

AGENDA
COMMITTEE OF THE WHOLE MEETING
Village Hall – Board Room
Monday, March 18, 2019
Following Regular Village Board Meeting

Reasonable accommodations / auxiliary aids will be provided to enable persons with disabilities to effectively participate in any public meetings of the Board. Please contact the Village Administrative Office (847.883.8600) 48 hours in advance if you need special accommodations to attend. The Committee of the Whole will not proceed past 10:30 p.m. unless there is a consensus of the majority of the Trustees to do so. Citizens wishing to address the Board on agenda items may speak when the agenda item is open, prior to Board discussion.

CALL TO ORDER

1.0 ROLL CALL

2.0 APPROVAL OF MINUTES

2.1 Acceptance of the March 11, 2019 Committee of the Whole Meeting Minutes

3.0 ITEMS OF GENERAL BUSINESS

3.1 Planning, Zoning and Land Use

3.11 Preliminary Evaluation of a Site Plan and Building Elevations for New Medical Office Building - 231 Olde Half Day Road (Alexander and Julia Katsnelson)

3.2 Finance and Administration

3.3 Public Works

3.4 Public Safety

3.5 Parks and Recreation

3.6 Judiciary and Personnel

4.0 UNFINISHED BUSINESS

5.0 NEW BUSINESS

6.0 EXECUTIVE SESSION

7.0 ADJOURNMENT



**MINUTES
COMMITTEE OF THE WHOLE MEETING
Monday, March 11, 2019**

Present:

Mayor Brandt	Trustee Harms Muth
Trustee Grujanac	Trustee Hancock
Trustee McDonough	Trustee Servi
Trustee Leider	Village Clerk Mastandrea
Village Attorney Simon	Village Manager Burke
Finance Director/Treasurer Peterson	Public Works Director Woodbury
Chief of Police Leonas	Assistant Village Manager/Community &
Planning & Development Manager Zozulya	Economic Development Director Gilbertson
Assistant Public Works Director/Village Engineer Dittrich	

ROLL CALL

Mayor Brandt called the meeting to order at 7:17 p.m., and Village Manager Burke called the Roll.

2.0 APPROVAL OF MINUTES

2.1 Acceptance of the February 25, 2019 Committee of the Whole Meeting Minutes

The minutes of the February 25, 2019 Committee of the Whole Meeting were approved as submitted.

3.0 ITEMS OF GENERAL BUSINESS

3.1 Planning, Zoning and Land Use

3.11 Preliminary Evaluation Regarding Rezoning 2 Hotz Road from R1 Single-Family Residential to E Small-Scale Office and a Major Amendment to an Existing Special Use (Ordinance #09-3083-06) for Lincolnshire Animal Hospital for Parking Expansion (Lincolnshire Animal Hospital)

Planning & Development Manager Zozulya provided a summary of preliminary evaluation regarding rezoning 2 Hotz Road from R1 Single-Family Residential to E Small-Scale Office and a major amendment to an existing special use (Ordinance #09-3083-06) for Lincolnshire Animal Hospital for parking expansion. Planning & Development Manager Zozulya provided background information regarding potential development for 2 Hotz Road and stated the animal hospital is not looking to add to building footprint but to parking for their facility. The animal hospital has obtained a preliminary approval from the Lake County Stormwater Commission regarding detention and wetland

mitigation, but a final permit would be required before sign-off from the Village. Planning & Development Manager Zozulya provided next steps if the project is referred; it would go to the Zoning Board for Public Hearing and Architectural Review Board (ARB) for design review prior to coming back before the Board for final review and potential approval.

Mr. Stu Clark from Lincolnshire Animal Hospital provided a presentation regarding preliminary evaluation regarding rezoning 2 Hotz Road from R1 Single-Family Residential to E Small-Scale Office and a major amendment to an existing special use (Ordinance #09-3083-06) for Lincolnshire Animal Hospital for parking expansion. Mr. Clark stated they reached out to residents at Westage, and the animal hospital has committed to address the few concerns neighbors raised with landscaping and traffic. Mr. Clark stated they reached out to the Benish residence, and they requested the animal hospital put up a fence along the property. Mr. Clark noted the animal hospital would be happy to install the fence. Mr. Clark stated the animal hospital reached out to all other residents and did not have any other feedback. The animal hospital will continue to keep residents informed and provide them with plans if approved to move forward.

Trustee Hancock asked if the two lots are combined would they become one lot, and would this then change buildable land and zoning. Planning & Development Manager Zozulya stated that by code there is no lot consolidation required; the lots would be under the same ownership but remain two separate parcels. Village Attorney Simon stated the code does not require the lots consolidate but since it is under the same ownership, the Village would be entitled to treat it as one common zoning parcel.

It was the consensus of the Board to refer this to the Architectural Review Board and Zoning Board for review and recommendation to the Village Board.

3.12 Consideration of an Ordinance Amending Title 12 (Signs) of the Village of Lincolnshire Village Code Regarding Temporary Signs in the Residential Sign District (Village of Lincolnshire)

Planning & Development Manager Zozulya provided an update and summary of an Ordinance amending Title 12 of the Village of Lincolnshire Code regarding temporary signs in residential sign district. Concerns were brought up with regard to a recent sign code change regarding duration and size of signs. After discussions with the Board, it was consensus not to revisit the size and leave the recently changed dimensions as 4' in height and 2 square feet in area. Planning & Development Manager Zozulya noted the Board referred a discussion of regarding display period to the ARB for a Public Hearing and recommendation. The ARB determined the display period be opened up. The ARB determined that as long as there is a product being

marketed for sale/lease; an event going on; or a project pending there should not be a sunset for when the signs are required to be removed. The only requirement would be to remove the sign within five days of the event or activity concluding. The ARB also considered signs displayed for more than a year be replaced if additional display time is needed to ensure they remain in good condition. However, the ARB determined this additional sign replacement requirement was not needed as the temporary sign regulations already have stringent requirements regarding sign upkeep and penalties for non-compliance.

Trustee Hancock asked if a house is up for sale for three years, could a sign be up for the entire three years. Planning & Development Manager Zozulya confirmed, based upon the recommendation of the ARB, the sign could be up for three years. Trustee Hancock stated his opinion such signs should have some sunset period for temporary residential signs.

Trustee Leider noted concern with larger developments that go on for years; the original sign never comes down and is in poor condition. Trustee Leider stated he did not believe the ARB addressed this concern. Village Attorney Simon stated the concern is how the sign looks and is maintained, and noted the ARB determined that there is already a tool in place to enforce this, but it has not been as strictly enforced as it could be. The ARB directed staff to enforce the provision in the sign code which states “a sign must remain in good condition during the entire display period. Corrective action must be taken immediately if there are problems and a sign in disrepair should be immediately removed by the Village”. Village Attorney Simon added this maintenance rule applies to every sign throughout the Village. The lack of a deadline only applies to the residential sign districts. Trustee Leider stated if you force a natural refresh, then staff does not have to go policing the signs in residential areas.

Trustees Leider and Hancock recommended putting a time limit on residential realtor signs. Trustee Hancock recommended having a sign up for 9 months then off for thirty days before going back up again.

Mr. Joe Roth, Local Government Affairs Director for the Illinois Association for Realtors noted his opinion in terms of time limit would be a year and one day (366 days) since a typical contract between the seller and the realtor is for 365 days.

Ms. Karen Feldman, resident at 4 Windsor Drive asked what specific issues the Board has with real estate signs, and noted her opinion regarding sign appearance. Trustee Hancock stated his issues are signs being up too long. Ms. Feldman noted real estate is seasonal, and the realtors take contracts for a year. Ms. Feldman stated she supports the 366 day time frame as requested by Mr. Roth.

Ms. Edie Love, resident of 24 Berkshire noted concern with the size stipulations stating her opinion is it hurts the seller who may already be struggling to sell. Ms. Love noted her opinion was the smaller signs did not look as professional as the bigger signs. Ms. Love stated she was in favor of the 366 day time frame requested by Mr. Roth.

Ms. Julianne Spilotro, resident of 8 Plymouth Court volunteered to police the non-professional looking signs noting her opinion is the signs the local realtors put up are professional looking.

Trustee Harms Muth noted the sign code revisions were not done to target realtors, but the Supreme Court mandated residential signs be addressed consistently. Trustee Harms Muth stated she would be in favor of the 366 day time frame, but did not feel the size should be revisited.

A conversation regarding refresh time for temporary residential signs followed. Trustee Leider suggested a 30 day refresh time.

Ms. Jill Raizen, resident at 7 Farrington Circle asked if the code would apply to all signs and used the example of “proud parent of.....” signs. It was confirmed the code would apply to all temporary residential signs.

It was the consensus of the Board to place this item on the Consent Agenda with revisions for duration to allow for 366 cumulative days with a refresh time of 30 days on temporary residential signs for approval at the next Regular Village Board Meeting.

3.13 Consideration of a Resolution Reallocating 2019 Lake County Private Activity Bond Clearinghouse Cap to the Village of Buffalo Grove, Illinois in the Amount of \$770,280 (Village of Lincolnshire)

Planning & Development Manager Zozulya provided a summary of an annual Resolution reallocating 2019 Lake County Private Activity Bond Clearinghouse (PABC) cap to the Village of Buffalo Grove. Lincolnshire has participated in PABC since 2000. Lincolnshire’s 2019 allocation is \$770,280, based on the total estimated population of 7,336 (\$105 per capita), as determined by the State.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.14 Consideration of a Resolution Authorizing Publication of the 2019 Official Zoning Map of the Village of Lincolnshire (Village of Lincolnshire)

Planning & Development Manager Zozulya provided a summary of an annual Resolution authorizing publication of the 2019 official zoning

map of the Village of Lincolnshire with changes from last year.

Mayor Brandt asked if it would make sense to wait a few weeks to see if the lot proposed for the animal hospital gets re-zoned. Planning & Development Manager Zozulya stated the potential rezoning of the animal hospital lot will not comply with the deadline required by the state for posting the new zoning map.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.2 Finance and Administration

3.21 Consideration of an Ordinance Authorizing the Disposal of Surplus Property (Village of Lincolnshire)

Assistant Village Manager/Community & Economic Development (CED) Director Gilbertson provided a summary of a typical bi-annually Ordinance authorizing the disposal of surplus property.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.3 Public Works

3.31 Consideration of Approval of a Contract for the Construction of the Village's 2019 Crosstown Watermain (Segment 1) Improvement Project with Lenny Hoffman Excavating, Inc. of Wilmette, Illinois in an Amount not to Exceed \$876,979.22 (Village of Lincolnshire)

Assistant Public Works Director/Village Engineer Dittrich provided a summary of approval of a contract for the construction of the Village's 2019 crosstown watermain (segment 1) improvement project with Lenny Hoffman Excavating, Inc. in an amount not to exceed \$879,979.22. Assistant Public Works Director/Village Engineer Dittrich noted this is the first of three crosstown watermain projects being done over the next few years.

Mayor Brandt asked what the budget was for this project. Assistant Public Works Director/Village Engineer Dittrich stated the Engineers Estimate of Cost was over \$1.1 million. Trustee Hancock asked how much overruns can there be with this type of a project. Assistant Public Works Director/Village Engineer Dittrich stated typically they look at 10% as an allowance for this type of work but the scope of this job is fairly well defined. Trustee Hancock asked if there are check-in points for this type of work. Village Manager Burke noted no extra work gets done until the Village authorizes it, and a change order process with levels of authorization is built into the process.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.32 Consideration of Professional Services Contract with BLA, Inc. for Water Main Improvement Construction Engineering Services (Crosstown Watermain – Segment 1) at a Cost not to Exceed \$103,315.91 (Village of Lincolnshire)

Assistant Public Works Director/Village Engineer Dittrich provided a summary of a Professional Services Contract with BLA, Inc. for water main improvement construction engineering services (Crosstown Watermain – Segment 1) at a cost not to exceed \$103,315.91.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.4 Public Safety

3.41 Consideration of a Request to Authorize Leasing of Sixteen HP Getac Laptops and Associated Docking Systems, Mounting Components, and Mobile Antenna System (Village of Lincolnshire)

Chief of Police Leonas provided a summary of a request to authorize leasing of sixteen HP Getac laptops associated docking systems, mounting components, and mobile antenna system.

Trustee Harms Muth asked if this item was budgeted. Village Manager Burke confirmed this was a budgeted item included in the 911 dispatch fund. Staff increased the appropriation for the 911 fund due to the need for connectivity to be improved when making the transition to the Deerfield 911 center.

Trustee Leider asked if both options presented were for leasing the equipment. Village Manager Burke confirmed both are lease options and explained the options. Trustee Leider asked if the savings for going with the 36-month lease was 4%. Village Manager Burke confirmed the savings of the 36-month lease noting staff just received the lease documents and would require Village Attorney review.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.5 Parks and Recreation

3.51 Consideration of a Contract with Chicagoland Paving Contractors, Inc., Lake Zurich, IL to Resurface the North Park Tennis Courts in an Amount not to Exceed \$45,000 (Village of Lincolnshire)

Public Works Director Woodbury provided a summary of a contract with Chicagoland Paving Contractors, Inc. to resurface the North Park

tennis courts in an amount not to exceed \$45,000 which is over budget by \$10,000. A brief conversation regarding bid pricing followed and staff felt rebidding would not produce a better price.

Trustee Hancock asked if the Board or staff ever considered paddle tennis courts. Assistant Village Manager/CED Director Gilbertson stated the Lincolnshire Club had a request to install paddle tennis courts back in May of 2018 and are still working out the details. Mayor Brandt stated the Village has not considered it partly due to cost. Public Works Director Woodbury noted staff will be looking into the possibility of pickle ball when color coating is needed to the existing tennis courts. Mayor Brandt suggested staff look into using recent Park Development funds received.

It was the consensus of the Board to place this item on the Consent Agenda for approval at the next Regular Village Board Meeting.

3.52 Preliminary Presentation Regarding Landscaping for Riverwoods Road Bike Path Between Whytegate Park and Daniel Wright Jr. High (Village of Lincolnshire)

Assistant Public Works Director/Village Engineer Dittrich provided exhibits regarding proposed landscaping for Riverwoods Road bike path between Whytegate Park and Daniel Wright Jr. High. Staff has worked with project designers and the Lake County Division of Transportation on recommended replacement plantings along the bike path to be located both on Village property and County right-of-way.

Mayor Brandt asked if the plan was to only plant deciduous trees and not evergreen trees stating it appears evergreens are coming out. Assistant Public Works Director/Village Engineer Dittrich noted the recommendation was not to plant evergreens, especially in the county right-of-way since salt does not do well with evergreens. Assistant Public Works Director/Village Engineer Dittrich suggested possibly planting evergreens behind the proposed bike path further away from the right-of-way. Mayor Brandt encouraged the evergreens be planted as part of the project.

Assistant Public Works Director/Village Engineer Dittrich indicated on the plans, areas of clearing and noted the area slopes and grading will need to get done for the path to be constructed. Mayor Brandt suggested possibly building the path arounds some of the trees and noted concern with tree removal. Mayor Brandt asked if there was a way to shift the path a little closer to Riverwoods Rd. or narrow the path, so as not to remove as much landscaping or possibly put additional plantings in for year round coverage. Trustee Grujanac asked if the new trees proposed are 3" caliper trees. Assistant Public Works Director/Village Engineer Dittrich confirmed the proposed trees would be 3" caliper trees.

