

CHAPTER 8

INVENTURE AND THE NORTHWESTERN UNIVERSITY/EVANSTON RESEARCH PARK

For several years the 22-acre triangle of land between the CTA and Chicago North Western Railway embankments had been planned for mixed-use redevelopment by city agencies under the name Downtown II. However, due to the nation's economic recession of the early 1980's, the real estate development market did not yet support the Downtown II vision. Developer proposals submitted during this period fell short of the city's expectations and were rejected.

As had occurred from time to time during past decades, relationships between the City of Evanston and Northwestern University were strained in the early 1980's. A primary issue was the university's property tax exempt status and its reluctance to compensate the city voluntarily for certain services. The City Council in turn, was considering a "tuition tax" applied to each student. Between the stagnant economy and a threatened tuition tax, representatives of both sides realized the importance of working together.

The day after his election in 1977, Mayor Jay Lytle called Northwestern University's President, Robert Strotz, to begin a dialogue regarding improved relations. This led to a 1982 meeting of Mayor Jay Lytle, Alderman Jon Nelson and City Manager Ed Martin with NU Vice-president William Ihlandfeldt to enhance relations. Subsequently, NU proposed the concept of Evanston Inventure and offered major start-up funding; the city agreed to drop the idea of a "tuition tax."

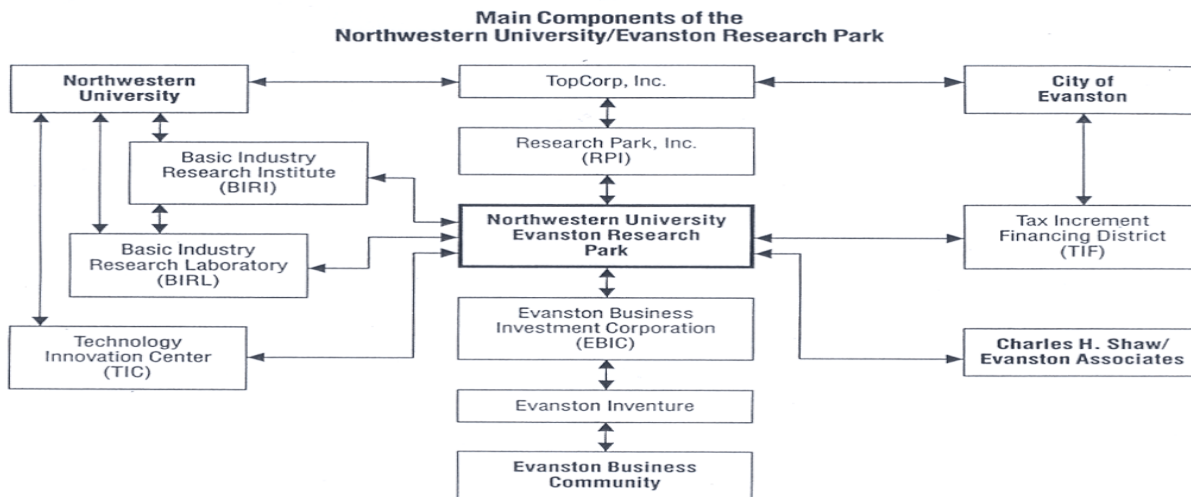
Evanston Inventure was established in 1984 as the community's economic development organization. At the time Evanston was the home to several national and international corporations whose presence and financial commitment allowed the city to support a major private sector economic development effort. Charter members of this public-private partnership were the City of Evanston, Northwestern University, the Chamber of Commerce and nine of Evanston's largest employers. These included American Hospital Supply, Evanston Hospital, First Illinois Bank, Joe Levy, Jupiter Corporation (Orrington Hotel), Holiday Inn, St. Francis Hospital, State National

Bank, and Packaging Corporation of America (several of these companies have left Evanston). The Board of Directors hired Ronald Kysiak as Executive Director. Mr. Kysiak previously held the position of Economic Development director for the City of New Haven, Connecticut, home of Yale University.

NU Vice-president for Institutional Relations, William Ihlandfeldt, was instrumental in setting up the 1982 meeting and forming Inventure. Subsequently, he approached the city with a new concept -- a 22-acre research park anchored by the previously planned transportation center at the south end and the recently announced Basic Industrial Research Laboratory at Maple and Clark. Prior to a formal agreement and a single stone being turned, Illinois Governor James Thompson and other dignitaries gathered at the site to celebrate the bold vision. Promotion of the research park became a high priority for Evanston Inventure.

