

**MINUTES OF THE
COMMITTEE OF THE WHOLE MEETING
VILLAGE OF NORTHFIELD
TUESDAY, January 18, 2022**

The Committee of the Whole meeting was called to order by Village President Greg Lungmus on Tuesday, January 18, 2022, at 5:30 p.m. Village Clerk Stacy Sigman called the roll as follows:

Committee Members Present:	Absent:
Trustee Todd Fowler	
Trustee Barnaby Dinges	
Trustee Tom Whittaker	
Trustee Matt Galin	
Trustee Tracey Mendrek	
Trustee Charles Orth	

President Greg Lungmus

Others Present:
Village Attorney Mallory Milluzzi

Approval of the December 7, 2021 Report of Proceedings

Trustee Galin requested a revision surrounding his comments on page 2 since he was not in favor of increasing fees for planting trees and recommended the sentence should read: “He emphasized that he was in favor of increasing fees for removing trees without a permit.” Trustee Whittaker made a motion, seconded by Trustee Fowler to approve the December 7, 2021 Report of Proceedings. Approval was unanimous.

Discussion on Residential Solar Power

Director of Administrative Services Jewett stated that in 2020, the Metropolitan Mayors Caucus launched a pilot Community Solar Clearinghouse Solution (CS2) Residential Program in partnership with the seven communities of Deerfield, Glencoe, Highland Park, Lake Bluff, Lake Forest, Northbrook, and Skokie. The program allows residents and small businesses to save money on the supply portion of their electric bill and supports the growth of new community solar farms in northern Illinois. Following the successful pilot period, the program has now been scaled up and is being offered to all Caucus communities. The communities of Bannockburn, Evanston, Glenview, Lombard, Mount Prospect, Niles, Oak Park, and Schaumburg have since joined the CS2 Program. Trustee Dinges and staff conducted a preliminary review of the program and found that it meets the Board’s goal of promoting environmental sustainability in a fiscally prudent manner.

Mark Pruitt of the Power Bureau was contracted by the Caucus to assist in administering the program. He was at the meeting to give a presentation (see attachment A) that outlined key components of the program and explained what the Village’s role would be, as well as to answer any questions from the Board and the public.

Pruitt noted that Community Solar is a new way of supplying electricity in Illinois. It was largely kicked off by the passage of the Future Energy Jobs Act in 2016. He explained that a CS2 ComEd consumer may subscribe to a community solar farm, varying from 5 to 15 acres in size in northern Illinois. This is all remote and no solar panels are put on any subscriber's roof. Energy, generated from the community solar farms, flows into the ComEd grid, joining electrons generated from all energy sources (wind, fossil fuels, nuclear, etc.) The subscriber receives the same ComEd bill service and bill but will get credits (called "net metering credit") for their portion of the electricity generated by the community solar farm. The subscriber keeps 20% of the net metering credits and the remainder of the bill credits are shared with the developer for the operation and maintenance of the solar farm. For the average Northfield resident, this would result in a net annual cost savings of approximately \$150. These community solar farms get built only through consumer subscription, so consumers are an integral part of these projects. Pruitt noted that this program is a win because it not only supports solar development but also achieves cost savings.

Community Solar Clearinghouse Solutions (CS2) sponsored by Metropolitan Mayors Caucus was created to help local governments assist residents in accessing community solar with fair contract terms and conditions. The Climate & Equitable Jobs Act (CEJA) adds additional solar farms every year which are becoming more the norm, creating long-term sustainability for the program. Currently, there are ten community solar farms participating in the program. These farms were selected based on their corporate financial stability and corporate quality ratings from consumer rating agencies. In addition, they had to agree to CS2's terms and conditions. These include: no money down from the municipalities and/or consumers and no cost to terminate contracts.

If Northfield should choose to proceed, the Board would need to approve a resolution to join the CS2 Program. Residents would be connected directly to the Caucus's approved community solar subscription provider, MC Squared. The Village previously worked with MC Squared through our electrical aggregation program and had very favorable experiences with them. MC Squared would then distribute direct mail to customers and manage subscriptions as the CS2 Program Billing Administrator. Residents would sign up online. After the residents' accounts are approved, a subscription contract would be sent. Residents' accounts would then be assigned to a community solar farm and net metering credits would begin within 1-2 billing cycles. The Village would be a partner in marketing the CS2 Program to residents. The Village would approve any mailing lists, mailers, press releases, and web content. The Village's logo would be included in MC Squared's mailer and website. Additionally, the Village would host a page on our website so residents could verify that the program is legitimate and approved by the Village.

