

MINUTES OF THE MEETING
OF THE AD HOC BAY MARINE EXPANSION COMMITTEE
Waukegan National Airport Board Room
2601 Plane Rest Drive, Waukegan, IL 600087

July 9, 2021
11:30 AM

The following Committee members were present:

Grant Farrell, WPD Board Chairman
William McCaffrey, WPD Board Member
Ben Veal, WPD Board Member
Randy Podolsky, Former WPD Board Member
Joe Seidelmann, General Manager, Waukegan Harbor and Marina
Mary Louise Schram, WPD Governmental Affairs & Board Liaison
Ann B. Taylor, Mayor, City of Waukegan (arrived 11:51 AM)
Russ Tomlin, Principal Planner, Dept of Planning & Zoning, City of Waukegan (arrived 11:35 AM)
Matt Felhofer, Owner, Bay Marine, Waukegan, IL

Call to Order

Chairman Farrell called the meeting to order at 11:30 AM

Roll Call

Chairman Remarks – Grant Farrell

This is an ad hoc Committee to discuss the Bay Marine Expansion request, and because there are three WPD Board members present, this is a public meeting that will follow all OMA guidelines. Public Comment will be added at the end of the Committee Meeting.

Mr. McCaffrey stated that because the Chairman placed Mr. Podolsky on the Committee, he would like to qualify Mr. Podolsky. Mr. McCaffrey has questions that he would like to ask while Mr. Felhofer is also present.

The Chairman agreed to allow Mr. McCaffrey's questions, but after introductions by members of the Committee. Each Committee member introduced themselves.

The Chairman stated that he consulted with the Mayor to ensure that the City was represented. In addition, the Chairman requested Mr. Podolsky's participation because of his real estate background, knowledge of WPD, negotiation with North Shore Gas (NSG) for the environmental remediation agreement between NSG, WPD, and Bay Marine and other knowledge related to the first Bay Marine project.

After introductions, Mr. McCaffrey restated from Mr. Podolsky's introductory statement that he [Mr. Podolsky] had no financial interest, past or present, with Bay Marine. Mr. McCaffrey continued by stating that there were concerns 'floating around the docks' and that he needed to be clear [certain] that Mr. Podolsky had no interest with Bay Marine because if he did, Mr. McCaffrey would expect Mr. Podolsky to recuse himself or he [Mr. McCaffrey] would ask that Mr. Podolsky be excused from this Committee and not have anything to do with this Committee.

Mr. Podolsky proceeded to ask Mr. McCaffrey the following questions:

Q. Mr. McCaffrey: Do you have any ownership or silent ownership of Bay Marine?

A. Mr. Podolsky: I have been asked and answered that. No relationship with Bay Marine.

Q. Have you ever been employed by Bay Marine as a sales representative for selling boats?

A. No

Q. Negotiated any sales of boats?

A. Employed to do so, no.

Q. OK, employed, no, but have you ever represented sales or selling boats to Bay Marine?

A. No. I sold a boat to Bay Marine.

Q. Do you pay for your boat storage at Bay Marine?

A. Of course I do, since day 1. Unlike some Board members that I might have some information on, I went as far as to refuse the \$200 referral fee when I was a Board member for bringing new boaters to the Harbor because I feel that was our obligation, not my right to collect a couple of hundred dollars but my obligation to bring boaters here. I don't accept that kind of money for any of the things that I do.

Mr. McCaffrey: Good

Mr. Felhofer offered the comment that he offered Mr. Podolsky a discount for the first year of winter storage because of all the work that he did to help our project and he refused our offer.

Q. Mr. McCaffrey: Were you the sole person that brought Bay Marine to the Port District?

A. Mr. Podolsky: I have no idea.

Q. Mr. McCaffrey: Well we (WPD) didn't offer an RFP or RFQ, did we?

The Chairman interrupted and stated that he hopes Mr. McCaffrey goes back to whomever asked these questions that you set the record straight. Mr. McCaffrey stated that he was asking.

