

**AGENDA**  
**SPECIAL PLANNING, BUILDING AND ZONING COMMITTEE**  
**Village of Hoffman Estates**  
**May 17, 2010**

**Immediately Following the Public Works & Utilities Committee**

<b>Members:</b>	<b>Gary Pilafas, Chairperson</b>	<b>Karen Mills, Trustee</b>
	<b>Cary Collins, Vice Chairperson</b>	<b>Jacquelyn Green, Trustee</b>
	<b>Ray Kincaid, Trustee</b>	<b>Anna Newell, Trustee</b>
		<b>William McLeod, Mayor</b>

**I. Roll Call**

**NEW BUSINESS**

1. Request approval of a site plan amendment to suspend Section 2-B-1-ii of the Meijer Development Agreement to allow the proposed Kole Digital Systems, Inc. use to operate in the former La Strada restaurant building at 2380 Lakewood Boulevard.

**II. Adjournment**

**COMMITTEE AGENDA ITEM  
VILLAGE OF HOFFMAN ESTATES**

**SUBJECT:** Request approval of a site plan amendment to suspend Section 2-B-1-ii of the Meijer Development Agreement to allow the proposed Kole Digital Systems, Inc. use to operate in the former La Strada restaurant building at 2380 Lakewood Boulevard

**MEETING DATE:** May 17, 2010

**COMMITTEE:** Planning, Building and Zoning

**FROM:** Peter Gugliotta *PG*

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**REQUEST:** Request approval of a site plan amendment to suspend Section 2-B-1-ii of the Meijer Development Agreement to allow the proposed Kole Digital Systems, Inc. use to operate in the former La Strada restaurant building at 2380 Lakewood Boulevard.

**BACKGROUND:** As part of the Village site plan approval for the 55 acre Fountain Crossing development at the northeast corner of Barrington Road and Lakewood Boulevard (including a potential Meijer store which has not yet been constructed), a Development Agreement was approved to govern land uses on the several outlots. A significant purpose for this agreement is to ensure uses will be primarily retail and ideally would generate significant sales, or food and beverage tax revenue for the Village.

Section 2-B-1-ii of the Meijer Development Agreement includes a requirement that at least one of the restaurants on the outlots shall be a "quality restaurant", as defined in the Sixth Edition of Trip Generation published by the Institute of Transportation Engineers. The La Strada restaurant fulfilled this requirement, however, the business closed last year and the property is now owned by a bank.

**PROPOSAL:** Kole Digital Systems, Inc. has a contract to purchase the vacant La Strada building and open a showroom for the sales, design, and installation of premium home theaters and home automation systems. Kole has been in business for 11 years, and three years ago opened a state-of-the-art showroom in Frankfort, Illinois. Hoffman Estates would be their second showroom.

**PROPOSAL:** (Continued)

The attached letter summarizes the business and describes the projected fiscal impact of the store. Kole Digital anticipates initial annual sales of \$2 million, which would generate approximately \$20,000 in revenue for the Village. Sales are expected to double or more over the next few years as the economy improves. The Frankfort store generates approximately \$4 million in sales.

The business proposes a significant remodeling to the store interior, however, it is not expected that any site plan or facade changes would be requested. In general, the building (built in 2005) is constructed of quality materials and meets current site plan standards. Kole's use is permitted by the Zoning Code, and other than a possible signage request, no formal planning or zoning requests should be needed.

**DISCUSSION:**

While the projected revenue from Kole Digital would likely be less than a "quality restaurant", the use is retail in nature and would generate some sales tax. The business is a destination store and, therefore, it is likely some customers may choose to visit local restaurants or other businesses as part of their visit to the area. Being a destination store also reduces their dependence on a major anchor like Meijer. Certain businesses will not locate or will not be successful without an anchor store present, but this use could likely thrive in this location independently. A more diverse retail business base in this area could provide some stability.

The terms of the Meijer Development Agreement were drafted and approved when the local economy was thriving and demand was high for new stores. It also anticipated at least Meijer, if not two anchor stores, would be built at this location, thus fostering demand for several restaurants. In the present economy there are limited options for new restaurants that could be interested in this site.

**RECOMMENDATION:**


Approval of a site plan amendment to suspend Section 2-B-1-ii of the Meijer Development Agreement to allow the proposed Kole Digital Systems, Inc. use to operate in the former La Strada restaurant building at 2380 Lakewood Boulevard, which was considered the required "quality" restaurant use in the development. This waiver shall only apply to Kole Digital Systems, Inc. Any future change in use shall comply with the original applicable terms of the Meijer Development Agreement.