In 1985 the City Council adopted the required ordinances creating the Downtown II Tax Increment Financing Redevelopment District, and in early 1986 the city and university reached a formal Statement of Understanding to develop the research park. Not everyone in the community agreed with this bold new enterprise and the committed funding. Some persons even raised the "doomsday" spectre of environmental disasters resulting from research experiments. However, a city-wide public referendum held in November, 1986 strongly supported the project.

Such an undertaking required the concerted effort of several existing and new organizations (see chart). Newly created in 1986 were TopCorp, Inc. to oversee land transactions and Research Park, Inc. to act as the operating company. Ronald Kysiak was appointed Executive Director of RPI in addition to his Inventure responsibilities. TopCorp, Inc. was a for-profit real estate holding company, financed equally by the two partners, and overseen by a small board of six. These included the university's President, Senior Vice-president for Business and Finance, and Vice-president of Research; Evanston's



Mayor, City Manager, and one Alderman from the Economic Development Committee. RPI had a larger board of fourteen, equally split between the university and city. It was chaired by William Ihlandfeldt.

The goals were to expand the city's tax base (much of the 22-acre triangle having been tax exempt), create up to 4,000 new jobs, and enhance the university's status as a leading research and teaching institution. This research park was to differ from others, because of its focus on the application of advanced technologies for basic industries (e.g. wear, rust and coatings) as well as the high-technology industries (e.g. computers and biotechnology). The main function of the park was to accelerate technology transfer from the laboratory to the marketplace.

RPI prepared a research park master plan and negotiated a master development agreement with The Charles H. Shaw Company of Chicago. The master plan was updated for Shaw by Perkins and Will Architects in 1987. It states, "The research park is being designed and developed to attract advanced technology and basic-industry firms involved in applied research in areas such as manufacturing and materials technologies, with special emphasis on energy efficiency and conservation." Its ambitious goal was based on the attractions of a premier university and a city in which 60 percent of the workforce were in executive and professional/technical positions and more than 40 percent were college graduates.

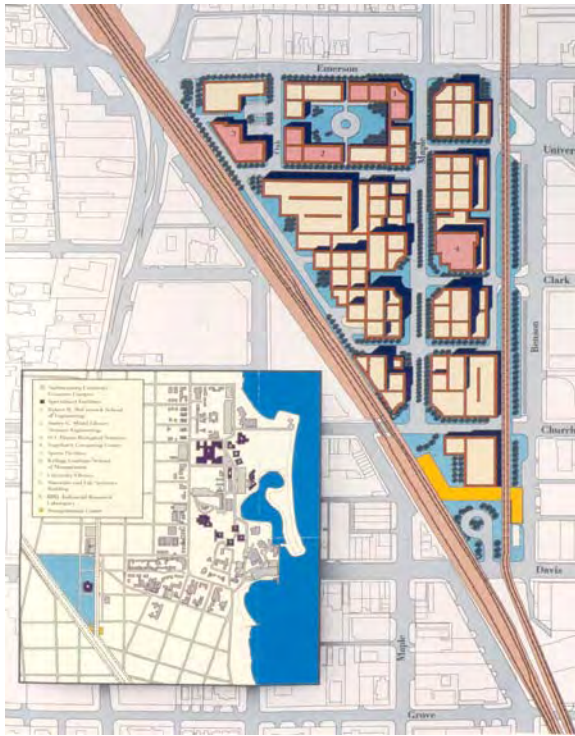
Source: Inventure

In addition, Evanston was one of only three cities in Illinois with a triple-A municipal bond rating.

The master plan recommended a mixed-use research park comprising low, medium and high density development for research, commercial, community, hotel, office and residential uses. The planned development's maximum gross-building areas could be:

Research/office	1,516,805 sq. ft.
Hotel, retail residential, community, commercial	198,720 sq. ft.
Parking (2,100 spaces)	<u>806,460 sq. ft.</u>
Total	2,521,985 sq. ft.

The land-use plan was based on a central focus (a plaza) at the intersection of Maple Avenue and Clark Street to create a "sense of place". The highest density would be at the center and the lowest density at the perimeter of the research park. Welcoming gateways, pedestrian friendly streetscapes, and landscaped railroad embankments would add amenities. Clark Street would be extended west of Benson Avenue through the CTA railroad embankment. Additional design guidelines called for "predominantly red to reddish/brown face brick or other earth tones on all buildings" and covered building mass, setbacks, height limits, street furniture and signage.



