



**TUESDAY, JANUARY 18, 2022 – 8:00 P.M.**

With Skokie and the entire State of Illinois now in Phase 5 of the Restore Illinois plan and the lifting of restrictions on in-person gatherings, Skokie Village Board meetings are in-person in the Council Chambers at Skokie Village Hall, 5127 Oakton Street. Village Board meetings begin at 8 p.m. and will continue to be broadcast live on the [Village's YouTube channel](#) as well as on SkokieVision cable television channels 17 (Comcast) and 25 (RCN). Meetings also are re-broadcast on the cable channels in the weeks following each meeting, and the videos are archived on the Village's YouTube channel.

As of August 30, 2021, all individuals in Illinois shall be required to wear masks when indoors including Village buildings.

Public comments may still be submitted to [publiccomments@skokie.org](mailto:publiccomments@skokie.org); comments received prior to the meeting or during the meeting will be provided to the Village Board and will not be read aloud. Public comments also can be mailed or hand-delivered to Skokie Village Hall, 5127 Oakton Street, Skokie, Illinois, 60077, Attention: Village Manager's Office or placed in the exterior drop box on the west side of Skokie Village Hall. Each Village Board meeting agenda includes time for public comments, and individuals wishing to speak on an issue will be allocated three minutes to address the Village Board.

1. Pledge of Allegiance led by Village Clerk Pramod C. Shah.
2. Call meeting to order and roll call.
3. Approve Consent Agenda.
- \* 4. Approve, as submitted, minutes of regular meeting held Monday, January 3, 2022.
- \* 5. Approve Voucher List #17-FY22 of January 18, 2022.
6. Proclamations and Resolutions.
7. Recognition, Awards and Honorary Presentations.
8. Appointments, Reappointments and Resignations.
  - A. Swearing in of the following personnel by Chair Willard Evans, Jr. of the Board of Fire and Police Commission:

<u>Name</u>	<u>Old Position</u>	<u>New Position</u>
Jeffrey Riggs	Police Officer	Sergeant
Raymond Duncker	New Hire	Police Officer
  - \* B. Reappointments  
*Zoning Board of Appeals:* Richard Perlin as Vice Chair and Brian O'Donnell as Chair
  - \* C. Resignations  
*Plan Commission:* George Mitchell as Vice Chair  
*Public Safety Commission:* Kevin Frampton
9. Presentation and Reports.
  - A. Presentation and Public Hearing  
Motion to Open Public Hearing.  
Public Hearing for Proposed Old Orchard Center Business District.  
Motion to Close Public Hearing.

10. Report of the Village Manager.
  - \* A. Gross Point Road (Old Orchard Road to Golf Road) Reconstruction Phase II and Phase III Engineering Services and Agreements.
  - \* B. Employee Benefit Consulting Services – The Horton Group, Orland Park, Illinois - \$65,520.
  - \* C. Maintenance Contract for Traffic Signals & Street Lighting for 2022 – H&H Electric, Franklin Park, Illinois - \$82,382.52.
  - \* D. Tower Ladder Purchase Fleet #109/TL18 – Pierce Manufacturing/Macqueen Emergency, Aurora, Illinois - \$1,449,361.
  
11. Report of the Corporation Counsel.

CONSENT:

  - \* A. An ordinance amending the Zoning Map with regard to the property located at 5050 Mulford Street, Skokie, Illinois from an R2 Single-Family district to an NX Neighborhood Mixed-Use district (2021-15P). This item is on the consent agenda for second reading and adoption.
  - \* B. An ordinance vacating the alley located between 7800 Lincoln Avenue and 5050 Mulford Street, Skokie, Illinois, in an NX Neighborhood Mixed-Use district (2021-16P). This item is on the consent agenda for second reading and adoption.
  - \* C. An ordinance granting a special use permit to expand the parking facilities at 7800 Lincoln Avenue, Skokie, Illinois, in an NX Neighborhood Mixed-Use district and granting relief from Chapter 118, Sections 118-212(i) and 118-220(5)a. of the Skokie Village Code and the repeal of Village Ordinance Number 02-2-Z-3066 (2021-17P). This item is on the consent agenda for second reading and adoption.

FIRST READING:

  - D. An ordinance approving a plat of dedication for property located at 3320-3340 Dempster Street, Skokie, Illinois in an NX Neighborhood Mixed-Use district. This item is on the agenda for first reading and will be on the February 7, 2022 agenda for second reading and adoption.
  
12. Unfinished Business.
  
13. New Business.
  
14. Plan Commission.
  
15. Public Comment.  
(See information at top of page 1)
  
16. Adjournment.

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Items marked with an asterisk (\*) indicate they are part of the Consent Agenda that contains routine items or items which have already been discussed by the Mayor and Board at a previous public meeting and require a second reading. Items on the Consent Agenda are passed in one vote at the beginning of the Board Meeting. Prior to the vote on the Consent Agenda, the Mayor will inquire if there is any matter which anyone wishes to remove from the Consent Agenda. If there is an item on the Consent Agenda which you wish to address, please inform the Mayor at that time you wish to remove it from the Consent Agenda.

