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COMMITTEE CHAIRMAN
 ECONOMIC, CAPITAL & TECHNOLOGY DEVELOPMENT
COMMITTEE MEMBERSHIPS
 ZONING, LANDMARKS & BUILDING STANDARDS

 BUDGET & GOVERNMENT OPERATIONS

 CONTRACTING OVERSIGHT & EQUITY

 LICENSE & CONSUMER PROTECTION

 HOUSING & REAL ESTATE

 COMMITTEES & RULES

 FINANCE

MONTHLY REPORT — SEPTEMBER 2024

Pursuant to Rule 45 of the City Council Rules of Order, the **Committee on Economic, Capital, and Technology Development** submits the following Monthly Report.

On **Wednesday, September 4, 2024**, the Committee on Economic, Capital, and Technology Development held an in-person subject matter hearing.

Chairman Villegas called the meeting to order.

ROLL CALL

The following members of the Committee were present as determined during roll call, Alderpersons: Villegas (36), Mosley (21), La Spata (1), Hall (6), Mitchell (7), Chico (10), Lee (11), Gutierrez (14), Cruz (30), Cardona (31), Waguespack, (32), Napolitano (41), Manaa-Hoppenworth (48).

With sufficient members present, quorum was established.

Under Rule 59, the following member of the Committee requested to participate remotely:

Hall (6). *Vice Chair Mosley motioned to allow Ald. Hall to participate remotely, which passed without objection by the same roll call that was applied to determine quorum.*

Chairman Villegas noted that no written comments were received.

PUBLIC COMMENT

1. Doris Lewis spoke on miscellaneous matters
2. Jessica Jackson spoke on miscellaneous matters
3. Andrew Nelson spoke on miscellaneous matters
4. George Blakemore spoke on miscellaneous matters
5. Zoe Leigh spoke on miscellaneous matters
6. Steve Storkan spoke on SR2024-0009481
7. Roux Nolan spoke on SR2024-0009481
8. Rene Hatcher spoke on SR2024-0009481

9. Mary Josephs spoke on SR2024-0009481
10. Steve Edegar spoke on SR2024-0009481

ITEM 1

1. SR2024-0009481 Call for hearing(s) on promoting potential and benefits of an employee ownership business model for Chicago businesses

Chairman Villegas noted that as the City faces an impending "Silver Tsunami," it is important that city government support business succession models that provide continuity, support equity and keep jobs in Chicago. Employee ownership can be such a viable succession model for many businesses.

Haydee Caldero, Executive Director of the Illinois Center for Employee Ownership, spoke on Employee Stock Ownership Plans (ESOPs). She stated that there are approximately 40 privately held ESOP companies in Chicago with 11,400 workers.

Jim Johnson, Chief Operating Officer of S & C Electric spoke on his employee-owned company. He stated the company's workforce totals 2800 people and is 63% diverse. He noted that the public needs to be informed about employee ownership as a viable succession opportunity for companies.

Ald. Rodriguez stated that incentivizing workforces is an effective business model. He asked what the main differences were between ESOP's and Worker Cooperatives (Ms. Caldero replied that ESOP's are highly regulated, tax-advantaged businesses that require a minimum of 12-15 employees that generate \$1,000,000 in profits. They also must have broad-based ownership. Co-ops incorporate employee governance along with employee ownership). About 200 ESOP's are formed every year.

Mr. Johnson noted that employee ownership makes a company "sticky," as they are more likely to not move and stay put as employees live locally.

Ald. Vasquez asked what the City could do to facilitate more ESOP's coming online and asked if there are any bureaucratic impediments that hinder the formation of ESOP's (Mr. Johnson stated that continued education was needed around the value of and excitement about employee ownership. Ms. Caldero replied that a hurdle is the current procurement law that does not allow ESOP's to certify as W/MBE's).

Ald. Manaa-Hoppenworth also asked how we can work together to lift up workers and requested to be informed about how she can be supportive of the effort.

Ald. Cruz inquired about businesses at risk (Ms. Caldero noted that Pittsburgh created a database to identify companies that were at risk and to provide them succession information and technical guidance; she noted that awareness-building is very important).

Ald. Lee asked if some restaurants have successfully transitioned to the ESOP model (manufacturing and construction/engineering are the largest sectors of ESOP's, but some hospitality businesses, including restaurants, have also successfully converted).