Trustee Hancock asked if the path would go through any berms and if there was raised land that would be graded lower. Assistant Public Works Director/Village Engineer Dittrich stated there is a detention pond where the land is uneven between Whitmore and Brampton which will need to be cut into for the path. Mayor Brandt asked if there would be a retaining wall as there is along Route 22. Assistant Public Works Director/Village Engineer Dittrich stated there would not be a retaining wall necessary for this project.

Trustee Leider suggested having a consistent pattern for the path and not take the path through the roadway medians. Assistant Public Works Director/Village Engineer Dittrich noted on Whitmore and Brampton the path is going through the median to stay away from the open ditch and the county right-of-way. Trustee Leider stated he would like to see exactly what landscaping is coming out and what is replacing it. Trustee Leider suggested the east side of Riverwoods Road be addressed with what was recently taken out due to a separate construction project. Trustee Leider expressed his opinion planting along both sides of Riverwoods Road should be considered as part of this project. Assistant Public Works Director/Village Engineer Dittrich stated he believed there is limited room in the right-of-way between the path and the road along the east side of Riverwoods Road to accommodate plantings.

A conversation regarding tree removal and possible replacement on the east side of Riverwoods Road followed. Mayor Brandt requested staff provide a landscape plan showing deciduous and year round plantings proposed for both sides of the road.

Trustee Grujanac asked what she would be looking at if she went out to the site. Assistant Public Works Director/Village Engineer stated the green tags are trees that would be removed and the pink tags represent clumps of plantings/brush areas proposed to be removed.

Trustee Hancock asked staff to provide a detailed view of all areas where tree/brush removal is to take place along the proposed path. Staff noted they would prepare aerial imagery to show existing conditions along the route of the path. Trustee Hancock suggested reaching out to the developer to see if additional landscaping could be built into their plan. Trustee Leider suggested refraining from putting in the bike path until the developer agrees to put in additional landscaping in order to help with the project. Assistant Public Works Director/Village Engineer Dittrich noted the bike path is a Village project. Village Attorney Simon stated the developer already has tree replacement as part of their approved subdivision and asked the Board if they would want the developer to take trees away from other parts of the subdivision; further west and push additional materials towards the street. Trustee Leider stated he would not want the developer to take

trees from the west, but noted the desire to see the developer putting in larger trees along Riverwoods Road and working with the Village on this as a joint project for the landscaping.

Trustee Hancock asked who is paying for the bike path. Village Manager Burke stated 80% is grant funded, and 20% is Village funded. Trustee Hancock noted his opinion is these dollars are meant to be utilized in the best interest of our constituents; this is clearly benefiting a developer who is mid-stream and not meeting the standards the Village usually has. Village Manager Burke noted staff will have a conversation with the developer and would also need to have a conversation with the Illinois Department of Transportation (IDOT) regarding grant limits because the limits were approved for a distance from Whytegate Park to Daniel Wright, which could possibly start the process over with grant approval. Trustee Leider noted he did not want the process to start over but questioned if the process of when and how the grant would be used could be delayed in order to see if the developer is willing to help with the project. Mayor Brandt noted the Board should have put specific requirements in place for the path before the Whytegate subdivision was approved for development and noted the developer does not have to do anything with the path at this point.

Mayor Brandt asked how much money was in the tree bank fund. Village Manager Burke stated there is approximately \$250,000 in the tree bank fund. Trustee Hancock stated he would like to discuss the tree bank fund at another meeting since he and others have contributed to the tree bank fund and noted concerns it was being treated as a slush fund. Village Manager Burke noted neither Village staff nor the budget use the tree bank fund as a slush fund; there is no tree bank budget that is seen as an opportunity for spending. Village Manager Burke stated there is \$50,000 budgeted each year for use of tree bank funds for tree removals and tree plantings; the tree bank funds are in addition to address a concern that continues to be a conversation for the Village Board. Mayor Brandt noted the direction for the tree bank fund was to be creative in order to help with some of the dead trees removed throughout the Village. Mayor Brandt noted the funds are to be used for an area the Board agrees on in order to enhance the Village.

Mayor Brandt noted staff cannot go to a developer down the street and ask them to put in plantings that are not even on their development. Trustee Leider suggested staff approach them to see if they would be amenable to help. Mayor Brandt noted her opinion is that the Village cannot hold off putting in a path that was promised to the residents that staff has obtained a grant for.

Trustee Hancock asked if there can be an item on the agenda at the next meeting to discuss additional placement for tree bank funds.

Trustee Hancock voiced some concern with the aesthetics of Heathrow Scientific and suggested possibly using some of the tree bank fund for this project. A conversation regarding the Heathrow Scientific approved landscape plan and aesthetics of the site followed. Mayor Brandt gave staff some direction regarding the tree bank fund as it might possibly relate to Heathrow Scientific. Staff plans on having discussions with Heathrow Scientifics and the adjacent property owners to see what can be done on the border and surrounding the property. Village Manager Burke noted the Route 22 and Milwaukee Avenue right-of-way are not under the Village's jurisdiction.

A conversation regarding the approval of landscaping requirements for future projects followed.

Village Manager Burke noted for the record the developer for Whytegate is one the most responsive residential developers he has worked with and works hard at doing what is right by the community.

It was the consensus of the Board to have staff work with the developer and highlight the details of the grant before bringing this item back to the Board for presentation regarding landscaping for Riverwoods Road Bike Path between Whytegate Park and Daniel Wright Jr. High.

3.6 Judiciary and Personnel

4.0 UNFINISHED BUSINESS

5.0 NEW BUSINESS

6.0 EXECUTIVE SESSION

7.0 ADJOURNMENT

Trustee Grujanac moved and Trustee Harms Muth seconded the motion to adjourn. Upon a voice vote, the motion was approved unanimously and Mayor Brandt declared the meeting adjourned at 9:11 p.m.

Respectfully submitted,
VILLAGE OF LINCOLNSHIRE

Bradly J. Burke
Deputy Village Clerk

**REQUEST FOR BOARD ACTION
Committee of the Whole
January 14, 2019**

Subject: Site Plan and Building Elevations – 231 Olde Half Day Road

Action Requested: Preliminary Evaluation of a Site Plan and Building Elevations for New Medical Office Building

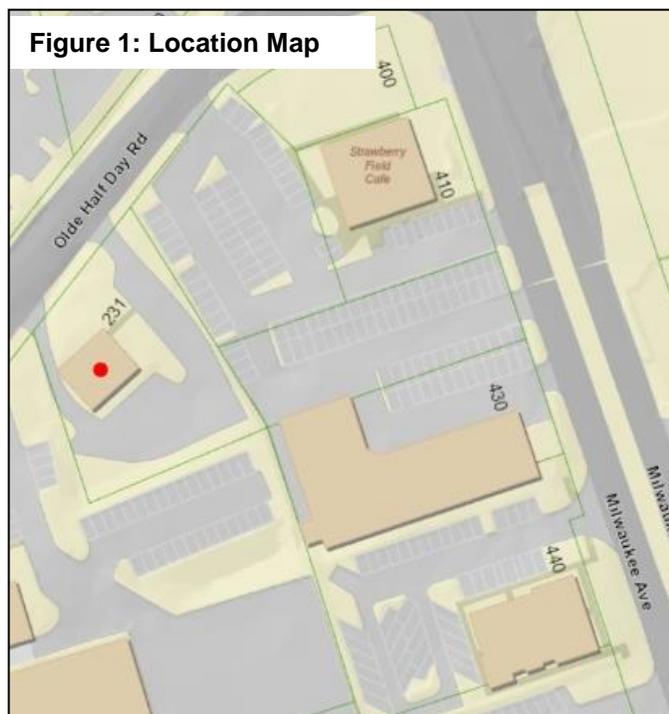
Petitioners: Alexander and Julia Katsnelson

Originated By/Contact: Ben Gilbertson, Assistant Village Manager/Community & Economic Development Director

Referred To: Village Board

Background:

- Petitioners Alexander and Julia Katsnelson are requesting preliminary evaluation of a site plan and building elevations for a new medical office to establish dermatology and oral, maxillofacial, and surgery practices at 231 Olde Half Day Road in the B1 zoning district. The proposal is supported and has been approved by property owner, Njb Real Estate LLC.
- At the January 12, 2019 Committee of the Whole meeting, the petitioners first requested a preliminary evaluation of a proposed text amendment to the Lincolnshire Village Code (code) to eliminate the existing 25% ground floor sales tax-generating use restriction in the B1 and B2 Business zoning districts. The text amendment is necessary for them, as physicians, to establish new dermatology and oral, maxillofacial, and surgery practices on the subject property.
- The Village Board referred the text amendment request to the Zoning Board. The petitioner is currently seeking preliminary evaluation of the site plan and building elevations.
- The 0.5-acre property is located south of Olde Half Day Road, west of Milwaukee Avenue, as marked with a red dot in Figure 1 (see Document 1). It is adjacent to the Oak Tree Corners Center and Half Day Elementary School.



- The petitioners plan to acquire the property, demolish the existing two-story, 4,572-square-foot vacant building and construct a new one-story, 5,000-square-foot medical office building. The existing building was constructed in 1963 and most recently housed NJB Operations/Taco Bell Corporation offices, but became vacant two years ago.
- Adjacent uses and zoning classifications include:
 - To the north: a vacant commercial site (zoned B1)
 - To the south and west: Half Day School (zoned B1 with a Special Use permit)
 - To the east: Oak Tree Corners shopping center (zoned B1)

Proposal Summary & Staff Comments:

Building Design and Materials

The petitioner's cover letter indicates the building style will be contemporary and aligned with similar buildings throughout Lincolnshire (see Document 2). The petitioner's building elevations (see Document 3) show the building is to be comprised of brick, stone, spandrel glass, and vision glass. A 20' stone parapet is also proposed, which is below the 30' maximum building height requirement for the B1 zoning district. The majority of the building will be 16' tall with the exception of the parapet. Should the petition be recommended for further consideration, the Architectural Review Board (ARB) will carefully review architectural features and building materials to allow creativity within the design as well as harmony with adjacent buildings.

Off-Street Parking Requirements and Site Access

Title 6-11 of the Village code requires physician's offices to provide parking spaces based on the following equation:

$$1/\text{employee} + 2/\text{examination room}$$

The petitioner has indicated no more than 9 employees will be on-site at given time. Additionally, the petitioner will provide 10 exam rooms in the new building. Using the previous equation, 29 parking spaces are required. The petitioner is proposing 30 spaces. Additionally, the property as it stands today has two access points off of Olde Half Day Road, whereas the proposed site plan consolidates access to a single point of ingress and egress.

Signage

A 7'-6" tall by 9' wide ground monument sign is proposed. The location and design of the sign conform to Village code. The ARB will evaluate signage and corresponding landscaping more closely during their review process.

Landscaping and Tree Removals

The petitioner's site plan shows a 5' landscape buffer along the perimeter of the site, with additional landscaped area at the northeast corner of the property. Preliminary landscape plans are not required at the preliminary evaluation stage of review. These plans will be developed in advance of the Development Review Team stage of review and will be further examined by the ARB to maximize landscape design. Additionally, the petitioner will be required to submit a tree removal plan and tree data sheet noting the size, species, and condition for each tree currently on the property. These plans will determine if a cash deposit is applicable for the Village's Tree Bank.

Stormwater Detention

The Lake County Stormwater Management Commission (SMC), with the Village Engineer's concurrence, has determined the plans submitted by the petitioner do not warrant additional on-site stormwater improvements. Should the Board refer this petition to the Zoning Board and ARB, the petitioner will continue to share development plans with SMC for review and approval. If the petition receives final approval from the Village Board, SMC's approval is required before any construction or building permits are issued.

Comprehensive Plan Recommendation and Cross-Access with Oak Tree Corners

The Comprehensive Plan (Comp Plan) designates 231 Olde Half Day Road as part of Critical Area 3 of the Village Core Sector and calls for "Corridor Commercial" land use, which permits a mix of retail and service oriented establishments. The Comp Plan also calls for unified redevelopment of this area, which may be facilitated by potential cross-access between the proposed parking lot for the medical office building and Oak Tree Corners. Staff will work with the petitioner and Oak Tree Corners' property owner to explore this possibility during later stages of review.

Approval Process:

1. The Development Review Team will further examine the building footprint/layout, parking and site access, landscaping, building elevations/materials, and any additional plans deemed necessary to fully evaluate the proposal.
2. The Zoning Board will hold a public hearing on the text amendment request.
3. The Architectural Review Board will review the site layout, parking lot design, lighting, and tree removal/landscape screening.
4. The Village Board will consider the Zoning Board's and Architectural Review Board's recommendations and make the final determination.

Recommendation:

The Village Board has the authority to provide feedback to staff and the petitioner and consider one of the following actions:

1. Refer the proposal to the Zoning Board and Architectural Review Board with or without specific direction.
2. Continue the preliminary evaluation until a future Village Board meeting to discuss additional information and/or revisions.
3. Not refer the proposal.

Reports and Documents Attached:

- Document 1: Cover letter prepared by Alexander and Julia Katsnelson dated March 12, 2019.
- Document 2: Site plan and building elevations dated March 12, 2019.
- Document 3: Agenda packet from January 14, 2019 Committee of the Whole meeting.

Meeting History	
Committee of the Whole – Preliminary Evaluation (Text Amendment):	January 14, 2019
Committee of the Whole – Preliminary Evaluation (Site Plan and Building Elevations):	March 18, 2019

March 12, 2019

Mayor Elizabeth Brandt

Village Trustees

1 Olde Half Day Rd,

Lincolnshire, IL 60069

In this letter we would like to propose to a site planning for the new building at the address 231 Olde Half Day Road, Lincolnshire, Illinois.

We are husband and wife who would like to open a practice which will combine both of our specialties. Dr. Alexander Katsnelson is an experienced Board Certified Oral and Maxillofacial Surgeon. He did his Oral and Maxillofacial Surgery residency at University of Illinois and Massachusetts General Hospital/Harvard Medical school programs. Dr. Julia Katsnelson graduated from Rush University Medical School (in Chicago) and is finishing her Dermatology Residency at New York Medical College, in New York City, this summer.

In order to establish the practice, we would like to demolish the existing 4572 sq.ft. vacant building at the 231 Olde Half Road, that has been vacant for more than 2 years. According to broker Steve Kardell the current building is not up to the code, can't be use for business purposes because it's not ADA compliant.

The property size is 26422 sq ft and we are proposing a one-story building. The footprint of building will be approximately 5000 sq ft. The height of the building will be 16 ft with raised portion of 20 ft.

The style of the building is contemporary and we chose it to align with other similar buildings in Lincolnshire, with some post-modern elements like stone details, mixed with traditional elements like the roof cornice and pilasters with a modern twist.

There will be 10 exam rooms and 9 employees, therefore we will need 20 parking spots for patients (2 parking spots per exam room) and nine parking spot for employees, with total of 29 spots. According to our site plan we have 30 parking spots.

There will be a ground sign in the north east corner of the property and the size of the sign will be 7.5 ft high and 9' wide. In addition to that there will be a sign on

the north wall of the building.

The building will be built compliant to all the codes and stylistic requirements of the Village. Also, all the building set backs are compliant to the B1 code (please see attached site plan).

We feel that our practice would greatly benefit the Village of Lincolnshire for the following reasons:

1) There are no Oral and Maxillofacial Surgeons in the Lincolnshire area as well as within 3 miles around the proposed location. This location would be very convenient for students at Stevenson High School, since many high school students require Oral Surgery treatments.

2) There is only one Dermatology practice in the Lincolnshire area. Our practice would be beneficial for students at Half Day Road Elementary School (which is located next to our proposed location) and nearby schools, helping children miss less school by being seen quickly at a location close to their school.

