

Committee Members:

Charles Daily
Bill Poletti
Don Barkley
Robert Triplett
Charles Kassly
Michael Hagen
Samantha Carter
Richard Avdoian
Van Johnson

**CITY OF FAIRVIEW HEIGHTS
BUSINESS ALLIANCE COMMISSION
TUESDAY, MARCH 19, 2019 – 1:30 P.M.
MEETING ROOM A
FAIRVIEW HEIGHTS CITY HALL
10025 BUNKUM ROAD**

AGENDA

1. CALL TO ORDER
2. CITIZENS' COMMENTS
3. [APPROVAL OF FEBRUARY 19, 2019 MINUTES](#)
4. ECONOMIC DEVELOPMENT DIRECTOR'S REPORT
 - a. [Feature – Sears will soon be gone \(BND\)](#)
 - b. [Feature – The Stores Strike Back \(Forbes\)](#)
5. MONTHLY REVENUE REPORTS
 - a. [1% MUNICIPAL](#)
6. NEXT MEETING – APRIL 16, 2019 AT 1:30 P.M.
7. ADJOURN

**THE CITY OF FAIRVIEW HEIGHTS
BUSINESS ALLIANCE COMMISSION (BAC)
Tuesday, February 19, 2019 – 1:30 p.m.
Meeting Room A
10025 Bunkum Road, Fairview Heights, IL**

Committee Members in attendance – Chuck Daily, Bill Poletti, Samantha Carter, Robert Triplett, Charles Kassly, Don Barkley & Van Johnson

Committee Members absent –Michael Hagen, Richard Avdoian

Other Aldermen and Elected Officials in attendance –

Staff in attendance – Paul Ellis

Recorder – Wendi Gorney

Public Participation

None

Approval of Minutes

Robert Triplett made a motion to approve the January 15, 2019 minutes. Seconded by Don Barkley. Motion passed on voice vote.

Economic Development Director's Report

Director Ellis presented his report. The Commission discussed the following:

- Economic Development Strategy group had their first meeting February 15, 2019. Will focus on Real Estate and Demographic Analysis to give us “Everything you want to know about Fairview Heights” to move it forward economically. There will be an Open House for the public held at the library the end of April.
- CBL has received a letter of intent for the SEARS building, along with a plan for redevelopment.
- The REC is a finalist for a Building Award given by St. Louis Business Journal.
- Four Points is under new ownership, Cloud 9 Hospitality, Inc. Hilario Grossi is the new manager.
- Corbin Holdings will be closing on the Toys r Us and Babies r Us buildings February 26, 2019. They intend to develop the property. Paul will be supplying them a list of businesses who have inquired about the property.
- Drury Inn will be undergoing a complete renovation March – May 2019, costing approximately \$2-3 million.
- Business Incubator is still in the planning stages. Jay Hoffman is supportive and has been working on it in Springfield. There will be a meeting with him on Monday, February 25, 2019.
- Steak n Shake has a franchisee interested in the property.

Monthly Revenue Reports

Director Ellis presented the sales tax report. The City is down for January -6.9%, or \$64,749.21 and year to date is up 0.01%, or \$64,137.24.

The council expressed their interest in seeing the numbers from the Food and Beverage Tax and the Hotel/Motel Tax. Paul Ellis said he is working on a dashboard with those reports.

Concerns of the new Illinois 2% tax administration fee and its effect on the city tax revenue. Gina Rader, Director of Finance, is working on that.

The next meeting is scheduled for March 19, 2019 at 1:30 p.m.

Adjournment 2:31 p.m.

Submitted By:

Recorder

DRAFT

Sears will soon be gone, but the mall remains an economic driver in the metro-east



Michael Hagen, manager of St. Clair Square in Fairview Heights, believes many people will always want to do at least some of their shopping in brick-and-mortar stores. **TERI MADDOX**

BY TERI MADDOX

JANUARY 25, 2019 05:30 AM

How is St. Clair Square doing?

That's a question on the minds of many metro-east residents, who have been reading for years about the negative affect of Internet sales on brick-and-mortar businesses and who recently learned that [Sears will close](#) its 44-year-old anchor store in March.

Mall manager Michael Hagen is quick to answer: "We are a healthy mall, and healthy malls tend to be prepared," he said. "We are going to weather this just fine."

That kind of talk is reassuring for people who understand that St. Clair Square is more than just a shopping mall in Fairview Heights. It's an integral part of the city's history, livelihood and identity.

