



AGENDA

Geneva Economic Development Commission
Thursday, February 13, 2104, 8:00 AM
City Hall Council Chambers, 109 James Street

- I. CALL TO ORDER**
- II. AMENDMENTS TO THE AGENDA**
- III. APPROVAL OF MINUTES** – November 14, 2013
- IV. NEW BUSINESS**
 - i. Presentation by Gary Kecskés, MAr, MLE, Assistant Vice President of Workforce Solutions and Community Learning, Waubensee Community College – *“The Hidden Waubensee.”* This quick overview profiles the noncredit resources of the College and focuses on the Workforce Development business solutions that can be utilized for business attraction and retention.
 - ii. Status Update on consideration of new East Side Tax Increment Finance District
- V. OLD BUSINESS**
 - i. **Major Project Update**
Status update on proposed Downtown Business District. Village of East Dundee Economic Development consultant Doug Bergren will join us to discuss their experience.
 - ii. **Status Update on consideration of new East Side Tax Increment Finance District.**
Proposals from consulting teams are under review.
 - iii. **Data**
 - i. Vacancy statistics
 - ii. Business Activity
 - iii. Sales Tax statistics
- VI. UPCOMING MEETINGS / DATES / PROJECTS / REMINDERS**
 - i. Upcoming EDC Meetings:
 - i. Additional meetings regarding Business District Plan: TBD
 - ii. May 8, 2014
 - iii. August 14, 2014
 - iv. November 13, 2014
- VII. ADJOURN**



DRAFT MINUTES

MINUTES

Geneva Economic Development Commission
Thursday, November 14, 2013, 8:00 AM
City Hall Council Chambers, 109 James Street

Present: Chairman Robert Mann and Commissioners Cathy Charhut, Scott Lebin, Patrick Neary, David Quillen, Paul Ruby. Also present: Economic Development Director Ellen Divita, Business Development Specialist Paul Evans, Economic Development Intern Neal Reeves, and Community Development Director Dick Untch, Alderman Mike Bruno, Maureen Barry of Ehler's, Suzette Murray of WCC. City Administrator Mary McKittrick joined the group at 8:30. Absent: Commissioners Brian Kay and Thomas Burgess.

I. CALL TO ORDER – The meeting was called to order at 8:03 AM by Chairman Mann.

I. AMENDMENTS TO THE AGENDA – There were none. Commissioner Lebin asked that the minutes reflect the Commission's continued recommendation regarding a Business District has been a recommendation "to continue the investigation process," with a main goal to determine if there are projects that fit the State law and that stakeholders would agree are worthwhile to implement (and not a recommendation to adopt a District). All were in agreement. Director Divita reviewed minutes and packet narratives from the last meeting and confirmed for the Commission that this is how both read.

II. APPROVAL OF MINUTES – Motion was made by Lebin, seconded by Commissioner Quillen to approve the minutes of the August 8, 2013 meeting. The minutes were approved unanimously.

III. NEW BUSINESS

Commissioner Gemellaro has resigned from the Commission as he has left Peacock Engineering.

Waubonsee Community College presentation.

Suzette Murray of Waubonsee Community College presented information on the new Manufacturing program at the College. Waubonsee is a recipient of an iNAM grant for \$500,000 grant over 3 years. As grant director she will directly supervise the manufacturing related programs.

iNAM is the Illinois Network for Advanced Manufacturing, a consortia of 21 Illinois Community Colleges, 100 Business Partners, 17 Local Workforce Investment Boards and WorkNet Centers. Murray is the Dean of Dean, Business & Career Technologies at Waubonsee Community College. The Consortia goal is to expand and improve the delivery of education and career training programs leading to industry certificates or associate degrees that can be completed in two years or less and prepare Trade Adjustment Assistance (TAA) to eligible and other workers for employment in high wage, high-skill advanced manufacturing occupations.

Murray gave statistics on “Why Manufacturing” is so important

- Nationwide, a shortage of as many as 600,000 skilled workers (*source: the Manufacturing Institute*)
- 30,000 new jobs in advanced manufacturing over the next 5 years (*source: The Illinois Manufacturers’ Association*)
- For every dollar generated from advance manufacturing, \$3 are generated in related areas.
- 93% of Illinois’ exports are manufactured jobs.
- In 2011, the average annual compensation in manufacturing is \$77,060 (*source: The National Association of Manufacturers*)
- Manufacturing accounts for 13% of Illinois’ GDP and 12.6% of jobs in the state

The grant focus on six Manufacturing areas. Waubensee has created a Precision Machining Lab to teach CNC (Computer Pneumatic Control). Program goals include connections to local industry, hiring full time faculty for Manufacturing Technology, purchase of supplies and small equipment, educating stakeholders on the programs and manufacturing opportunities. The message to students is changing – manufacturing involves the whole spectrum of “what’s between an idea and a product.” There is a continuum of jobs from an entry level worker on a manufacturing floor to a CNC operator, CNC programmer, all the way up to designer.

Murray also provided information on how Illinois Benefits from Exports. Manufacturing accounts for 93% of Illinois’ exports; manufactured exports support 25% of Illinois’ manufacturing jobs (vs. 22% nationwide); and since 2003 Illinois manufacturing exports grew 83% while the national average was a 73% increase.

Status Update on East Side Tax Increment Finance District Policy Discussion by Council – Two Aldermen had reservations and questions on time and extent of redevelopment agreements, but in general the Council expressed they are generally inclined to consider new districts as needed (as warranted by conditions and ability to meet the “but for” test).

Business Open House – The City Administrator has asked the Economic Development Department to host a series of open houses centering on the Department’s “Business Resource Guide.” Purpose to meet, greet, educate on local resources available to assist businesses. Resources mentioned in the Guide include the WCC SBDC, the state Department of Commerce, the Geneva Public Library, and the Geneva Chamber of Commerce. Divita asked if the Commission wished to serve as “Host.” Consensus held was the Department would act as Host. Commissioners will be invited and are asked to attend as scheduling allows.

VIII. OLD BUSINESS

Major Project Update

Status Update on East Side Tax Increment Finance District. The Annual TIF report has been filed with the State of Illinois. The Annual Joint Review Board meeting will be December 6, 2013. Information on the district, including the annual reports, is found online at: <http://www.geneva.il.us/index.aspx?NID=162>.

