

City of Naperville

*400 S. Eagle Street
Naperville, IL 60540*



Naperville

Meeting Minutes

Monday, April 9, 2018

6:00 PM

Workshop: Naper Settlement & Naperville Nokia Campus

Meeting Room B

City Council

A. CALL TO ORDER:

The workshop began at 6:02 p.m.

B. INTRODUCTIONS:

COUNCIL PRESENT: Becky Anderson, Rebecca Boyd-Obarski, Judy Brodhead, Kevin Coyne, Patty Gustin, Paul Hinterlong, and Benny White

STAFF PRESENT: Doug Krieger (City Manager), Marcie Schatz (Deputy City Manager), Mike DiSanto (City Attorney), Linda LaCloche (Communications Manager)

NAPER HERITAGE SOCIETY: Al Zucco, Matt Ishikawa, Chris Birck, Steve Adams, Howie Crouse, Eric Long, Dave Kelsch, John Koranda

NAPER SETTLEMENT PRESENT: Rena Calabrese (President & CEO), Harriet Pistorio and Donna Sack

OTHERS STAFF MEMBERS PRESENT: Bill Novack (Director of T.E.D.) Rachel Mayer (Finance Director), Jeff Anderson, (IT Director), Mark Puknaitis (Fire Chief), Jen Loudon (Deputy Director, TED), Allison Laff (Deputy Director, TED), Pat Lord (City Attorney), Jim Holzapfel (Director of DPU-W&WW), Mark Curran (Director of DPU-Electric), Jim Sheehan (Director of Human Resources)

C. PUBLIC FORUM:

Jean Arndt, President Danada Woods Townhome Association: Attending to listen and learn about the proposed development; has concerns about potential impact on neighborhood.

Caroline Souza expressed concerns about environmental impacts related to development, including drainage and stormwater run-off. Main soil type in area is clay, and the area has a high-water table.

Chris Finck, Chairman of the Downtown Naperville Alliance and as a business owner expressed concerns over the growing number of events that are affecting business in downtown Naperville, the lack of parking availability in the downtown area due to these special events, and the loss of business. He also expressed his concerns over Christkindlmarket, which he believes is significantly impacting business of local retailers.

Councilwoman Patty Gustin announced that public forum has ended.

D. NAPER SETTLEMENT:**1. Presentation for the Naper Settlement and Nokia Campus Workshop***WORKSHOP OVERVIEW:*

Councilwoman Patty Gustin opened with a welcome and noted that there are 2 topics on the agenda for discussion. The first being Naper Settlement. It's been almost 10 years since the City Council and members of the Naperville Heritage Society (NHS) have sat down together. Our goal is to ensure that we are effectively sharing information between the City of Naperville and Naper Settlement. After the Settlement portion, we will discuss the property north of the Nokia campus. As a City, we recognize that the development process is an expensive one. Our discussion is not an approval or denial of the proposal, but instead whether we are open to residential land use in that area before they make significant investments in the development process.

NAPER SETTLEMENT:

John Koranda stated that he is thankful for the funding from the City and points out the accomplishments and successes of Naper Settlement and the importance of reviewing our vision to make sure it coincides with the City's vision, including capital projects. He stated that funding from the City covers about half of the annual budget and that the last 5 years has been an important time frame with the playscape development, making the Museum more relevant and making it free for all residents. He also adds that the Settlement has revamped programs, camps, and capital to tie into the way the kids are learning today. Attendance has tripled and the employee count has stayed the same. He shared the economic benefit that the board has created and the board tries to be transparent and available. It takes all of us working together to move the Museum forward.

Eric Long stated that their primary focus is the historical preservation function in Naperville. Eric shared that Carolyn Martin Mitchell bequeathed the mansion and the surrounding 212 acres of land to the City of Naperville. She had 2 stipulations 1) that her home would remain a museum in perpetuity and that the land would be used for public good by the City of Naperville and 2) that it would be a place where the community could gather and celebrate our City's heritage and culture. NHS was founded in 1969 and in 1979 a partnership was formed with the City to develop and manage Naper Settlement. Eric stated that everything the Settlement does aligns with the mission of serving and connecting to our community and collecting and preserving to tell our story. The Settlement has tried to make it relevant today while setting a foundation for the future.