3) The current building was built in 1963 and is not occupied. We are planning to build a new brick building which will be stylistically similar to other newer buildings in the Lincolnshire area. This will improve the appearance of a commonly traveled road in Lincolnshire (located near an elementary school and public library).

4) Both of our practices are high volume practices, where we will see 80 to 150 patients a day. This will bring a lot of foot traffic to the surrounding cafes, restaurants, as well as stores, and therefore increase overall sales in the area.

At the previous Committee of the Whole meeting on January 14, 2019 we asked for an amendment to remove the requirement "that no more than 25% of the ground floor can be for non-sales tax generating uses" and the amendment got preliminary support at the meeting.

Since we feel that our unique combination of Dermatology and Oral and Maxillofacial Surgery will bring many patients to the village who will go on to purchase dermatology products in the office as well as make purchases in the surrounding area. Furthermore, constructing a new building will lead to increased real estate taxes and therefore we will contribute more to the Village of Lincolnshire. Moreover, we will provide convenient access to specialty health services to the residents of Lincolnshire.

Please consider approving the site planning for our combined office.

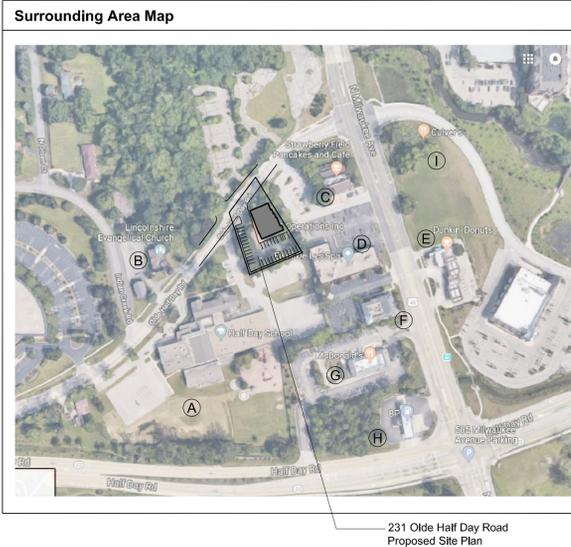
Thank you very much,

Handwritten signatures of Alexander and Julia Katsnelson. The signature on the left is a stylized, cursive 'A'. The signature on the right is 'Julia Katsnelson' written in a cursive script.

Drs. Alexander and Julia Katsnelson

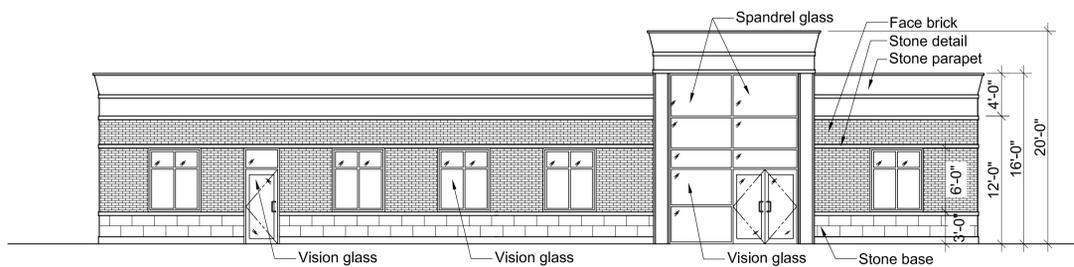
Building Setbacks		
	Required	Provided
Front:	10'-0" from Right of Way line	10'-0"
Side:	8'-0"	8'-0" East Side 59'-10" West Side
Rear:	15'-0"	74'-11"

- Surrounding Context**
- (A) 2 Story School @ 239 Olde Half Day Road
 - (B) 1 Story Church @ 240 Olde Half Day Road
 - (C) 1 Story Restaurant @ 410 Milwaukee Avenue
 - (D) 2 Story Office Building @ 430 Milwaukee Avenue
 - (E) 1 Story Commercial Building @ 435 Milwaukee Avenue
 - (F) 2 Story Office Building @ 440 Milwaukee Avenue
 - (G) 1 Story Restaurant @ 450 Milwaukee Avenue
 - (H) 1 Story Commercial Building @ 490 Milwaukee Avenue
 - (I) 1 Story Restaurant @ 405 Milwaukee Avenue

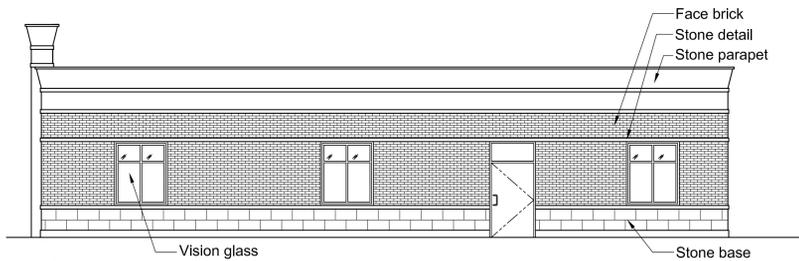


Site Data

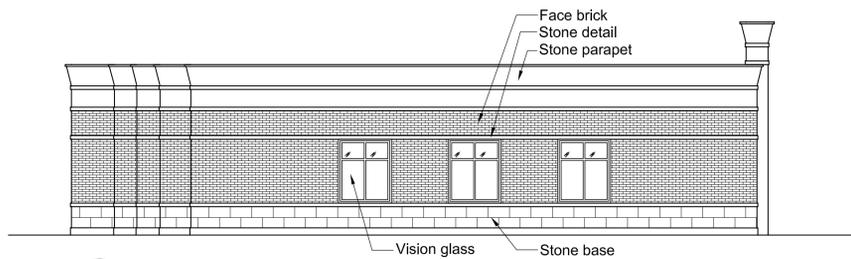
Zoning District:	B1
Proposed Use:	Medical Office Building
Min. Lot Area:	15,000 SF
Actual Lot Area:	26,422 SF
Min. Lot Width:	100'-0"
Actual Lot Width:	153'-6"
Gross Area of Site:	26,422 SF
Net Area of Site:	22,750 SF
Gross Area of Impervious Surfaces:	18,174 SF
Gross Area of Open Space:	21,534 SF
Gross Building Area:	4,888 SF
Total FAR:	19
Max. Building Height:	2.5 stories or 30'-0"
Actual Building Height:	1 story and 20'-0"
Code Req. Parking and ADA Spaces:	
Physician's Office - 1 employee = 2 exam room	
9 employees = 9	
10 exam rooms = 20	
1 extra spot = 1	
TOTAL =	30 Parking Spots
ADA Spaces required - for 26-50 Parking Spaces = 2 ADA spaces required	
Actual Provided Parking and ADA Spaces:	
30 Parking Spaces provided with 2 ADA Spaces	



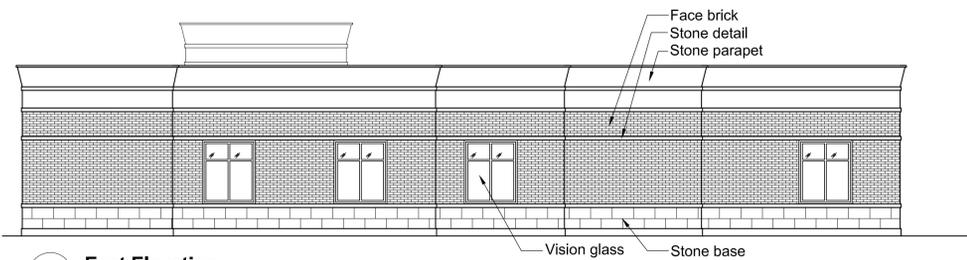
1 West Elevation
Scale: 1/8" = 1'-0"



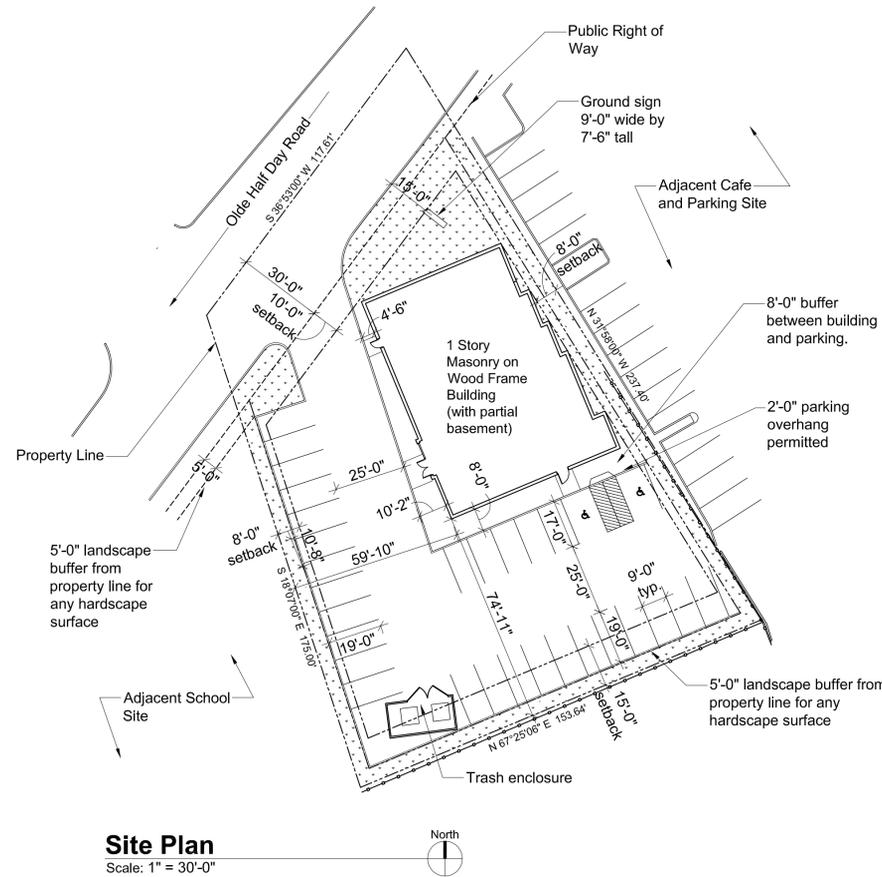
2 South Elevation
Scale: 1/8" = 1'-0"



3 North Elevation
Scale: 1/8" = 1'-0"



4 East Elevation
Scale: 1/8" = 1'-0"



5 Exterior View 1
Not to Scale



6 Exterior View 2
Not to Scale

Sara E.F. Gensburg, Ltd.
Architecture/Design
Age Reverse Drive - Suite G
Northbrook, IL 60062
Fax: (847) 715-9588
Phone: (847) 715-9591

MEDICAL OFFICE BUILDING
231 OLDE HALF DAY ROAD
LINCOLNSHIRE, ILLINOIS

No. 1
Issued:
Date: 03-12-19
Issued for Preliminary Evaluation

SEFG No. 118320
SHEET:
Drawn: DBF
Checked: S.E.F.G.
Date: 03-04-19
A-1
Sheet 1 of 1

**REQUEST FOR BOARD ACTION
 Committee of the Whole
 January 14, 2019**

Subject: B1 and B2 Business Zoning District Uses

Action Requested: Preliminary Evaluation regarding a Text Amendment to Eliminate Ground Floor Sales Tax-Generating Use Restriction in B1 and B2 Business Zoning Districts

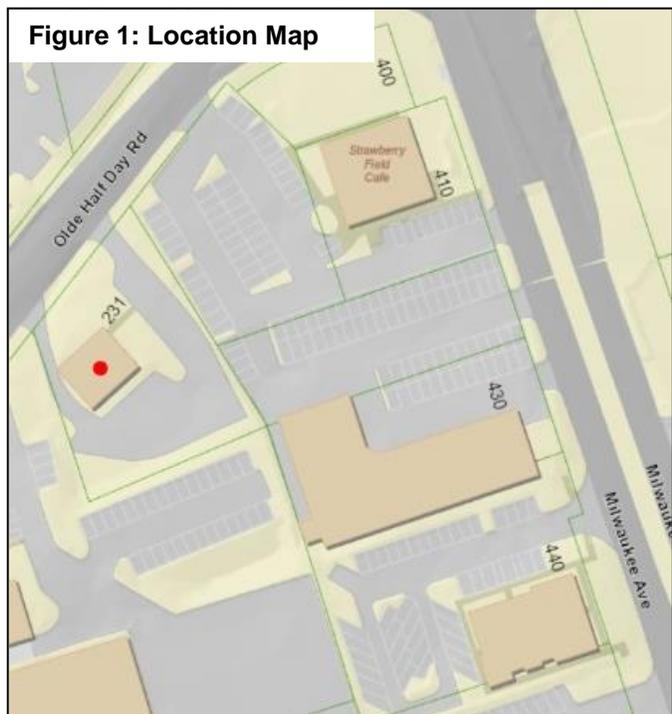
Petitioners: Alexander and Julia Katsnelson

Originated By/Contact: Ben Gilbertson, Assistant Village Manager/Community & Economic Development Director

Referred To: Village Board

Background:

- Petitioners Alexander and Julia Katsnelson propose a text amendment to eliminate the existing 25% ground floor sales tax-generating use restriction in the B1 and B2 Business zoning districts. The text amendment is necessary for them, as physicians, to establish new dermatology and oral, maxillofacial, and surgery practices at 231 Olde Half Day Road in the B1 zoning district. The proposal is supported and has been approved by property owner Njb Real Estate LLC (the owner's approval is required for the application process).
- The 0.5-acre property at 231 Olde Half Day Road is located on the south side of Olde Half Day Road, west of Milwaukee Avenue, as marked with a red dot in Figure 1 (see attached Documents 1, 2, and 3). It is adjacent to the Oak Tree Corners Center and Half Day Elementary School.
- The petitioners plan to acquire the property, demolish the existing two-story, 4,572-square-foot vacant building and construct a new one-story 5,000-square-foot medical office building (to be presented to the Village Board for preliminary evaluation in the future).
- Built in 1963, the existing building most recently housed NJB Operations/Taco Bell Corporation offices and became vacant two years ago.



**Request & Staff Comments:**

- The B1 Retail Business and B2 General Business Districts comprise over 20 mixed-use, office, and vacant properties along Milwaukee Avenue, Aptakisic Road, Olde Half Day Road and the Tollway. Village code prohibits more than 25% of the ground floor area of a principal structure on a B1 or B2 zoning lot to be used for non-sales tax-generating uses for buildings built after January 1, 1995 (see attached Document 4 and 5). The restriction was adopted in 1995 by Ordinance #95-1406-36. Staff believes this was intended to maximize sales tax revenue generation in the Village along commercial corridors. The same restriction was applied to the Village Green Center in 1995 (zoned R5 Mixed-Use Residence) as part of a redevelopment agreement between the Village and the center property owner. This restriction remained in place until the agreement was terminated in 2010.
- The petitioner's cover letter outlines reasons for their desire to locate on this property and for the proposed text amendment. The petitioners indicated up to 20% of their medical practice will produce sales tax from the sale of medical products. Although the property was developed before January 1, 1995, its vacant status of more than 12 months triggers compliance with the sales tax use restriction, per Section 6-13-2(D)(2) of Village Code (Non-Conforming Uses, Structures and Lots). As such, the petitioners are unable to establish their medical practices in the existing building because the property has been vacant for over one year.
- Staff believes 231 Olde Half Day Road and other B1 and B2 properties would benefit from the text amendment. Such action would be similar to recent Village Board-approved changes to the O/I Office-Industrial zoning district to remove the 25% medical use and testing of materials restriction as well as increasing the assembly use square footage cap.
- In recent years, the retail climate nationwide, as evidenced by numerous in-print and online publications, has shifted towards experiential retail and non-retail uses due to the proliferation of online shopping and the expansion of non-retail businesses in commercial zones (such as medical clinics, banks, financial institutions, gyms, fitness studios, and pet uses). For example, when Barnes & Noble closed its bookstore in the Lincolnshire Commons Center in 2015, the NorthShore University Healthcare medical clinic took over the building. The Village Board approved a Lincolnshire Commons Planned Unit Development amendment at the time to allow the building conversion from retail to non-retail uses and to allow the 25% sales tax requirement to be calculated based on the building area of the shopping center as a whole rather than based on the building area of each lot, as currently required by code.
- The proposed amendment would provide B1 and B2 properties in the Village additional permissibility and leasing options to address long-term vacancies and to add new business offerings, including the CityPark Center, the former Walter E. Smithe furniture store building, the former Greenview Homes building, and other undeveloped B-zoned properties.
- The text amendment would not prevent or discourage sales-tax generating uses from locating in the B districts but would allow a greater number of non-sales tax generating uses to consider Village locations. Businesses that do not produce sales tax provide a variety of benefits, including filling a business/service need, employment, and offering consumers more reasons to stay in or visit the Village to meet their needs and patronize other establishments.



