



City of Aurora

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Legistar History Report

File Number: 20-0543

File ID: 20-0543

Type: Petition

Status: Draft

Version: 2

General Ledger #:

In Control: Building, Zoning, and Economic Development Committee

File Created: 09/02/2020

File Name: Factor 75, Inc. / 2372 W. Indian Trail / Plan Description Revision

Final Action:

Title: An Ordinance Approving a Revision to the Greenfield Partnership Plan Description on 13.8227 Acres for the Property located at 2372 W. Indian Trail (Factor 75, Inc. - 20-0543 / AU18/1-20.140-Su/R - JM - Ward 5) (PUBLIC HEARING)

Notes:

Agenda Date: 09/30/2020

Agenda Number:

Sponsors:

Enactment Date:

Attachments: Exhibit "A" Legal Description - 2020-09-17 - 2020.140, Exhibit "B" Plan Description Revision - 2020-09-18 - 2020.140, Land Use Petition - 2020-09-15 - 2020.140, Property Research Sheet - 2020-08-31 - 2020.136, Plat of Survey - 2020-08-31 - 2020.140, Findings of Fact - 2020-09-18 - 2020.140, Factor 75 Presentation - 2020-09-22 - 2020.140

Enactment Number:

Planning Case #: AU18/1-20.140-Su/R

Hearing Date:

Drafter: jmorgan@aurora-il.org

Effective Date:

Related Files:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
2	Planning and Zoning Commission	09/23/2020	Forwarded	Building, Zoning, and Economic Development Committee	09/30/2020		Pass
Action Text:		A motion was made by Mrs. Anderson, seconded by Mr. Chambers, that this agenda item be Forwarded to the Building, Zoning, and Economic Development Committee, on the agenda for 9/30/2020. The motion carried.					
Notes:		Mrs. Morgan said the Petitioner is requesting a Plan Description Revision on approximately 13 acres for a Processing, Finishing and Assembly Facilities (3140) use on Lot 1 of Greenfield Commons					

located at 2372 W. Indian Trail, but limited to only uses associated with food preparation, packaging and distribution. This will allow the building to be used for a subscription based ready to eat refrigerated meal service company. The office space will make up approximately 35,500 square feet of the building and the remaining approximately 100,744 square feet will be used as a commercial kitchen, packaging and storage area. Factor 75's plan for the reuse of this building, that has sat vacant for several years, will bring approximately 230 employees to the area, which should provide additional business to neighboring stores and restaurants. Based on their experience and in their previous location, they won't have odors or other environmental hazards because the use is limited to preparation, packaging and storage. Traffic impact to the surrounding area should be minimal as the site is right off major arterials. It is already used for truck traffic because there are some adjacent warehouse uses and the previous uses also required truck traffic. I do have the Petitioner and they do have a brief presentation. They can answer any questions, but are there any questions for staff before I bring the Petitioners on? Mike and Dave, if you want to come on and show video and I will bring up your presentation.

The Petitioners were sworn in.

I'm Mike Apostal, the CEO at Factor. My address is 5N388 W. Lakeview Circle in St. Charles, Illinois.

I'm Dave Wengerhoff, Senior Advisor for Factor 75. My address is 1544 Madison Drive, Buffalo Grove, Illinois.