The success over the past 10 years is really the direct result of collaborative stewardship between the City and the NHS.

Chris Birck of the NHS stated that he was part of the discussion 10 years ago when the City challenged Naper Settlement to bring more people onto the grounds. The City thought the Settlement could be an engine to help drive more people downtown and we have achieved that.

2. Summary of the Naper Settlement Workshop materials.
3. GOVERNANCE - Direct City and Settlement staff to work with NHS Board and City Council to update the agreement regarding Naper Settlement, reviewing and updating roles and responsibilities for the City, Naperville Heritage Society and Naper Settlement Museum Board.

GOVERNANCE

Steve Adams noted the importance of this discussion since there has not been an agreement since 1979, other than an amendment made in the eighties. He noted that there are aspects of the operation that have been successful and the interaction between the NHS and City have been excellent with significant investment by both parties. He agreed with the concept of reviewing procedures, protocols, and communication. He stated there has to be an ongoing collegial discussion on the concept of governance and management. Steve stated that we need to continue to grow and look candidly at some of the concerns, including those of the downtown merchants, like the plans the NHS has shared and that the NHS is open to looking at the existing agreement and ensuring it works for both agencies.

4. FINANCIAL - Discuss current financial review process and any recommendations. Discuss potential future capital funding strategies.

FINANCIAL

New members of the NHS Board are encouraged to spend time on the Finance Committee to understand the relationship between the multiple budgets. Chris Birck explained NHS supplements Naper Settlement on the expenses that the Settlement incurs over the operation of property. He explained that currently there is \$4.5 to \$5 million in revenue of which \$2.9 million is direct tax support from the City. The other \$1.5 to \$2 million are items that the NHS and the Naper Settlement staff raise through educational programs and events.

Councilwoman Obarski asked for a clarification on a slide that shows roughly \$2.9 million in property tax and revenue excluding tax support of

\$922,000 and whether there was an extra million dollars that supports the Settlement that is NHS revenue? Chris Birck responded yes. Councilwoman Obarski asked where that is in the budget that City Council reviews? Chris Birck responded that it is the pledge by the Naperville Heritage Society. Councilwoman Obarski asked about the documents showing a pledge of \$427,000. Chris responded that the Heritage Society also has its own P and L and funds a lot of expenses for the Settlement.

Councilwoman Obarski stated that this is part of the confusion that John Koranda mentioned. There are funds being used that the City doesn't see accounted for. Chris Birck shared that the City Council does not see these expenses and the NHS Board takes care of the NHS's financial statements. There are some income and expenses that are strictly in the hands of the non-profit.

Councilwoman Obarski explained that City Council votes on the property tax levy and they just went through significant efforts to keep the property tax rate flat. She is concerned that she does not have the full information on the budget to know whether she is making good decisions about what the property tax levy is that is needed for the Settlement.

Chris Birck responded that NHS exists to support Naper Settlement because the City does not and will not support the entire budget. He added that they have been relatively flat on their request from the City for the last 20 years. Steve Adams explained that all of the dollars that the City is spending can be accounted for. Councilwoman Obarski agreed that they do know where the City's money is being spent and that this asset has been turned over to the NHS to manage for the City. The City Council is controlling roughly two-thirds of the funds, but it is NHS's decision as to the programs and events that it wishes to conduct. Ten years ago the NHS was given a challenge, but she doesn't know that this Council has given NHS any direction. The Council has received a lot of information from the Settlement and this is an opportunity to figure out how we can give direction to what the Council thinks is important.

Councilwoman Obarski asked the Heritage Society to explain a line item on the 2016 budget indicating that there is \$427,000 that was available but not used that year and considered a pledge. Chris Birck explained that the Settlement comes up with their annual budget and there is always a slight difference in getting them to balance. The NHS annually makes a pledge to make the Naper Settlement break even. If the Settlement's financials go into a deficit, it's the responsibility of the NHS to cover that deficit. Councilwoman Obarski clarified that the pledge would have created a

balanced budget. Chris Birck responded that they planned for the pledge but did not need it.

