

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES
OSWEGO VILLAGE HALL
100 PARKERS MILL, OSWEGO, ILLINOIS
June 20, 2017**

CALL TO ORDER

Trustee Pam Parr called the meeting to order at 6:03 p.m.

ROLL CALL

Physically Present: Trustees Ryan Kauffman (attended at 6:09 p.m.), Karin McCarthy-Lange, Pam Parr, Luis Perez and Judy Sollinger.

Absent: President Gail Johnson and Trustee Joe West

Staff Present: Dan Di Santo, Village Administrator; Christina Burns, AVA/HR Director; Tina Touchette, Village Clerk; Jennifer Hughes, Public Works Director; Jeff Burgner, Police Chief; Rod Zenner, Community Development Director; Michele Brown, Community Relations Manager; Mark Horton, Finance Director; Corinna Cole, Economic Development Director; Jay Hoover, Building & Zoning Manager; Joe Renzetti, IT/GIS Manager; and David Silverman, Village Attorney.

B.1. Motion to Appoint Trustee Pam Parr as the Acting Chair for the June 20, 2017 Committee of the Whole Meeting.

Administrator Di Santo asked for a Motion to Appoint Trustee Pam Parr as the Acting Chair for the June 20, 2017 Committee of the Whole Meeting. A motion was made by Trustee Sollinger and seconded by Trustee Kauffman to Approve a Motion to Appoint Trustee Pam Parr as the Acting Chair for the June 20, 2017 Committee of the Whole Meeting

Aye: Karin McCarthy-Lange Judy Sollinger
 Pam Parr Luis Perez

Nay: None

The motion was declared carried with four (4) aye votes and zero (0) nay votes.

CONSIDERATION OF AND POSSIBLE ACTIONS ON-ANY REQUESTS FOR ELECTRONIC PARTICIPATION IN MEETING

There was no one who participated electronically.

PUBLIC FORUM

Public Forum was opened at 6:03 p.m.

Farhan Hanif addressed the Board regarding video gaming. He is the landlord of 1-6 Merchants Drive in Oswego. He is interested in opening a deli with liquor and supplementing with video gaming at one of the locations on Merchants Drive. Food will be fresh and made on-site; family environment; more than 50% of revenue will come from food; 20-30% from liquor; any business is value added; 40% of new restaurants fail; there is no deli close by; help the center fill up; high quality helps the community; outdoor seating, if needed; no downside to any business being opened; will be opening a high end place; website is luckybernies.com; helping him as a landlord and spur more development; good tenant; has this concept in other locations.

There was no one else who requested to speak; the Public Forum was closed at 6:09 p.m.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

F.1. Report and Discussion Regarding 2017 Retail Contraction

Director Cole addressed the Board regarding current trends in the retail sector and potential steps to mitigate the negative effects. Many retailers are filing for Chapter 11 bankruptcy and/or shutting hundreds of stores. In Oswego, Bed Bath Beyond closed due to poor year-over-year sales. Rue 21 has filed for Chapter 11 and begun closing its 1,200 stores nationwide. Elsewhere stores such as JC Penney, Macy's, Sears, HH Gregg, Gander Mountain, The Limited, and Radio Shack have announced bankruptcies and closings. Director Cole referred to a recent publication regarding retail. The publication was passed around to the Board members.

Causes

- Demographics
 - Millennial Generation is now the largest living generation in America
 - Millennials have embraced technology and the convenience of shopping online
 - Millennials preference for spending money on experiences, such as restaurant dining or going out, over purchasing consumer goods
 - Millennials tend to carry significant student loan debt which deters their purchasing power
- Great Recession
 - Consumers began practicing frugality and never fully returned to their pre-recession consuming habits
- Internet
 - Easier and cheaper to purchase goods online
 - Trend will continue to grow as Amazon Prime increases its popularity
 - Online retailing reduces overhead for retailers and likewise will cause job losses for retail employees
- Over-built retail
 - Companies vastly overbuilt retail supply in the late 1990's and early 2000's.
- Changes in consumer taste
 - Younger shoppers are eschewing fast-fashion clothes in favor of better made apparel; impacting stores such as Rue 21, The Limited and Forever 21
- Co-tenancy clauses
 - Big box retailers build their business models on being located near other retailers that attract their shared target demographic consumer
 - Retailers build "co-tenancy clauses" into their leases that allow them to break lease and leave a shopping center if their desirable co-tenant goes out of business or otherwise leaves
 - Creates a domino effect in in-door malls
- Show-rooming
 - Consumers go to a store to see and learn about an item and then purchase it more cheaply online
 - Brick-and-mortar stores are vulnerable to this practice if they do not match the online price and/or provide a unique retail experience
- Poor corporate management practices

Positive Commercial Retail Trends

- Restaurants and experiential retail
 - Millennials and recession weary consumers are spending additional money in eating out and going out with friends
 - Restaurant-spending continues to outpace other consumer goods
- Omnichannel retailing
 - Providing a seamless shopping experience in brick-and-mortar stores and through a variety of digital channels not only differentiates retailers from their peers, but also gives them a competitive edge over online-only retailers by leveraging their store assets
 - Consumers interact with a store on all of its platforms, both retail and virtual, and feel invested in purchasing items through that store
- Commercial tenants that reflect consumer's taste
 - Ulta, fast casual restaurants, and fitness concepts, like Orangetheory are well performing
 - They tend to capitalize on experiences

