

**Evanston City Council
Closed Session Minutes
Aldermanic Library
April 25, 2005**

PRESENT: Aldermen Rainey, Feldman, Jean-Baptiste, Wynne, Bernstein, Tisdahl

ABSENT: Aldermen Kent and Newman

NOT PRESENT AT ROLL CALL: Alderman Moran

STAFF: Judith Aiello, Julia Carroll, Paul Gottschalk, Herb Hill, Gavin Morgan, Bill Stafford

PRESIDING: Mayor Lorraine H. Morton

START: 6:17 p.m.

Alderman Tisdahl moved that Council convene into Closed Session for the purpose of discussing matters related to real estate and executive session minutes pursuant to 5ILCS Section 120/2 (c) (5) (6) and (21). Seconded by Alderman Wynne.

Roll call. Voting aye – Rainey, Feldman, Jean-Baptiste, Wynne, Bernstein, Moran, Tisdahl. Voting nay – none.
Motion carried. (7-0)

Minutes

Closed session minutes of April 12, 2005 were accepted without change.

Real Estate – Sale of 2022 Central Street (City-owned building)

City Manager Julia Carroll said that consideration of the 6B assessment reduction was off this agenda and would be on the agenda at the Economic Development Committee meeting Wednesday evening.

They will consider sale of 2022 Central Street. The recommendation is to set a minimum bid of \$380,000 based upon review of appraisals. They would like to present the bid document and notice of sale at the May 23 meeting. The recommendation to maintain this as a retail business or have a deed restriction was up for discussion.

Alderman Moran said they have divergent views of the fair market value of this property and understood why the \$380,000 was put out there. Two appraisals were under that figure and he was not sure of the logic of starting above two of the three appraisals. Why would they take that figure when two others have said the property is not worth that much. He said there is a sense that Evanston's commercial districts are subject to having national chains come in and take up all the space. People are concerned about the loss of home grown businesses here. On Central Street they have everything from national conglomerates to one or two person businesses that have only been in Evanston. Perennials, a home grown business has been there for a while and is part of a mix of commercial enterprises that he and others who patronize that area value. He said the more aggressive they are in setting a floor for price, the more they will be pushing the negotiation in the direction where homegrown businesses will have a tougher time financing the purchase of property and conglomerates will have an easier time taking over more of the space on Central Street. He was not anxious to see that happen. He said there is a dilemma on how they best serve the City's interest. One way to go would be to get top dollar, set a high floor, and get every last dollar they can. That is a rational approach. He also thought they should give some consideration to pricing and the negotiation that could give somebody an opportunity to buy that space. The City may have to give up some money. It could be Perennials or somebody else on Central Street that would like an equity interest in this property. He would like to see those people have the opportunity to bid realistically and stay. He was inclined to set the floor at lower than \$380,000 for the values he mentioned.

Alderman Feldman was sympathetic to keeping small businesses here and puzzled by the concept of reducing the value of property to allow somebody to buy at a reduced price, because the buyer could turn around and sell it for thousands more. He suggested if they want to subsidize people that own businesses, they need to devise a program to do that. He hypothesized they would start bidding at a low price and a young couple met the price. Another bidder says they will pay another \$30,000 and on and on. Are they going to say the first one gets it. National companies sustain Evanston. They are not going to get mom/pop shops to pay the prices demanded on Sherman Avenue. He could not go to his constituents and tell them they gave somebody a break and there was no way that it could be done on a particular property and on a bid. If they want a program that helps small businesses sustain themselves on Central, figure out a program. To artificially lower price does not ensure anything.

Alderman Moran said the price suggested was higher than two appraisals and that \$200,000 would be an artificially low price. Alderman Rainey agreed with Alderman Feldman. If they lowered the price, the building would sell for what people are willing to pay. If they want to preserve Perennials there maybe they should rethink selling the building. If they want to sell it and she can pay the rent was fine but she did not think they could sell with the provision that she be allowed to stay there for a number of years. That building will sell for the right price. If it isn't worth the minimum price they won't get \$380,000. She agreed with Alderman Feldman that if they want to preserve Perennials, create a subsidy for small businesses and noted they cannot single Perennials out.

Alderman Bernstein thought the two lower bids were too low. Alderman Moran asked him how he knew. Alderman Bernstein said he asked people who buy and sell. A commercial space in a thriving community is valuable. They can always go down but need to come up with \$200,000 minimum. He noted there is a Subway and a Starbuck's but did not know if they would get a Dunkin Donuts which can be controlled by zoning. He did not think the space was large enough for a national chain.

Alderman Tisdahl wanted Perennials to stay. She thought one appraisal was low because the City has charged them a low rent. She hoped Perennials could buy the building but did not think they could lower the price; suggested a deed restriction on the property.

Alderman Moran was not asking anybody to lower the price because there is no price. The question was what the floor for negotiation is. In terms of a programmatic approach to maintain diversity within commercial districts, this is a unique situation where one half of the building is a public library and the other half is a gift and stationary shop. The City owns the building and if somebody wants to spend weeks working on a program, he guessed they could. He saw it as a one shot deal. He was saying if they set the negotiating floor a little lower, it may allow somebody to come into the negotiating process. He did not know what the owner of Perennials could do but knew that if the price is set high, the little guys are out. If the price is set a little lower, the little guys can play.

Alderman Wynne agreed with the majority; said there are many other thriving home grown businesses there. The City is selling one storefront and let the marketplace set the price. They are using sale of this building to finance another project and Perennials has been subsidized over time with lower rent, something no other business has had.

Alderman Feldman did not know what Perennials make at their business and asked how they could subsidize somebody without looking at a pro forma. The only justification would be if people were in trouble. However the function of government is not to start rescuing small businesses. That cannot be justified to constituents. There are too many other needs throughout the City. He thought the street will rise to the demand for property.

Alderman Bernstein asked how it is owned. Mr. Hill explained that there is a common roof and two pin numbers. Mr. Gottschalk said Perennials has a triple net lease, pays \$2250 monthly rent plus real estate taxes. Alderman Moran recalled the rent was raised a few years ago. People claimed she wasn't paying enough so she got bumped big time.

City Manager Carroll understood that Council wanted to leave the floor at \$380,000 and to include a deed restriction that the space not be used as a food store. Mr. Hill explained that when the City sells land they can limit the use. A public notice will describe in detail the deed restrictions.

At 6:46 p.m. Alderman Bernstein moved that Council reconvene into Open Session and recess. Seconded by Alderman Rainey. Motion carried. No nays.

Mary P. Morris,
City Clerk