The mall's 130 businesses provide nearly 21 percent of sales-tax revenue in Fairview Heights, a significant amount in a city that doesn't levy property taxes on residents. It also drives growth in the surrounding area, said Paul Ellis, economic development director.

"The first thing (companies looking at property) want to know is, 'How close is it to the mall?'" he said. "That's prime real estate. It's the most attractive and sought after."

St. Clair Square sits at the intersection of Interstate 64 and Illinois 159 with more than a million square feet of retail, including four anchors: Sears, Macy's, Dillard's and J.C. Penney. It's considered a "super regional center" because it attracts shoppers from throughout Southern Illinois.

Hagen predicts the mall will be operating at nearly full capacity by late summer, not counting the Sears building. Tenants are now being rearranged to make room for a new H&M location and an expanded Forever 21 store that will be double its current size.

"Once H&M is here and Forever 21 is in its new spot, we will probably have one or two open spaces in the mall, and that's really good," Hagen said.

BACK-UP PLAN BEING PURSUED

Hagen and city officials are staying mum about the Sears situation, other than to assure the public that they've been discussing contingency plans ever since the iconic 126-year-old company began showing signs of financial difficulty. It filed for Chapter 11 bankruptcy in October and is [closing about 200 stores](#) nationwide.

The Fairview Heights Sears has been open since 1975, supplying families with everything from appliances and tools to clothing and jewelry, linens and electronics to mattresses and auto parts.

But the store's closure won't devastate the city's commercial landscape, say Ellis and Mayor Mark Kupsy. Kupsy noted that large spaces were successfully redeveloped after Target, Venture, Kmart and [Hobby Lobby left](#) the city (Target later returned).

"We have more interested retailers than we have space available," Ellis said. "Our limitation as a retail center is more likely to be available sites than businesses willing to locate here."

Foot traffic at St. Clair Square was light on a recent Friday evening, presumably because a major snowstorm was moving into the area and the mall was closing early.

One brave shopper was Amy Strong, 49, of Fairview Heights. She likes to look at Dillard's and J.C. Penney while her college-age sons hit Finish Line and Foot Locker's House of Hoops. Then they eat at Panda Express.

"I live across the street," Strong said. "That's the main reason I like it. I think they do the best they can to keep it as nice as they can. It's clean. It's convenient. I've never had a fear coming to this mall."

MALL AND CITY BONDED IN 1970S

A little history helps explain the strong bond between Fairview Heights and St. Clair Square. It started in 1973, just four years after the city incorporated, when May Department Stores Co. built a Famous-Barr (now Macy's) on 88 acres along Illinois 159.

A year later, the company opened an attached, two-level shopping mall with room for about 70 specialty stores, ranging from Kinney Shoes to Jean Nicole, General Nutrition to Frederick's of Hollywood. Trees and reflecting ponds lined the "climate-controlled" central corridor.

"If you've never been to a happening before, you're at one today," TV and radio personality Jim Bolen told an excited crowd that showed up for the grand opening, according to a BND story.

The mall later expanded to include Sears in 1975, J.C. Penney in 1976 and Stix, Baer & Fuller (now Dillard's) in 1979. It also helped set off an explosion of retail, restaurant and other growth in the surrounding area.

A bit of trivia: In 1979, the Fifth District Appellate Court at Mount Vernon ruled that the city of O'Fallon had to remove the St. Clair Square logo from its water tower, which served Fairview Heights, because the tower was public property that couldn't be used for private advertising. Belleville attorney Fred Hess called it "a victory for the small businessman."

\$1.5 MILLION IN SALES TAXES

Today, Fairview Heights remains one of the few cities in Illinois that doesn't levy property taxes on residents. That means it relies heavily on sales taxes to help fund municipal services.

St. Clair Square businesses generated \$1,548,379 in sales taxes in 2017, the last year complete figures are available. That's nearly 21 percent of the city's \$7,485,016 in total sales-tax revenue. "The mall is, of course, a very important part of our community and the metro-east," Mayor Kupsky said. "When you look at the number of employees, it's like Scott Air Force Base. It's a major employer."

An estimated 2,200 people work full or part time at mall stores.

Hagen said evidence of St. Clair Square's regional appeal includes tour buses that carry shoppers from deep Southern Illinois, even those who live closer to malls in Paducah, Kentucky, and Cape Girardeau, Missouri.

