

MINUTES OF THE ECONOMIC DEVELOPMENT COMMISSION

November 21, 2013

An EDC meeting was held on Thursday, November, 21 2013.

The meeting began at 8:00 A.M.

MEMBERS PRESENT: Mike Giannelli, Frank Cangelosi, Dan Olson, Sixto Rincon and Bill Geary

MEMBERS ABSENT: Kirk Allen

ALSO PRESENT: Eric Richard, Assistant Village Planner, Barrett Pedersen, Village President, Matt Welch – Kathleen Field Orr Associates, Brian Forde, J. Michael Heaton – O’Keefe Lyons & Hynes, LLC, David Hene – Jewel Osco and Mark Lawton – Pioneer Press

MOTION TO ACCEPT minutes from last official meeting held on October 24, 2013, as presented by Eric Richard, was made by Mr. Dan Olson. Mr. Tom Herbstritt **SECONDED** the motion. **VOICE VOTE CARRIED.**

Unfinished Business: None

New Business: *Discussion on and consideration of a 6b real estate tax assessment application by New Albertsons, Inc. for the property located at 2200 N. 17th Ave., Franklin Park, IL*

Brian Forde, David Hene and Michael Heaton appeared and spoke on behalf of this application.

Mr. Forde opened by discussing the history and current operations of the facility. The original 6b was granted in 2003 when 227,314 square feet (SF) of improvements were constructed onto the Village of Franklin Park portion of the facility. The whole facility covered 1.9 million SF and is split between the Village of Franklin Park and Melrose Park. This distribution center serves all of the Chicago area Jewel Osco grocery stores. The 6b renewal is only subject to 12% of the facility or the 227,314 SF expansion built in 2003.

In total the distribution center employees 1,016 people, of which 731 work solely in the Village of Franklin Park portion of the facility. Currently, the whole 1.9 million SF facility has annual taxes over \$2.2 million. The loss of the 6b classification would result in approximately \$600,000-\$800,000 additional annual taxes or \$6-8 million over the next 10 year period of standard industrial classification per the Cook County Assessor.

Mr. Giannelli asked about the “status quo” or the current tax rate the property contains.

Mr. Welch clarified that if the 6b were not granted the property (after the final two years of the original 6b classification) the property would revert back to the standard industrial classification per Cook County assessor (25%, class 5).

Mr Gianelli asked about the employment breakdown between the Village of Franklin Park and Melrose Park properties.

Mr. Forde indicated that most of the operations (72%) take place in the Village of Franklin Park side and approximately 731 of the employees (out of 1,016) work in that portion of the facility.

Mr. Giannelli asked what portion of the taxes is applied to the Village of Franklin Park facility.

Mr. Forde indicated that the taxes by PIN are outlined in the application, broken down by the Village of Franklin Park PINS applicable to the renewal and the PINS in the Village of Melrose Park.

Mr. Rincon asked if any of the PINS at the Village of Melrose Park facility currently contain a 6b classification.

Mr. Heaton indicated, no. He proceeded to state that they received a 6A incentive when the facility was built, but it expired back in the 1990's.

Mr. Geary asked if they are planning to make some improvements to the Village of Franklin Park facility:

Mr. Hene stated that they are converting approximately 15% of their current freezer to a -20 degree freezer in order to store ice cream in the facility. They have a 20 million budget for the proposed improvements. They will be adding 30-40 full time jobs when these improvements are complete.

Mr. Olson asked if there were any annual reports for the New Albertsons Inc. and the future plans are for longevity?

Mr Hene provide a history of the ownership changes of the company, including the 2006 purchase by Albertsons Inc. and the recent purchase in March by New Albertson's, Inc. Every Jewel store is now managed more locally. This makes the stores more competitive in the current market.

Mr. Herbstritt asked who is the current owner of the company.

Mr. Hene responded by stating that New Albertsons's Inc., is the current owner. They are not a public company anymore. They are part of a larger private equity company – financial reports are not published.

Mr. Geary asked who the equity player is.

Mr. Hene indicated Cerberus Capital.

Mr. Olson asked how long Cerberus plans to own company.

Mr. Hene state that as Jewel continues to grow and more money is made then he expects their commitment will continue to rise.

Mr. Giannelli asked what Mr. Hene's position with company is.

Mr Hene said he is the Senior Real Manager; the sole person in charge of Chicago transactions. He oversees 180 stores, distribution centers, offices and surplus properties.

Mr. Giannelli asked where most of their competition comes from.

Mr. Hene indicated that they are competing with everyone who sells food.

Mr. Henese proceeded to indicate that since March they have hired 6,000 people in the Chicago area, including in grocery stores, offices and distribution centers.

Mr. Giannelli asked what the average sale per store was.

Mr. Hene responded by stating that a store can produce anywhere from \$300,000 – \$1 million per week.

Mr. Giannelli asked if they own or lease their facilities.

Mr. Hene stated that they own their distribution center and lease their office facility on Cullerton Avenue.

Mr. Rincon asked if the previous benefits and pensions outlined in the financial reports apply to new company and current employs.

Mr. Hene stated yes, and proceeded to indicate that the labor contracts were not amended through ownership changes.

Mr. Giannelli asked when the lease expires at the Cullerton facility.

Mr. Hene indicated that he believes they have an option for 2016 and can extend for 15-20 years.

Mr. Giannelli asked about the future plans for the facility given the option on the current lease and the peak number of individuals employed at the facility. He proceeded to express his concerns with those employees being re-located to Itasca after 2016.

Mr. Hene indicated that the Cullerton facility at one time employed 250 people. He proceeded to indicated that he is confident that they will not be moving employees from current facility to Itasca. Their rent at the Cullerton facility is one-fifth the costs of the office facility in Itasca.

Mr. Richard spoke on the process that staff undertook in working with the representing attorney and meeting the 6b renewal guidelines outlined by staff.

Mr. Richard asked Mr. Forde why PIN 12-34-101-013-0000 was not classified as a 6b based on the materials proved in the application.

Mr. Forde indicated that the Cook County Assessor's office request that all PINS of the property be identified and they will determine which PINS are subject to 6b renewal.

Mr. Welch reiterated that it should be noted that PIN 12-34-101-013-0000 is not subject to 6b renewal.

Mr. Forde stated that he would notify the Assessor's Office of the appropriate PINS subject to renewal.

MOTION TO APPROVE RECOMENDATION of the 6b application by New Albertsons, Inc. made by Sixto Rinon. **SECONDED** by Tom Herbstritt. **VOICE VOTE CARRIED UNAMIOUSLY.**

Discussion Items/Staff updates:

- Beginning in 2014, EDC meetings will take place at the new Franklin Park Police Station
- Business Appreciation Luncheon

Report from the Mayor: none

Public Comment: none

Being no further business before the Commission, Dan Olson **MADE A MOTION** to adjourn. Tom Herbstritt **SECONDED** the motion. **VOICE VOTE CARRIED UNANIMOUSLY.**

Meeting adjourned at 9:00 AM

Respectfully submitted,

Eric Richard