President Lungmus asked about the % of participating homes in communities that have adopted the program. Pruitt said that it varied from 2-6% but there was higher participation when social media, newsletter articles, and other types of support were being used to raise awareness. He stressed there is no cost to municipalities to raise awareness.

President Lungmus noted that it seemed like a win-win situation and was in favor of the program. Pruitt stressed when municipalities can state that this program has credibility and provides a benefit, more consumers will be willing to sign up for it.

President Lungmus inquired if every resident that signs up has an equal portion of net metering credits. Pruitt replied that each account varied and would be customized to their electrical consumption history.

President Lungmus noted that ComEd owned the distribution system but asked if it mattered from whom the municipalities buy their electricity. Pruitt noted that currently, consumers get the highest bill credits when their account is serviced by ComEd. Due to recent legislation, this will be changing in June 2022, when the bill credits will be the same regardless of the electricity supplier.

Trustee Whittaker asked for the differentiation between renewable energy credits versus Community Solar. Pruitt answered that when solar panels generate electricity there are two types of benefits. One is the program just described concerning Community Solar. The second benefit is renewable energy credits. These are certificates that may be monetized by selling them to ComEd. Community Solar is not buying renewable energy but rather supports solar development in northern Illinois.

Trustee Galin inquired why customers need to be involved and why the solar farms cannot just sell directly to the utility companies. Pruitt answered that customer involvement was written into the law from Springfield.

Trustee Orth asked what the cost or downside would be for a homeowner to sign up. Pruitt replied that there would be no cost and no risk to the consumer. They have to sign a 2-year agreement that auto-renews but can terminate the agreement at any time at no cost. They also have to fill out a declaration to the Illinois Power Agency that certifies their account will be assigned to a Community Solar farm. With existing customers, the only cancellations have been when they have moved out of the area.

Director of Administrative Services Jewett stated that she was a user as a resident of Skokie and had seen savings. She noted that it took about 10 minutes to enroll in the program.

Trustee Orth inquired why such a low percentage of consumers have signed up for this. Pruitt replied that often consumers simply hear solar and disengage because they do not want solar panels on their roofs. He noted that over time with more communication and after talking to friends and neighbors, consumers will start to realize that this is a positive and sign up for a discount.

Trustee Mendrek questioned if there was ever a scenario where one's original ComEd monthly charge could be less and if it will default to that or adjust accordingly. Pruitt replied that this was structured so consumers get a percentage of the net metering credits each month. Rates will change but consumers will get a discount so (units X price = credits.)

Trustee Mendrek asked about the size of these solar farms in comparison to a football field. Pruitt answered that they ranged from approximately 4 to 10 football fields. Trustee Mendrek questioned the tradeoff of these solar farms versus having prairie land or farmland and the effects

on the environment. Pruitt replied that Community Solar is not developing these assets, but contracting with farms that are already built. There will always be concern about the balance of farmland and other uses. Legislation in Illinois states that every one of these must have a plan filed with the county dictating complete removal of the asset at the end of its economic life, as well as the return of the property to its original condition. In addition, the developers are encouraged financially as well as from a policy perspective to install pollinators and other types of environmentally beneficial elements. Six farms are pending with the program so a shortage is not anticipated.

Trustee Dinges stated that there are a lot of efficiencies in the wind and solar arenas and people are starting to look at their energy bills and explore different options. This could be a good thing for Northfield consumers to learn more about and have a choice. He inquired what percentage of customers have an alternative energy supplier in this area. Pruitt answered that it was between 40-45% of all residential customers. In addition, Pruitt noted that customers will know the specific solar farms for which they have been assigned.

Trustee Mendrek inquired if this program was only available to residential customers. Pruitt replied that it was designed for residential and small commercial customers such as McDonald's but not something as large as a hospital.

Trustee Fowler noted that he thought the project was great and liked the opt-in feature.

President Lungmus stated that the Board supported moving forward and would instruct staff to create a resolution to join the Community Solar Clearinghouse Solutions (CS2) Program.