Nneka Onwuzurike, First Deputy for Busienss, Economic & Neighborhood Development spoke on the worker cooperative business model. She stated that co-ops give workers both ownership and control of the business. One (membership) share per person is shared equally, along with one person, one-vote on significant business decisions. Challenges include access to capital, lack of technical training on governance, and a lack of public awareness). The City has invested \$15 million into community wealth building which has funded technical assistance organizations, planning and pre-development grants and has seeded shared ownership in commercial real estate and 9 worker cooperatives. The Planning Dept. is

also funding worker cooperatives through Community Development Grants and the Neighborhood Opportunity Fund.

Hanna Jones of the Chicago Dept. of Planning & Development spoke on the City's efforts to support manufacturing succession planning and legacy businesses. The succession planning support includes providing information about employee ownership options.

Kim Britt, co-owner and co-founder of ChiFresh Kitchen, spoke about jobs that are provided to formerly incarcerated persons. The workers also can become owners of the business, which started with five employees.

Ald. Manaa-Hoppenworth thanked the speakers and lauded the work they are doing to support employee ownership.

Ald. Rodriguez lauded the ChiFresh Kitchen business and the worker cooperative models. The models work in supporting working class populations and in providing them the opportunity to generate wealth.

Chairman Villegas noted that it is important to keep businesses in our communities and to allow workers to generate wealth and to pass it along to their families.

There being no further business, Ald. Manaa-Hoppenworth motioned to adjourn the meeting by the same roll call vote that was applied to determine quorum. Hearing no objection, the meeting was adjourned.

On Wednesday, September 11, 2024, the Committee on Economic, Capital, and Technology Development held an in-person meeting.

Chairman Villegas called the meeting to order.

ROLL CALL

The following members of the Committee were present: Alderpersons Villegas (36), La Spata (1), Hall (6), Mitchell (7), Chico (10), Lee (11), Lopez (15), Tabares (23), Cardona (31), Waguespack, (32), Mitts (37), Napolitano (41), Reilly (42), Manaa-Hoppenworth (48).

With sufficient members present, quorum was established.

Under Rule 59, the following members of the Committee requested to participate remotely:

Cruz (30). Ald. Lee motioned to allow Ald. Cruz to participate remotely, which passed without objection by the same roll call that was applied to determine quorum.

Mosley (21). Ald. La Spata motioned to allow Ald. Mosley to participate remotely, which passed without objection by the same roll call that was applied to determine quorum.

Non-member Ald. Burnett also attended the meeting.

Chairman Villegas noted that a few written comments were received and shared with members.

PUBLIC COMMENT

1. Sam Mulroe spoke in favor of SO2024-0008201
2. Zoe Leigh spoke on miscellaneous matters
3. Tiwon Sims spoke on miscellaneous matters
4. Jessica Jackson spoke on miscellaneous matters
5. Brad Tietz spoke against SO2024-0008201
6. Laura Goldberg spoke against SO2024-0008201
7. Iyana Simba spoke against SO2024-0008201
8. Keith Allen spoke in favor of SO2024-0008201
9. Craig Huffman spoke in favor of SO2024-0008201
10. Dr. Phalese Binion spoke in favor of SO2024-0008201
11. Ross Litkenhous spoke in favor of SO2024-0008201
12. Laurance Lewis spoke in favor of SO2024-0008201

APPROVAL OF RULE 45 MONTHLY REPORT

- Approval of the July 2024 Monthly Report

Ald. Reilly motioned to approve the report. The motion passed without objection by the same roll call that was applied to determine quorum.

Ald. Lopez requested a moment of silence to commemorate the anniversary of 9/11.

ITEM 11

Ald. Chico motioned to defer Item No. 11 on the agenda. The motion passed without objection by the same roll call that was applied to determine quorum.

ITEMS 1-8

Items 1-8 on the agenda were appointments and reappointments to various Special Service Areas that were heard and voted on collectively.