**Agenda Item
3.12 COW**

Approval Process:

- The proposed text amendment requires a Public Hearing at the Zoning Board. Following the Zoning Board recommendation, the Village Board will make the final determination regarding the request.

Recommendation:

Discussion and feedback to the petitioners and staff regarding the proposed B1 and B2 zoning district text amendment to eliminate the ground floor sales tax-generating use restriction.

Reports and Documents Attached:

- Document 1: Location Map.
- Document 2: Cover letter prepared by Alexander and Julia Katsnelson dated January 3, 2019.
- Document 3: Zoning map, created by MGP GIS Consortium.
- Document 4: Current B1 and B2 Business Zoning District regulations.
- Document 5: Articles and publications detailing nationwide retail trends.

Meeting History	
Committee of the Whole – Preliminary Evaluation (current):	January 14, 2019

231 Olde Half Day Rd



Map created on December 26, 2018.

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Disclaimer: This map is for general information purposes only. Although the information is believed to be generally accurate, errors may exist and the user should independently confirm for accuracy. The map does not constitute a regulatory determination and is not a base for engineering design. A Registered Land Surveyor should be consulted to determine precise location boundaries on the ground.

January 3, 2019

Mayor Elizabeth Brandt

Village Trustees

1 Olde Half Day Rd,

Lincolnshire, IL 60069

In this letter we would like to propose to a text amendment to the B code to be able to demolish vacant building at the address 231 Olde Half Day Road, Lincolnshire, Illinois and build a new building for Dermatology, and Oral and Maxillofacial Surgery practices.

We are husband and wife who would like to open a practice which will combine both of our specialties. Dr. Alexander Katsnelson is an experienced Board Certified Oral and Maxillofacial Surgeon. He did his Oral and Maxillofacial Surgery residency at University of Illinois and Massachusetts General Hospital/Harvard Medical school programs. Dr. Julia Katsnelson graduated from Rush University Medical School (in Chicago) and is finishing her Dermatology Residency at New York Medical College, in New York City, this summer.

In order to establish the practice, we would like to demolish the existing 4572 sq.ft. vacant building at the 231 Olde Half Road, that has been vacant for more than 2 years. According to broker Steve Kardell the current building is not up to the code, can't be use for business purposes because it's not ADA compliant.

The proposed building will have footprint of approximately 5000 sq ft, which will be built compliant to all the codes and stylistic requirements of the Village.

We feel that our practice would greatly benefit the Village of Lincolnshire for the following reasons:

- 1) There are no Oral and Maxillofacial Surgeons in the Lincolnshire area as well as within 3 miles around the proposed location. This location would be very convenient for students at Stevenson High School, since many high school students require Oral Surgery treatments.
- 2) There is only one Dermatology practice in the Lincolnshire area. Our practice would be beneficial for students at Half Day Road Elementary School (which is located next to our proposed location) and nearby schools, helping children miss less school by being seen quickly at a location close to their school.
- 3) In the future we are planning to certify our center by AAAHC (The Accreditation Association for Ambulatory Health Care), so it would be the only Surgicenter in Lincolnshire as well as within a 3 mile radius around the proposed location.
- 4) The current building was built in 1963 and is not occupied. We are planning to build a new brick building which will be stylistically similar to other newer buildings in the Lincolnshire area. This will improve the appearance of a commonly traveled road in Lincolnshire (located near an elementary school and public library).

5) Both of our practices are high volume practices, where we will see 80 to 150 patients a day. This will bring a lot of foot traffic to the surrounding cafes, restaurants, as well as stores, and therefore increase overall sales in the area.

Our proposed location has a B1 zoning which has a requirement that no more than 25% of the ground floor can be for non-sales tax generating uses. We are asking for text amendment to remove this restriction for the following reasons:

- 1) We won't be able to occupy the new building with this restriction, since our practices will require the entire floor of the building, and the lot is not large enough to provide parking for a 2 story building.
- 2) The seller of this property was not able to sell it for over 2 years and the building has not been occupied for over 12 months. Since more than 12 months lapsed from the moment it was occupied, the new owner is obligated to follow the current zoning rules. Since the building only has 1728 sq ft on the first floor and it's not located on a busy street like Milwaukee Ave, it will be very difficult to find a buyer for this property. Our commercial realtor is predicting that it would take several years before this location would be occupied.
- 3) Our dermatology practice, which will occupy most of the building (5 out of 8 treatment rooms) will have direct sales to patients (i.e. creams, devices, sunscreens) which will be taxed by the Village. Therefore, we will have 12.5-20% of the building which will generate sales tax. Even though the overall percentage of the area is small, according to our accountant estimate (Mr. Larry Elisco) the estimated product sales should be approximately \$100,000 per year.
- 4) Currently there are no tax revenue properties located in this portion of Olde Half Day Road (West of Milwaukee Avenue). Since this location is abutting the elementary school and not located on a busy like Milwaukee Avenue, we feel that it would be nearly impossible to build a tax revenue business at this location. Perhaps this is the reason why the owner of this location has not been able to sell it for over 2 years.
- 5) By constructing a new building, we will increase Lincolnshire Village's real estate taxes for this property.

Since we feel that our unique combination of Dermatology and Oral and Maxillofacial Surgery will bring many patients to the village who will go on to purchase dermatology products in the office as well as make purchases in the surrounding area. Furthermore, constructing a new building will lead to increased real estate taxes and therefore we will contribute more to the Village of Lincolnshire. Moreover, we will provide convenient access to specialty health services to the residents of Lincolnshire.

Please consider our request for a text amendment to remove the restriction that no more than 25% of the ground floor can be for non-sales tax generating uses.

Thank you very much,

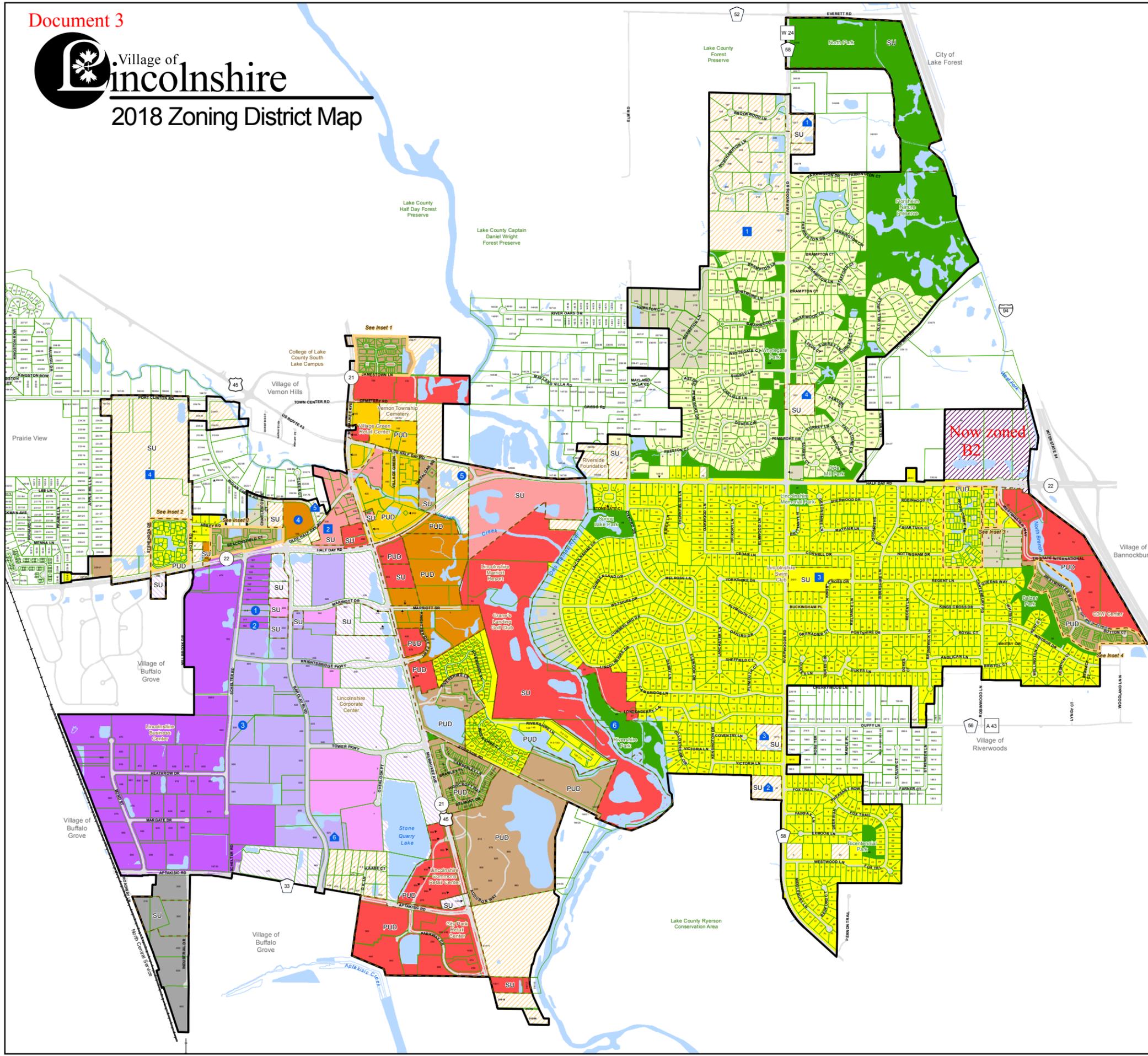


Drs. Alexander and Julia Katsnelson



Village of Lincolnshire

2018 Zoning District Map



Zoning District Classification

- | | | |
|---------------------------------|--|------------------|
| Residential | Commercial | Property Line |
| R1 - Single Family | E | Railroad |
| R2 - Single Family | B1 | Water |
| R2A - Single Family | B2 | Corporate Limits |
| R3 - Single Family | O/1a | |
| R4 - Multiple Family | O/1b | |
| R5 - Mixed Use | O/1c | |
| | O/1d | |
| Restricted Manufacturing | OC | |
| M1 | SU/PUD Special Use/Planned Unit Development Area | |
| Other | | |
| Open Spaces / Parks | | |

Place of Worship

- 1 Ascension of Our Lord Greek Orthodox Church
- 2 Lutheran Church of the Holy Spirit
- 3 Community Christian Church
- 4 Village Church of Lincolnshire
- 5 Holy Mountain Evangelical Church
- 6 Willow Creek Community Church

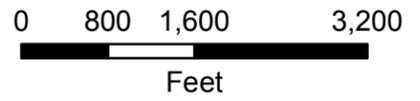
Public Facility

- 1 Lincolnshire-Riverwoods Fire Protection Dist.
- 2 Post Office
- 3 Village Public Works Facility
- 4 Vernon Area Public Library
- 5 Village Hall and Police Department
- 6 Rivershire Nature Center

School

- 1 Daniel Wright Middle School
- 2 Half Day Elementary School
- 3 Laura B. Sprague Elementary School
- 4 Adlai E. Stevenson High School

1 inch equals 1,689 feet



Source Information

Property lines provided by Lake County GIS and modified by the Village. All other map layers developed by the Village of Lincolnshire GIS.

Village corporate limits as of January 1, 2018. Map printed 8/16/2018.

Limitation of Liability: The user agrees that it will at all times indemnify and hold the Village and its officers and employees harmless and free and clear of any liability arising from any act of omission or commission. The Village makes no claim as to the accuracy of this article and its associated data tables and assumes no responsibility for their position or content accuracy. In providing such articles, the Village assumes no obligation to assist the user in the use, development, or maintenance of any applications derived from this article. The Village assumes no responsibility for the accuracy of any subsequent copies of this article.

TITLE: 6
CHAPTER 6: Business Districts
ARTICLE: A, B1 Retail Business District



Sections:

- 6-6A-1: Intent and Scope of Regulations
- 6-6A-2: General Requirements
- 6-6A-3: Uses
- 6-6A-4: Lot Size Requirements
- 6-6A-5: Building Setbacks
- 6-6A-6: Building Height
- 6-6A-7: Signs
- 6-6A-8: Off-Street Parking and Loading
- 6-6A-9: Landscaping

6-6A-1: Intent and Scope of Regulations

This District is intended to provide a location suitable to accommodate a combination of retail, service and office uses in an intensive commercial core area. Permitted and special uses can be placed on relatively small zoning lots reflecting the historic development pattern of Half Day Road and to encourage a pedestrian environment in retail shopping areas.

As the village relies almost exclusively on retail sales generated from properties located in the village to fund its municipal services, this Article is also intended to regulate the conversion or elimination of retail sales establishments through the preservation and enhancement of sales tax generating uses, while also working with the property owners to maintain a viable tenant mix on various properties within this District.

6-6A-2: General Requirements

- A. Outdoor Business and Storage: All business, service, storage, merchandise display and repair processing, where allowed, shall be conducted only within a completely enclosed building except for off-street parking, off-street loading, open sales lots, automobile service facilities, and drive-thru facilities where such uses are allowed.
- B. Production of Goods: The production of any goods on the premises shall be associated with a Permitted and/or Special Use and incidental to the principal use, unless otherwise specifically provided herein.
- C. Performance Criteria: The use of equipment and goods processed or produced in the premises shall not be objectionable by reason of odor, dust, smoke, cinders, gas, noise, vibration, refuse matter or water-carried waste.
- D. Restrictions on Ground Floor Uses:
 - 1. Non-sales tax-generating uses shall be unlimited in structures constructed prior to January 1, 1995, subject to Chapter 13, Non-Conforming Buildings & Uses, of this Title.
 - 2. Non-sales tax generating uses in structures constructed after January 1, 1995 shall be

subject to the following restrictions:

- a. Gross Floor Area: A maximum 25% of the gross ground floor area per principal structure on a zoning lot shall be utilized for non-sales tax generating uses.
- b. Variance: Any request for an increase in the above restriction shall be subject to the Variance procedures of Section 6-14-9 of this Title.