617 E. State has been demolished. 705-707 E. State will be sold via on-line auction. Phase Two Engineering work for the widening of East State Street is under review. After review by the Council, it will be transmitted to IDOT for acceptance and eventual programming.

Status update on proposed Downtown Business District. Chairman Mann opened discussion stating that there are misconceptions in the community. Commissioners summarized what they have heard in the community:

- There is opposition to a sales tax and that retailers want a sense of the nature and limitations of projects.
- Retailers of large ticket items (weddings, jewelry, furniture) or owners of business categories with competition in the community, not in the district may be at a disadvantage.

Commissioners re-affirmed their belief that it is too early to talk about a sales tax and reiterated their original approach – are there any project so compelling that the community will want to see them done? Commissioners held general consensus that if funds are generated they should be used for projects which hold high probability to benefit the entire community and create strong potential to improve business.

Discussion ensued:

- If there is consensus to use the Business District as a revenue generator, the earliest any funds would be collected would most likely be early 2015 (not immediately as has been rumored). The State allows for 2 filing dates per year and with the City moving into budget, the April 2014 date is not probable, making October 2014 filing at the earliest.)
- If funds are collected via a sales tax, it doesn't necessarily mean it is 1% (as rumored); the statute allows for up to 1%, in .25% increments. If funds are collected, it would only be because the community believed there were compelling projects which hold probability to bring increased sales and customers to the District.
- Funds are restricted and can only be spent within the district they are collected.
- Funds can only be spent on projects which address the needs of the district that qualified the area as a Business District (this is not a "slush fund" for the City).
- The City Council would review projects and monitor the funds as part of the annual budget process.
- State statute does not allow the City (which is a non-home-rule community) to levy a city wide sales tax to generate more funds (as an alternative). If home rule were achieved and a sales tax was implemented, those funds could not be restricted to downtown; downtown projects would compete with needs in other business districts and in the neighborhoods – across the community.
- Use of the term "blight" is a State defined term in the State Statute which characterizes the "qualifying features" that exist to allow a District to be established. The Ehlers work confirmed that the District qualified in 4 of 5 categories. **An area may be deemed "Eligible"** by a home rule or non-home rule municipality as a Business District if it meets at least one, or any combination, of the following factors:
 1. Predominance of defective, non-existent or inadequate street layout; Unsanitary or unsafe conditions. *Ehlers identified 30% of the properties in the study area.*
 2. Deterioration of site improvements; *found to a lesser degree of qualification with some long term vacancies.*
 3. Improper subdivision or obsolete platting. *Ehlers identified over 85% of the parcels in the study area.*
 4. Existence of conditions that endanger life or property by fire or other causes. *Ehlers identified 30% of the properties in the study area.*
 5. The study area qualifies in 2 of the 3 factors related to equalized assessed value.

The Commission viewed the study area. It includes commercial property west of the River, east of the River, and the open space/park land along the River. All would qualify for inclusion. The area studied is essentially the boundary of the original Downtown Business District which expires in November 2013. No changes were suggested.

A Business District Redevelopment Plan identifies deficiencies and potential projects to correct. The EDC meeting packet included a listing of projects which have already been identified by other City planning documents. This is not a definitive list. Any eligible projects the community identifies which remedies District deficiencies (eligibility is defined by State Statute and does not include equipment or ongoing operational costs).

Additional projects can be identified as long as they address the deficiencies identified in the plan and are qualifying projects. The potential to create a link between redevelopment at the former Jail Site on Fabyan and Downtown via bike path improvements and a bridge over the River was suggested; such a project would qualify.

Talking with Ehlers Representative Maureen Berry, the Commission confirmed that if the City chooses to use an additional sales tax within the district, all funds derived must be spent within the district; the city council would identify projects during the annual budget process and capital improvement plan. These revenues are restricted, and controlled by the City Council.

The EDC is an advisory committee to the council and in original review of the district concept, the EDC requested ability to help identify consensus for adoption of a district. The adoption process to create a Business District is prescribed by state statute. Each community creates their own process to ascertain public input – this could include stakeholder meetings, focus groups, survey on priorities, public meeting, review of a written plan, public meeting, and public hearing before adoption would occur. Chairman Mann will write up a first draft for the public process and circulate for consensus.

The public process to discuss creation of a Business District could include:

- a. Stakeholder interviews and Focus Groups – downtown merchants / property owners
- b. Public Survey
- c. Public Meetings
- d. Information regarding the project to be posted on the City website, via City newsletter, media releases, etc. The Commission had hosted a meeting with the Press when the potential to re-establish the District was first considered in an effort to educate what a potential district would look like and what it could do for the community.

The Commission agreed they would hold an extra meeting to discuss the project, and that any meetings should be on the 1st or 4th Thursdays of the month.

- IV.** Motion by Commissioner Lebin, seconded by Commissioner Ruby, the meeting adjourned at 9:14.

Respectfully submitted,

Ellen Divita

February, 2014



PACKET NARRATIVE

Geneva Economic Development Commission
Thursday, February 13, 2014, 8:00 AM
City Hall Council Chambers, 109 James Street

NEW BUSINESS

Presentation by Waubonsee Community College. Gary Kecskés, MA, MLE, Assistant Vice President of Workforce Solutions and Community Learning, Waubonsee Community College – “*The Hidden Waubonsee.*” This quick overview profiles the noncredit resources of the College and focuses on the Workforce Development business solutions that can be utilized for business attraction and retention.

OLD BUSINESS

Status Update on East Side Tax Increment Finance District – Bollinger Lach Associates is completing the Phase Two Engineering Report to submit to IDOT. The work allows for insertion of a continuous center lane and streetscape elements to run the entire length of State from the River to Glengarry.

A Frequently Asked Questions section has been added to the City website on TIF. Information on the district, including the annual reports, is found online at: <http://www.geneva.il.us/index.aspx?NID=162>.

Status Update on proposal for TIF 3, on the east bank of the River. A Request for Proposal was released. Responses from seven consulting teams are under review.