Mr. Apostal said I'm going to be brief, just because I know everybody is very busy. But first and foremost I'd just like to say thanks to everybody on this call. Working with the City of Aurora thus far has been nothing short of impressive. All aspects from the Building, Zoning and Planning Commission, the Mayor, the Alderman and everybody has been phenomenal to work with, so really appreciate it. So I'm going to dive in here quick. Factor stands for the most important factor in your overall health and wellness, which is food. We were founded in 2011. What we do is we ship out fresh fully prepared restaurant quality meals directly to consumer's doorsteps nationwide. We are in all 48 contiguous states today. From a product market fit standpoint, I think it is pretty evident healthy eating is quite challenging today. Fast food is unhealthy. Healthy food often has a connotation of being bland. Cooking is time intensive and consumers are time constrained and nutrition is complex. That's where Factor comes in. We make fast food as healthy and tasty as it is convenient. We like to talk about it as we hit on the Holy Trinity of food, which is obviously, you see here, taste, nutrition and convenience. Historically different companies in the marketplace are really only hitting on 2 of these, but how we do it is we have a world class culinary team who become experts in fresh food production. We ship out today about 250,000 meals every single week directly to consumer's doorsteps. We provide a variety of dietary lifestyles or offerings under certain dietary lifestyles. From a nutrition standpoint, I have registered dietitians on staff that work with my chefs to optimize meals, not only for taste, but also for optimal nutrition. We utilize grass fed meet, organic produce, never ever chicken. All of our meals are free of soy, gluten, preservatives, non-GMO and our meals are 2½ minutes time to mouth and that's where the convenience comes in. If you look at the broader meal delivery category today, the ones that can provide the fastest "time to mouth" are the ones that are performing optimally. Think UBER Eats and DoorDash and those folks. We actually exceed that and we provide the transparency around labeling and nutritional information that consumers are really seeking today. It is really as a result of these 3 factors coupled with the amazing culture and team that I have at Factor that have really driven our success to date. You can see some of this growth. Really proud, most importantly of our ability to deliver on a phenomenal customer experience and product that is highly consistent and that's what's driving this growth. You can see in 2016 we did about \$5 million in sales. Last year we did a little over \$40 million. This year we are anticipating do to about \$110 million in sales. Currently we are doing about \$165 million in run rate revenues, so we are accelerating our growth. That corresponds, obviously, to the number of customers that we have active today. I think the thing that's really exciting and interesting for myself and my investors that I've brought into Factor and the team is probably a lot of folks on this call haven't even heard of Factor yet. This is probably your first interaction with us and that's evident by the fact that we only have 38,000 active subscribers today, but we are already a \$160+ million dollar revenue business. We're excited as we've built this scale over the last few years engaging more and more folks, creating awareness about the brand in channels outside of just online. We are starting to see more and more

engagement and we're really excited about the continued growth. So this is a little bit about our national audience. I think we would all agree that Factor has an amazing product market fit given the reasons I mentioned earlier, but what we also have is a unique operational scalability as it relates to fresh food production. We really only need production facilities in the Midwest in order to service the entire country and this diagram, or this visual here, gives you an example of how we do that. What we do is we utilize refrigerated direct line hauls from our production commissaries and fulfillment centers to ship to different regions of the country, not breaking the cold chain, and there we go 1 and 2 day ground from that. Why that's important is when you have product markets fit in the way that we have coupled with operational scalability, it's been a huge boon to our business to be able to scale efficiently and so we don't need to create new supply chains, don't need to find new labor and different regions. We can do it all in the Midwest here. Aurora we are viewing as our next flagship facility and really moving our corporate headquarters to Aurora as well. We're really excited about Aurora being that place. I think the facility is one that is a perfect place for us and the city has been nothing short of tremendous. Could you go to the next slide? This just speaks a little bit to some of our secret sauce and how we win. I talked a little bit about the Holy Trinity of food and our ability to hit on consistent high-quality taste and experience and that's really the point of difference in the space we play in and why we've been successful. We utilize a multitude of proprietary data that we get from our customers on meal ratings. I built that planning on menus that we know certain ingredients, certain meals will travel well to the consumer and create that restaurant quality experience. We've built that into our production cadence. I've built out long-standing relationships when I was a very tiny company with vendors that trusted in me and bet on me early on in the business and as a result I have a phenomenal group of suppliers today. We're the largest customer, individual customer, of Sysco in the Midwest. We've demonstrated a proven ability of our business to deliver at scale. A data point on that, as we've continued to grow in the way that we have generating over 200% growth year over year this year off of a fairly decent pace, we've seen our proprietary meal ratings from our customers actually increase, which is a great signal that we are improving quality. We have state of the art good manufacturing practices in food safety. Our culture at Factor is every meal matters. As a result of that, every person that comes into our doors at Factor matters and has an opportunity for prosperity. That's really a key part of our culture. Then last, but not least, we're delivering across the United States in a very efficient way. We've been fortunate to get some nice awards and some nice recognition. We've been in the Inc. 5000 list now for each of the last 4 years, putting us in the same realm of companies like Microsoft and Patagonia that have been able to achieve that list year over year because, obviously, when its fastest growing companies to do it off of a higher base of revenue becomes more challenging, but we've been able to do that and we are really proud of that. Then I think this slide just briefly shows sort of the evolution of our volume and scale. I think a couple of takeaways that I'd like to leave everybody with is we've done a buildout before. You'll see from 2018 to 2019 we opened a new kitchen actually, it was fully operational the last week of August of 2019. We are now nearing capacity already in less than 1 year, far faster than I had anticipated, but we had to do an entire buildout. What's nice about the Aurora facility and our plans here is a lion's share of the buildout out has already been done from the epoxy flooring to the floor drains to the coolers. We can really have this facility operational, we're anticipating, by early to mid-December is our timeline. We're anticipating to get in there and get rolling and that's why we are really, I have been super impressed with what Aurora has been able to do and all the fine folks there to get these meetings on the calendar because it is of great importance to us. Our expected weekly meal volume is 340,000 meals per week, which I'll tell you I typically sandbag a bit on my projections and right, wrong or indifferent I think that we'll be above that, but I'm comfortable saying 340,000 meals per week. In January is what we'll see from a volume standpoint, which today we are at about, like I said, about 250,000 meals per week we'll see this week and that's been continually scaling up at a nice pace. I think that's one thing. The other thing I'd like to leave you guys with is I think there is a tremendous opportunity, not only for the jobs that were mentioned, the 230 jobs that we would be bringing to the City of Aurora, but we've done a lot of work with donating meals to non-for-profits like HoJo out of Batavia. We've done work with different hospitals in providing meals to first responders in a time of COVID. I think that there is also Omni channel opportunities with schools, particularly in the Aurora area that we'd like to evaluate at some point, but also further donation opportunities that are already built into our model. We'd love to really be a good partner to the City of Aurora and be a great presence.