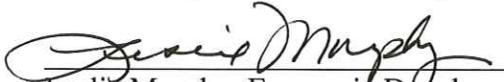
**Memorandum**

**Community Development Department, Economic Development Division**

TO: John T. Lockerby, Village Manager

FROM:

  
\_\_\_\_\_  
Len Becker, Economic Development Manager

  
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Leslie Murphy, Economic Development Specialist

DATE: January 6, 2022

SUBJECT: **BOARD OF TRUSTEES AGENDA: PUBLIC HEARING FOR  
PROPOSED OLD ORCHARD CENTER BUSINESS DISTRICT**

**Executive Summary:**

As one of the most significant economic drivers in Skokie, it is critical for the Village to help grow and enhance the viability of the Westfield Old Orchard Shopping Center (“Old Orchard” or the “Center”) as has been the case historically. Collectively, Old Orchard is the largest sales tax contributor for the Village and is a significant property tax generator for both Skokie School District 68 (K-8) as well as Niles Township High School District 219. Furthermore, Old Orchard has been a significant point of pride for the Village and destination for the region since the center opened in 1956.

Village staff and ownership from Westfield have been working collaboratively since 2019 to strategize ways in which to facilitate additional investment at Old Orchard. The goal of this collaboration is multi-faceted to include increasing overall sales and taxes, as well as expanding the mix of tenants and services to create a ‘best in class’ experience for visitors and customers. Westfield has maintained that extraordinarily high property taxes have and continue to be the key impediment which has and continues to discourage significant capital investment in the Center. In fact, Old Orchard continues to have the highest property tax burden levied in the Westfield portfolio globally. The property tax burden at Old Orchard accounts for 38% of tenant revenue which is significantly higher than the national industry average of 12%.

Efforts to change how the Center is taxed and classified by the Cook County Assessor have not been successful and will likely take years for consideration, if at all. To free up the capital investment required by Westfield to accomplish our mutually beneficial goals, Village staff is proposing a two-pronged approach which will immediately help to stabilize and grow this important asset. **The timing of the effort articulated in this memorandum is critically important as a result of the rapidly changing retail landscape combined with regional opportunities from the demise of other centers exacerbated by COVID.** As such, Old Orchard sits at the precipice of a generational opportunity to become one of the top 5 regional centers in the U.S.

Over the past two years, Westfield has requested several types of public assistance from Cook County and, more recently, from the Village of Skokie. In response, on December 6, 2021, the Village Board approved a resolution to support a Cook County Class 7b Real Estate Tax Incentive for the vacant Lord & Taylor (L&T) property. Since that time, the resolution of support and formal application was filed with the Cook County Assessor by Westfield to consider the request. The second request for assistance is the formation of a Business District (BD) for the entire Center, which would be duly established in accordance with the Illinois Business District Development and Redevelopment statute.

As represented in several formal statements by Westfield leadership, the company intends to stabilize the L&T property with a \$27 million investment utilizing the 7b and anticipated revenues from the proposed Business District. Westfield has confirmed that this investment will not occur but for the above assistance because the financial returns do not meet the minimum requirements for Westfield.

In addition to supporting the 7b application for the L&T property, staff also supports Westfield's request to designate the entire mall area as the Old Orchard Center Business District. By doing so, this local tool will finance and facilitate development and redevelopment of the remainder of the Center to attract new and retain existing retail and restaurants to this important Village property, sales tax generator and employment center. The establishment of the Village's 2<sup>nd</sup> duly authorized Business District (the first being the East Industrial Business Redevelopment District approved in 2005) will enable Westfield to utilize funds generated from the planned additional 1% sales tax on retail and services to cover the costs of rehabilitation, new construction, site preparation, access and infrastructure and soft costs related to their substantial investment commitment to Old Orchard.

A Resolution proposing the designation of a Business District, the approval of a draft BD Plan and the scheduling of a public hearing in connection with the District and Plan was also considered and approved by the Board on December 6, 2021. Per state statute, a public hearing has been set for Monday, January 18, 2022. The required Notices of Public Hearing for the proposed Business District were published in the Suburban Tribune on December 23, 2021 and on January 6, 2022 and a copy of the proposed BD Plan has been in the Village Clerk's Office for public review since December 21, 2021. Following the Public Hearing, the proposed adoption of the ordinances establishing the Business District, approving the BD Plan and imposing the Retailer's and Occupation taxes will occur on a subsequent date. If approved, said ordinances would then be filed with the Illinois Department of Revenue prior to April 1, 2022. If approved, the Business District will facilitate an additional \$80 Million investment by Westfield at Old Orchard.