Downtown Business District Eligibility Report – History

October 31, 2011 COW meeting - the Council discussed re-establishment of the downtown Business District which would expire in 2013. The 2005 amendments, unlike the original statute, now permit municipalities to adopt a limited optional sales or hotel tax in order to fund improvements to their Business Districts. The Council referred the question to the City Economic Development Commission (EDC).

February 9, 2012 meeting, the EDC recommended the City move forward to evaluate re-establishment of a Downtown Business District.

February 27, 2012 COW meeting – the Council directed staff to move forward with investigation.

2012 – The City applied for and received a Kane County Small Cities Grant. Through a formal Request for Proposal process, the City engaged Ehlers & Associates to study the issues pursuant to a two phase contract: Phase I (\$9,500) was an inquiry directed primarily to whether or not the downtown commercial area that had been encompassed the original Business District, with or without additional areas met statutory requirements for creation of a Business District. Ehlers answered the question affirmatively and

February, 2014

prepared a map showing the qualifying areas. In September, 2013, the Council authorized Ehlers to proceed with Phase II. Phase II (\$12,300) contemplated preparation of a Business District Plan including within it a plan for soliciting community input on projects that might be considered worthy of support by the proposed Business District. Phase II has just recently gotten underway. Critical to completion of the Plan is the identification and description of one or more projects to be addressed in the context of a Business District program. These projects would address deficiencies in the District which can hold it back and stifle investment and business growth.

November 14, 2013 - the EDC discussed three items relevant to Phase II – boundaries, district needs, and the public process to educate and collect opinion on a proposed district. Chairman Mann worked with City Administrator Mary McKittrick and ED Director Ellen Divita to write the first draft of a survey which can be sent to all downtown business and property owners.

The survey will be the first step in a public process to discuss creation of a Business District. Additional steps could include stakeholder interviews and focus groups with Merchants and Downtown property owners, as well as the additional public meetings (beyond the formal Public Hearing prescribed by State Statute).

The steps in creating a district are:

- **Prepare Business District Plan document according to the Illinois Business District Act.** The Business District Plan will include the following:
 - Documentation that the Business District meets the “blighted area” criteria;
 - A specific description of the Business District and map;
 - A general description of each project proposed to be undertaken within the Business District including a description of the approximate location of each project and a description of any developer, user, or tenant of any property to be located or improved within the proposed business district;
 - The name of the proposed Business District;
 - The estimated Business District project costs;
 - Anticipated sources of funds to pay Business District project costs;
 - Anticipated type and terms of any obligation to be issued; and
 - The rate of any Business District taxes to be imposed, if any, and the period of time for which the tax(es) shall be imposed.
- **Prepare a Legal Description describing the proposed boundaries of the Business District** (to meet the requirement for a specific description of the Business District outlined above).
- **Hold a Public Hearing.** This includes providing appropriate notice of the public hearing in accordance with the Act.
- **Within 90 days of the final adjournment of the public hearing, adopt by ordinance(s) the business district plan and designation of the business district.** In particular, any ordinance adopted which approves a business district plan shall contain findings that the business district on the whole has not been subject to growth and development through investment by private enterprises and would not reasonably be anticipated to be developed or redeveloped without the adoption of the business district plan.

- **Assuming the City makes a finding that the Business District is a “blighted area,” consider adopting ordinance(s) to enact a Business District sales tax and/or a hotel/motel tax.** Business District sales and hotel/motel taxes collected are deposited in a special Business District Tax Allocation Fund for the purposes of paying business district project costs and obligations.
- **File the ordinance enacting a Business District sales tax and all additional required information by:**
 - October 1 for administration and enforcement of the tax beginning the following January; or
 - April 1 for administration and enforcement of the tax beginning the following July 1.

The Following is submitted for EDC review as draft text for a Community Survey to ascertain opinion on Business District Creation and sales tax levy therein. Survey will be sent to all downtown business and property owners.

THE EDC WILL NARROW DOWN THE LIST BELOW

The City of Geneva is evaluating a proposal to create a special business district as contemplated by the State of Illinois 'Business District Act' in aid of its effort to maintain the downtown's position as a regional destination. Creation of such a district would facilitate funding of special projects located therein using special sales tax revenues created within the district. The special sales tax revenues would be restricted; expenditures from any fund created pursuant to the Business District Act may be used only to fund projects implemented within the Business District, and any such projects first must be adopted as part of a comprehensive Business District Redevelopment Plan which must be adopted by the City Council as part of its annual budget review.

The City Economic Development Commission is seeking to identify and assess the extent of community support for any such projects. To that end, therefore, the EDC is conducting a survey of opinion by stakeholders and other interested members of the community.

Alternative revenue sources for the City are derived from property tax, either through creation of a tax increment finance district, or a special service area. Conversely, a special sales tax as allowed by the Business District Act, is derived largely from Geneva visitors. A 2006 study showed 70% of visitors to downtown Geneva live outside of the community.

If the City Council elects to levy a special sales tax allowed by the Business District Act, it (the Council) will correspond the duration of the levy and rate to the scope of the projects which the tax will fund. The rate would be either quarter of one percent, one half of one percent, three quarters of one percent or one full percent.

The Economic Development Commission has reviewed a list of potential downtown projects and identified the following five (5) projects as having capacity to help the downtown, with high probability of providing positive and significant benefit to businesses within the District which will be required to charge the special tax on non-exempt sales.

Please rank the following suggested projects in order of importance (1 to 5 with 5 being the highest). Also, please note yes, or no if you think this should be funded by a Business District sales tax.

February, 2014

EDC To narrow list

Additional Diagonal Parking on West State Street between 4th and 6th Street. Ranking _____ Yes _____ No _____

Pedestrian Crossing Enhancements West State Street at River and at 4th Street. Ranking _____ Yes _____ No _____

New construction or existing building renovation of a Theater or Cultural Arts Facility Ranking _____ Yes _____ No _____

Construction of a multi-purpose public pavilion that could serve as Shelter for farmers markets, live music, social gatherings, and be Used as parking the remainder of the time. Ranking _____ Yes _____ No _____

Public Bathrooms (in conjunction with a public pavilion or freestanding) Ranking _____ Yes _____ No _____

Upgrades to the Electric System Ranking _____ Yes _____ No _____

Funding for fire suppression systems (sprinklers) Ranking _____ Yes _____ No _____

Sign Grants Ranking _____ Yes _____ No _____

Building Façade Grants Ranking _____ Yes _____ No _____

Business Recruitment Grants to be used to attract unique businesses Ranking _____ Yes _____ No _____

Way-finding Signage to direct visitors to parking and attractions Ranking _____ Yes _____ No _____

Assistance to redevelop significant downtown vacant properties Ranking _____ Yes _____ No _____

Public Parking Lot(s) Ranking _____ Yes _____ No _____
Potential locations not yet determined, but could include 3rd/Hamilton, Southeast corner of IL Route 25 and 38 to serve Island Park and surrounding commercial, Police Station, River/State, near the Train Station, at the Courthouse.