The following appointments were considered:

- 1. A2024-0011024** Reappointment of Laurentino Ramirez as member of Special Service Area No. 5, Commercial Avenue Commission
- 2. A2024-0011025** Reappointment of Alex J. Alemis as member of Special Service Area No. 5, Commercial Avenue Commission

- 3. A2024-0011026** Appointment of Jose V Chavez as member of Special Service Area No. 5, Commercial Avenue Commission
- 4. A2024-0011027** Reappointment of William J Shepherd as member of Special Service Area No. 8, Lakeview East Commission
- 5. A2024-0011028** Reappointment of Christopher Murphy as member of Special Service Area No. 28-2014, Six Corners Commission
- 6. A2024-0011029** Appointment of Richard Buckwalter as member of Special Service Area No. 28-2014, Six Corners Commission
- 7. A2024-0011030** Appointment of Daniel Ehle as member of Special Service Area No. 28-2014, Six Corners Commission
- 8. A2024-0011031** Appointment of Brandy'An Amafala-Marquard "Katiana Shavonte" as member of Special Service Area No. 54, Sheridan Road Avenue Commission

- *Chairman Villegas noted that Mark Roschen, Assistant Commissioner at the Department of Planning and Development, was available to answer any questions.*
- *Chairman Villegas asked Committee members if they would like to make a statement or ask any questions.*
- *Chairman Villegas noted that the ECTD team had received indications of support or non-objection, for the appointments, from the following City Council members associated with each Special Service Area:*

Alderspersons Clay, Lawson, Chico, Gardiner, Hadden, Mitchell

- *Chairman Villegas noted the appointees were unable to appear at the meeting, but he supported their reappointments and thanked them for their service to the City.*
- *Ald. Lopez motioned to recommend approval of the appointments and reappointments.*
- *The items passed without objection by the same roll call vote applied to determine quorum, and Chairman Villegas stated that the do-pass recommendations would be reported out at the following City Council meeting.*

ITEM 9

Item 9 was a municipal code amendment.

9. O2024-0010957 Amendment of Municipal Code Chapter 2-45 regarding favorable tax incentives

Ald. Cardona motioned to accept a substitute ordinance. The motion passed without objection by the same roll call vote applied to determine quorum.

William Jeffries, Managing Deputy Commissioner of the Dept. of Planning & Development, spoke on the text amendment ordinance, which will apply to the redevelopment agreement requirement for a new 7(D) tax abatement program which targets grocery stores.

Ald. La Spata asked how the 7(D) tax abatement will function (similarly to other tax incentives).

Ald. Lopez asked how many tax incentive recipients have failed to report and meet their obligations (to date, all 19 recipients are in compliance). Ald. Lopez also inquired whether the Law Dept. could provide an opinion on adding a reverter clause rescinding the tax incentive for companies that fail to abide by their requirements.

The substitute ordinance passed, without objection, by the same roll call vote applied to determine quorum.

ITEMS 10, 12-13

Items 10, 12-13 were a series of tax incentive ordinances.

10. O2024-0011036 Support of Class 6(b) tax incentive for property at 1474 W Hubbard Street

Antionette Maxwell, Financial Planning Analyst for the Dept. of Panning & Development, presented the development proposal and spoke on the Class 6(b) tax incentive details. The project will create 2-3 full-time jobs and 20-22 seasonal jobs.

Ald. La Spata provided a letter of support and spoke in support of the tax incentive ordinance.

Ald. Manaa-Hoppenworth moved to pass the ordinance, and it passed, without objection, by the same roll call vote applied to determine quorum.

12. A Direct Introduction Support of Class C Property Tax Incentive for property at 2512 W. 24th Place LLC

Robert Bumpers, Financial Planning Analyst with the Dept. of Panning & Development, presented the development proposal and the Class C tax incentive details. The project created 10 remediation jobs.

Ald. Sigcho-Lopez provided a letter of support for the tax incentive ordinance.

Ald. La Spata moved to pass the ordinance, and it passed, without objection, by the same roll call vote applied to determine quorum.

13. O2024-0011037 Support of Class 7D tax incentive to establish/rehabilitate grocery store and beneficial easements from former Dominick's at 3250 W 87th Street

Aaron Fogle, Financial Planning Analyst for the Dept. of Panning & Development, presented the development proposal and 7(D) tax incentive details. The project would encourage the operation of a grocery store in a food dessert and be the first 7(D) incentive utilized in the City for a grocery store.

The grocery store would be a new Pete's Fresh Market in a formerly shuttered grocery store space. It would create 120 full-time and 30 part-time jobs.

Ald. Curtis provided a letter of support for the tax incentive ordinance.

Chairman Villegas inquired if there was any M/WBE participation in the redevelopment project (No).

Ald. Lopez criticized the request for tax incentives without an investment in local M/WBE contractors. He indicated that he would vote against the tax incentive.