John Koranda added that the Heritage Society budgets conservatively and that they follow the City's procurement process for all City dollars. The Pledge is a worst-case scenario and that they have not had to use it indicates how operationally strong they have been.

Steve Adams added that when looking at the will and the agreement between the estate and the City, the City makes the pledge to fund the operations. Per the 1979 agreement, the Settlement recognizes an additional contribution from the NHS.

5. USE OF SETTLEMENT PROPERTY - Discuss use of the Settlement property, positive and negative impacts and current approval process and recommendations.

CAPITAL PROJECTS/USE OF PROPERTY

John Koranda shared that NHS focuses on a net positive result for any new capital or additions to the grounds. Dave Kelsch spoke on how he became involved with the NHS, the importance of the non-profit in fundraising, and the community involvement and donations to projects at the Settlement. He shared that for \$13.5 million of capital projects, the NHS covered 60 percent and the City contributed just under 40 percent. If the NHS did not help with funding, then it would have to be funded solely by the City. Bottom line is that there is a great history of working together and leveraging the money that the City invests to make all these things happen.

Councilman Hinterlong asked if the Settlement is still looking at three Capital Improvement Projects. Dave Kelsch responded that there are two smaller projects and one larger project (Scott's block) that will take place over the next four years, depending on fundraising and what the City will fund. Prior to SECA, CIP was the only funding available. Is CIP the right means or is there a way to use SECA funds for these projects?

Councilwoman Obarski asked if the Settlement is suggesting SECA for all three projects or is there a priority? Dave Kelsch responded the priority is the Agriculture Interpretive Center and Innovation Hall/Visitor's Center. The Heritage Society has raised some funding for these projects, but are looking for a commitment from the City. Whether that is SECA or not is a bigger discussion for the City.

Councilman Hinterlong asked about the necessary City commitment and whether SECA is enough of a commitment or does it have to be a CIP? Dave Kelsch responded that it depends on the level of funding and it could

be both. If it was SECA, it would need to be a multi-year commitment. That is a decision for the City Council not the commission because it is changing the criteria and how people apply for SECA funds.

Doug Krieger explained that Naper Settlement capital projects don't fit into any existing City funding categories. There has been some discussion about putting SECA funds into brick and mortar projects but it hasn't gotten much traction. The City's financial principles commit to reducing debt and the City evaluates which projects will enable us to carry out City services. Doug said that he doesn't think it's fair to have Naper Settlement follow the standard CIP process and the decision surrounding funding needs to be different from the normal SECA and CIP process.

Councilwoman Brodhead discussed how the Settlement has doubled their revenue but there are concerns with parking and concerns from downtown merchants. Councilwoman Brodhead asked whether we can continue to increase or is there some point where returns diminish? John Koranda responded that they look at the events they already have and how to make them more profitable. When looking at Festa Italiana, they are not closing streets and would use parking at Naperville Central and the municipal lot. John acknowledged that use of the Water Street deck could be monitored better but the unique location of the Settlement does have available parking surrounding it. The Settlement has electric and drainage facilities that make them attractive to events also.

Councilwoman Brodhead asked whether part of the budget that comes from the City be reduced due to the increased use of the property. Ms. Tamayo-Calabrese responded that they do not have many additional events. The Settlement looked at ways to be more successful with current events and not just for revenue stream. Events create a first point of contact that creates memberships, volunteers and donors. The Settlement also provides the first priority to Naperville businesses at their events.

Councilman Hinterlong asked if the parking were free at the high school would more people park there instead of downtown? John Koranda responded that the schools made \$50,000 in the partnership and those lots are always full first. The Settlement has improved maps and tried to use remote lots that have not been that successful. John Koranda said they are open to working even more with the downtown retailers.

Steve Adams responded that there are creative ways to improve revenue and have a favorable impact by partnering with downtown merchants. Steve referenced that the current agreement includes the City commitment to capital funding.

Councilman White asked about the use of satellite parking for events. John Koranda responded that they did try it but there were not a lot of people that utilized it and winter is a challenge for remote parking.

