

CITY COUNCIL

May 16, 2001

ROLL CALL - PRESENT:

Alderman Newman	Alderman Bernstein
Alderman Jean-Baptiste	Alderman Rainey
Alderman Wynne	Alderman Feldman

A Quorum was present.

**NOT PRESENT AT
ROLL CALL:**

Aldermen Kent, Moran and Engelman

ABSENT:

None

PRESIDING:

Mayor Lorraine H. Morton

At the call of Mayor Morton, a SPECIAL MEETING of the City Council was held jointly with the Plan Commission and Economic Development Committee Wednesday, April 16, 2001 starting at 7:10 p.m. in the Council Chamber. The purpose of the meeting was to consider Ordinance 46-0-01 and to have a presentation on the Sherman Plaza mixed use development.

Ordinance 46-O-01 – Amending Chapter 25, Title 3 of the Evanston City Code Regulating the Farmers’ Market – Consideration of proposed Ordinance 46-O-01 introduced April 23, 2001, which amends the City Code to add a subsection to the definition of saleable items (bread). Additionally, approval of Parcel 7, as the Market site, is requested. This item was held at the May 7, 2001 meeting.

Alderman Newman moved approval. Seconded by Alderman Feldman.

Roll call. Voting aye – Newman, Jean-Baptiste, Wynne, Bernstein, Rainey, Feldman. Voting nay – none. Motion carried.
(6-0)

Alderman Engelman came into the meeting and Aldermen Jean-Baptiste and Bernstein left the meeting at this time.

Herb Hill, First Assistant Corporation Counsel, asked the City’s representative, Martin Stern, U.S. Equities, to make introductory remarks.

Mr. Stern related on October 10, 2000 the City Council approved a planned development for the redevelopment of the Sherman Avenue garage and retail project that included Sears Roebuck, other retailers and a senior housing development. Since then, site assembly took a lot of time. Quick take was not obtained in the fall legislative session as hoped. The time it took to assemble the site changed the economics and created uncertainty regarding the timing and eventual economics of the project. At the City’s request, the developer was asked to look at other plans for the site in case costs or acquisitions became difficult. Working with staff and consultants the developer came up with an exciting plan, which has improved architecture and other improvements. The plan is affordable, can be done within the City’s constraints and meets the City’s objectives. He said ultimately this development would be a tremendous asset to Evanston and welcomed

questions from Council and/or commission/committee members. He introduced Jim Klutznick from the Klutznick Company who made the presentation.

Aldermen Kent and Moran came into the meeting at this time.

Mr. Klutznick introduced Morrie Fisher, from Klutznick/Fisher; John Terrell from Prime Group; Dan Coffey, owner of his architecture firm; Thorsten Bursch equipment operator and Bert Freidman from Capital Associates, who was instrumental in putting together the assemblage.

Mr. Klutznick recalled from approval of the planned development in October 2000 they experienced an arduous struggle to assemble the site dealing with quick take legislation and condemnation. Recently they entered into a judgment order through the condemnation process to contract for the final parcel. During that process, the time and cost of assemblage increased, so what they propose is essentially the same footprint as the original plan except the middle building is now a multi-tenanted building as opposed to a Sears Roebuck department store. He noted economics changed to the extent that the development team and Sears, despite all efforts to make something work, had a friendly parting of the ways.

He described Evanston's downtown as "the urban lifestyle experience of the North Shore" and of the north lakefront of the City of Chicago, a unique downtown equidistant between downtown Chicago and points to the north and west. Evanston has the densest urban core, outside of downtown Chicago, in the metropolitan area. What has been done here over the past five-ten years in combination with what they are proposing for Sherman Plaza creates the critical mass of retailing, entertainment, restaurants, services, and transportation in a real urban core with mid and high-rise buildings to create a lifestyle difference that allows Evanston to be a regional destination. In tandem with Old Orchard shopping center, which is the regional shopping center of this market, with what is going on, and plans for the future on this site creates a leveling of competition between the two regional anchors. More people are coming to Evanston to the movie theaters and people have always come here for the fine restaurants.

Mr. Klutznick noted that timing of the project is based upon the judgment order on the last parcel. They plan to take the assemblage down in mid-July. Shortly after putting construction financing into place, by late August/September they will demolish the garage and the new garage would be the first structure of the four on the site to be built. The garage would open in late November 2002 with every effort made to be open for the holiday season. The retail portion would open in spring 2003 and the residential would open in late summer/early fall of 2003.