Tim Jeffries stated that the project was midstream when the 7(D) tax incentive opportunity became available. He stated that the incentive is meant to be an operational subsidy for low margin grocery stores.

Chairman Villegas stated that he was disappointed that the W/MBE hires were not part of the development.

Ald. Manaa-Hoppenworth moved to pass the ordinance, and it passed, with Ald. Lopez voting no, by the same roll call vote applied to determine quorum.

14. SO2024-0008201 Amendment of Municipal Code Chapter 2-68 by adding new Section 2-68-050 requiring City data to be processed, stored, transmitted and disposed of within jurisdiction of United States

Ald. Lopez motioned to accept a substitute ordinance. The motion passed without objection by the same roll call vote applied to determine quorum.

Chairman Villegas spoke on the announced City budget deficit and the need for the City to generate new revenue without an increase in taxes, fees and TIF sweeps. The data center ordinance would encourage the location of revenue-generating data centers in Chicago.

Nick Lucious, Chicago's Chief Information Officer, stated that the department supported portions of the bill but, overall, the department was neutral on the ordinance.

Patrick Hall of the Dept. of Procurement Service stated that his department was neutral on the ordinance.

Chairman Villegas asked that the ECTD be informed as the rules are being promulgated by the applicable City departments.

Ald. Lee asked if the bidding expectations would be clear for bidders (yes, after the rulemaking process is completed). She inquired whether all data needed to be stored in the city (all the city data will need to be stored in the city). She inquired about the total value of the data storage contracts (information was not readily available).

Ald. La Spata asked for an example of a hypothetical contract involving data storage (CIO Lucious mentioned a software as a storage-type contract; a city department purchases a software product; the data generated would need to be stored in Chicago). La Spata asked if cybersecurity weaknesses were location specific (not necessarily; phishing/tricking users to allow access to cyber criminals is a more significant weakness). He inquired about revenue generation projections (Chris Stark of real estate consulting firm spoke that \$6-13 million revenue would pertain to hyperscale, larger facilities). Ald. La Spata stated that he still had concerns and would like to be recorded as a no vote.

Ald. Lopez asked what the City was doing to monetize the value of its data (CIO stated that the goal is to run a more efficient government, so money can be saved; he stated he is willing to work with anybody to strategize on how to monetize its data). Ald. Lopez asked his colleagues to join him in support of the ordinance.

Ald. Hall about the impact data centers would have on neighboring residents (that will be a topic for the working group, but, in general, the centers are built away from residential areas). He inquired how many jobs are generated by data centers (construction, operators, maintenance/custodial services). He asked if there would be efforts to hire local residents (yes).

Ald. Manaa-Hoppenworth asked how much land is needed for the data centers (Chairman Villegas mentioned that local zoning will come into play; the consultant stated that regular-sized centers require about 1-2 acres while hyperscale centers would require about 20 acres). Ald. M-H stated that her concerns were regarding the environmental impact (which would be addressed via a working group).

Chairman Villegas mentioned that there would be opportunities to add to the ordinances (trailer bills) to address environmental or other challenges.

Ald. Waguespack inquired how many data centers were located in Chicago (don't have an exact number available). He asked if the ordinance prohibits other (tax) incentives (no).

Ald. Lee asked if there was enough time to implement the ordinance by January 1st (yes). She stated that she would support the ordinance.

Ald. Reilly stated that zoning and land use planning experts should be involved in the conversation regarding data centers. He asked why the departments were neutral and not supportive of the legislation. (The CIO and procurement official stated the ordinance would allow the departments to still achieve best practices). He asked how much money would be available in future data storage contracts (information will need to be obtained). He asked why the CIO and CPO were fully empowered to set the rulemaking (it is typical ordinance language that concedes that the promulgation of rules is fully within the purview of city officials). Ald. Reilly asked that the ECTD indeed be informed about the proposed rules before they are implemented. Chairman Villegas asked both City officials whether they would report back to ECTD the suggested rules before they are implemented (yes).

Ald. Waguespack moved to pass the ordinance, and it passed, with Ald. La Spata voting no, by the same roll call vote applied to determine quorum.

There being no further business, Chairman Villegas adjourned the meeting by the same roll call that was applied to determine quorum. Hearing no objection, the meeting was adjourned.

Respectfully submitted by



Alderman Gilbert Villegas
Chairman
Committee on Economic, Capital and Technology Development