### **Old Orchard Center Business District Designation and Background:**

The Illinois Business District Development and Redevelopment Act authorizes Illinois municipalities to designate an area within the municipality as a specialized district designed to promote certain development or redevelopment of property within the boundaries. This widely utilized tool (there are currently almost 230 such Districts operating state-wide) is a

method of facilitating development or redevelopment of certain commercial areas, in part, by utilizing separate service occupation and Illinois retailers' occupation that are generated in those areas to pay for necessary public improvements and other eligible project costs. A Business District must be a contiguous area (i.e., the properties within the area border each other) and include only tax parcels of real property that will directly and substantially benefit from the proposed plan. To impose additional taxes on a business district, the area must be blighted, as defined in the Act.

The proposed Old Orchard Center Business District is comprised of over 1.7 million square feet of commercial development that includes large retailers such as Macy's, Nordstrom, and Bloomingdale's. Other uses include national chain and smaller independent retailers, restaurants, offices, open areas, recreation, and entertainment uses. Old Orchard originally opened in 1956 (making it 65 years old) with Marshall Field's, the Fair Department Store (later named Montgomery Wards), along with an office tower, which stands today. Various additions were constructed and redeveloped since that time. The North and West parking garages were constructed in 1978. As retailers and mall operators struggled in the late 1980s and 1990s, so did Old Orchard. In 1991, new ownership implemented a major investment in the Center which included the demolition of the then vacant Montgomery Ward store to make room for a 200,000 square foot Nordstrom store as well as 100,000 square feet for the addition of 62 new stores, and the relocation and expansion of Lord & Taylor, which opened in 1993. While the Nordstrom store opened in 1994, the formal reopening of the Center took place in 1995 with the opening of Bloomingdale's, Barnes & Noble Booksellers, the five-story parking garage, and movie theaters. Since 1995, the Center experienced a modest renovation in 2007. Westfield acquired Old Orchard in 2002, and then merged with URW in 2018. Since 2007, no significant investment has occurred within the Center.

As previously noted, the Center is beginning to experience larger and longer vacancies due to current retail market trends and the obsolete design of the Center. The former L&T building vacancy has already been noted and the former McCormick & Schmick's and The Bagel restaurants (which both closed in 2018) have experienced similar historic re-tenanting problems. In addition to the overall age factor, excessive vacancies and functional and economic obsolescence associated with the Center, Westfield has also provided evidence confirming deterioration of interior and exterior site improvements due to deferred capital investment throughout the Center, and an overall decline in Equalized Assessed Valuation (EAV) when compared to growth in EAV for the Village as a whole.

The property tax burden in Cook County has long created an undue cost burden on the Center, as evidenced by the inability to fill these major vacancies. As a measure of the tax burden, Westfield compares property tax expense as a percentage of tenant occupancy costs. For the Center (pre-COVID), this percentage stood at approximately 38 percent, which is not only the highest rate but also three times the average for all domestic flagship properties in the Westfield's portfolio. Further, using the International Council of Shopping Centers (ICSC) pre-COVID data, the average percentage of this measure is approximately 12 percent for all retail shopping centers in the ICSC US database. According to Westfield, this high cost substantially constrains the amount of leasing capital (i.e. tenant improvement allowances) that is made available to improve the property and make the capital investments required to secure new tenants in the Center.

In September 2021, the Village received a formal request by Westfield (the principal landowner apart from several parcels owned by Macy's) that to offset the high-cost property tax burden at the Center, the creation of a Business District should be considered. This consideration was solidified following months of review and negotiations, and the receipt of an outside sales tax sensitivity study conducted by Gruen Gruen + Associates (commissioned by Westfield) which evaluated potential effects of a 1 % increase of sales tax on the Center. The study concluded that a 1% increase in sales taxes will not have a discernable adverse impact on sales for the Center (see attached executive summary). Village staff has concluded that the existing Old Orchard Shopping Center, generally bounded by Old Orchard Road to the north, Golf Road to the south, Lawler Avenue to the west, and Skokie Boulevard to the east, is an appropriate site for a proposed Business District. The area is graphically depicted in the attached BD draft plan and map.

The Old Orchard Center Business District Plan has been developed in conjunction with Westfield and is an important step to partner together to strategically maintain and grow retail and commercial users in the Village, solidify Old Orchard as the premier shopping destination on the North Shore, grow the sales tax base, increase visitors from outside the Village, and grow its standing as one of the largest employers in the community. Given recent market trends affecting retail trade, as well as the negative trends toward brick-and-mortar retail, the Village believes additional support including the establishment of a Business District is required to promote and accelerate redevelopment efforts of Old Orchard and enhance economic growth in the Village.

The Economic Development staff supports the request of Old Orchard Urban Limited Partnership for the formation of a Business District for the Center. We will respectfully recommend Board approval of the designation of the proposed Old Orchard Center Business District following the public hearing during the February Village Board Meetings. Thank you.