Some programs may be funded by a low, or no-interest loan pool. Would you support use of sales tax for use in creating any of the following programs?

Façade Grant Program Yes _____ No _____

Sign Grant Program Yes _____ No _____

Business Attraction grants Yes _____ No _____

Building Improvements, Yes _____ No _____

(including fire suppression systems and electric upgrades)

Industrial Occupancy Report - As of January 30, 2014

3,489,530 sf of Industrial/Warehouse buildings

3,356,344 sf occupied (96.2%)

133,186 sf vacant and available (3.8%), down from 3.9% in November 2013

All Industrial Vacancies

82,400 sf at 2080 Gary Lane (former RIM Logistics)
11,000 sf at 427 N Kirk Rd
18,000 sf (whole building) at 2630 Kaneville
12,386 sf at 321 Stevens

2,400 sf at 413-415 Stevens
3,000 sf at Dearborn Court
3,000 sf at 100-120 Glengarry/1161 Commerce
1,000 sf at 608 North

Prologistix took 1000 sf at 1171 Commerce and a 1500 sf unit on Dearborn Court was taken off the market. A 1000 sf unit at 608 North Street was added. The 415 Stevens unit was corrected to reflect only 1200 sf is available not 2400 sf. The overall industrial vacancy is still dominated by the loss of RIM Logistics moving out of 2080 Gary Lane (61.9% of total industrial vacancy). Next

Randall Road Retail as of January 30, 2014.

1,478,158 sf total Retail

1,316,526 sf occupied (89.1%)

161,632 sf vacant (10.9%), up from 5.6% in Nov 2013

The Randall Road Market vacancy increased by 78,206 sf since November of 2013 with the closing of Dominick's (75,000 sf). Geneva Commons accounts for 23.2% of the vacancy in the corridor. The Commons saw the closing of Anthropologie and Fresh D-Lite. With new ownership of the Commons Center, there is movement and expansion of existing tenants. Several new tenant leases are expected to be executed before June.

Other openings in this sector are the Hand and Stone Massage Spa and the Hearing Lab at the Shoppes at Randall Square. The Shoppes at Geneva Commons had 2nd Wind Exercise Equipment close and Back to Bed will be relocating from 1749 S. Randall Road to this space. Pepper Valley Center still has 8,176 sf available and the former Plass Appliance Center has 6,157 sf available. Other large vacancies are the Shops at Randall Square with 4,400 sf available and the 4,996 sf Applebee's.

Downtown Retail Occupancy as of January 30, 2014.

805,610 sf total Retail

723,397 sf occupied (88.8%)

86,477 sf vacant (10.7%), up from 10.1% in November 2013

The 11.2% vacancy rate represents an increase of 9,443 sf since November 2013. The Mill Race accounts for 16.5% of the retail vacancy total for the Downtown). An offer to purchase the Mill Race has been accepted and the buyer remains in the due diligence period. Re Lux Vintage has opened at 316 Franklin. Closed are: MichaelAngelos 3rd Street Deli, Asian Mystic Massage and Super Cleaners at Ace Plaza, and Great Harvest at 13 N. 3rd Street. Color Me Vintage closed their store at 109 W. State Street and moved into a portion of America's Treasures. Prettiest Star relocated to the front of the Berry House, and State Street Jewelers made the move to 230 W. State Street.

Large Vacancies

18,061 – Dodson Place
15,000 – Mill Race Inn
8,200 – Former Soukups (715 E State)
7,140 - 7 W. State St
6,921 – Former Fashion Walk Shops

7,453 – Ace Plaza
4,864 – 22 N. Third St (Harrison)
3,800 – 11 N. Fifth (Inglennook)
3,350 – 123 W. State St

Downtown Office Occupancy as of January 30, 2014.

590,006 sf total Office

461,061 sf occupied (78.1%)

128,945 sf vacant (21.9%), down from 22.1% in November 2013

February, 2014

Benjamin Ryan Productions took 1,300 sf at 330 W. State Street. Fagan's moved their office to 515 Hamilton Street from 524 W. State Street and Attorney Gilbert Dizon moved his office to a different unit at 524 W. State Street. Dearborn St. Holdings has listed the former Cetron property for sale. Three downtown complexes comprise about 38% of the vacant office space.

Large Vacancies

17,445– Dodson Place
 17,405 – US Bank
 14,071 – Geneva on the Dam
 6,645 – 705 E State St
 5,876 – 200 S. Fourth St
 4,746 – 113 E. State St
 5,051 – 13/15 S. Seventh St
 4,009 – 230 E. State St
 3,634 – 28 N. First St
 3,450 – 321 James St
 3,000 – 318 Anderson Blvd.

Business Name	Business Activity Address	District	Business Type
Closed Businesses			
RESZEL Industries Idevertising	319 1/2 W State #D	C	Service
Great Harvest Bread Company	13 N 3rd	CT	Retail
Asian Mystic Massage	629 W State	CT	Service
Windy City Dolls & Collectibles, Berry House	227 S 3rd #104	CT	Retail
MichaelAngelo's 3rd Street Deli	477 S 3rd #184	CT	Restaurant
Gourmet Pizza Corp	1479 E State #1479	E	Restaurant
Jac-N-Jill	1090 Commons #2	W	Retail
Anthropologie	122 Commons #1040	W	Retail
Dominick's Finer Foods Inc.	2000 S Randall	W	Retail
2nd Wind Exercise Equipment	1086 Commons Dr #3	W	Retail
Prestige Millworks	2526 Keslinger	W	Ind
Fresh-D-Lite Grill	1402 Commons #9000	W	Restaurant
New and Coming Soon			
Letter Rite Express	715 E State #2	C	Service
Victory Sales	477 S 3rd #280	C	Office
Chervon North America	407 S 3rd #220	C	Office
O'Donnell Woodworking	435 Stevens	C	Ind
Changing Childrens World	411 Stevens	C	Service
Digital Concepts, Inc.	821 W State	C	Office
MCS Mortgage Bankers	10 W State #107	C	Service
TreSkin RX	202 Campbell #202A	C	Service
The StableWoman Habit (apparel and accessories)	227 S 3rd #104	CT	Retail
Tai's Beauty Lounge, Inc.	507 S 3rd #H	CT	Service
Kilwin's Chocolates	407 S 3rd #186	CT	Retail
Re Lux Vintage	316 Franklin	CT	Retail