The Chairman stated that Bay Marine was brought to the Port District by Randy Rogers, the Executive Director of the Waukegan Port District. Chairman Farrell expressed his concern that some people may get confused because there were two Randy's, but it was not Randy Podolsky who brought Bay Marine to the District. The Chairman stated that Mr. Podolsky was asked to be on this Committee because of his real estate background. The Chairman also wants everyone to be clear that Randy Rogers brought the Bay Marine project to the Waukegan Port District, not Randy Podolsky.

The Chairman stated that the City of Waukegan declined Bay Marine's proposed project and that Randy Rogers contacted Bay Marine or Bay Marine contacted Randy Rogers. Randy Rogers brought the project to the Board and Mr. Legat, Mr. Bach, Mr. Evers, Mr. Podolsky, and I were all members of the Board at that time.

Mr. Felhofer stated that his first contact was with Mr. Tomlin [Principal Planner, Dept of Planning & Zoning, City of Waukegan] and in 2015 expressed Bay Marine's interest in a development at the coke plant location. Mr. Felhofer stated that he worked extensively with Mr. Tomlin and the Mayor at that time, and Bay Marine's request to develop that property was denied. A month or two after the discussions

with the City ended, Mr. Felhofer was contacted by the Executive Director, Randy Rogers, of the Waukegan Port District to inquire if Bay Marine would be interested in developing the site that they are on today, and Bay Marine at that time stated that they would not be interested as they felt the site was too small for them. Mr. Felhofer stated that Bay Marine was reapproached by Mr. Rogers who was persistent and conversations continued.

Q. Mr. McCaffrey: Mr. Felhofer do you recall why the City did not want you to develop on the site of that coke plant? Because a couple of months ago, you stated that's where you really wanted to be.

A. Mr. Felhofer: Yes, but the Mayor at that time stated that he wanted to keep that site for future residential development.

A. Mr. Tomlin: Yes, that was basically it.

A. Mr. McCaffrey: Thank you Randy Podolsky; I'm good with you.

Chairman Farrell thanked everyone for their indulgence.

Recording Secretary: Chairman, do you want the interview of Mr. Podolsky to be part of the record of the meeting?

A. Chairman Farrell: Yes. It is important to quell the unsubstantiated rumors.

The consensus of the Committee was to include a detailed representation of the interview in the minutes.

Bay Marine Expansion Presentation

Mr. Felhofer, with Mr. Tomlin's support, described the process that this project would follow, which is the same for any development project brought to the City. First, there are discussions between the developer and the City to get to a preliminary understanding of the proposed building. Then, Bay Marine applies to the City for a Conditional Use Permit. If the Conditional Use Permit is approved, the proposed project goes to the Planning Committee. Upon approval, the proposed project goes to the City Council for a vote. Once the project starts the public process, the approval process can take about ten weeks.

The proposed project can be on simultaneous approval tracks with WPD and the City.

Mr. Felhofer described Bay Marine as a full-line dealership that sells, stores, and services boats from the same location, where possible, and they draw clients from the lower one-half of Lake Michigan and nationally. Currently, Bay Marine leases a warehouse west of Waukegan for boat storage (50 – 60 boats) and has one year remaining on the lease. Mr. Felhofer stated that Bay Marine wants to develop boat storage close to their operations at the Harbor to expand operations, improve efficiency, productivity, and customer service. The expansion would also bring additional five to ten technician jobs to Waukegan with salaries averaging \$50,000 - \$75,000. Currently, Bay Marine has approximately 20 employees at the Waukegan location.

The Committee requested information about the business, including taxes paid, client base, etc., and Mr. Felhofer responded with specific information but was also concerned to share too much about a privately held business. Mr. Felhofer shared that over the last approximately 3.5 years that Bay Marine paid almost one million dollars in sales tax to the State of IL. Mr. Felhofer also added that the Harbor location has been at 100% of their storage capacity since day one of opening their business, which is why they rented the offsite warehouse.

(Mayor Taylor joined the meeting at 11:52 AM, and a brief recap was provided.)

Mr. Felhofer presented an elevation of the proposed building (concept, not final), stating that it would run north/south of the current building. The current building is approximately 48K sq. ft. The proposed building is one story (just under 40 ft) and approximately 30K sq. ft. (300 ft x 100 ft). Mr. Felhofer showed photos from Google Maps of the view corridor heading east on Washington St. The Committee members shared their views regarding the changes in the view corridor related to the first development and how the proposed development may modify the current view.