Councilwoman Anderson commented on parking issues during Christkindlmarket stating that most retailers last quarter of the year is when they make their profits and December was not as good as it could have been. There were customers who want to shop local but couldn't because they cannot find a place to park. Councilwoman Anderson stated we need clarification between the public and private sides of the Settlement. She added that the City owns the land but we don't know if the tax dollars that we are collecting are being used in the best way. She said it needs to be more accessible to people that own it. There are both public and private funds and we need to know where it's all going. Steve Adams stated that he recognizes the concerns about Christkindlmarket and that the retail merchants had a difficult year, but states that we should work together if there are parking issues. He added that many communities that would not view this as a negative. Steve added that the Settlement is free, unless there is a special event. When they host events, the gate revenues go into a City account and that's part of the revenues from the whole operation.

Steve Adams clarified a previous comment that there is not explicit language to funding CIP projects. Doug Krieger clarified that admissions revenue is dependent on the event and whether it goes to the City account or the NHS account. On capital funding, he believes the City has capital funding requirements but not carte blanche.

Councilwoman Obarski confirmed that gate revenues go to the City Settlement fund and not back into the general fund.

EDUCATION

Howie Crouse highlighted that the Settlement provides service to 35,000 students annually primarily through Living History and Underground Railroad programs. These programs provide a stream of revenue that supports the mission. There are projects that continue to support this mission, such as the Agriculture Pavillion Scott's Block and the Innovation Center, and to keep the Settlement relevant.

Through two National Endowment grants, the Settlement will feature two exhibits focusing on our Asian history. The first effort is focused on collecting and digitizing histories from the Asian community. The second exhibit includes sixteen portraits and stories of our Asian community that

will be on display beginning in May.

John Koranda shared there are two important takeaways from today's meeting and 1) to update an agreement and 2) to move forward on decision-making on the Innovation Hall.

FOLLOW-UP DISCUSSION

Councilman Coyne asked for a more sophisticated approach to the impacts of Christkindlmarket. Some businesses were up and some were down and the City Council needs something more concrete to look at so we can give a consistent message to the Settlement. Councilman White added that he would like to effectively identify what the issues are and potentially see receipts from a specific time-period and what types of establishments are being affected. We need to collect data from the downtown area and identify what the economic impact is.

Doug Krieger stated that it is feasible, adding that food and beverage would be fairly simple. He stated that we do have access to sales tax data and we could put together a large enough sample of different types of revenue generators and look at it on a monthly basis. Councilman White stated that having that data will be helpful in coming up with a better solution.

Steve Adams stated revenue doesn't necessarily tie to the causation. He added that it may be worthwhile to have an outside consulting firm to find out what are the motives and intent of people attending events and track activities rather than just tracking the revenue of businesses.

Ms. Tamayo-Calabrese added that the Settlement did an independent study included in the executive summary. When Christkindlmarket was in Oak Brook there were 25,000 to 30,000 people attending from Naperville. The Settlement realizes they may need to do something else to make sure that everyone has a better experience adding that wherever Christkindlmarket is it will drive a lot of people and in this case, it was 70% of our residents.

Chris Finck added that he appreciates the Settlement and they are a great partner. The downtown is concerned about the number of events, he would rather see the Settlement focus on adding revenue to existing events and they should charge more for rentals. Parking is a concern and we are losing loyal shoppers.

Kelley Douglas addressed the Council stating she been a volunteer at the

Settlement, is also a small business owner and lives in downtown Naperville. She suggested that the City do a people count at downtown businesses and is it the events or a changing state of retail. How do we get more creative about partnering?

Carolyn Souza asked was there enough advertising for the shuttle service?

6. COMMUNICATION - Provide direction on communication expectations between the Naperville Heritage Society and City in the management and operation of Naper Settlement.
7. EFFICIENCY AND CONSOLIDATION REVIEW UPDATE - Provide feedback on the City/Naper Settlement/Naperville Public Library efficiency and consolidation review update.

CONSOLIDATION AND EFFICIENCY UPDATE

Linda LaCloche stated that at budget discussions last November, City Council asked the City Manager to look at the City, Naper Settlement, and the Naperville Public Library to identify opportunities for efficiencies or consolidation between these organizations on internal services. She explained that staff looked at the project scope being completed over two phases.