On the recent snowy Friday night, Bethalto resident Grace Kutchma and her sister, Briahna Staggs, drove 60 miles round-trip for some retail therapy at St. Clair Square.

"I like Earthbound (Trading Company)," said Kutchma, 22. "It's kind of a hippie store, and I like the new store that opened up, La Senza. I've been there a few times. We actually live closer to [Alton Square](#), but they've closed down most of the stores there, so this is the next closest."

SEARS LEAVES BIG SHOES TO FILL

H&M stands for Hennes and Maritz, a Swedish retailer that specializes in "fast fashion" for women, men, teens and children. That term refers to clothing that moves quickly from New York City catwalks to stores.

St. Clair Square and city officials consider the [company's plans to open](#) a Fairview Heights location an extremely positive development.

"There are people who drive to St. Louis because they want to shop at H&M," Hagen said. "It was one of the top stores when I polled people on what stores they would like to see at the mall. H&M is big."

The Sears building is much too large for H&M, Hagen said. Sears covers 158,000 square feet on two levels. H&M will combine four average-size storefronts (formerly Forever 21, Aeropostale and THIS! and a vacant space) on the mall's lower level, to the right as you leave Macy's, but that's still only 20,000 square feet.

"We would call that a sub anchor or a junior anchor," Hagen said.

H&M will be next to the new Forever 21 store, which is replacing temporary tenants Fashion 5 and Asian Massage (former locations of New York & Co. and The Limited). THIS! plans to relocate in the mall.

H&M will be a game-changer for Victoria Goodman, 25, of Belleville, who recently went to St. Clair Square to eat at Charleys Philly Steaks with her cousin, Aeriana Hedgecough.

"I go to West County because they have more kids stores," Goodman said. "That's why we can't wait until they get H&M (in Fairview Heights). I love their kids clothes. They're good quality."

COMPANY OWNS FOUR AREA MALLS

The St. Louis region has nine shopping malls. St. Clair Square is owned by CBL & Associates Properties, a Tennessee-based company with 114 properties in 26 states, including 73 enclosed, outlet and open-air retail centers, according to its website. It manages another 12 for third parties.

Locally, CBL properties include South County Center in St. Louis; West County Center in Des Peres, Missouri; and [Mid Rivers Mall](#) in St. Peters, Missouri. Hagen manages St. Clair Square and South County.

Hagen characterizes the Fairview Heights mall as a go-to place for real shopping, not just window shopping.

“We have what people want or need on a regular basis,” he said.

Hagen knows [Internet sales are growing](#), but he said some media reports fail to mention that they’re still a small part of overall retail (9 to 13 percent, depending on parameters), and that many malls are holding their own.

Joel Petry, a marketing professor at Southern Illinois University Edwardsville, agrees. “Online sales certainly have increased,” he said. “But there are still a fair number of shoppers who prefer the action at the brick-and-mortar-type stores. They don’t have to wait for merchandise, and they can bring it back. I don’t think we’re to the point of mass acceptance of online retail.”

FOOT TRAFFIC KEY TO SUCCESS

Petry has found one “truism” in retail is that the longer you can keep shoppers in your location, whether it’s a store or shopping mall, the more likely they’re going to buy something.

Some malls have increased foot traffic with movie theaters and other non-retail activities, he said. Others are finding success with tenants such as Apple that appeal to people with particular interests or lifestyle preferences; or stores such as PINK and Sephora that attract younger crowds.

Petry mentioned Bass Pro Shops and its subsidiary Cabella’s as examples of large specialty retailers that could fill a space as large as the Sears building at St. Clair Square.

“From my research and what I’ve read, traditional department stores aren’t doing as well as they once were,” he said. “Their heyday has passed because people tend to find merchandise elsewhere at a lower price.”

While online sales remain a small percentage of overall retail, they’re growing rapidly, with increases of 14.5 to 16.6 percent (varying by quarter) in the past year, according to the U.S. Department of Commerce.

Even so, Hagen said many retailers are adapting their business models so they can compete both online and in stores and that it’s wrong to assume “malls are dead.”

“There’s a social component with a shopping center that you can’t get online,” he said. “I’ve been doing this for a long time, and I don’t see that changing.”

NEW BARBERSHOP AND LINGERIE STORE

Several major developments occurred at St. Clair Square last fall. In September, basketball-themed barbershop All Star Kutz moved into a long-vacant space that housed Men’s Warehouse and Tux. It’s on the second level, to the left as you leave Dillard’s.