6-6A-3: Uses

Uses permitted in the B1 Retail Business District are identified in the table below:

Uses	P = Permitted SU = Special Use
Banks and financial institutions, with drive-through facilities	SU
Banks and financial institutions, without drive-thru facilities	P
Catering establishment	SU
Convenience store	P
Day care center	SU
Day Spa, with massage services	SU
Day Spa, without massage services	P
Educational institution, private, business, trade school	SU
Food store, including candy/confectionery stores, dairy products and bakeries	P
Funeral home	SU
General retail and services uses	P
Government building (subject to the regulations of Section 6-6A-2(D))	SU
Liquor sales, package only	P
Musical instrument sales and repair, including accessory instruction/lessons	P
Office, business and professional (subject to the regulations of Section 6-6A-2(D))	P
Personal fitness/instruction studio (yoga, martial arts, dance), not including health club/athletic facilities	P
Pet shop, with limited boarding and/or sale of live animals	SU
Physician's office	P
Planned Unit Development (PUD), as regulated in Section 6-14-12 of this Title	SU
Printing, publishing, blueprinting and photocopying establishments with retail sales only	SU
Repair or servicing of any article, the sale of which is from a permitted use in this District	SU
Restaurants with Live Entertainment	SU
Restaurants, excluding Live Entertainment	P
Restaurants, Fast Food with drive-thru	SU
Restaurants, Fast Foot without drive-thru facility	P
Retail pharmacy/ drug store, without drive-thru facility	P
Vehicle Fueling Station, may include convenience store	SU
Any other similar use not specifically permitted in this Chapter, but which has substantially similar impacts on public services, traffic, parking and property values as the uses expressly permitted herein, is consistent with the trend in development within the District, and is complementary to the Village's reliance on non-property taxes to finance municipal operations.	P

6-6A-4: Lot Sizes

Uses	Minimum Lot Area	Minimum Lot Width
Permitted Uses	15,000 sq. ft.	100 ft.
Banks and financial institutions, with drive-through	40,000 sq. ft.	150 ft.
Funeral home	30,000 sq. ft.	200 ft.
Planned Unit Development	By Village Board	By Village Board
Restaurant with Live Entertainment	15,000 sq. ft.	100 ft.
Restaurant, Fast Food with drive-thru facility	45,000 sq. ft.	200 ft.
Special Uses, all others	7,500 sq. ft.	100 ft.
Vehicle Fueling Station, may include convenience store	45,000 sq. ft.	200 ft.

6-6A-5: Building Setbacks

Uses	Front	Side	Corner Side	Rear
Permitted Uses	10 ft.	8 ft.	10 ft.	15 ft.
Special Uses	10 ft.	8 ft.	10 ft.	15 ft.
Planned Unit Developments (PUD)	By Village Board			

Where a side and/or rear yard abuts any residential zoning district, excluding the R5 District, a transitional yard measuring twice the minimum yard requirement shall be required. Landscaping or fence screening a minimum of seventy-five percent (75%) opacity shall be provided along such transitional yards. Transitional yards shall not contain any off-street parking or other structures, except driveways, sidewalks, and landscaping.

6-6A-6: Building Height

In the B1 District no building shall exceed two and one-half (2-1/2) stories or thirty feet (30') in height including rooftop equipment.

6-6A-7: Signs

Signs shall be subject to the regulations contained in Title 12 of this Code.

6-6A-8: Off-Street Parking and Loading

Off-street parking and loading facilities shall be provided as required in Chapter 11 of this Title. (Ord. 86-885-22)

6-6A-9: Landscaping

Landscaping shall be subject to the regulations contained in Title 13 of this Code

TITLE: 6
CHAPTER 6: Business Districts
ARTICLE: B, B2 General Business District



Sections:

- 6-6B-1: Intent and Scope of Regulations
- 6-6B-2: General Requirements
- 6-6B-3: Uses
- 6-6B-4: Lot Sizes
- 6-6B-5: Building Setbacks
- 6-6B-6: Building Height
- 6-6B-7: Signs
- 6-6B-8: Off-Street Parking and Loading
- 6-6B-9: Landscaping

6-6B-1: Intent and Scope of Regulations

The intent of the B2 District is to accommodate those uses which require substantial land area, are major travel destinations, require substantial support parking and draw their clientele or employees from the regional market. Often times such uses require a high degree of access and roadside visibility or exposure from major thoroughfares.

As the village relies almost exclusively on retail sales generated from properties located in the village to fund its municipal services, this Article is also intended to regulate the conversion or elimination of retail sales establishments through the preservation and enhancement of sales tax generating uses, while also working with the property owners to maintain a viable tenant mix on various properties within this District.

6-6B-2: General Requirements

- A. Outdoor Business and Storage: All business, service, storage, merchandise display and repair processing, where allowed, shall be conducted only within a completely enclosed building except for off-street parking, off-street loading, open sales lots, automobile service facilities, and drive-thru facilities where such uses are allowed.
- B. Production of Goods: The production of any goods on the premises shall be associated with a Permitted and/or Special Use and shall be incidental to the principal use, unless otherwise specifically provided herein.
- C. Performance Criteria: The use of equipment and goods processed or produced on the premises shall not be objectionable by reason of odor, dust, smoke, cinders, gas, noise, vibration, refuse matter or water-carried waste.
- D. Restrictions on Ground Floor Uses:
 - 1. Non-sales tax-generating uses shall be unlimited in structures constructed prior to January 1, 1995, subject to Chapter 13, Non-Conforming Buildings & Uses, of this Title.
 - 2. Non-sales tax generating uses in structures constructed after January 1, 1995 shall be subject to the following restrictions:

- a. Gross Floor Area: A maximum 25% of the gross ground floor area per principal structure on a zoning lot shall be utilized for non-sales tax generating uses.
- b. Variance: Any request for an increase in the above restrictions shall be subject to the Variance procedures of Section 6-14-9 of this Title.

6-6B-3: Uses

Uses permitted in the B2 General Business District are identified in the table below:

Uses	P = Permitted	SU = Special Use
Any Permitted Use in the B1 Retail Business District	P	
Any Special Use in the B1 Retail Business District		SU
Assembly Uses, as defined in Chapter 2 of this Title		SU
Automotive service facility		SU
Bowling alley establishment	P	
Colleges, universities, or vocational schools		SU
Convalescent, sheltered care facilities and group or nursing homes	P	
Drinking establishments, including Live Entertainment		SU
Hotels		SU
Motor vehicle sales establishments		SU
Parks and playgrounds	P	
Radio and television station, excluding transmission towers		SU
Recreation facility, public or private, as defined in Chapter 2 of this Title		SU
Retail shopping centers	P	
Urgent medical care center/clinic		SU
Any other similar use not specifically permitted in this Chapter, but which has substantially similar impacts on public services, traffic, parking and property values as the uses expressly permitted herein, is consistent with the trend in development within the District, and is complementary to the Village's reliance on non-property taxes to finance municipal operations.		P

6-6B-4: Lot Sizes

Uses	Minimum Lot Area	Minimum Lot Width
Permitted Uses	30,000 sq. ft.	200 ft.
Automotive service/repair facility	30,000 sq. ft.	100 ft.
Motor vehicle sales establishment	30,000 sq. ft.	300 ft.
Planned Unit Developments(PUD)	By Village Board	By Village Board
Special Uses, all other	30,000 sq. ft.	200 ft.

6-6B-5: Building Setbacks

Uses	Front	Side	Corner Side	Rear
Permitted Uses	50 ft.	20 ft.	50 ft.	25 ft.
Special Uses, all others	50 ft.	20 ft.	50 ft.	25 ft.
Planned Unit Development (PUD)	By Village Board			

Where a side and/or rear yard abuts any residential zoning district, excluding the R5 District, a transitional yard measuring twice the minimum yard requirement shall be required. Landscaping or fence screening a minimum of seventy-five percent (75%) opacity shall be provided within such transitional yards. Transitional yards shall not contain any off-street parking or other structures, except driveways, sidewalks, and landscaping.

6-6B-6: Building Height

In the B2 District no building shall exceed three and one-half (3-1/2) stories or forty two feet (42') in height including rooftop equipment.

6-6B-7: Signs

Signs shall be subject to the regulations contained in Title 12 of this Code.

6-6B-8: Off-Street Parking and Loading

Off-street parking and loading facilities shall be provided as required in Chapter 11 of this Title. (Ord. 86-885-22)

6-6B-9: Landscaping

Landscaping shall be subject to the regulations contained in Title 13 of this Code



Industry Insights

April 12, 2018

Shopping Centers Becoming Consumer Centers

Alongside Traditional Retailers, Non-Retail Tenants are Providing Convenience and Experiences

Key Takeaways

- Large shares of consumers have patronized food and beverage service establishments (79%), leisure/entertainment venues (64%), medical/health/wellness facilities (51%), and other services (69%) in shopping centers in the first quarter this year.
- Roughly one-quarter (26%) of adults visit non-retail tenants all or most of the time while at the mall and slightly more (28%) do the same when visiting an open-air center.
- Nearly half (45%) of consumers say the presence of non-retail tenants increases the amount of time spent at the center, while about two-fifths (38%) claim they encourage more frequent visits.

Shopping center landlords seeking to accommodate consumer preferences for more convenient and engaging environments are adding more non-retail or service-based tenants. *By no means* does this indicate that retail is losing its status as the primary driver to shopping centers. An ICSC consumer survey¹ conducted earlier this year found the top reasons for visiting malls are still retail-related: “visiting department stores,” “browsing,” and “visiting specialty shops.” Services, like seeing movies and dining, ranked lower.

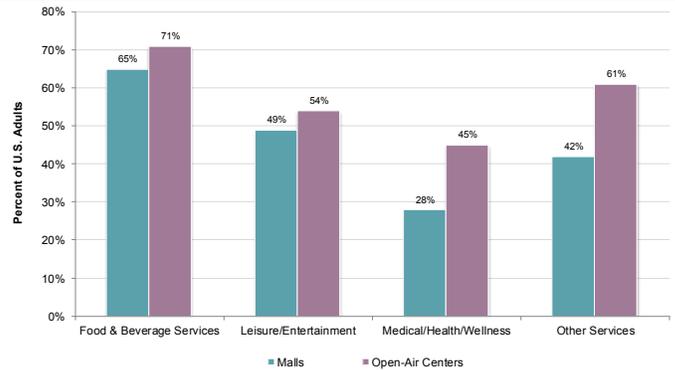
ICSC analysis of U.S. Census Bureau data shows that in 2017, **services, including food and beverage (F&B), salons, laundromats, movie theaters, fitness/recreational sports centers and others generated roughly one-fifth of sales at retail real estate**, while pure retail comprised the remaining share. Furthermore, data provided by CoStar Realty Information Inc., (www.costar.com), shows **non-retail/non-restaurant space in shopping centers specifically increased by 3.9 percentage points between 2012 and 2018 (from 19.2% to 23.1%)**. Because non-retail tenants represent a growing share of the retail real estate landscape, ICSC surveyed² consumers about the various concepts and evaluate the impact those are having on their shopping behaviors.

Non-Retail Tenants Popular, But Traditional Retail Paramount

Overall, in the first quarter of 2018, large shares of the U.S. adult population have visited shopping centers, both malls and open-air, and **spent on F&B (79%), leisure/entertainment (64%), medical/health/wellness (51%), and other services³ (69%)**. (See Chart 1.) Open-air

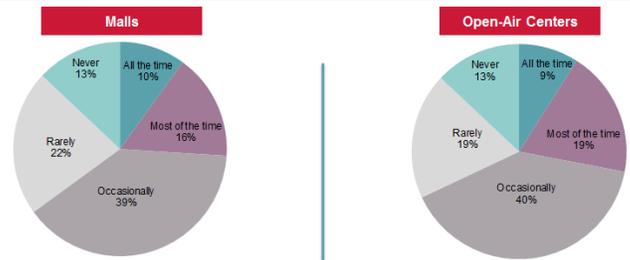
centers—unsurprisingly, since there are more of them, with a typically more diverse service tenant mix—saw a greater percentage of consumers spending in those categories, as shown in Chart 2. Malls, however, experienced nearly as much activity at restaurants and drinking establishments and at leisure/entertainment venues.

Chart 2:
Shares of Consumers Spending at Non-Retail Tenants by Shopping-Center Type



During their mall visits, roughly one-quarter (26%) of adults visit non-retail tenants all or most of the time and slightly more (28%) do the same when visiting open-air centers. (See Chart 3.) At each of those properties, only 13% say they never visit them. Millennials are more likely to visit these establishments more often compared with Gen X and baby boomers.

Chart 3:
Frequency of Spending at Non-Retail Tenants During Trips to Shopping Centers



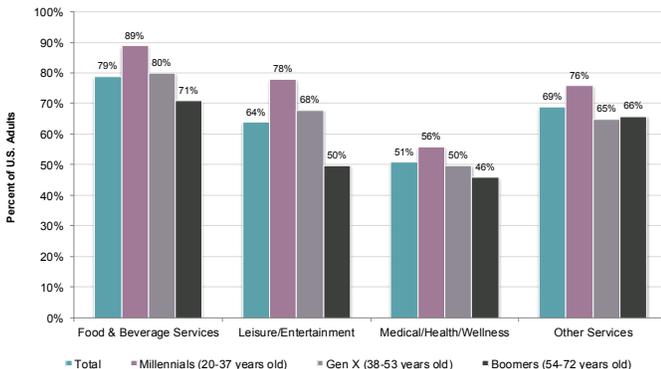
Despite the above data indicating that large shares of adults are patronizing non-retail tenants in shopping centers, this trend has *not* come at the expense of retailers; the establishments still primarily driving visits to those destinations. Proof of this lies in consumer expenditures by type of purchase. Since January, mall shoppers have spent on average 1.5 times more on goods than services, and at open-air centers, on average they spent 2.8 times more on goods.

Casual Restaurants and Movie Theaters See Largest Numbers

Non-retail concepts across a broad spectrum are setting up shop in traditional retail centers. Table 1 lists the most popular of those that consumers visited in the past three months, segmented by category and shopping center format. Although some of them are already well-established shopping center tenants, newer occupants, like food halls,

Chart 1:

Shares of Consumers Spending at Non-Retail Tenants in Shopping Centers by Category and Age in Q1 2018



¹ Findings from the “ICSC 2018 Mall Survey” were highlighted in: “[Consumers See a Bright Future in Malls](#),” *Industry Insights: Consumer Series*, March 2018.

² These results are based on a representative poll of 1,004 adults in the U.S., conducted between March 29 and April 1, 2018 by ORC International on behalf of ICSC.

³ This category includes services such as dry cleaners, banks, salons, pet-care facilities, childcare, places of worship, schools/training facilities, repair shops, and community gathering spaces



Table 1: Non-Retail Tenant Concepts Consumers Visited in the Past Three Months by Shopping Center Format		
	Malls	Open-Air Centers
Food & Beverage Services	<ol style="list-style-type: none"> Food courts (66%) Casual/fast-casual (48%) Fast-food/coffee/yogurt (46%) Food halls (26%) Independent ("mom-and-pop") restaurants (20%) 	Casual/fast-casual (60%) Fast-food/coffee/yogurt (55%) Independent ("mom-and-pop") restaurants (46%) Craft breweries/beer gardens (28%) Market halls/farmers markets (27%)
Leisure/Entertainment	<ol style="list-style-type: none"> Movie theaters (66%) Bowling alley/billiards/arcade (28%) Aquarium/amusement parks (19%) Museum/cultural center (19%) Sports/recreation center (18%) 	Movie theaters (61%) Performance/event gathering space (36%) Bowling alley/billiards/arcade (34%) Aquarium/amusement parks (32%) Museum/cultural center (27%)
Medical/Health/Wellness	<ol style="list-style-type: none"> Dentist/eye care/hearing center (40%) Gyms/fitness centers/yoga studio (34%) Massage parlor/spas (33%) Primary/urgent care clinic (31%) Imaging centers/radiology (25%) 	Primary/urgent care clinic (51%) Dentist/eye care/hearing center (50%) Gyms/fitness centers/yoga studio (40%) Imaging centers/radiology (27%) Physical therapy/chiropractor (26%)
Other Services	<ol style="list-style-type: none"> Hair/nail salon (43%) Banks (37%) Copy/print centers, pack & ship (20%) Dry cleaners/laundromat (19%) Pet grooming/animal care (19%) 	Banks (64%) Hair/nail salon (42%) Pet grooming/animal care (28%) Repair/maintenance shops (27%) Dry cleaners/laundromat (24%)

family entertainment attractions, sports/recreation centers, cultural centers, gyms, urgent care and pet-care facilities, did rank among the top venues consumers visited so far this year at malls and open-air centers.