Councilwoman Gustin asked if staff had evaluated that in one organization one person is completing multiple functions and in the other the staff had more singular functions and have the City and settlement discussed this? Linda shared that the project was split into 2 phases, starting with Naper Settlement. Meetings were held to collect and share information on internal services including organizational charts, job and task descriptions to create a baseline and then will move to the Library. From May through June, staff will be looking to establish "current realities". How does each organization function? Staff will gain concurrence from the organizations and prepare recommendations for Council. This will be completed during this year's budget process.

E. NOKIA CAMPUS NORTH 60 ACRES:

1. Provide feedback regarding the potential development of the north 58 acres of the Nokia Campus, generally located at the northwest corner of Warrenville Road and Naperville Road, with residential uses.

Russ Whitaker, Rosanova & Whitaker, introduced his team, including Jim

Truesdell and Jon Isherwood, K Hovnanian Homes; and David Justh and Matt Ishikawa, CBRE. Other team members involved in the project, but not present, include Roake and Associates, Christopher Burke Engineering, and Hitchcock Design Group.

Whitaker provided an introduction to the workshop request, the petitioner, and the specific property. K Hovnanian is the contract purchaser of the 58 acres located on the north side of the existing Nokia campus. Whitaker provided an overview of the existing improvements on the Nokia campus, as well as the surrounding land uses. The subject property is located approximately ½ mile from Warrenville Road.

Whitaker is seeking feedback from the City Council regarding the potential use of the north 58 acres of the Nokia campus as residential. Whitaker noted that the property is difficult to develop under its existing ORI zoning based on lack of visibility and limited accessibility via Lucent Lane, which functions more as a drive-aisle than a roadway. These factors make the site desirable for residential uses. Furthermore, the property is surrounded on 3 sides by residential uses and is adjacent to Forest Preserve property which provides an asset to future residents of this property.

A site plan has not yet been developed for the property; however, they have various housing types that they envision within the development, including single-family, attached single-family (townhomes), duplexes, and apartments (which may be built by another residential developer as K Hovnanian exclusively builds for-sale products). The site plan would include appropriate transitions from the office campus to the proposed residential and between the proposed and neighboring residential uses; connectivity would also be provided to the adjacent Forest Preserve. The petitioner is also proposing that all roadways within the development be public and connect to a public road; the petitioner noted that they would work with City staff to discuss the extensive improvements that they need to make to Lucent Lane for it to become public and meet City standards.

Coyne - NDP position on this development? Christine Jeffries noted that the ORI zoning permits industrial uses and that these are the only users who have expressed interest in this property in recent years; these users would generate significant truck traffic, limited property tax value, and significant resident concern. Attracting an office user is difficult due to the lack of visibility. NDP does not oppose the rezoning of the property to residential, but would request that the City consider an amendment to review the "industrial" from ORI.

Hinterlong - Is this Wheaton School District? Whitaker - yes.

Hinterlong - Would you be pursuing a PUD? Whitaker - yes, likely.

Hinterlong - Will the petitioner bring Lucent Lane up to public street standards? Whitaker noted that full compliance with public standards will be difficult given existing conditions; however, they would increase the width of the roadway, its structural integrity, add curbing, etc. The petitioner will work with the City to discuss these improvements. Hinterlong noted that if the City will maintain this roadway post-improvement, it needs to meet all City standards or else it becomes a liability.

White - What is the effect on the Forest Preserve? What is the range of families expected from the proposed development? Whitaker - the proximity to the Forest Preserve will increase walkability and connection for future residents; they are still investigating the ecological impact of a proposed development on the Forest Preserve District with the help of Christopher Burke, Associates, who is an industry leader in this area. Existing ecological resources include wetlands and a rookery. Jon Isherwood with K Hovnanian Homes noted that development could include 300-500 units, with the largest variable being the multi-family units, which alone could include up to 300 units.

White - Has the proposed development been discussed with the Wheaton School District? Whitaker noted that they have just begun discussions with other agencies but felt that discussions with Naperville were a critical first step. Whitaker agreed to reach out to entire subdivisions adjacent to the property (rather than only the City required notice of those within 300' of the subject property).