Research Park Master Plan
Source: Inventure

The Technology Innovation Center (a small business incubator) opened in June, 1986 and the state-of-the-art, 130,000 square foot Basic Industrial Research Laboratory opened in November, 1987. Arthur Anderson Systems Integration Center became its first tenant. Shaw began construction on its first building at 1890 Maple Avenue (designed by A.M. Kinney Associates) in April, 1988. The three-story, 43,000 square foot building's first tenant was the NU sponsored Institute for Learning Sciences which focused on artificial intelligence. Interior space was designed by Moretta and Sheehy Architects. Both firms were headquartered in Evanston.

The Technology Innovation Center at 1840 Oak and the 1033 University Office Building opened in 1990; the 906 University Place Incubator continued to hold overflow, start-up companies; and the 30 dwelling unit Ivy Court townhouse and home office project was occupied in 1998. Subsequently, the 1880 Oak flex-space building opened in 2000 and the Evanston/Northwestern Healthcare Research building at 1001 University Place opened in 2001.



Basic Industrial Research Laboratory



1890 Maple Avenue



1840 and 1880 Oak Avenue



1001 University Place

In 1997 the incubator was named “Incubator of the Year” by the National Business Incubation Association (NBIA). By 2000 the research park included six tech-buildings, totaling 400,000 square feet of space and representing over \$80 million of investment. It had housed 61 tech companies (including 50 startups), 12 non-tech companies and approximately 1,100 employees.

However, the national economic recession of 1990-1992 had taken its toll on the research park. Despite a demand for additional building space, the Shaw Company could not obtain financing from the private sector for new construction on reasonable terms without guarantees from the city or university, which neither was keen to provide. Far from a failure, in fact considered a model by many persons from outside the city and Chicago area, the delayed development schedule, the city’s need for an expanded tax base, and the prospect of a stronger commercial and residential market in the later 1990s caused RPI to let its agreement with the Shaw Company expire and pursue other alternatives, beginning in 1995. Also that year, TopCorp, Inc. and Research Park, Inc. were consolidated into NU/Evanston Research Park, Inc. Its leadership was transferred to the city. The NU/ERPI was then directed to issue an RFP for commercial development on the five acres at the south end of the research park. Six responses were received, and subsequently the Arthur Hill Company was selected as master developer for the Church Street Plaza project.

In the meantime, Evanston Inventure was engaged in numerous other projects to strengthen Evanston’s economy and the revitalization of downtown. For example, Inventure maintained an active role in monitoring the rewriting of Evanston’s Zoning Ordinance and in amending municipal procedures to reduce red tape and delays in the development approval process. Inventure has also been the lead agency to conduct research aimed at answering the questions, “Where is Evanston’s economy going?” and “What are Evanston’s future opportunities?” Such research led to Inventure’s support for the creation of a downtown development Special Service Area, the creation of Evmark to manage the SSA, and a joint marketing campaign, “Evanston—the Smart Move”.

Since its inception, Inventure has been instrumental behind the scenes with assistance in negotiations related to consummating specific development agreements. These include redevelopment of the former Washington National Insurance Company site for the Park Evanston luxury apartment building and Whole Foods store, bringing a growing Research Park tenant to the vacant Chandler’s building, aiding McDougal Littell to expand and occupy the new 990 Davis building, and assisting the Church Street Plaza project.