February, 2014

The Patten House Restaurant	124 S 2nd	CT	Restaurant
Firehouse Pizza	17 N 4th	CT	Restaurant
Pure Barre	500 S 3rd #123	CT	Service
Penrose Brewing	509 Stevens #A-#C	CT	Restaurant
The Gaming Goat	715 E State #1	CT	Retail
Nobel House Restaurant	305 W State	CT	Restaurant
Prologistix	1171 Commerce #1171	E	Office
Only Signs	204 Dearborn #119	E	Service
Fox River Distilling Company	204 Dearborn #109 & #110	E	Ind
Hand and Stone Massage and Facial Spa	1416 S Randall #A	W	Service
St. Charles Cleaners	2401 Kaneville #5	W	Service
PINK	318 Commons #2110	W	Retail
Designer Furniture Liquidators (temporary)	1431 S Randall	W	Retail
Fresh Jewelry Company	1770 S Randall A209	W	Retail
The Hearing Lab	1416 S Randall #B	W	Medical
Wireless That's It	1060 Commons #6	W	Service
European Wax	1056 Commons #7	W	Service
Menchie's Frozen Yogurt	1064 Commons #5	W	Restaurant

Relocated within Geneva

Fagans Graphic Design Inc	515 Hamilton	C	Office
Law Office of Gilbert R. Dizon	524 W State	C	Service
Prettiest Star, The, Berry House	227 S 3rd #103	CT	Retail
Back to Bed	1086 Commons Dr #3	W	Retail
Massage Envy	116 Commons #1030	W	Service

City of Geneva

Third Quarter Sales Tax Trends

Categories	2008	2009	2010	2011	2012	2013
General Merchandise	28,708.93	26,734.26	30,911.94	29,311.20	30,307.14	21,358.65
Food	100,283.39	96,009.80	108,285.41	108,710.44	103,474.45	100,724.22
Drinking and Eating Places	192,802.46	189,175.84	184,325.43	202,175.59	212,163.71	222,388.98
Apparel	169,996.74	152,450.08	149,418.10	165,603.18	167,928.72	173,842.81
Furniture & H.H. & Radio	171,136.39	139,253.36	160,291.59	161,523.20	156,865.04	166,908.61
Lumber, Bldg, Hardware	93,708.47	88,423.06	72,109.08	67,509.56	68,682.14	77,011.27
Automotive & Filling Stations	22,659.00	21,684.70	21,863.51	24,034.35	25,913.01	30,462.73
Drugs & Misc. Retail	274,243.34	253,677.46	255,850.96	339,539.50	306,520.67	317,945.88
Agriculture & All Others	94,061.14	71,612.14	77,986.36	31,153.91	57,990.48	58,540.47
Manufacturers	13,415.96	17,723.19	20,361.71	19,190.59	22,739.02	25,173.75
Total	1,161,015.82	1,056,743.89	1,081,404.09	1,148,751.52	1,152,584.38	1,194,357.37

Source: "Kind of Business" report from State of Illinois Department of Revenue

City of Geneva Sales History

Category	2005	2006	2007	2008	2009	2010	2011	2012
General Merchandise	\$14,753,215	\$14,550,829	\$15,551,850	\$ 12,769,060	\$12,759,826	\$13,650,672	\$13,184,967	\$13,404,505
Food	\$35,402,749	\$39,713,876	\$40,008,511	\$ 41,495,698	\$39,236,112	\$43,838,923	\$45,003,331	\$46,892,593
Drinking /Eating Places	\$69,307,180	\$75,066,098	\$78,282,169	\$ 75,349,512	\$72,904,879	\$76,762,555	\$78,242,542	\$83,648,067
Apparel	\$69,007,894	\$71,467,647	\$71,440,504	\$ 67,655,853	\$60,515,785	\$64,159,813	\$66,190,721	\$69,836,890
Furniture & H.H. & Radio	\$105,781,447	\$101,760,477	\$95,539,311	\$ 76,385,428	\$60,848,114	\$66,974,643	\$68,527,132	\$68,134,935
Lumber, Bldg, Hardware	\$44,606,835	\$42,737,157	\$41,194,988	\$ 36,099,296	\$32,505,469	\$29,619,452,	\$26,313,392	\$27,856,058
Auto & Filling Stations	\$14,503,463	\$15,094,651	\$13,096,175	\$ 9,452,756	\$9,004,783	\$9,647,361	\$9,210,797	\$11,078,869
Drugs & Misc. Retail	\$126,347,247	\$127,920,576	\$125,069,421	\$ 115,457,719	\$109,892,062	\$114,009,824	\$124,723,621	\$130,198,496
Agriculture & All Others	\$31,937,287	\$33,518,126	\$31,229,359	\$ 34,430,972	\$27,624,339	\$28,123,749	\$22,468,310	\$24,224,477
Manufacturers	\$7,563,853	\$7,479,139	\$5,863,021	\$ 5,230,119	\$7,633,476	\$9,028,452	\$8,388,045	\$9,836,323
Total:	\$519,211,170	\$529,308,576	\$517,275,309	\$ 474,326,413	\$432,924,845	\$455,215,444	\$462,252,858	\$485,111,213
% over last year	105%	102%	98%	92%	91%	105%	102%	105%

