. NO: Marc S. and Gale F. ABSTAIN: Don B.</p>	link.
Milwaukee storefronts	Don B. made a motion to support getting a cost estimate and methodology on putting a screen in front of Mr. Steer. Joe A. seconded All supported. Don B. will call a contractor for information.	Don B. to work on pricing.
Rent subsidy addendum	Marc S. requested that an attorney review the association's obligations under the rent subsidy program grant program. What are our legal obligations? Get an opinion letter from an attorney.	Ed B. will contact attorney for review.
Adjournment	The meeting was adjourned at 2:10 p.m. The next meeting of the Economic Restructuring Committee was called for 1 p.m., June 15, at Parkway Bank, 4106 N. Milwaukee Ave.	NA