Separately, within retail stores themselves, non-retail uses and services are also being incorporated for added consumer convenience. Within the past three months, **61% of adults have used a service within a retail establishment that is not part of the company's core business.** The most popular of these include: F&B (31%), banking/financial services (21%), health/medical clinic (18%) and salons (16%).

Longer Stays and More Frequent Visits

Consumers confirm changes to their behaviors as a result of the presence of non-retail or service tenants in shopping centers. **Nearly half (45%) say that as a result of those tenants specifically, they generally spend more time at shopping centers, while about two-fifths (38%) claim those establishments, encourage more frequent visits.** (See Chart 4.) *These findings do not imply that the remaining*

shares of consumers either spend less time or make fewer visits, as they are not reflective of overall shopping center behaviors. They solely provide insight on the direct impact of non-retail tenants.

Additionally, consumers say non-retail tenants make their visits **more efficient and enjoyable (49%)** and they **prefer visiting centers that have a wide variety of those establishments compared with those that have few (44%).** This year's survey also showed that consumers value the entertainment component of shopping centers more than in the past. Only one-third (33%) of adults said entertainment was not something they looked forward to in shopping centers. When the same question was asked in the ICSC/Gallup Survey on Shopping Centers in 1990, two-thirds (66%) of adults said the same. The entertainment aspect of shopping centers has certainly become a mainstay over the 28-year period.

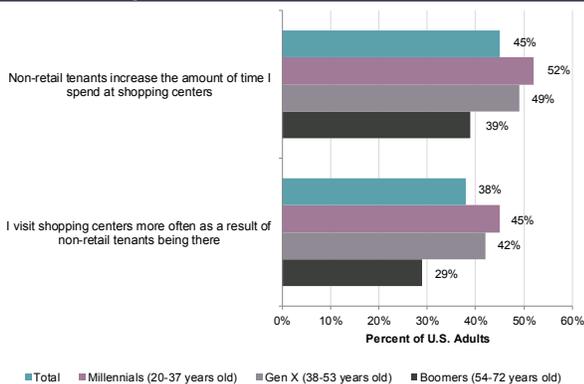
Still Room for More Non-Retail Tenants in Shopping Centers

Despite consumers' widespread use of non-retail and service tenants, they are interested in seeing more of them in the shopping centers they visit. Though already the most prevalent, **the top non-retail tenants consumers want to see more of are F&B services (34%).** Those are closely followed by entertainment (33%) as well as personal care services (20%), medical/health clinics (19%) and gyms/fitness centers (17%). There is a slight difference between the generational cohorts in terms of these preferences. While Gen Xers and boomers would like additional F&B services, millennials want to see more entertainment options.

Conclusion

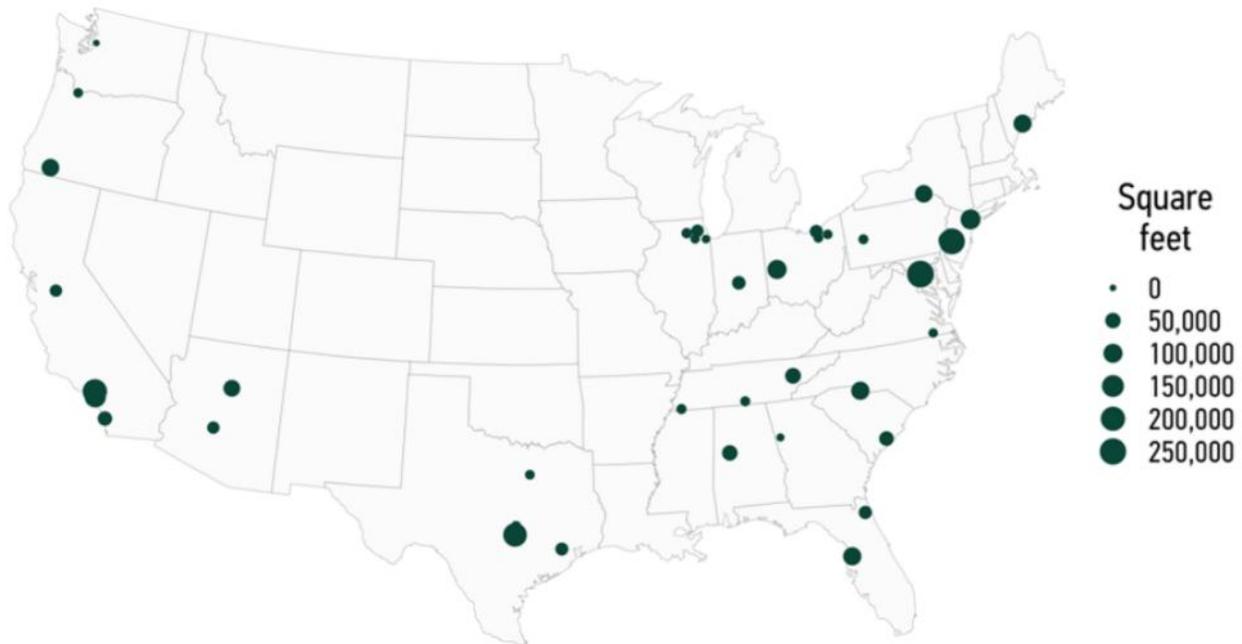
Adding more non-retail tenants to shopping centers is a direct response within the retail real estate industry to accommodate changing shopping behaviors and new preferences. As many consumers shift their preference from spending mainly on goods to spending more on entertainment and experiences, today's successful retail destinations are diversifying their tenant mix, choosing more service-oriented concepts. **By expanding the offering and allowing consumers to get whatever they want, wherever they want, shopping centers are becoming consumer centers.**

Chart 4:
Shares of Consumers Spending More Time at Shopping Centers and Visiting More Often Due to Non-Retail Tenants



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This map shows the millions of square feet in Sears store closures. // David Montgomery/CityLab

The 2018 Retail Apocalypse, in 6 Charts and a Map

DAVID MONTGOMERY DEC 28, 2018

Store closures are up as online shopping grows—but other measures suggest brick-and-mortar retail is still doing OK.

One of the big trends of 2017 was the ongoing “retail apocalypse,” the apparent disaster of declining sales and store closures facing brick-and-mortar retailers.

Well, 2018 was more of the same. One year after rounds of store closures by J.C. Penney and Macy's, 2018 brought shutdowns by Sears and Toys "R" Us—not to mention Mattress Firm, Bon-Ton, Abercrombie & Fitch and more.

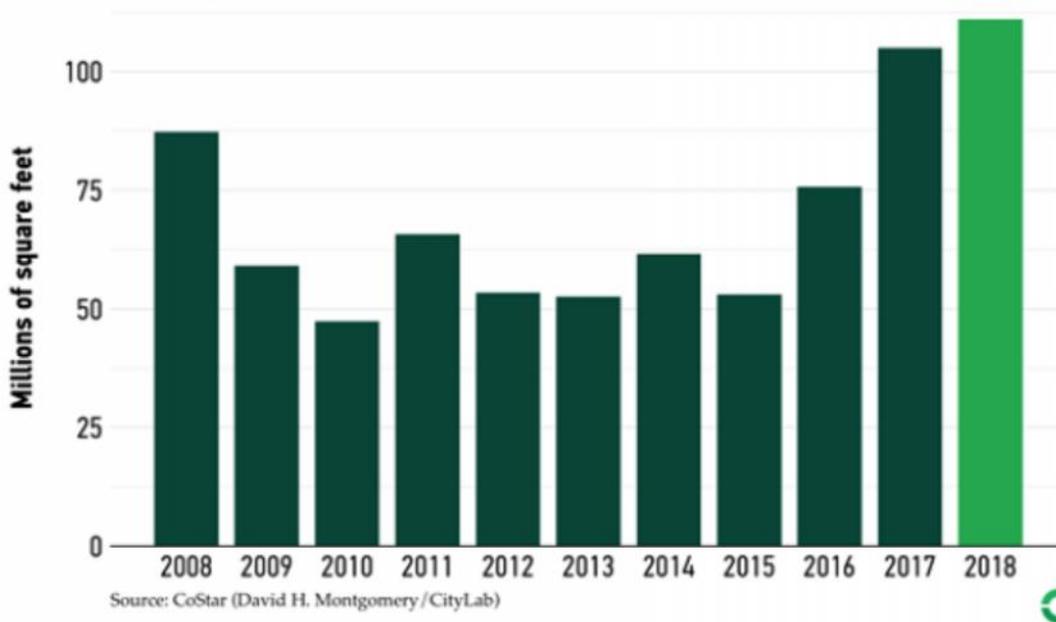
But just how apocalyptic is this retail apocalypse? CityLab took a closer look at the data and found a much more ambiguous picture than the headlines might suggest.

Store closures reached new highs

It's absolutely true that we're seeing a heightened level of retail closures. Even as of August, the U.S. had hit a 10-year high in retail square footage closed down—even higher than during the peak of the Great Recession.

Announced retail closures by square footage

2018 data as of August.



This has been driven by closures of some of America's most prominent retailers, which had been anchor tenants in major shopping centers. Sears, for example, is closing millions of square feet of its giant retail stores around the country as part of a bankruptcy.

Millions of square feet of Sears stores are closing

Map shows only Sears stores with confirmed square footage.



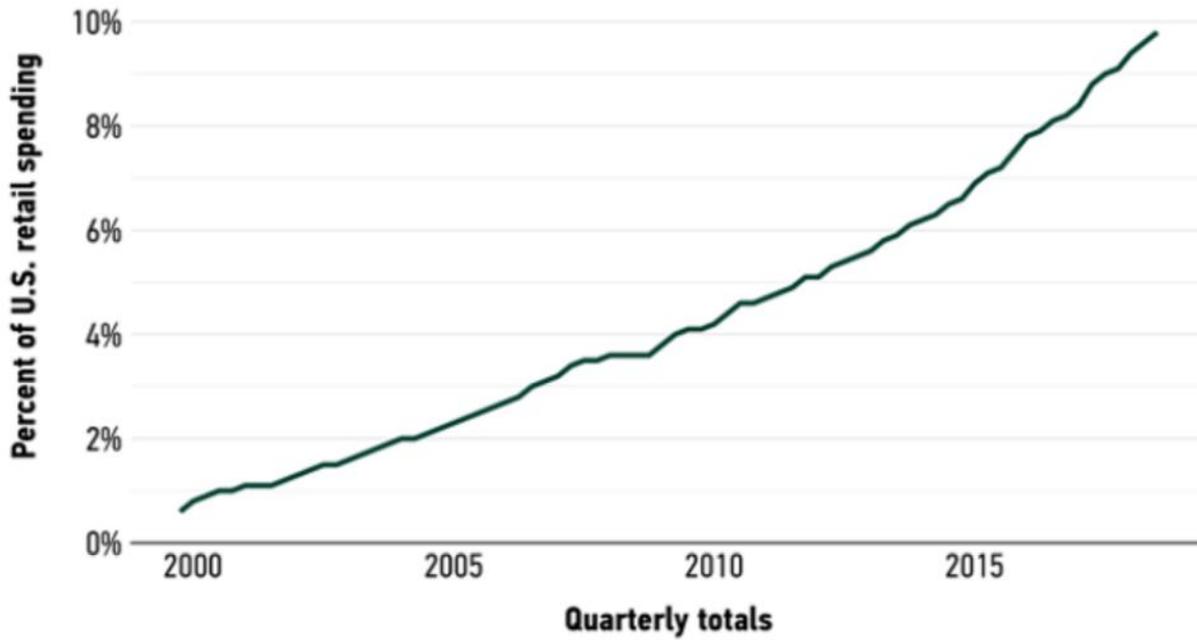
Source: Thinknum Media, media.thinknum.com (David H. Montgomery/CityLab)



But what about sales?

All these closures are happening against a gradual move of retail from brick-and-mortar stores to the internet:

Percent of U.S. retail spending made online

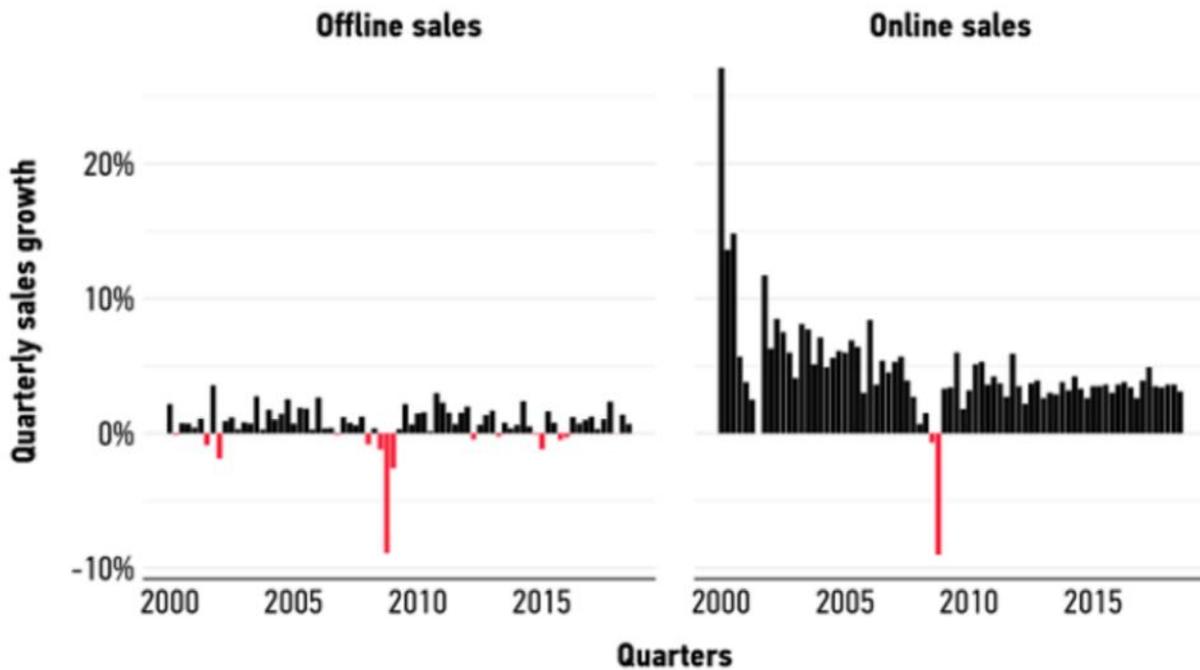


Source: U.S. Census (David H. Montgomery/CityLab)



But offline retail isn't actually on a downward trend. It's still growing—just more slowly than online retail.