Source: "Kind of Business" report from State of Illinois Department of Revenue

U.S. Retail Real Estate Supply Conditions

Tracking and Analysis of Announced Store Closings and Gross Leasable Area

A Joint Report of ICSC Research and PNC Real Estate Research

Fourth Quarter 2013

Vol. 4 No. 1

January 2014

ANNOUNCED STORE CLOSINGS DOWN 43% IN 2013

- During 2013, retailers and restaurateurs announced over 2,500 establishments will be closed—a 42.8% decrease from 2012. The space associated with those establishments was 36.1 million square feet (sq. ft.) and represented a decrease of 22.3% compared with 2012. The estimated space reduction has declined on a year-over-year basis for the last two years.
- Space associated with all stores and restaurants slated for closure in 2013 represent 0.2% of the total inventory of retail space within the United States.
- Conversely, on a year-over-year basis GAFO-type (general merchandise, apparel, furniture and other) stores announced to be closed increased by 8.6% in the 2013 compared with 2012.
- During the fourth quarter of 2013, over 600 establishments were announced to be closed by retailers and restaurateurs versus a grand total of 537 in the same quarter of 2012. This difference represented a 13.8% increase over the same quarter of the prior year.
- The fourth-quarter tally of space associated with announced closings in 2013 rose by 151.6% compared with the same period of 2012.

The ICSC-PNC announced-store-closing count in the fourth quarter stood at 611 establishments or 491 GAFO-type stores, 111 grocery stores, and 9 restaurants (see Table 1).

Table 1

Number of Announced Store Closings	Annual													2012				2013			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAFO-Type	7,041	5,950	4,973	6,303	4,269	4,730	4,603	6,913	4,810	5,170	3,648	3,863	2,064	2,040	1,082	289	452	646	390	537	491
+ Groceries	—	—	—	—	—	—	—	—	—	246	221	308	296	169	35	72	32	71	20	94	111
+ Restaurants	—	—	—	—	—	—	—	—	—	156	203	293	192	152	33	55	53	21	162	0	9
Total	—	—	—	—	—	—	—	—	—	5,572	4,072	4,464	2,552	2,361	1,150	416	537	738	572	631	611

Source: ICSC Research and PNC Real Estate Research

As shown in Chart 1, within the fourth quarter the home entertainment sector—consisting entirely of **Blockbuster** stores—accounted for more than 60% of all GAFO-store type store-closing announcements. Blockbuster has been shedding stores for years, but its fourth quarter announcement represents the end of the road for the movie/game rental chain, as it will purge its remaining store inventory. In addition, discount department store retailers **Loehmann's**, **JC's 5 Star Outlet** and **Building #19** collectively represented a combined 12.6% or 64 establishments to the GAFO-store type tally. (See Table 2.)

Announced-store closings by grocers totaled 111 in the fourth quarter with about two-thirds of that number coming from **Dominick's** (75). The segment's quarterly tally was more than three times larger than the same quarter of the prior year. Restaurant chains announced a modest 9 store closings in the fourth quarter, representing an 83.0% decrease from the same period of the prior year. It was also the second consecutive quarter this segment's tally was less than 10. The segment's total of announced closings consisted of two restaurant chains **Tim Horton's** (6) and **Champps Americana** (3).

Chart 1



Source: ICSC Research and PNC Real Estate Research

Table 2: Selected Announced Store Closings in Q4		
Retailer	Segment	No. of Announced Store Closings
Blockbuster	Home Entertainment	300
Dominick's	Grocery Stores	75
Edwin Watts	Sporting Goods	42
Loehmann's	Discount Department Stores	39
Kerr Drug	Drug Stores	20
Gilly Hicks	Apparel	15
JC's 5 Star Outlet	Discount Department Stores	15
C&K Markets	Grocery Stores	14
Designer Furniture Warehouse	Home Furnishings	11
Build-A-Bear Workshop	Toys	10
Building #19	Discount Department Stores	10

Source: ICSC Research and PNC Real Estate Research

Notice and Disclaimer:

This document is for general informational purposes only and is not intended as specific advice or recommendations. The information contained herein is gathered from public sources believed by PNC and ICSC to be accurate and reliable at time of publication, but neither ICSC nor PNC and any of its affiliates is providing any guaranty or warranty as to the accuracy, completeness or reliability of that information or of the conclusions presented in this document. In addition, markets do change. Opinions expressed herein are subject to change without notice. The information set forth herein does not constitute legal, tax or accounting advice. You should obtain such advice from your own counsel or accountant. Any reliance upon the information provided herein is solely and exclusively at your own risk. All proprietary materials and analysis are copyrighted. PNC is a registered service mark of The PNC Financial Services Group, Inc. ©2014 International Council of Shopping Centers, Inc. and The PNC Financial Services Group, Inc.

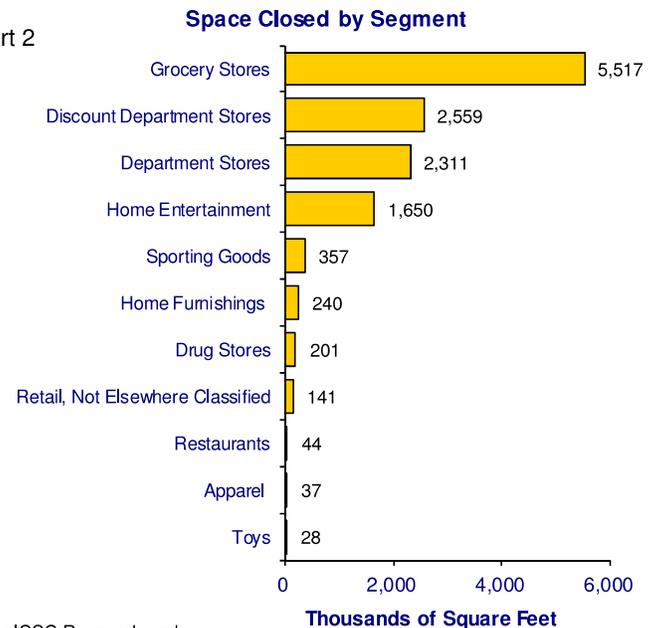
AMOUNT OF SPACE TO BE CLOSED MORE THAN DOUBLES IN THE FOURTH QUARTER

In 2013, 36.1 million sq. ft. was announced to be closed, which was a decrease of 22.3% less space compared to 2012. The fourth quarter had an estimated 13.1 million sq. ft. of space associated with announced-store closings across all tracked segments (see Table 3). This represented an increase of 151.8% compared with fourth-quarter 2012.