Discussion on the Senior Living Housing Facility project

Community Development Director Gutierrez stated that the Village had received a request to consider a Senior Housing Facility on a 3.4-acre site at 778 and 790 Frontage Road. The subject properties are zoned O/R Office Research. Senior housing is a prohibited use in the O/R District. In addition, the O/R District's land use regulations do not allow for the submittal of a residential planned unit development (PUD). Only office or commercial PUD applications can be accepted under the current Zoning Code. For the proposed development to proceed, the Zoning Code would have to be amended to either make senior housing a permitted use, special use, or allow it to be considered as part of a PUD. Additionally, the Village recently adopted a Comprehensive Plan which supports the continuation of office/research uses along this Frontage Road corridor and specifically encourages the expansion of automotive dealerships.

The Petitioners met with the Preliminary Plan Review Committee (PPRC) on November 2, 2021, to present their concept and to make a case that the Village's Comprehensive Plan's vision for an auto dealership use for the subject properties was no longer viable. The PPRC provided general feedback and asked numerous questions. There was no clear positive or negative consensus but numerous questions focused on the Petitioners' representations that an expansion of auto dealership uses was no longer viable along this corridor. Instead, they indicated that the industry had been permanently changed by the pandemic and that dealers going forward were not going to stock cars on-site and would do most of their sales transactions online.

In light of the Petitioners' assertion that auto dealership's desire for land will be dampened by consumers migrating to buying online versus at the dealership, the Village retained Gruen and Gruen (G&G) to evaluate the reasonableness of the Comprehensive Plan and zoning that calls for automotive uses along Frontage Road in the Office Research zoning district. G&G report's primary findings were that:

- “Automotive dealerships are an essential part of the Village tax base and help fund municipal services;
- The automotive sector is undergoing revolutionary changes just as the non-automotive retail sector previously experiences material disruption due to technological, demographic, and cultural supply shifts. While functions of the dealerships may change, they are and will remain relevant. The ability to actually see, touch, and drive a new car is likely to remain a critical element of the decision-making car purchasing process;
- The Frontage Road corridor provides highly significant locational advantages for automotive dealerships. The addition of dealerships to the corridor would further enhance the strength of the corridor for automotive uses and increase the penetration into the consumer market;
- If properties in the corridor of at least three acres become available, the location would appeal to those existing dealerships currently not located along major highways or in high volume regional-serving commercial corridors with an agglomeration of successful dealerships. Dealerships are closing or moving from marginal locations. The Frontage Road location would also appeal to dealerships seeking to establish new brands or vehicle product concepts not yet present in the market. One automotive dealer interviewed indicated interest in obtaining property in the corridor for a new brand; and
- The affluence of the area surrounding the corridor and the wide service area makes the Frontage Road corridor a compelling location for future electric car brands that may be required to be or from a marketing perspective would be best sold from a separate facility than those housing traditional vehicles.”

In addition to the work of G&G, staff researched the subject online and also found that COVID has accelerated a trend toward consumers using more online resources – particularly for research. However, 71% of consumers still indicate that they want to see a vehicle and test drive it before making a purchase. The scarcity of vehicles on dealer lots, due to the current supply chain issues, has forced people to order their vehicles online and then wait weeks/months for the car to be manufactured and delivered. This is a very efficient and highly profitable model for car manufacturers and dealers because they do not have to incur the overhead costs of producing or stocking units that eventually require price incentives to sell. Auto dealers, however, believe that when supply chains get back to normal, under-supplying their lots will put them at a competitive disadvantage to a nearby dealer who has inventory on their lots.

To illustrate the tax revenue implications of the proposed senior housing project, staff developed four examples of different development options that could be possible on the 3.4-acre site. The first three options reflect the land uses permitted by code and supported by the Comprehensive Plan and the last is based on the proposed development.