- Smaller foot print stores
 - Online sales mean stores must lower overhead in order to compete
 - Aldi and other grocers have seen success with smaller stores; positive trend
 - Longhorn Steakhouse, in Oswego, is a new, smaller model being piloted throughout the mid-west

Suggestions for an Oswego Response

- Cultivate experiences
 - Oswego should actively recruit into its shopping centers unique experiences
 - Oswego's biggest goal and strength was the unique and "authentic" experience of our downtown
 - Focus on downtown; best ways of insulating the market and creating a destination and the experience
- Embrace our market
 - Oswego should recruit expanding businesses that specifically cater to our population
 - Few businesses can be persuaded to "take a chance" on Oswego if our demographics are outside their traditional catchment
 - Being smart about our consumers
- Curate our shopping centers
 - Oswego should consider incentives for new, desirable tenants or existing tenants that are struggling to stay
 - Because of co-tenancy clauses, it may do Oswego greater harm to allow a commercial tenant to vacate a space
- Carefully observe similar markets
 - Oswego's 10% commercial vacancy rate is modest
 - Oswego's retail supply may be in better proportion than other neighboring markets and its population more inclined to shop in the area
- Be willing to get creative
 - May be helpful to try new approaches to vacant retail space such as pushing for nontraditional retail uses or incentivizing new experiences

Board and staff discussion focused on more and more people buying online; what the Village wants in the future for the downtown; avoiding national restaurant chains; needing a variety of dining; getting a specialty grocer or wine purveyor in the downtown; concerned if the Village is not strong enough; TIF is tool number one; tenant vacancy is low in the downtown; Shodeen plan and Potter's is a good start; providing an experience that is fun and exciting; Sales Force will be helpful for reporting; objectives for Oswegrow; mentoring the businesses; Dave & Buster's type of use for the Dominick's location; ; Dave & Buster's did not locate to Oswego due to timing and finances; co-tenancy is an issue; parking demands may be an issue with entertainment venues; if it's a model that works, then the Village should fight for it; looking at getting a book store in the downtown; staff reached out to four major book stores and all said no; look for local entrepreneurs; chains are not expanding and others are not looking to expand in our area; recognizing and helping the downtown retailers; some downtown retailers only take cash; Oswegrow and SCORE offer mentorship; first seminar held at end of May regarding how a business plan is important; Intercept provides assistance with business plans; good turnout for the seminar; can provide resources , but can't make the businesses do it; something that works in the downtown may not work in Mason Square; Shodeen plan will provide additional commercial sites.

There was no further discussion.

F.2. Video Gaming Criteria

Clerk Touchette addressed the Board regarding video gaming requirements, fee comparisons and revenue. At the May 16th Board meeting, the Board requested additional discussion regarding video gaming. Staff has seen an up-tick in requests to open video gaming cafes. Over the past year, staff has heard from 11 applicants that are interested in opening these types of establishments. A pre-qualification application was drafted to assist with the required process for current businesses, new businesses and video gaming cafes. Some of the requirements for gaming cafes include:

- Site plans
- Interior plans
- Exterior plans
- Signage plans
- A food and beverage menu

A fee comparison and license fee requirement study was conducted for 29 communities:

- Gaming fees range from \$25.00 to \$1,000 per terminal; this is in addition to the license fees
- Non-home rule communities are not allowed to charge a license fee; they can only charge up to \$25.00 per terminal
- 6 prohibit gaming entirely
- 9 do not allow video gaming cafes
- 2 have a limit on the number of licenses allowed
- 3 require a business to be open for 1 year before allowing video gaming (Batavia, Roselle, Westmont)

Revenue reports were also included in the packet. To date, the Village's share is just over \$221,000. Director Cole provided additional insight. Video gaming should be considered based on the location and on a case-by-case basis. If the location is a good fit and highly desirable, the Village should consider allowing. Consider the experiential quality and consistency of a chain establishment.

Board and staff discussion focused on experience as a driver and should be considered; Geneva is revisiting video gaming; they currently prohibit video gaming; liking the idea of case-by-case; whether Oswego is a right fit for video gaming; whether the Village is properly filled; concerned with putting video gaming cafes across from each other; not wanting Oswego to be a video gaming community; not wanting cafes on every corner; Aurora has boomed with video gaming; not hearing of any crimes related to video gaming; no increase in crime with video gaming cafes; economic benefits are measurable; good quality businesses have the greatest chances for success; whether it would be worthwhile to recruit; retail is struggling on Orchard Road; pre-qualification application; article regarding saturation of video gaming in Springfield; video gaming is a revenue generator for the Village; Tuffy location wasn't filled for 10 years; would consider, but would need to be unique; Orchard Road is a good location; LongHorn Steakhouse is the first stand alone to be built in 10 years; raising fees; Elmwood Park charges \$1,000 for the license fee annually and \$1,000 per terminal annually; revenue reports speak to the concepts of the businesses; impressed with Stella's from day one; including Milly's Café, the Village has ten businesses with video gaming; three of the businesses are considered video gaming cafes. Staff to do research on fees and bring back to the Board for further discussion at an upcoming Board meeting.

There was no further discussion.

CLOSED SESSION

There was no Closed Session held.

ADJOURNMENT

The Committee of the Whole meeting adjourned at 6:58 p.m.

Tina Touchette
Village Clerk