He stated the center building (Sherman Avenue) would have the same profile as before. The four-story building will be more articulated because it is multi-tenanted. This has allowed them to bring in larger tenants, much as presented earlier and there will be a few more smaller tenants. He pointed out there are four buildings: the corner of Church/Sherman; the middle building; the building on the corner of Sherman/Davis, which has retail and a tower for the upscale retirement community; and the garage on the Benson/Davis corner, which is across from the Transportation Center. The north building (Church/Sherman) is as presented earlier: multi-tenanted with ground floor/second floor retailers. The entrance to the garage is somewhat different than the original design. It is pulled back with elevators in an area that is more logical for people coming from the garage or going to retail functions or services on those floors.

In the middle building there will be multi tenants. He noted the current leasing plan and that assumptions are made that change as they go into the marketplace and see the size of space tenants want so spaces can be reconfigured. He pointed out the middle building will have a couple of large tenants and several smaller ones on the ground floor. At Davis/Sherman, the ground and second floors are retail. On Davis, there is the entrance to the senior housing that goes up to a fourth floor sky lobby for reception/dining and other functions. The third and fourth floors will be used for activities and program space for the retirement community. The tower above has 196 units of retirement housing.

The truck dock area is under the garage and entered on Benson and exited on Davis. On the corner of Davis/Benson there is another elevator lobby. The other elevator lobby reaches out to Sherman Avenue as the City requested and brings into play retail activity along Church/Sherman. Putting the lobby elevator at the corner of Benson/Davis brings people to a corner so they won't cross in mid-street. Previously this was located further north. The garage has about 10,000 square

feet of first floor retail space suitable for a convenience store, fast food operation, one-hour photo finishing, dry cleaners or establishments convenient to users of the Transportation Center.

Mr. Klutznick noted the north building is the same as originally planned, with Osco located therein with its main entrance on Church and another entrance in the Sherman elevator lobby. He noted when the project starts, Osco will move temporarily to the space next to the Gap on Sherman with its pharmacy and sundries. The second floor of the north building is ground to second floor merchants as previously presented.

He noted the entrance to the garage off the street has a canopy over a courtyard, which has a two-level space. People overlook the two-level space and can go into retail space to the north or to retail on the second level, which will occupy the entire second level of the middle building. On Sherman there is a 1,200-1,500 foot entryway on the street with elevators and escalators leading to that level. He explained this is not unusual in urban retailing where larger users that want to come to this kind of setting are willing to go into second level space which is more affordable yet they have a grand entryway. This would be a 30,000 square foot store. They are talking to a home goods store currently. The Sherman/Davis building has about 22,000 square feet of retail with ground level and second floor, which could be music, books, beauty and health spa. The third level is a combination of the north and middle building, which has approximately 60,000 square feet. They have been approached by four fitness centers of various sizes (30,000 to 80,000 square feet). The 80,000-square-foot operation would use the third and fourth floors and be a full-service club with swimming pool, basketball and racquetball courts and full spa. Parking starts at this level. The fourth level shows the second level of the club about 20,000 square feet with a possibility of a deck above the fourth level. The garage has dedicated parking for senior residents so they can walk into the reception area.

Mr. Klutznick showed renderings of the development at night and daytime and praised the architect for the designs. He commented on the significance of the fitness club, noting that Old Orchard does not have one. It is another distinguishing factor and would be a day/evening operation seven days a week. He thought it would bring a lot of activity. The operators they are dealing with recognize that Evanston is the best location on the north lakefront and the most significant fitness club in the region by the lakefront would be here. They know from membership rolls in downtown clubs that many members commute from this area. Many could come early, park and workout or come back from work, workout, and then go home. Other options would be to workout and take advantage of other amenities downtown such as entertainment, dining or shopping. He suggested this project is a good fit with everything that has been done before and would help complete what has been achieved to date. He predicted if this project succeeds and was confident it will, that they would see more retailers and services providers come and want to be in this market. Other landlords will be in a position to accommodate them and will upgrade their properties over a five-ten year period as they have seen happen in other mixed use developments. He noted there would be a variety of stores on Church, Sherman, Davis and Benson and a café that would spill out onto Sherman Plaza, which has been in the plan from the beginning. He thought the elevator tower could serve as an icon for the street.

Mayor Morton asked if the entryway into the garage on Sherman was covered because of concern about snow. Mr. Klutznick explained there is a canopy leading to the two-level space and only a small area is not covered.