The decor has a gymnasium feel, and hair-cutting stations are patterned off locker rooms. Customers can watch sports on eight TV sets while they’re getting trims.

“I’m a basketball coach in Springfield, and it’s a vision that God gave me,” said owner Audrey Austin, who has two other locations. “I’ve been in White Oaks Mall (in Springfield) for three years, and I’ve also been in Champaign since 2009.”

In November, the Victoria’s Secret PINK store at St. Clair Square finished its expansion, going from 4,400 to 7,400 square feet by taking over a space formerly occupied by Build-a-Bear Workshop, which [moved into a kiosk](#). PINK also added a bold new polka-dot facade at the top of the escalator, opposite J.C. Penney.

Around the same time, Victoria’s Secret’s parent company, L Brands, opened the La Senza lingerie store next to Yankee Candle.

Hagen gives credit for the mall’s success to metro-east customers who support it and to city officials who ease the way for retailers to open and operate stores.

“We do whatever we can to make Fairview Heights a business-friendly community,” Mayor Kupsy said.

Jan 31, 2019, 03:58pm

The Stores Strike Back



[Steve Dennis](#)
Contributor [Retail](#)

I write on the reinvention of retail in the age of digital disruption

- Amidst all the retail apocalypse nonsense it turns out that physical retail isn't dead after all.
- A brand that fundamentally sees their stores as liabilities typically seeks to optimize them--and a cycle of cost cutting and store closings begins, typically initiating a downward spiral.



Getty

Last year some 3,000 new stores were opened and physical retail continued to have positive growth in most major global markets. One of [my 14 predictions for retail in 2019](#) is the notion that, despite the presumed death of physical retail, quite a few major brands are seeing a renaissance of sorts. In fact, stores are

striking back against being made obsolete by online shopping in many different and important ways.

A couple of years ago legacy retailers like Walmart, Best Buy, Target and Home Depot were often seen as laggards, soon to be made progressively more irrelevant by Amazon and others. Yet it turns out, to paraphrase noted retail strategist Mark Twain, reports of their death were greatly exaggerated.

A couple of years ago, beyond Amazon's disruptive impact, the future was often thought to be concentrated in the large number of venture capital funded "digitally-native vertical brands" that could scale to massive value creation by avoiding pesky and asset intensive stores. Yet, in a rather ironic twist, a large cohort of the once firmly "we'll only grow online because physical retail is going the way of the dinosaurs" upstarts will collectively open more than 800 brick-and-mortar locations this year. Most are now experiencing most of their growth from good old fashioned stores.

A couple of years ago, many analysts and "futurists" saw e-commerce getting to 50% share within a decade and questioned why anyone would invest in physical stores. But facts are stubborn things, and it's clear we aren't remotely on a glide-path to online getting to even 30%. Moreover, rather traditional retailers as diverse as TJX, Sephora, Ulta and Dollar General are opening dozens upon dozens of stores. We also have retailers like Tractor Supply and AtHome becoming large, growing and incredibly successful brands with an overwhelming focus on brick-and-mortar locations.

So how do we explain all this?

Not every customer is like you. You personally may love the ultra-convenience of e-commerce and hate going to stores. Good for you. But there is a reason 89% of all retail is still done in brick-and-mortar locations. Every retailer needs to respect the differences among consumers and their key purchasing drivers across different occasions. Repeat after me: treat different customers differently.

Brick and mortar trumps e-commerce in many respects. Shopping in physical stores is more emotional, social and connected. Shopping in physical stores allows customers to try stuff on, understand the real look of a given product and get a clearer sense of value. Shopping in physical stores offers immediate gratification. Shopping in physical stores makes it easier (usually) to put more complex solutions together, like a home project or assembling an outfit. It's a digital-first world. Until it's not.

E-commerce is often pretty unprofitable. It's great that investors are willing to subsidize the poor profitability of many disruptive concepts, from Uber to WeWork to Amazon to Wayfair. It won't last forever and many sophisticated companies are starting to lean into the lower cost acquisition and/or distribution costs of physical locations vs. direct-to-consumer. Accordingly their investment decisions and pricing are starting to reflect the underlying economic realities.