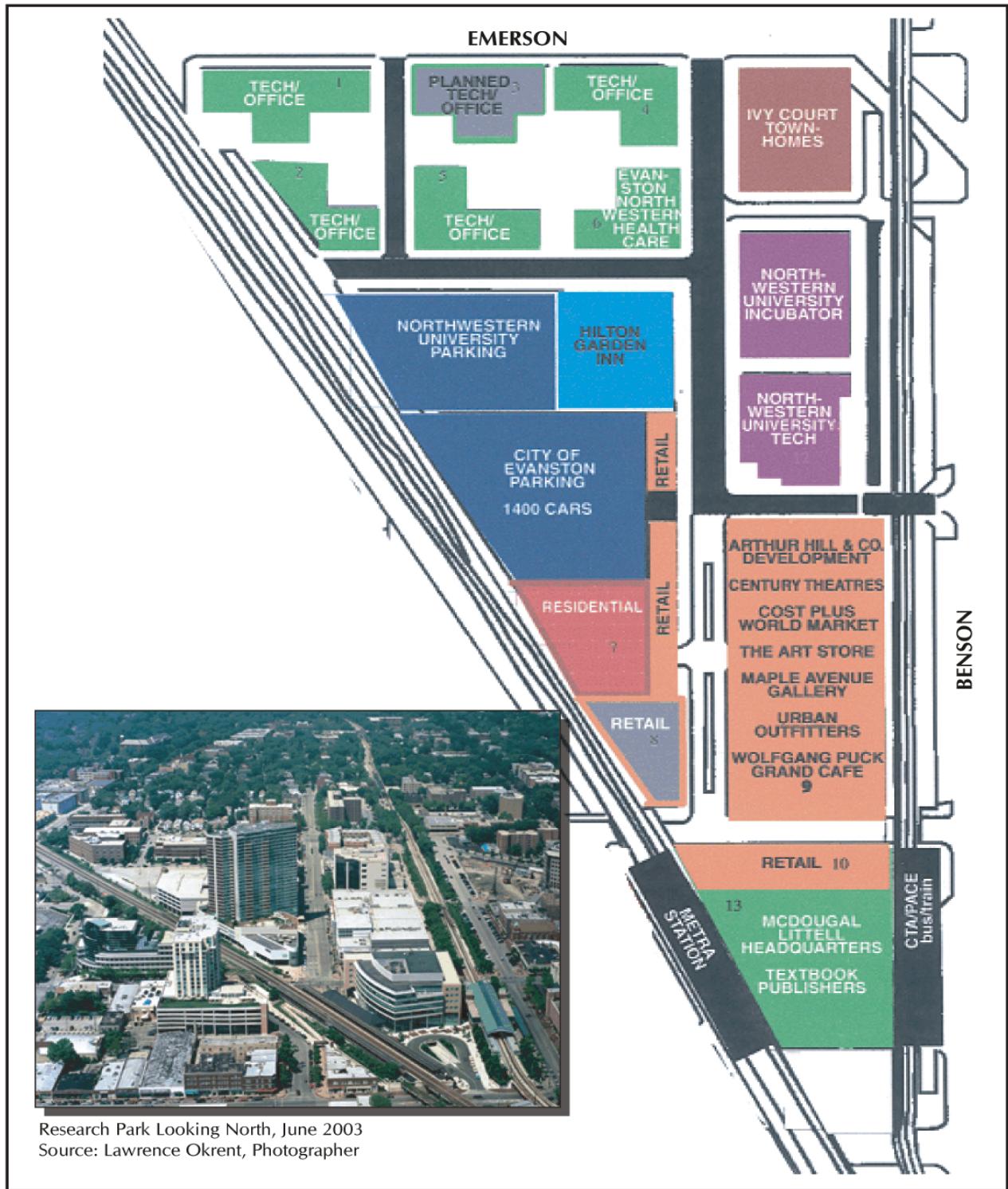
Inventure also raised \$1 million in a private seed capital fund to establish 21 new companies, one of them being Peapod, and created a high school senior medical internship program in partnership with the two large Evanston hospitals.

Current issues on the Inventure agenda include working with city agencies to formulate a new vision for downtown, consider new zoning amendments (possibly “form based zoning”), explore reuse potentials for the city’s remaining public parking lots, and evaluate alternative sites for the Civic Center.

Also a concern of Inventure is the low vacancy rate of Class A office space downtown and the fact that several existing and previously planned office building sites have recently been developed or proposed for residential condominiums. This trend may inhibit downtown Evanston’s potential to expand its office space and employment in the future, causing desired businesses to seek locations outside Evanston.

Today, nine of the ten largest employers in Evanston are not-for-profit organizations. This major change makes Inventure's role of developing public-private partnerships more challenging. Furthermore, not one of Inventure's board members today was in attendance at the first board meeting. Whether the private sector has the capability and whether the city and the university have the commitment to support a modified version of Inventure to undertake future missions has yet to be determined.

Nevertheless, Inventure and the Northwestern University/Evanston Research Park will stand as milestones in Evanston's history, without which the current renaissance of downtown may not have been as successful. They prove that, despite differences, the city, the university, and the private sector can work together out of mutual self-interest, perhaps even broader community interest



Research Park Looking North, June 2003
 Source: Lawrence Okrent, Photographer

Research Park Map, 2004
 Source: Inventure