## Attachments

cc: Plan Commission Members  
Zoning Board of Appeals Members  
Petitioner

*Excerpt from Article II, Section B Meijer Development Agreement*

1) *Land Use and Building Regulations.*

- i. All uses on the site shall be retail, generate sales tax, or food and beverage tax, except for Lot 5. Day care, banks, offices, and service orientated business (doctors, attorneys, etc.) and other uses that do not, in the opinion of the Village of Hoffman Estates, generate significant sales or food and beverage taxes into the Village of Hoffman Estates shall not be permitted during the life of this agreement, except as specifically provided by the Village Board. Retail stores that are considered to generate significant sales tax shall include uses such as jewelry, home improvement, electronics superstore, restaurant, drug store, office supplies, and furniture stores. Lot 5 is exempted from the above requirement regarding tax generation. Only Lot 2 shall be utilized for a gas station. Future re-subdivision of the "outlots" (Lots 7, 3, 4, and 5) shall be discouraged in order to encourage the development of larger single-user retail or restaurant buildings on Lots 7, 3, 4, and 5. In no case shall any of the foregoing limit the ability of Meijer to provide lease space within an operating Meijer store for other retail uses ancillary to the Meijer store.
- ii.  At least one of the restaurants developed on the site shall be "quality restaurants" as defined in the Sixth Edition of Trip Generation published by the Institute of Transportation Engineers. All other restaurants shall be a "quality restaurant" or a "high turnover (sit-down) restaurant" as defined in the Sixth Edition of Trip Generation published by the Institute of Transportation Engineers. In addition to meeting the above requirement, no "drive-thru" or "drive in" shall be permitted at any restaurant. "Fast food restaurants" as variously defined in the Sixth Edition of Trip Generation published by the Institute of Transportation Engineers shall not be permitted.

*Excerpt from Article II, Section B Meijer Development Agreement*

# Land Use: 831 Quality Restaurant

## Description

This land use consists of eating establishments of high quality and with turnover rates usually of at least one hour or longer. Generally, quality restaurants do not serve breakfast; some do not serve lunch; all serve dinner. Often, the restaurants in this land use are not a chain and reservations are required. High-turnover (sit-down) restaurant (land use 832), fast-food restaurant without drive-through window (land use 833), fast-food restaurant with drive-through window (land use 834), fast-food restaurant with drive-through window and no indoor seating (land use 835), and drinking place (land use 836) are related uses.

## Additional Data

Truck trips accounted for approximately 1 to 4 percent of the weekday traffic. The average for the sites that were surveyed was approximately 1.6 percent.

Vehicle occupancy ranged from 1.59 to 1.98 persons per automobile on an average weekday. The average for the sites that were surveyed was approximately 1.78.

*A significant number of the studies in this land use were conducted prior to 1980. A study was conducted to test the sensitivity of the older versus newer data. It was determined that there is no statistically significant difference between the pre- and post-1980 data; therefore, all of the data points were retained to maximize the size of the database.*

The sites were surveyed from the 1970s to the 1990s throughout the United States.

## Source Numbers

13, 73, 88, 90, 98, 100, 126, 172, 260, 291, 301, 338, 339, 368, 437, 440

PC APPROVAL - 11/29/2000

VB APPROVAL - 12/4/2000



10355 W Lincoln

Frankfort, IL 60423  
815-469-2000

May 5, 2010

Mr. James H. Norris  
Village Manager  
Village of Hoffman Estates  
1900 Hassell Road  
Hoffman Estates, IL 60169

Dear Mr. Norris:

I am the president of Kole Development LLC, and Kole Digital Systems Inc., a company specializing in the design and installation of premium home theaters and home automation systems for 11 years. Three years ago, we purchased 2 acres in Frankfort on Route 30 and built a 21,000 square foot building to house our new state of the art showroom. We integrated the products of 22 other local companies. It quickly became a destination location for everyone in the south suburbs looking to build a new home, add a home theater, or finish their basement.

We are now in negotiations to purchase the LaStrada Restaurant property in Hoffman estates to house our second location. This building has been closed and for sale for almost a year. There is a clause in the Meijer Development Agreement signed at the time of Subdivision Approval. I am requesting a waiver of Page 2, Section 2-B-1-ii. This Section states that at least one of the restaurants developed on the outlots shall be "quality restaurants" as defined in the Sixth Edition of Trip Generation published by the Institute of Transportation Engineers.

Like a premium restaurant, we will attract lots of people with dispensable income into Hoffman Estates. These people will drive from Lake Forest, Lincolnshire, Vernon Hills, Glenview, Algonquin, Long Grove, Kildeer and the Barringtons to visit our showroom when they are making these crucial purchase decisions. Our average theater sells for \$40,000. Our average project, including custom audio/video, lighting control, surveillance cameras, and drop-down TVs, sells from \$70,000 to \$300,000 and higher. We currently have four active projects in this area.

Our substantial \$600,000 buildout will include a courtyard showcasing the newest whole house audio/ video technology; four incredible themed theaters, a fully-automated Smart Home worthy of the cover of any design magazine; a lighting studio, a premium golf simulator; and a SunSmart showroom showcasing the finest automated window fashions. An outdoor kitchen display will showcase an all-weather TV, rock and planter speakers. We invite you to visit our Frankfort location, where you can see examples of each of these.

Kole Digital will also generate sales tax. In this economic climate, our current location generates \$4 million dollars in sales annually. We expect the new location to generate at least \$2 million dollars in sales each year when it opens, but could easily generate \$3-5 million annually when the economy improves. A portion of our business is installation and programming labor, which is not taxed. That means that we should generate over \$100,000 in sales tax the first year or two, and grow each year from there. 20% of this tax goes straight to the village. This premium segment continues to do well, as people put off expensive vacations and choose instead to invest in their homes.