There is a big difference between buying and shopping. If you are on a largely search-based mission, item-focused and care mostly about price and convenience, e-commerce works really well. Hence Amazon's strong relative share in these "buying" occasions. You might even get all wild and crazy and use Alexa. But if you are more engaged in discovery, something more emotional and want a more holistic experience, then you are "shopping" and a physical store-centric (albeit digitally enabled) path is often your best bet.

Assets or liabilities? If a brand see their stores as assets, they work on improving e-commerce and digital enablement capabilities and lean into making the stores more relevant. Contrast Sears strategy with Target's. Sears disinvested in stores and will soon be gone. Target shifted many things about its store strategy and simultaneously upped its digital game, while plowing billions into store upgrades and omni-channel capabilities. So have Walmart, Home Depot and Best Buy. Nordstrom has continued its decade long strategy of doing so. It's paying off.

It's all one thing. Brands that are physical store dominant see their brick-and-mortar locations as the hub of a shopping ecosystem. They don't get hung up on a phony battle between e-commerce and stores. The customer is the channel. Online drives stores and vice versa. Their mission is to leverage the best of each customer touchpoint, eliminate the friction, harmonize the experience and amplify the "wows." Rinse and repeat.

Sure, there is plenty of doom and gloom in the retail industry. And [the collapse of the boring middle](#) is real--and not about to go away.

Yet there is plenty of hope as well for those that do the work, see the opportunities and are willing to act decisively.

I'm a strategic advisor, writer and keynote speaker on retail growth and innovation, with a particular focus on omni-channel, customer insight and digital disruption.

**CITY OF FAIRVIEW HEIGHTS, IL
SALES TAX REPORT
State 1% Municipal Tax Portion**

DISTRIBUTION MONTH	MAY 2012 - APRIL 2013	MAY 2013 - APRIL 2014	MAY 2014 - APRIL 2015	MAY 2015 - APRIL 2016	MAY 2016 - APRIL 2017	MAY 2017 - APRIL 2018	MAY 2018 - APRIL 2019	% CHANGE	CHANGE IN DOLLARS
MAY	\$ 629,863.98	\$ 601,011.50	\$ 584,713.94	\$ 586,147.75	\$ 632,285.33	\$ 571,553.40	\$ 553,114.13	-3.2%	\$ (18,439.27)
JUN	692,902.50	655,667.46	647,401.33	708,268.15	696,077.63	677,065.69	676,704.83	-0.1%	\$ (360.86)
JUL	578,187.49	574,119.26	578,345.95	563,612.88	576,220.16	599,877.49	555,320.85	-7.4%	\$ (44,556.64)
AUG	602,449.00	586,795.92	593,876.18	607,839.70	608,444.47	600,057.37	607,357.54	1.2%	\$ 7,300.17
SEP	663,854.82	610,055.28	579,381.42	653,462.36	679,234.60	613,965.54	623,578.60	1.6%	\$ 9,613.06
OCT	572,075.75	554,178.50	550,782.54	573,059.41	572,368.09	476,801.05	540,557.44	13.4%	\$ 63,756.39
NOV	620,158.32	574,589.49	579,500.49	642,921.78	599,121.43	575,354.24	570,594.16	-0.8%	\$ (4,760.08)
DEC	631,306.50	468,313.25	588,998.17	626,164.49	612,305.99	581,474.30	577,677.65	-0.7%	\$ (3,796.65)
JAN	576,698.91	589,088.14	580,475.99	627,103.06	570,540.96	564,056.46	560,273.13	-0.7%	\$ (3,783.33)
FEB	710,629.96	687,960.48	680,833.91	695,015.32	678,820.57	672,397.54	668,036.72	-0.6%	\$ (4,360.82)
MAR	1,049,090.01	969,659.49	1,028,593.77		974,290.59	935,340.51	870,591.30	-6.9%	\$ (64,749.21)
APR	532,313.55	458,225.94	528,428.24	519,339.92	488,717.27	528,625.80			
YTD TOTAL	\$ 7,859,530.79	\$ 7,329,664.71	\$ 7,521,331.93	\$ 6,802,934.82	\$ 7,688,427.09	\$ 7,396,569.39	\$ 6,803,806.35	0.01%	\$ (64,137.24)
YTD CHANGE	1.0%	-6.7%	2.6%	-9.6%	-2.0%	-3.8%			
MONTHLY AVG	\$ 654,960.90	\$ 610,805.39	\$ 626,777.66	\$ 618,448.62	\$ 640,702.26	\$ 616,380.78			