Brodhead - Does the ORI amendment need to occur before this development is submitted? Laff - No, since the petitioner is seeking rezoning to residential, the two requests are not tied to each other. Whitaker noted that they do not have a proposed zoning district that they are seeking at this point, it will be dependent on the uses proposed; however, it will likely be requested under a single zoning district and through a PUD.

Marty (Resident) - Indian Hill did not receive notice. Whitaker indicated that they sent notice to properties located within 300' of the subject property. Whitaker has full intentions to hold neighborhood meetings once plans are developed.

Henry Sturka (Resident) - Is the retention pond going to be part of this request? Whitaker - no, it is not part of the property that is being purchased; however, they will study it in conjunction with their development proposal.

Jen Banowetz (Fairmeadow Resident) - Shocked to learn that the

residential density could be tripled through this proposal; however, she does agree that the industrial use is not appropriate. She has concerns regarding the impact to the Forest Preserve and its wetlands and birds.

Jean Arndt (Resident) - As a resident of the area, many use the walking paths around the Forest Preserve today. Whitaker concurred and noted that these opportunities will be increased through a proposed development. Arndt noted her concern with the level of traffic resulting from this development, which she estimated at 750 trips per day, particularly if the roadways do not meet City standards. The City will need a traffic study, a guarantee that the roads are built to City standards, and adequate buffering.

Jen Banowetz - What is the history of Forest Preserve interest in purchasing this property? Mary Lou Wehrli, Forest Preserve District Commissioner, noted that the Forest Preserve District did look at this property and declined to continue negotiations to purchase the property in 2011.

Caroline Souza - She is working on her Master's Degree in Conservation Biology. Wetlands play a critical role in our water quality and health; the proposed pond areas do not appear to mitigate the impact of all of the impermeable surface being added.

Pat Staller - There are no available grocery services in the area of the subject property, which is a concern.

Krieger presented the Mayor's thoughts on this project:

- Nokia is making a significant investment in this area through the addition of 600 jobs and the N Hub Tech Center.
- Expressed concerns with the warehouses that would be permitted by right on the property through the ORI zoning district.
- Believes that residential would be a more acceptable use for the area.

Gustin - Would the petitioner be willing to notify impacted subdivisions beyond the 300' notice required by the Code? Whitaker indicated that they will develop a mailing list for the adjacent subdivisions and communicate with them as plans are prepared; however, they may not send required public hearing notice via certified mail to all of these property owners due to cost.

Gustin - Lucent Lane would need to be improved in order to accommodate required fire access. Whitaker indicated that fire access is critical.

Gustin - A recent report completed in DuPage County noted a drastic reduction in the inventory of single-family homes since 2009. Would the developer be amenable to reducing the multi-family portion of the PUD to accommodate additional single-family homes, which may also have a benefit to the ecological concerns?

White - Has any consideration been given for age-restricted homes in this area? Jon Isherwood, K Hovnanian Homes, indicated that they did review this aspect. They will definitely gear a portion of the homes towards this sector, but they are not prepared to make the entire development age-restricted and they generally do not age-restrict only a portion of their developments.

Hinterlong - Can additional public hearing signs be added to the site to increase notice to surrounding neighbors? Whitaker noted that at least 2 signs would be placed on the property, with one along the Naperville Road frontage and one along the Warrenville Road frontage. The signs posted may exceed Naperville's minimum size, so as to be visible.

DiSanto noted that Mr. Whittaker has indicated that the developer has requested this input workshop session prior to spending 100s of thousands of dollars. On the record, Mr. DiSanto clarified that nothing discussed here should be construed as the extension of any vested right or vested interest to K Hovnanian or its representatives or partners.

To the extent that K Hovnanian relies on any comment made here it does so at its own risk and without any guarantee of future approvals.

At the conclusion of the workshop, Councilmen White, Brodhead, Anderson, Coyne, Gustin, Obarski, and Hinterlong expressed that they are open to considering a residential use of the subject property.

F. ADJOURNMENT:

The workshop adjourned at 8:57 p.m.