**We're changing the way homes think!**

Real Home Theaters   Lighting and Home Control   Custom Audio/Video   Design and Installation



10355 W Lincoln

Frankfort, IL 60423

815-469-2000

We also contribute locally in many ways. We belong to the local chamber of commerce, hold after hours events in our showroom for the chamber; donate TVs and audio systems to the local schools and charities for auctions, etc. and our sister company provides public address systems to the village for functions at a discounted rate.

We spend a lot of money on advertising- \$200,000 last year on radio and TV commercials, print ads, mailers and billboards. We currently have 126 commercials running on NBC Channel 5 during the Today Show, 10:00 News, Jay Leno, and Jimmy Fallon. Hear our 60-second spots on WBBM 780am. All of these spots run from the Wisconsin border to the Indiana border, and are designed to drive buyers into our showroom.

We will showcase other local vendors in our showroom- cabinetmakers, granite and tile companies, appliance and fireplace retailers- will all work with us to have their products featured prominently in our design center for clients to see when they are upgrading their homes.

As a developer, I believe that it will be difficult for a fine dining restaurant *of this size* to have sustained success in this location at this time. Without a large anchor tenant, there is still not the traffic in the immediate area to support it. Because of the type of business we are in, and the size of our average sale, we can be successful in a lower traffic area. We are indeed a destination location. It is my experience that people are more willing to drive 30-45 minutes to research a \$40,000. purchase than they are for a single meal.

Since we are purchasing the building, we will provide the kind of stability and continued success of an owner-occupied business that a tenant can't. We will work to grow the business for years to come. And because of our operating hours, the Jerseys restaurant will have more parking available during their busiest hours, which will eliminate congestion. This will also open the potential for a fine dining restaurant on the outlot to the north of our building.

We feel that we are generating the type of commerce that Hoffman Estates would like to see in its village. We ask for your help in granting a permanent waiver of this clause with respect to this building so we can move forward with the purchase and be open in a few months. We look forward to working with the village.

Sincerely,

Robert Kole  
President

Kole Digital Systems Inc.  
and Kole Development LLC

**We're changing the way homes think!**

Real Home Theaters Lighting and Home Control Custom Audio/Video Design and Installation

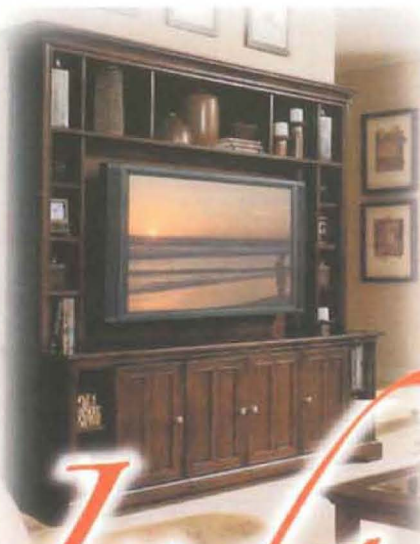
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*Outdoors*



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KOLE DIGITAL makes it easy to have the Home Theater System you want **Inside & Out**



1. Select a TV from our wide selection of brands & sizes
2. Select a credenza that compliments your decor
3. Choose a surround sound speaker system
4. Pick a backlit remote to control the system
5. Schedule a day for your installation



*Indoors*

10355 W. Lincoln Highway  
Frankfort, Illinois 60423  
708.301.9650

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*Expert design, installation and service.*

**W**home Theaters are our specialty! We have years of experience crafting the finest home cinemas and viewing rooms.

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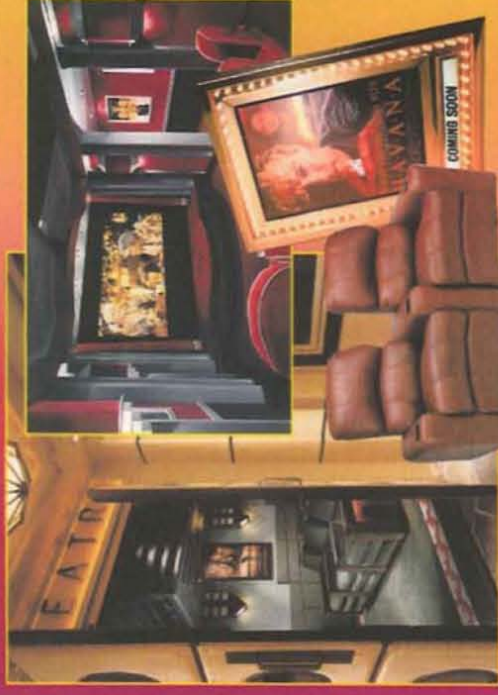
- High-def DLP video projectors
- Hidden surround sound speaker systems
- Motorized velvet drapes
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- Acoustic treatment, custom fabric panels
- Fiber optic ceiling and cove lighting
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- Handheld color touchscreen control
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DIGITAL SYSTEMS INC. **708.301.9650**

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# Former La Strada Building



1 inch = 300 feet