Offline retail has been growing much slower than online



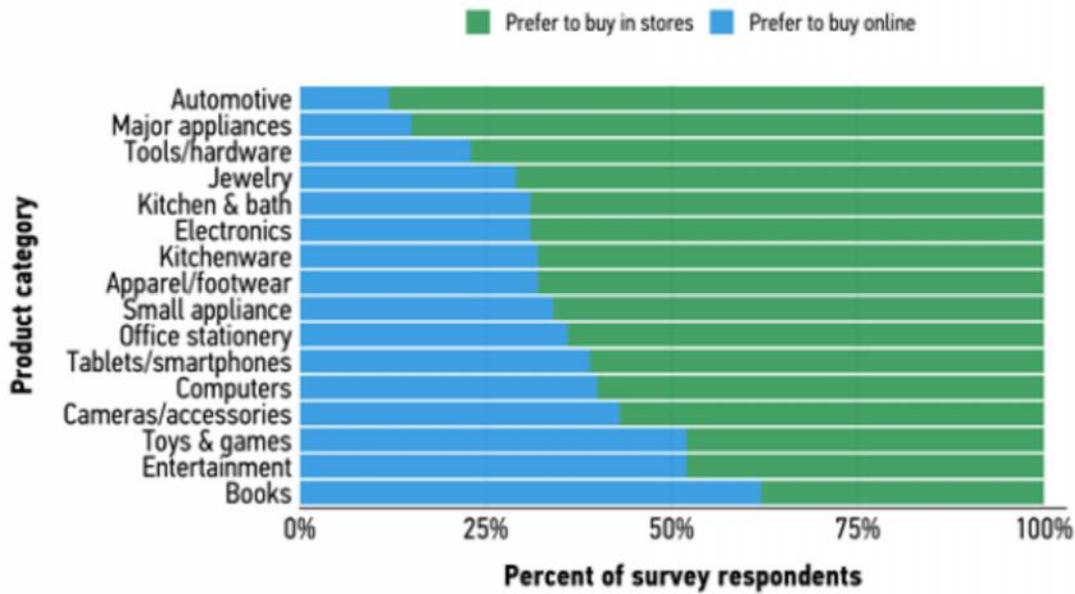
Source: U.S. Census (David H. Montgomery/CityLab)



Some retail sectors are being hurt worse than others

A recent survey shows Americans like to buy things like books and games online—but still prefer to go in person for many other items, including cars, appliances, and jewelry.

Americans still prefer to buy many goods in stores

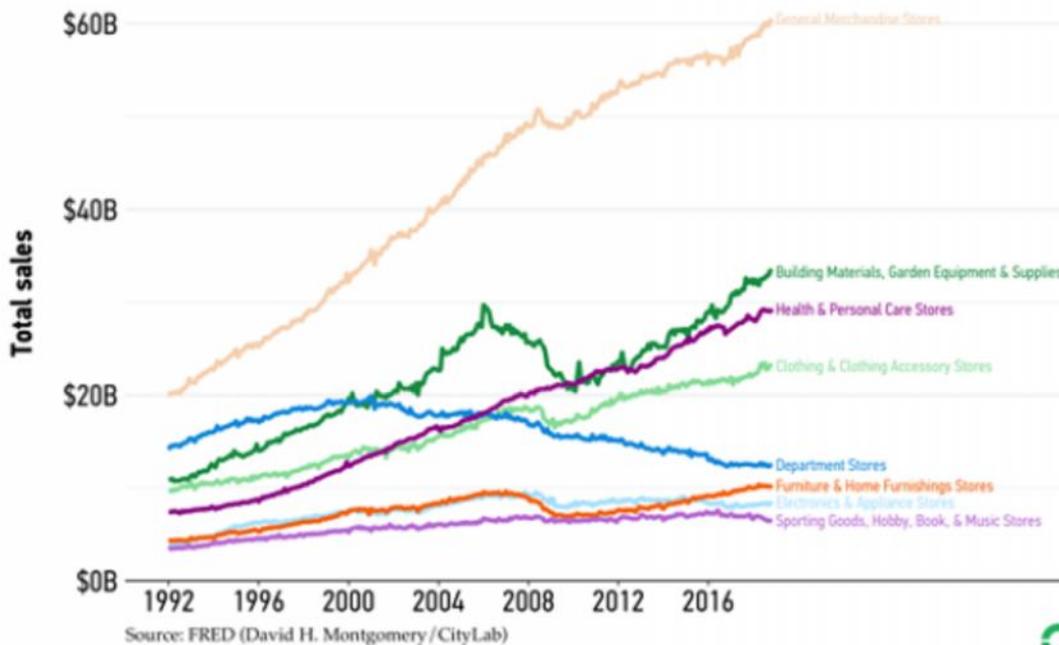


Source: eMarketer/Statista (David H. Montgomery/CityLab)



This shows up in sales data. Department stores have had a rough go of it, while “general merchandise” stores like Target have been doing well. Electronics, sporting goods, books, and music have all seen total sales stagnate since the Great Recession.

Seasonally adjusted sales in U.S. retail sectors



This ambiguity shows up in the stock market, too

Stock market funds tracking big retailers have had mixed results in recent years. Many have been flat for several years, but at least one has boomed until the recent stock market decline.

Retail exchange-traded-fund stock performance



The big picture

It's been a rough time for many prominent American retail chains—and the sector's future prospects don't look rosy. But "apocalypse" might be an overstatement. Some parts of the brick-and-mortar retail world are doing just fine, and despite pressure from online retail and some high-profile collapses—many driven by debt from leveraged buyouts—the brick-and-mortar retail sector is overall more limping than falling.

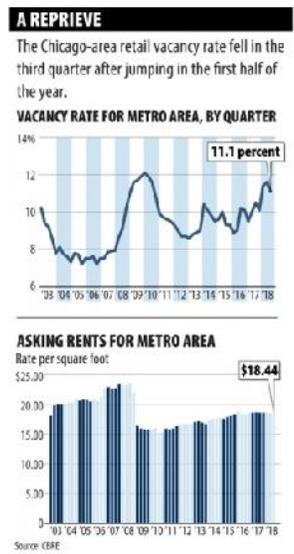
CRAIN'S CHICAGO BUSINESS

October 15, 2018 12:15 PM

Retail vacancies fall, but many landlords still struggling

Though the economy is booming, the local retail vacancy rate, at 11.1 percent, is still near recessionary levels, pulled up by the recent demise of retailers like Toys R Us and Sports Authority.

ALBY GALLUN  



Though the economy is booming, the local retail vacancy rate, at 11.1 percent, is still near recessionary levels, pulled up by the recent demise of retailers like Toys R Us and Sports Authority.

CORRECTED

The local retail real estate market took a turn for the better in the third quarter, but it's still not good.

The Chicago-area retail vacancy rate fell to 11.1 percent in the quarter, down from **11.6 percent** in the second quarter, according to the Chicago office of CBRE. The decline will come as a relief to local landlords who have struggled to keep their shopping centers full as retail chains continue to retrench in the e-commerce era.

Though the economy is booming, the local retail vacancy rate is still near recessionary levels, pulled up by the recent demise of retailers like **Toys R Us** and Sports Authority. The rate is closer to its prior peak of 12.1 percent in 2010 than it is to its previous low of 8.6 percent in 2013.

But the recent drop shows that some landlords are finding ways fill space vacated by Sports Authority and other defunct chains, said Peter Graham, first vice president at CBRE. Apparel and other traditional retailers are out. Fitness and entertainment

chains are in. In the biggest local retail lease of the quarter, Urban Air, a chain of indoor trampoline parks, took over a 50,000-square-foot Babies R Us store in Naperville that Toys R Us shut down during its bankruptcy liquidation. Another trampoline park, Altitude Trampoline, leased a 27,507-square-foot former Bed Bath & Beyond store in Oswego.

The narrative about brick-and-mortar retailing will remain negative, focusing on the rising threat from internet shopping. The [Sears bankruptcy](#) will only reinforce that story, especially if the department store ends up liquidating and closing all its stores. Most of its stores are in shopping malls, which are not included in CBRE's retail vacancy data.

But shopping center landlords are adapting to the changing market by pursuing e-commerce-resistant tenants like restaurants or bowling alleys and [redeveloping their properties](#) by adding new uses, like apartments, to diversify their rental income.

"You're turning it into something that's dynamic," Graham said.

Moreover, recent sales figures show the local retail market isn't as bad as some may think it is. Retail sales in the Chicago area rose 5.1 percent in the first quarter over the year-earlier period, and 3.9 percent year-over-year in the second quarter, according to Melaniphy & Associates, a Chicago-based consulting firm.

Still, most retail experts agree that the country has more retail space than it needs. In a brick-and-mortar market that's expected to shrink over the long term, the strong locations will win and the weak ones will lose.

"We'll continue to see people going after the good real estate," Graham said. "If it's 'C' real estate, they're going to continue to struggle."

Though the local vacancy rate dropped in the quarter, Graham doesn't see the beginning of a downward trend. He expects the rate to hover at about the same level over the next year.

The south suburbs had the highest vacancy rate, 22.8 percent, among all Chicago-area submarkets in the quarter, according to CBRE. The North Side of Chicago had the lowest rate, 5.7 percent.



Global retail trends 2018

Global Consumer & Retail

March 2018



Introduction

Over the last few years, we've heard about the **disruption** that is coming. In reality, we are already **disrupted**. The new retail world that we have been promised is here.

The tools, strategies and technologies required to be successful in this new world are available. The toolbox for success is here, and it's up to retailers to choose the right tools from the toolbox in order to grow their business.

In this document, we discuss some of the biggest retail trends impacting our industry and highlight how some companies are responding.

If you would like more information regarding this document please contact [Dev Devani](#) or [Dan Coonan](#) from the Global Consumer & Retail team at KPMG.





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Top Retail trends

1

The customer experience is more important than ever

The customer experience is more important than ever as retailers are striving to differentiate themselves in a challenging and crowded market. Consequently, experience per square foot will be the new retail metric to measure success.

2

Artificial intelligence will gain more clout

Artificial Intelligence will gain more clout with some executives predicting that 85 percent of all transactions will be AI based by 2020. 2018 will be the year we see AI being deployed at scale.

3

The rise of the conscious customer will continue

The rise of the conscious customer will continue as consumers base their buying decisions on many factors beyond price. These new consumers, led and influenced by millennials, are exerting influence on retailers and forcing them to take action.



05 Trends for 2018



The retail world we were promised is now here

The retail world we were promised is now here – it has changed and will continue to impact the path to purchase. We've arrived at the intersection of elevated consumer expectations and technical possibility.

4

A tale of two hemispheres is playing out

A tale of two hemispheres is playing out as platform players and non traditional retailers expand their reach and offerings. The juxtaposition between what is happening in the West and the East will dominate the retail landscape with the latter in many cases moving faster than the former.

5

Trend 1:

The customer experience is more important than ever





Welcome to the experience economy where we have a new metric for a new era.

Experience per square foot will become an important metric for retailers.

Traditionally, the primary measure of retail performance has been sales per square foot. However, as stores become experience hubs as well as points of sale, retailers are thinking differently about the metrics they use to measure performance.

According to the 'Customers 2020 study by Walker, a customer intelligence consulting firm:

“ *Customer experience will overtake price and product as the key brand differentiator by the year 2020.* ”

Trend 1:

The customer experience is more important than ever

Successful retailing in 2018 comes down to obsessing about customer experience. Essential to achieving this is digital and physical touchpoints working together seamlessly.

Despite the notion of the demise of brick-and-mortar stores, physical retail isn't actually dead, but boring retail is. Store closures in certain countries hit all-time highs in 2017. The list of longstanding retail brands that shut their door is too long to list. Often overlooked is the fact that many stores opened as well. We will see a similar pattern in 2018. By January 2019, 90 percent of all retail will still be done in physical stores. Iconic retail brands like Apple, Sephora and Costco continue to succeed, despite relying mainly on brick-and-mortar stores.

As a consequence, new classes of retailers are emerging. There are retailers who started online and are moving to physical brick-and-mortar and others are merging "bricks and clicks." Retailers are seeking to understand their share of consumer spending, and how their consumers search, shop and buy in order to devise new retail models. Whether that means, having a show room or only having a strong presence in e-commerce, retailers are reinventing how they do business.

So, why aren't physical stores dead? Put simply, stores that are doing well offer a customer experience that meets or exceeds customer expectations. Joe Mach, the President of North America at Verifone predicts consumers will visit physical stores as long as there are new and interesting reasons to go. Leading retailers take advantage of their physical spaces to maximize experience per square foot and the real-life interactions customers have there. In summary, customers will shop where they enjoy their experience, this could be on a single channel or a combination of channels.





As retailers enter 2018, they are already seeing that if customers are going to visit a store, it needs to be about more than just the transaction. Retailers need to offer something you can't get online. They need to offer an experience.

Case studies

Nike

"Nike's latest store in New York is like LEGOLAND for people who love sports."

Nike opened a new five-story, 55,000 square foot store in New York City. It features a mini indoor basketball court, a treadmill, a system that simulates runs in different locations, a small soccer enclosure, a shoe bar where shoppers can personalize a pair of Nike Air Force and coaches who put customers through drills to test out different pairs of shoes. It is as much a place to play as it is a place to shop. Nike is demonstrating that it understands how brick-and-mortar retail is changing in the age of e-commerce and also how to create a memorable customer experience.

Ulta Beauty

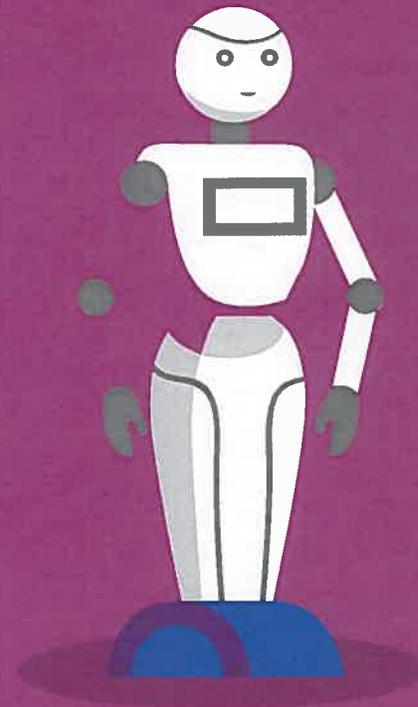
Ulta Beauty is among the largest US beauty retailers and is currently the fastest-growing specialty retailer. In 2016, overall sales grew 23.7 percent. In 2017, Ulta's digital sales grew a staggering 71 percent in the first quarter, contributing to a 14.3 percent increase in comparable sales.

Ulta has a deep understanding of what customers want from their shopping experience. It combines high-end and drug store products to create a beauty superstore for its customers. Apart from this mix of products and beauty support, Ulta's main differentiator is its in-store hair, skin and eyebrow treatments that keep customers in their stores longer.

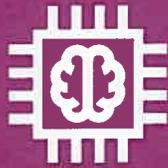
"The notion of continuing to have a wonderful shopping experience with a great assortment of products and categories and brands, plus services, plus the ability to have a great online experience... we see a plenty of runway for us to continue to be a very relevant both brick-and-mortar and online player," said CEO Mary Dillon.

Trend 2

Artificial
intelligence
will gain
more clout



Retail experts at the National Retail Federation's 2018 Big Show said that retailers should be using artificial intelligence to solve specific problems, not just deploy it for its own sake. In 2018, **retailers will start to discover the value that AI can bring to their business.**



Definition of AI:

An area of computer science that deals with giving machines the ability to seem like they have human intelligence. In short, it is the power of a machine to copy intelligent human behavior.

Example: Robotic process automation (RPA) is being applied to highly repetitive tasks normally performed by humans.