Delving further into the quarter, grocery store operators reported more space to be closed than any other sector with 5.5 million sq. ft. or 42.2% of all space to be closed, as shown in Chart 2. The discount department store retailers announced they will close 2.6 million sq. ft. and **Loehmann's** represents 36.8% of that total. In addition, traditional department stores such as **Sears** and **Saks Fifth Avenue** announced their plans in the fourth quarter to reduce space by 2.3 million sq. ft.

The home entertainment segment, which has been dwindling over the past several years was again hit hard following Blockbuster's announcement that it will cease brick-and-mortar operations. Blockbuster stores accounted for 1.6 million sq. ft. of space to be reduced in the fourth quarter. However, this announcement may bode well for overall annual closing announcements as fewer closings should be expected from that segment in the future.

Chart 2



Source: ICSC Research and PNC Real Estate Research

Table 3

Amount of Space Associated with Announced Store Closings	Annual													2012				2013			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAFO-Type	165.5	103.3	88.9	57.8	88.4	58.9	55.3	132.2	71.2	36.7	56.0	33.3	24.4	18.1	8.6	2.8	3.8	9.2	4.0	3.7	7.5
+ Groceries	—	—	—	—	—	—	—	—	—	9.0	8.5	11.8	11.2	6.3	1.5	2.7	1.3	2.6	0.4	2.6	5.5
+ Restaurants	—	—	—	—	—	—	—	—	—	1.0	0.8	1.3	0.5	1.0	0.2	0.1	0.1	0.1	0.3	0.0	0.0
Total	—	—	—	—	—	—	—	—	—	46.7	65.3	46.5	36.1	25.4	10.3	5.6	5.2	11.9	4.8	6.3	13.1

Source: ICSC Research and PNC Real Estate Research

Millions of Square Feet

RETAIL EXPANSION PLANS

A wide variety of store openings were announced in 2013 and compiled in ICSC/PNC's retailer expansion list which consists of 39 retailers that announced plans to open 3,582 stores. (See in Table 4.) As shown in Chart 3, the most notable store openings are discount retailers **Dollar General** (1,335) and **Dollar Tree** (315).

Chart 3



Source: ICSC Research and PNC Real Estate Research

*3,000 worldwide Subway store openings are excluded as the number of domestic store openings was not specified.

Table 4

Notable Retailer Expansion Outlooks in 2013			
Retailer	Segment	Quarter of Announcement	No. of Announced Store Openings
Dollar General	Retail, Not Elsewhere Classified	Q1	635
Dollar Tree	Retail, Not Elsewhere Classified	Q1	315
Carter's	Apparel	Q1	150
Rue21	Apparel	Q1	125
Foot Locker	Footwear	Q1	73
Ann Taylor	Apparel	Q1	65
Big Lots	Retail, Not Elsewhere Classified	Q1	50
American Eagle	Apparel	Q1	7
Saks Fifth Avenue Off Fifth	Apparel	Q1	7
Microsoft	Home Entertainment	Q1	5
Macy's	Department Stores	Q1	5
Bloomingdale's	Department Stores	Q1	2
Uniqlo	Apparel	Q1	2
Casual Male XL	Apparel	Q2	57
Chick-Fil-A	Restaurants	Q2	102
Qdoba	Restaurants	Q2	75
Smashburger	Restaurants	Q2	50
Bridgestone	Retail, Not Elsewhere Classified	Q2	45
Icing	Apparel	Q2	35
Barnes & Nobles	Bookstores	Q2	5
Best Buy Mobile	Home Entertainment	Q2	5
Subway*	Restaurants	Q2	3,000*
Ascena Retail Group	Apparel	Q3	180
The Gap	Apparel	Q3	160*
Aeropostale	Apparel	Q3	74
The Children's Place	Apparel	Q3	55
Coach	Apparel	Q3	20
Toys 'R Us	Toys	Q3	19
Bebe	Apparel	Q3	2
AutoZone	Retail, Not Elsewhere Classified	Q4	200
Costco	Warehouse Club	Q4	36
Apple	Home Entertainment	Q4	30
Lumber Liquidators	Home Improvement	Q4	10
Walgreens	Drug Stores	Q4	85
Vitamin Shoppe	Retail, Not Elsewhere Classified	Q4	50
COS (H&M)	Apparel	Q4	40
Bass Pro Shops	Sporting Goods	Q4	9
Dollar General	Retail, Not Elsewhere Classified	Q4	700
Casey's General Stores	Retail, Not Elsewhere Classified	Q4	70
Destination Maternity	Apparel	Q4	19
Home Depot	Home Improvement	Q4	8

* Worldwide

Source: ICSC Research and PNC Real Estate Research

CHICAGO LEADS THE WAY ON DOMINICK'S EXIT

Closing announcements within the grocery store segment continue to send shockwaves throughout certain metro areas in what has become a fiercely competitive category. This time it is Chicago that leads the way among areas expected to be significantly impacted by retailer shutterings. Grocery store operator **Safeway** announced plans to dispose of 72 **Dominick's** locations in an effort to exit the Chicago market by early 2014 and eliminate a noticeable drag on financial results. Though it reached an agreement to sell 11 Dominick's stores to **Roundy's** and a handful of others to **Jewel-Osco**, the majority of locations have yet to be spoken for. The recent bankruptcy filing and upcoming liquidation by discount department store **Loehmann's** as well as **Abercrombie & Fitch's** decision to discontinue its nascent **Gilly Hicks** concept are also expected to impact this area. As a result, the Chicago MSA is set to lose more than 4.5 million sq. ft. of space currently occupied by retailers.

The Boston MSA again appears near the top of the list, with an estimated 732,600 sq. ft. to be vacated. This time it was a bankruptcy filing by discounter **Building #19** and the subsequent announcement to close all 10 locations, as the rise of online shopping led to a dramatic decline in sales and the eventual erosion of working capital.