The Committee informally discussed the Master Plans for both WPD and the City and how the proposed development aligns with the plans.

Q/A Would the new building block the view of the Lake? No

Q/A Door location? The door would face east.

Q/A Timeframe? Mr. Felhofer stated that he had hoped to complete and occupy the new building by Fall 2022, but that may not be feasible, and it is more likely a Fall 2023 occupancy.

Mr. McCaffrey stated that he doesn't believe that the expansion should be placed in the corridor but elsewhere, stating that more boat storage is not in the community's interest, maybe in WPD's interest, but not the City's. Mr. McCaffrey asked if the current Bay Marine Building could be moved to a location on City property. Mr. McCaffrey stated that it was his opinion that the Bay Marine Building could be moved. He stated that he was opposed to the location of the development, but not the development.

Mr. Felhofer stated that Bay Marine had invested \$6.5 million in the current location, and it is not practical to move the building. He is requesting the opportunity to expand and grow his business on the current site.

Mr. Podolsky described how Bay Marine's request aligns with the WPD Master Plan. He added that Bay Marine was the first major investment at the Waukegan Harbor in nearly 40 years. Mr. Podolsky acknowledged that Larsen Marine built on their land to expand their business but added that Larsen Marine does not lease from WPD. Bay Marine's current land lease with WPD generates revenue for the District, and an expansion would increase revenue to WPD. Generally, a thriving marina and boating community is often jumpstarted by additional development at a harbor.

Mr. Veal commented that expanding Bay Marine would bring additional sales tax and property tax to the City.

Chairman Farrell stated that there is currently no WPD Board support for construction on the Duphar lot but that there are alternative locations available for consideration. Mr. McCaffrey asked if the Bay Marine lease provides an automatic right for Bay Marine to expand. Mr. Podolsky stated that he recollected nothing written in the lease to give that right but that WPD knew Bay Marine's interest in the location from the first Bay Marine proposal.

The Chairman asked each Committee member to share their thoughts to determine a consensus on a recommendation, resulting in 5 proceed, 1 no, 2 abstain .

The following responses were collected from around the table:

Not for or against, need more information

Want to see the appearance of the building improved, make it as pleasing as possible

Work to figure out what keeps Bay Marine in Waukegan
Find a plan for the business to expand
Mirror the style of the existing building
Consider positioning the building east/west instead of north/south
The Carnegie Building will need to be considered
Economics and aesthetics are important
Revenue is important to WPD
Not interested
Quality building is important, and indoor over outdoor storage is preferred

Chairman Farrell stated that he would take the following recommendation to the Waukegan Port District Board at their next meeting on Wednesday, July 21, 2021:

Bay Marine expansion serves the economic interest of the Waukegan Port District. The Committee recommends that the Waukegan Port District Board continue negotiations with Bay Marine to support their expansion.

Mayor Taylor stated that she would bring this matter to the Waukegan City Council at their July 19 meeting for general discussion.

Public Comment

Members of the public asked specific questions that members of the Committee answered.

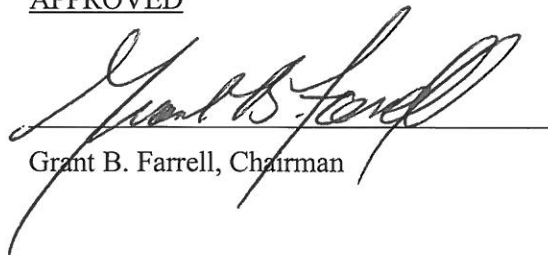
Mr. Tomlin addressed a question regarding the height of the current building. He was asked about the height of the existing building and whether Bay Marine built the current building higher than the approved plan.

Mr. Tomlin stated that the City had received numerous inquiries since the completion of the Bay Marine building regarding this 'rumor' and that he can confirm that the height of the current Bay Marine building meets the approved building plan.

The Chairman requested the support of the public attendees to share this information to end this rumor.

The Committee Meeting adjourned at 1:10 PM

APPROVED



Grant B. Farrell, Chairman