Business examples:

- Machine learning algorithms are being integrated into analytics and Customer Relationship Management (CRM) platforms to uncover information on how to better serve customers.
- Chatbots have been incorporated into websites to provide immediate service to customers.

Charlie Cole, global Chief E-commerce Officer at Samsonite tells Forbes that 2018 is the year that:

“*Artificial intelligence will have its breakthrough moment. More and more retailers will start using it to power various parts of the retail and e-commerce experience.*”

Trend 2:

Artificial intelligence will gain more clout

Katrina Gosek, Director of commerce product strategy at Oracle, says that AI will “finally (be) something that helps retailers reach that holy grail” of personalization.

Back in 2016, Gartner predicted that by 2020, 85 percent of customer interactions would be managed without human involvement. In 2018 we will see AI adoption continue to rise with chatbots taking the lead. Due to increasing ease of deployment, instant availability and improved quality, chatbots will become more and more common to manage customer service queries and to make intelligent purchase recommendations. We will also see the rise of AI-powered conversational interfaces and voice assistants. Retailers can engage this kind of technology to answer routine questions and supplement human customer support with chat-based shopping or voice commerce.

Alongside having the technology available, retailers now also have a significant amount of data to power AI and deliver personalized, customized and localized experiences to customers. AI will be applied across the entire retail product and service cycle, from manufacturing to post-sale customer service interactions. Retailers using AI to its fullest potential will be able to influence purchases in the moment and anticipate future purchases, guiding shoppers towards the right products in a regular and highly personalized manner.

In order to maximize the impact of AI, in 2018 we will see new partnerships and collaborations between retailers and technology companies emerge. Retailers recognize that building or buying the technology they need isn't the best use of their resources. Instead, we will see a rise retailers partnering with niche technology players – collaboration will be the key to success.





Artificial Intelligence isn't just for the movies anymore. Customers are now demanding better, faster and personalized experiences. Retailers need to meet this demand and AI technology can help.

Case studies

Taco Bell

Meet Tacobot. Taco Bell's chatbot that will never let you go hungry. Tacobot is currently in private beta mode and requires a quick install. However as soon as it is installed, you can start chatting and ask it questions about the menu, recommendations, special offers and dietary requirements and even ask how Tacobot is feeling.

Tacobot is connected to your ta.co account, so that all your favorites, including locations, are stored and transferred over. You can place your order for pickup or through their partnership with DoorDash, and have it delivered straight to your door.

Amazon

Not only is Amazon using AI, they are also selling it. They are penetrating the mass market with their Echo and Alexa devices, and nearly overnight it has become the norm to speak to a small device in your home, and to many it almost feels like part of the family.

The Amazon bot personality Alexa uses chatbot technology and voice recognition simultaneously. The goal of Echo is to create a seamless user experience anywhere in the user's home. By speaking directly to Alexa, you can place food orders, play music, plan events, check your calendar, make phone calls and so on. The list is endless and all you need to do is talk to her.

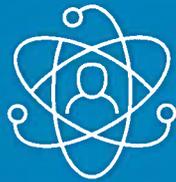
Voicebot estimates that total shipments of Amazon Echo devices were 20.54 million through Q3 of 2017. In Q4 of 2017, it is said Amazon sold "tens of millions" of Echo hardware devices. Echo Dot was the top-selling product on Amazon across all categories.

Trend 3

The rise of the
conscious
customer
will continue



Authenticity is on the tip of the tongue of every marketer today. The question is, why has it suddenly become a major factor in the customer decision-making process?



In an age of authenticity where consumer trust has plummeted,

customers are now demanding transparency. Honesty and authenticity have emerged as the attributes that matter most to customers. Consumers, more than ever before, are holding brands to a higher standard.

An international survey by Cohn & Wolfe found that **87 percent** of global consumers felt that it was important for brands to:

“*Act with integrity at all times, ranking authenticity above innovation (72 percent) and product uniqueness (71 percent) when asked what they valued most in a brand.*”

Trend 3:

The rise of the conscious customer will continue

Customers are demanding transparency as they take an increased interest in the ethical practices of the brands they buy from. Furthermore, customers today who are more tech savvy, have a much keener eye for authenticity versus marketing speak.

Today's customers have a well-developed sense of what is authentic and what is solely intended to drive sales. This has led to a rise in consumers who make values based judgements about what to buy and where to shop. These consumers believe their purchase habits have an impact on the world. To win customers today, businesses need to stand for something and reflect that message consistently throughout the entire business from senior leadership through to front line staff.

The conscious consumer movement is growing. One third of UK consumers, for example, claim to be very concerned about issues regarding the origin of products. In another example, a study from YouGov and the Global Poverty Project revealed that 74 percent of those surveyed would pay a higher cost for their clothes if there was a guarantee that workers were being paid fairly and working in safe conditions.

Authenticity is especially key unlocking the wallets of customers of all ages. Millennials are having a deep impact on the generations that came before them (Boomers, Gen X etc.) as well as the one that comes next: commonly referred to as Gen Z.

A Global Corporate Sustainability Report published by Nielsen indicates that, globally, 66 percent of consumers are willing to spend more on a product if it comes from a sustainable brand. Millennials gave an even more impressive showing, with 73 percent indicating a similar preference. Simply put, customers want the companies they buy from to practice sustainability, strong ethical behavior and transparency. Customers want to buy an honest brand.

Retailers have to be authentic and transparent, but they also need to communicate this in a sophisticated and trustworthy way, or consumers may turn to another brand.





In this business environment, brands and retailers are required to focus more on corporate social responsibility. As Sir Martin Sorrell, head of the world's largest advertising group WPP, said "doing good is good business."



Case studies

Brandless

Brandless is an American company that openly states, "our mission is deeply rooted in quality, transparency, and community-driven values. Better stuff, fewer dollars. It's that simple."

It sells a wide variety of products for a universal flat fee of US\$3. On its website, it says that *BrandTax™* is the hidden costs you pay for a national brand. This is how they have managed to keep costs so low.

Brandless focuses on what matters to their customers. They offer organic, non-toxic, hypoallergenic products that haven't been tested on animals. They believe in helping the consumer and the world at the same time.

Gucci

Italian fashion designer, Gucci has banned the use of fur. The ban will take effect with its spring/summer 2018 collections. The company has now signed up for the Fur Free Alliance, an organization that promises to end the exploitation and killing of animals for fur, as part of a wider sustainability plan. Part of this alliance are competitors, Calvin Klein, Ralph Lauren, Armani and Tommy Hilfger.

Not only does this decision adapt to changing consumer tastes, but Marco Bizzarri the CEO of Gucci also says, "I need to do it because (otherwise) the best talent will not come to work for Gucci."

Bizzarri went on to say, "Being socially responsible is one of Gucci's core values, and we will continue to strive to do better for the environment and animals."

Trend 4

The retail world
we were
promised is
now here



When retailers analyze shopper behavior, it is remarkably clear that **consumers have changed dramatically**. Retailers need to understand and react to these changes.



Technology has made it easier than ever for shoppers to **consume information, find products or services** and **easily share their experiences**. This has resulted in **new customer expectations** that have created a new retail world.

Paul Wissmann Sector Leader for Media & Telecommunications at KPMG in the US says, **“Technology has become so embedded in our daily lives that consumers now view instant access as the norm.”**

“Over the last ten years, technology has opened the floodgates to a wave of unregulated new entrants that have both changed the way in which we manage the flows in and out of our wallet, **while also dramatically raising our expectations.**”

*Me, my life, my wallet –
KPMG Customer Insights
Program*

Trend 4:

The retail world we were promised is now here

As more retailers adapt to the changing expectations of customers, we are finally seeing the new retail world evolve. This is the consequence of significant behavioral shifts over the last few years.

Many retailers who haven't met customers demands are simply no longer in the game. Forrester anticipates this challenging new environment will "place harsh and unfamiliar demands on companies, requiring changes in how they develop, market, sell and deliver products and services."

The predictions and attributes that people have been talking about for years have now become customer expectations and have drastically changed the path to purchase. According to Forrester, we're five years into the Age of the Customer, in which newly empowered customers place elevated expectations on every interaction they have with brands.

New technologies have put customers in the driver's seat — they have the power. Apps like Snapchat, WeChat and WhatsApp show we are quickly moving toward a reality in which everything happens in real time. The natural outcome is that people want that instant gratification. This has had a deep impact on customer expectation.

This just in time gratification puts a huge strain on retailers. In a Salesforce.com report, 64 percent of consumers said they expect companies to respond to and interact with them in real time. The need for speed will only increase as technology enables and advances.

The point of engagement and the point of transaction are converging, meaning brands that can offer immediacy, instant gratification, personalization, authenticity and accessibility will win.



Amazon Prime

USA

\$12.99

per month. **OR**

\$99.00

annual subscription.

UK

£79.00

annual subscription.

Well-performing retailers are changing their businesses to adapt to consumer demands. This is setting a new standard for the industry.



Case studies

Amazon

Nearly half of US households are now Amazon Prime subscribers.

Data from Kantar estimates that 45 percent of households in the US are willing to pay Amazon prime membership fees in exchange for the promise of free two-day shipping on eligible items, despite the yearly fee of \$99.

Not so long ago, it was acceptable to wait at least a week for delivery. This is no longer the case. Amazon has adapted to this expectation and Prime membership has boomed because of it. In the UK, Prime members can even receive same day delivery on selected items. Options like this, make consumers switch to brands who offer this just in time fulfillment.

Target

Target has announced that beginning in February with a roll out across the country throughout the year, the retailer will offer same day delivery as the retail wars heat up in the US.

The offering is a new way for Target to compete with other online shopping sites like Amazon, which dominates with 38 percent of all online shopping, and whose customers are now demanding faster speed, greater convenience and lower price. As Darren Seifer, a food and beverage industry analyst for NPD says "Target clearly sees the writing on the wall. If they're going to stay competitive, they need to up their convenience game to remain competitive with the likes of Wal-Mart, Jet, and Amazon."

Trend 5

A tale of two
hemispheres is
playing out



An ongoing competition between the hemispheres has been a topic of interest within the retail world. Who is actually leading? Who is growing quicker, and most importantly, who is going to win?



China takes another step towards a service economy.

China's economy continues its historic shift to becoming more consumption and service-driven that could help sustain the country's growth over the next decade and beyond."

“ It doesn't matter if I failed. At least I passed the concept on to others. Even if I don't succeed, someone will succeed. ”

Jack Ma –
Executive chairman
of Alibaba Group

Trend 5:

A tale of two hemispheres is playing out

For a long time, companies in China were known for taking products and business models from the West and adapting them to their local markets. However, with the move to a consumption-driven economy, home-grown platform businesses are redefining the Eastern landscape.

China has developed a unique innovation ecosystem that has resulted in a revolutionary approach on a mass scale. It is different from that in the West, and it is impacting both emerging and developed economies. China's innovative tech companies are dominating the local market and it may just be a matter of time before they themselves move West.

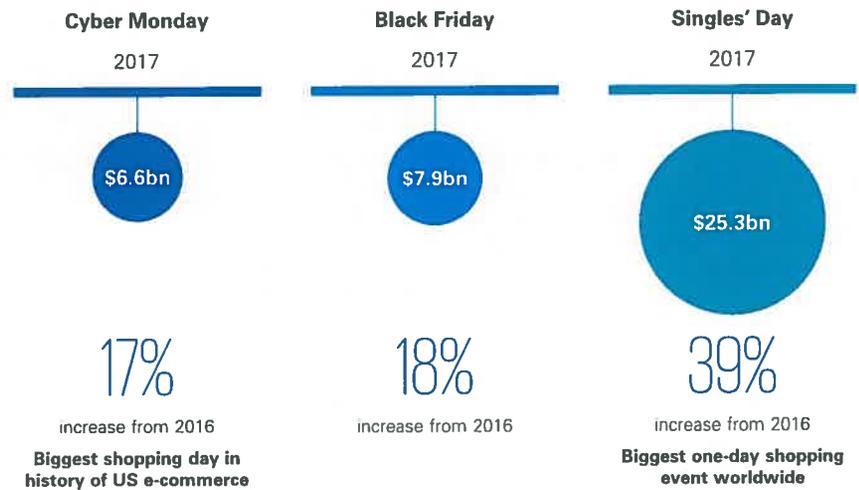
Chinese conglomerate, Alibaba Group, has significantly reshaped the retail world and its own business in a fast-growing economy – a stark contrast to record store closures faced by retailers in the West. Alibaba owned Taobao, an online marketplace, has 580 million active monthly users – mostly in China, demonstrating the incredible pace of growth in the East.





In 2017, we witnessed Alibaba's Singles' Day (11/11) achieving record revenue of over \$25 billion. Single's day was much bigger than Black Friday and Cyber Monday combined.

In 2017, Singles' Day's record-breaking sales represented 39 percent YoY growth. Alibaba processed 812 million orders within 24 hours and its payment service, Alipay, handled 1.5 billion transactions, peaking at an incredible 256,000 transactions per second. Meanwhile, Cyber Monday became the largest online shopping day in US history with a record \$6.59 billion online transactions.



It is projected that by 2030, the Chinese middle class will add 800 million to one billion new consumers and over 200 cities will have populations over 1 million. To put this into context, the OECD has projected that Europe would add 16 million consumers by 2030 and has only 35 cities with populations over a million today.

With the middle class moving from a projected 12 percent to 73 percent of the Chinese population from 2009 to 2030, consumption in China is projected to be 2.5 times that of the US.

Already today, more Chinese consumers use mobile phones to access the internet than those in America, Brazil and Indonesia combined. About half of China's online sales take place via mobile, compared to barely a third in the US.



In China, **Tencent's WeChat** is the dominant messaging force for monopolizing mobile users' attention, via a platform that plugs in all sorts of additional third party services, from ride-hailing to banking to food ordering.



According to their own WeChat Data Report:

- WeChat monthly active users reached **963 million in Q2 2017**, representing YoY growth of **19.5 percent**.
- **Over 50 percent** use WeChat for over **1.5 hours every day**; **over one third over 4 hours per day**.
- Users make **100 million calls** per day on WeChat

Users can shop and pay within the App and use WeChat Pay to do so.

By the numbers



Singles' Day

An annual shopping holiday in China created by Alibaba, is the biggest online shopping event in the world.



Alipay:

400m
users



Chinese E-commerce

market pegged at

\$1.7 tn



Alipay:

#1
payment
service in China

Alibaba already accounts for more **than 80 percent** of all online purchases in China. But with just a **53 percent** internet penetration, there is still a great deal of potential for growth.

Top 10 lessons for retailers



one

Customer experience is the key to success. The commercial battleground is no longer just price, product or efficient supply chain. It is now customer experience.

two

New metrics for success are taking over. Experience per square foot will become an important metric.

three

Don't give up on brick and mortar. Understand the balance of digital and e-commerce required in order to reach your customer.

four

Understand how AI can help your business. In 2018 we will see more AI adoption. Retailers need to understand where AI fits within their organization.

five

Look externally to help build your technology. The best way for many companies to achieve successful implementation of technologies is to look outside their own four walls.

six

Stay true to the core of your brand. Customers want authenticity and transparency. They want to know exactly who they are buying from.

seven

Understand that the customer has changed. It is important to understand that the old ways of doing customer segmentation aren't sufficient. You need a multidimensional view of your customer.

eight

Recognize that customer expectations have changed and retailers who don't meet expectations are no longer contenders.

nine

Be knowledgeable about what Eastern retailers are doing. Advances in the East could be an indication of how retail will change in the West.

ten

Embrace the new retail world it is here. The tools and technologies to transform retail have arrived.