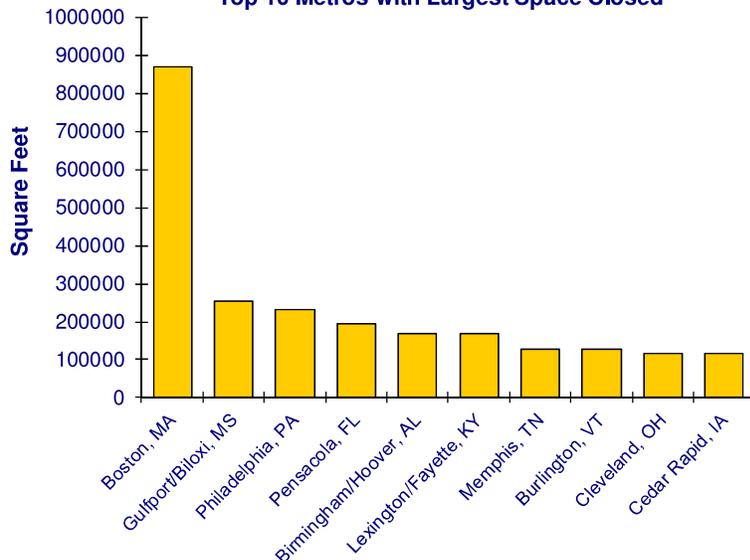
Philadelphia-Camden-Wilmington (350,058 sq. ft.) was again third on the list of MSAs set to incur the largest amount of square footage to be vacated. In addition to a couple of area grocery store closing announcements, **Bon-Ton** said it will exit the Mall at Steamtown before its lease expires (though a replacement for the departing anchor is reportedly close to being signed).

Milwaukee (241,500 sq. ft.) and Dallas-Fort Worth (275,000 sq. ft.) round out the top five to be impacted on a total square foot basis, the latter of which is set to incur closings by **Dillard's** and **JC's 5 Star Outlet**. The former JCPenney Outlet Store nearly closed in January 2011 when J.C. Penney Co. announced plans to exit the catalog and outlet store business. However, the stores got a second life after being acquired (and renamed) in October 2011.

Again, since larger markets typically dominate the number of announced store closings (and accompanying square footage) due to the amount of inventory they offer, the expected impact on a market can only be fully appreciated with some frame of reference to the market size. Chart 4 addresses the top relative impacts of second quarter retail and restaurant space reduction plans, which are expected to affect more than 50 metro areas.

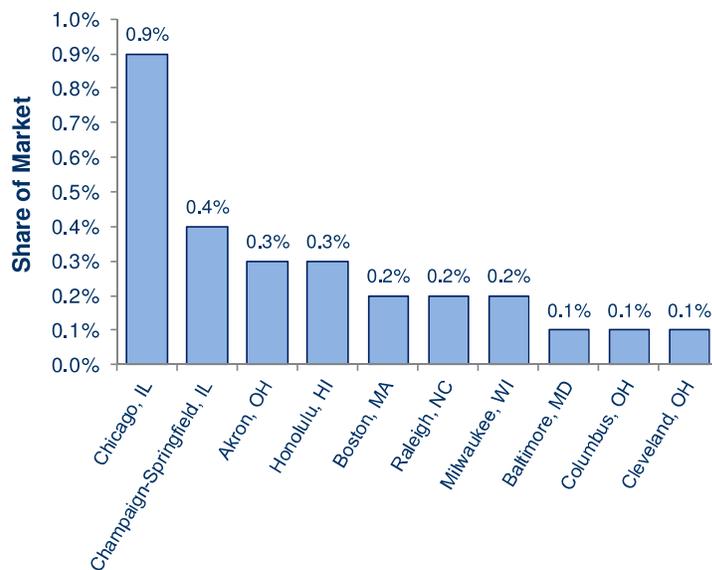
On a relative basis, closings announced during the second quarter are estimated to affect approximately 0.2% of the total national retail stock, up from 0.06% in the third quarter. However in some areas, the share of retail space projected to be impacted by store closings is considerable. As mentioned above, Chicago leads the way by a large margin at 0.9% of its total retail inventory. This is followed by the Champaign-Springfield, IL area at 0.4% and Akron at 0.3%. The Hawaii market is also set to incur closings representing 0.3% of total retail square footage. Retail Partners Hawaii LLC announced in December that they intend to shutter all eight **Price Busters** stores in Hawaii by mid-January 2014. Similarly, the square footage tied to recent closing announcements from Sears and Dillard's are estimated to account for approximately 0.2% of Raleigh's retail inventory.

Chart 4
Top 10 Metros with Largest Space Closed



Source: PNC Real Estate Research

Chart 5
Largest Market Share Impacts by Store Reduction



Source: CoStar and PNC Real Estate Research

The next issue of this report is scheduled for release on April 24, 2014.



Keith Hamilton
Vice President
PNC Real Estate Research
249 Fifth Avenue
Pittsburgh, PA 15222
412 768-0855
Keith.Hamilton@pnc.com

John Connolly
Research Project Manager
646 728-3681
jconnolly@icsc.org



Matthew Panfel
Research Associate
646 728-3498
mpanfel@icsc.org

International Council of Shopping Centers
1221 Avenue of the Americas
New York, NY 10020

METHODOLOGY

Announced store closings represent a tally compiled by ICSC and PNC Bank of the number of U.S.-based establishments that have publicly reported they will close. These data may not be comprehensive or complete and represent company intentions to close stores on the day of the announcement. This information does not necessarily represent the actual number of closings nor indicate the actual timing of the establishment closings. Circumstances may change that increase or decrease the actual store closings, which may or may not be publicly announced. The ICSC/PNC Bank estimates of the associated square footage for gross leasable area (GLA) closed are based on reports and estimates by ICSC and PNC Bank of the average store size and the announced number of stores closed. All tallies and GLA estimates are based on reports, estimates and judgment and the assignment of establishment counts and GLA estimates by calendar quarter may require statistical and interpretive judgment. Estimates of metro-area store closings by establishment and GLA are based on information from public sources and estimates. More than 50 of the 366 metro areas in the U.S., as defined by the U.S. Department of Commerce for the United States, are covered by this report. For purposes of this report, "GAFO-type" stores represent non-grocery retail tenants excluding auto-dealerships, but including drug stores, home improvement and chain services, such as vision centers, healthcare facilities, spas, health clubs, entertainment (movie theaters, etc.) and similar establishments.