Alderman Feldman thanked Mr. Klutznick for the beautiful presentation and asked if the 80,000 square feet for a fitness club included the deck? No. The 80,000 square feet is all indoors. Alderman Feldman asked about prospective tenants. Mr. Klutznick stated first-rate operators have approached them but it would not be proper to publicly name tenants while they are negotiating. He sees this club as "the East Bank Club of the North Shore." He stated the operators look at this as an opportunity to create that kind of club with full-service amenities because the market warrants it. He noted the market is along the North Shore and reaches into the city and would reach well beyond Evanston. One reason they believe Evanston is such an urban lifestyle alternative to shopping centers is that all the arterial roads lead to downtown Evanston: Green Bay Road, Ridge Avenue, Sheridan Road, Golf Road and the Eden's Expressway connects all. He stated the multiplex theater is a significant part of this. Even though some theaters are going out of business the exhibition business is very much alive. The \$8-10 movie ticket with a product that changes weekly is the most popular form of entertainment in the country today. The multiplexes are successful because they draw from a five-ten mile radius and

have killed conventional theaters, which will be re-used or demolished for other uses. Evanston made the right choice and is drawing moviegoers from up and down the lakefront. He noted that Old Orchard is starting to put new theaters on the west side of the shopping center with stadium seating but won't impact as much. Mr. Klutznick commented that the market is large enough to absorb more than one fitness club.

Alderman Feldman asked if the fitness clubs would draw from as large a circumference as do the movie theaters? Mr. Klutznick thought they would because there is critical mass and services and amenities similar to an East Bank Club.

Alderman Rainey asked if the first and second floor retail stores would be open on Sundays? Mr. Klutznick stated every attempt would be made to have them open on Sundays; noted Barnes & Noble is open on Sunday. He saw no reason why they would not be open on Sundays.

Mayor Morton suggested the viewing audience and senior citizens would be interested in the number of apartments and security planned for the senior residential component. Mr. Klutznick stated the concept of the retirement community is based on collegiality and security. There will be a front desk, call buttons in each unit, a call in the morning, dining, housekeeping and amenities. 196 units are in the planned development with 150-160 independent units and the balance would be assisted living with 24-hour oversight for bathing, dressing and daily activities. The independent units are studios, one and two bedrooms and assisted living are studios only.

Alderman Rainey asked Mr. Klutznick to clarify where they were on any City contributions to this project other than the parking garage, which the City will own. She noted in the past there was controversy over a contribution, although supported by Council on over \$2 million. Mr. Klutznick stated the status is that the contribution is no longer required because it was related to the department store. He stated they are sharing all financial information with the City in context of finishing up the redevelopment agreement. He hoped there might be something available, if necessary, but that has not been determined. They are working with the numbers to see how they work out based on design changes and re-tenanting of the building. He reported they and the City are working on the pro formas together.

Alderman Engelman noted the intention to close in July and asked what is expected of the City in terms of decisions? Mr. Klutznick responded they would have to finish all documentation and approval of documentation, the redevelopment agreement, documents relating to construction of the garage, the reciprocal easement agreements, selling of leases. He thought they were well along with that process with staff and City consultants. Alderman Engelman asked if he anticipated any changes to the planned unit development? Mr. Klutznick stated the planned development is essentially the same profile and should consist of an amendment. Alderman Engelman asked if they would ask that the Plan Commission hold a meeting on this? Mr. Klutznick would defer to the administration as to the process to be followed. Alderman Engelman was concerned that the City was not dragging its feet. Mr. Klutznick said that he felt they never had. Alderman Engelman noted this all has to be done by July. Mr. Klutznick stated this has to be done by the end of June. Alderman Engelman asked if the revised numbers from Kane/McKenna would be received on a timely basis. Mr. Stern stated the numbers are being reviewed on the basis of cost, overall economics and what, if anything, is required of the City. It is not clear that anything will be. The Council will get the numbers in sufficient time to study them, understand them and ask questions. They are targeting the June 25 meeting for a final decision. All information will be dispersed before that meeting.

Alderman Rainey asked that Council members not receive a 10-pound packet three or four days before the June 25 meeting and that documents be provided as they are ready. A weekend was not enough time for a project of this size. Mr. Hill stated the goal is to get the material to Council members in order to make a thorough and complete analysis.

John Lyman, chair, Plan Commission, asked if a review is required of the Plan Commission to give plenty of notice as their agenda is packed.

There being no further business to come before Council, Mayor Morton asked for a motion to adjourn. The Council so moved at 8:00 p.m.

Mary P. Morris,

City Clerk

A videotape recording of this meeting has been made part of the permanent record and is available in the City Clerk's office.