Option 1A – Two (2) Smaller Auto Dealerships

- Two (2) 20,000 sf dealership buildings
- Cost of construction \$150 per sf for a total project construction cost of \$6,000,000 + \$2,000,000 assessed land value = total \$ 8,000,000 market value
- Taxed as non-residential at 25% of the market value
- $\$8,000,000 \times 25\% =$ Assessed Value (AV) of \$2,000,000
- $\$2,000,000 \text{ AV} \times$ Equalization Factor of 3 = \$6,000,000 Equalized Assessed Value (EAV)
- $\$6,000,000 \text{ EAV} \times$ 2020 tax rate of 7.353 = \$441,180
- Village portion of the property tax 11.7% or \$51,618 a year
- Annual Sales tax \$250,000 to \$350,000/per dealership = \$500,000 to \$700,000
- Total Tax Revenue to the Village = \$551,618-\$751,618

Option 1B – One (1) Larger Auto Dealership

- One (1) 40,000 sf dealership building
- Cost of construction \$150 per sf for a total project construction cost of \$6,000,000 + land \$2,000 assessed land value = total \$8,000,000 market value
- Taxed as non-residential at 25% of the market value.
- $\$8,000,000 \times 25\% =$ AV of \$2,000,000
- $\$2,000,000 \text{ AV} \times$ Equalization Factor of 3 = \$6,000,000 EAV
- $\$6,000,000 \text{ EAV} \times$ 2020 tax rate of 7.353 = \$441,180
- Village portion of the property tax 11.7% or \$51,618 a year
- Annual Sales tax \$600,000 to \$750,000
- Total Tax Revenue to the Village = \$651,618-\$801,618

Option 2- New Office Complex

- 50,000 sf building
- Cost of construction \$300-\$400 per sf for a total project construction cost of \$15,000,000 to \$20,000,000 + land \$2,000 assessed land value = total \$17,000,000 to \$22,000,000 market value
- Taxed as non-residential at 25% of the market value
- $\$15,000 \text{ to } \$20,000 \times 25\% =$ AV of \$3,750,000 to \$5,000,000
- $\$3,750,000 - 5,000,000 \text{ AV} \times$ Equalization Factor of 3 = \$11,250,000-\$15,000,000 EAV
- $\$11,250,000 - \$15,000,000 \times$ 2020 tax rate of 7.353 = \$827,212 To \$1,102,950
- Village portion of the property tax 11.7 % or \$96,783 to \$129,045 a year
- Total Tax Revenue to the Village = \$96,783-\$129,045

Option 3 – Assisted Living.

- 152,000 sf building.
- Cost of construction \$300-\$400 per sf for a total project construction cost of \$45,600,000 to \$60,800,000 + land \$2,000 assessed land value = total \$47,600,000 to \$62,800,000 market value
- Taxed as “special rental structure” at 10% of the market value.
- $\$47,600,000 \text{ to } \$62,800,000 \times 10\% =$ Assessed Value (AV) of \$4,760,000 to \$6,280,000
- $\$4,760,000 - 6,280,000 \text{ AV} \times$ Equalization Factor of 3 = \$14,280,000-\$18,840,000 EAV
- $\$14,280,000 - \$18,840,000 \times 7.353 \text{ tax rate} =$ \$1,050,008 To \$1,385,305
- Village portion of the property tax 11.7 % or \$122,851 to \$162,081 a year

- Total Tax Revenue to the Village = \$122,851 – \$162,081

Village Attorney Hill set forth, in a memo to the Village Board, the legal issues the Board should consider as it contemplates potentially amending the Zoning Code to accommodate a prohibited use that is not congruent with the existing Zoning Code or Comprehensive Plan. First, he outlined the procedural steps the proposed amendment must go through. Then he advised that zoning decisions, based on a carefully constructed zoning code and comprehensive plan, enjoy strong foundational protection by the courts. To challenge such a decision, a developer carries the burden of proof that the Village has no ‘rational basis’ for a zoning code or comprehensive plan provision on which the Village has based its denial. His memo elaborated on this well-established doctrine in zoning law and the “LaSalle” factors used to test whether our Code and Comprehensive Plan provisions have a rational basis.

The Senior Housing Facility project’s applicants, Clayton McCaffery and Jack Buck, were at the meeting to give a presentation (See Attachment B) on their proposed senior housing facility located at 778 and 790 Frontage Road in Northfield. They emphasized that they wanted to know if this project is something the Board wants to pursue and if so next steps, or whether this was a flat no. They stressed that their FMV/MCH Venture had executed a Letter of Intent (LOI) for the acquisition and inclusion of the Make’n Music property as a part of the development. Regarding the demand for a senior housing facility, McCaffery cited from the Vision 2040 plan that 50 percent of Northfield residents are 50 years of age and older. He noted the nationwide statistics that 10,000 people turn 65 or older every day and that this trend will continue for the next 15 years. They remarked how senior housing communities would not adversely impact the capacity levels of the educational institutions in town. They said allowing a senior housing community would allow the Village to rotate age demographics throughout its housing zone. Regarding community benefits, it was emphasized that this project would redevelop “deteriorating or obsolete commercial, office, and industrial structures” and “provide more diverse residential opportunities.” They stated that this facility would be built in a manner to keep with the Northfield aesthetic and become one of Village’s largest employers and add synergistic business opportunities. It was stressed that the project’s location at 400 feet from any residences would have little impact and yet block sound from the highway and have less light pollution than the neighboring car dealerships. It was emphasized that this project would become a beautiful landmark on the Village’s northern border highlighting Northfield’s brand of “A Comfortable Corner of the North Shore.”

Regarding the expansion of auto dealerships, Jack Buck apologized for the misunderstanding if they came across that this was not a viable area at the Preliminary Plan Review Committee meeting. He stressed this area is a viable area for auto dealers but that the auto business model is changing and believed a bigger footprint is not needed in order to expand. He stated that their project could fit in this location with opportunities for auto dealers. He noted the retail auto industry has standard exclusivity agreements that apply to all car dealers-new, existing, and relocated so based on the existing local dealers, the exclusivity radii limit hinders the site’s availability for new dealerships.

In terms of realistic, alternative locations in Northfield, they researched this and under the Northfield Zoning Ordinance, senior housing is designated as a “permitted use” in the R-6

Multiple-Family Residential District and as a “special use” in the VC Village Center District. He also noted the B-2 and O/R districts could potentially accommodate a large-scale Development. After further review, they determined there are no realistic alternative locations currently available in the Village where this development/use can be accommodated. They emphasized that the north end of the O/R District is executable, realistic, and practical (owned, appropriate scale, and under contract) for their proposed senior housing project.

President Lungmus thanked them for a great presentation. He noted that there was 15 minutes before a scheduled board meeting. He asked the Board’s permission to continue the Committee of the Whole meeting and discussion on the proposed senior housing facility project to get all questions answered and postpone the Board meeting to as late as 8:00 PM. There were no objections.

President Lungmus stated that he was excited about the proposal and beautiful design. He thought the use was fantastic, would be very attractive in Northfield, and would enhance the Village. He was flattered that developers would be willing to spend \$50-\$70 million to build a facility in Northfield. However, he noted the proposal challenges the Village’s Comprehensive Plan and zoning code. He said that there had been lots of discussion in the Village surrounding this development because the proposed location is the most important retail sales generator corridor within the Village. He emphasized that if they could find another area within the Village to build this facility, he would bend over backward and work with staff to be able to get this done. He stressed that sales tax generation is very important because it takes the tax burden off of the residents’ real estate taxes and also helps provide community services and life safety. He noted that Fields is the largest tax generator and the Village has a wonderful relationship with them. After the November 2nd meeting, staff and members of the Board did research to determine if the Village was short-sighted in its 3-year old Vision plan or zoning codes. The Village hired a reputable consulting firm, Gruen & Gruen to find out how retail change is affecting automobile dealerships. President Lungmus stressed he was not in favor of making a multi-generational change by allowing a residential facility in the most important sales tax-producing O/R district but would work tirelessly to find an alternative location in Northfield.

Trustee Whittaker thanked the developers for their work and echoed President Lungmus’s sentiments that having a facility like this would be phenomenal but the location was wrong. He said he would love to work to find an alternative location for this project within Northfield. He stressed that as a Board, the critical question was whether they were willing to change the zoning to residential in that corridor, knowing it would affect future generations to come. Trustee Whittaker was opposed to changing the zoning in the O/R district to allow for the senior housing project.

Trustee Fowler noted the numbers prepared by staff from a tax revenue perspective were overwhelming. He believed it was an amazing project and much needed in Northfield, just not in the proposed location. He stated that the Board needed to look out for the entire Village and its budget. He stressed that 41 is the prime corridor up and down the North Shore for car dealerships. By changing the O/R to residential for this project, other people would then have the opportunity to change it as well, which would impact and have tax revenue implications for the entire corridor.

Developer Clayton McCaffery noted that auto dealerships are viable but that the real estate taxes, land prices to acquire, and construction/development costs have escalated making it difficult to do a reasonable business opportunity on that site. He could not argue that sales tax from car dealerships was valuable but asked the board to consider whether auto dealerships needed the expansion of land given their changing business model.

Trustee Galin said that he did not have anything to add that already was not said. He concurred that it was a beautiful project, but just not there.

Trustee Dinges stated that he has worked in the senior center arena and seen what it does to families and how an interesting community forms. He noted he was in favor of making the senior housing facility happen in Northfield but unfortunately, there are too many issues with the proposed site.

Trustee Mendrek said that she attended the Preliminary Plan Review Committee meeting on November 2, 2021, and never got the impression that a car dealership was not viable there. She believed the developers were suggesting that the future of car dealerships was going to be different. She had expressed interest in the project but stated it was not going to happen on that property. She said that a small part of her thought that maybe they were being short-sighted and the property would sit in some sort of disrepair for many years going forward and the opportunity would be missed. But through research and the Gruen report, she was not convinced that the whole concept of how car dealerships work would change drastically. She said that the proposed location is too big a piece of our pie and people want to live in Northfield and often not in surrounding communities because of our tax situation. Trustee Mendrek agreed with her fellow trustees and did not see a way forward with the proposed location.

Trustee Orth stated that a lot of time and effort was spent in creating the 2040 Comprehensive Plan and felt they had an obligation to stick with the zoning in place. He complimented the senior housing facility plan, agreed with President Lungmus and the other trustees, and hoped to find another location for the project in Northfield. In addition, he talked to several car dealers in the surrounding areas and with the evolution of electric cars, it was concluded that more space would be needed for charging stations and showcase areas.

Harry Hoopis, the owner of the building at 790 Frontage Road for 40 years, stated there are 11 “for rent” signs on Frontage Road and numerous buildings in disrepair with vacancies. He stated that his taxes on his building in 2019 were \$122,000, increased to \$172,000 in 2020, and rose to \$202,000 in 2021, increasing \$80,000 in two years. On the rental side since COVID, his building is at 58% vacancy. His monthly revenue from renters has dropped over \$100,000 since 2019 and coupled with the increase in taxes makes him unable to run the building. He argued that this was happening to others on this strip and by getting rid of 80,000 square feet, the others would prosper. He believed that no car dealerships want the property and noted that a Senior Living facility would pay 3 to 4 times the taxes, as opposed to having the property vacant and going into further disrepair for 5 to 10 years.

Hal Franke, the developers’ attorney, stated that they did not disagree with the information

presented in the Gruen report. He appreciated that the Village's Vision 2040 plan was only a year-1/2 old and realized a lot of time, effort, and money was spent getting it in place. He stressed that a lot of goals and objectives could be achieved through their proposed project. He felt that before this project was dismissed, it would not necessarily require a major change to the zoning code. This could be done in a narrowly crafted text amendment where this use could be established in an O/R district as a Special Use in a specific part of the Village with parameters such as within 500 feet of an interstate highway. He believed this could be done legally and not necessarily require a huge change in the code or to the Village. He believed that Field's Auto Group might be interested in some level of expansion for Volvo to accommodate their electric cars. He noted that this development could be the way for Volvo to do this without incurring the economic burden.

The developers questioned the sales tax numbers. President Lungmus replied that they would investigate and validate the numbers.

President Lungmus stated that the Village was thankful to have the opportunity to have this discussion.

Village Manager Sigman noted if the developers returned with a different proposal that included a sales tax-producing entity - as more of a multi-use redevelopment, they could come back and appear before the Preliminary Plan Review Committee.

Trustee Mendrek inquired if after hearing the owner at 790 Frontage Road and the reality of owning a building there whether any of the trustees' decisions were affected regarding the development. Trustee Fowler replied that this was an excellent point and challenges existed but did not want to react to those at this time.

President Lungmus thanked the developers and reiterated that the Board did not see a way to move this project forward.

Other Business

Public Comment

Trustee Whittaker made a motion, seconded by Trustee Dinges to adjourn the meeting.

AYES: Fowler NAYS: 0 ABSTAIN: 0 ABSENT:
Dinges
Whittaker
Galín
Mendrek
Orth

The meeting adjourned at 7:32 PM.