Mr. Wengerhoff said I think we have a couple more slides that we don't have to go through, but we're

happy too. Mike's covered most of everything that we really needed to provide as a message. I think handing it back to Jill and the group and we're ready to answer any questions or provide any more information you might need.

Mrs. Anderson said I have a question. I was just wondering have you guys seen an impact on your sales in terms of increasing due to COVID?

Mr. Apostal said that's a great question and it's one I get asked quite often by different folks that I speak with. Here's how I think about it. We saw really nice growth at the beginning of the year, sort of pre-COVID. I'd call that timeframe like March 14-16 is sort of that pre-COVID date. We were up 125% year over year through that time period and then COVID hit and actually the first week when everybody was hoarding toilet paper and everything else, we saw a jump up in our sales where we were now up 145% year over year. I was putting plans in place to say should we start buying incremental equipment to make sure we have the right through put because nobody had ever been through an experience like that. What actually happened is we fell back to sort of up about 110% to 115% year over year for our good from sort of that second week post-COVID until the middle of June. Then what happened is I think there's been some cooking fatigue from folks to figure how do I manage my kids at home? How do I work out? How do I manage my job? How do I feed my family? I think we've definitely seen a benefit associated with that. To be up 250% year over year off of the scale that we had already generated, to say that there isn't an impact associated with COVID I think would be lying. But I do think the world is changing. I think there is this new normal. I think people are, or now there is this step forward in our segment of the category that I knew would happen at some point. I just think that that's accelerated. More people have trialed us and now they say oh wow, I can get fresh, really great tasting prepared meals that only take me 2½ minutes in the microwave. This is a blessing. I think that more than anything else, that is what we are seeing in this post-COVID world that I don't see changing anytime soon.

Mrs. Anderson said how much on average is a meal?

Mr. Apostal said it varies based on the box size. You can order a 4 meal, 6 meal, 8 meal, 12 meal and 18 meal plan. The more meals you order the better the pricing. A couple of things just on that. One is to answer your question directly, it is going to range from like \$11 or maybe \$10.50 up to \$15.00 if you only order 4 meals just because there is a cost of shipping associated with that. We launched 4 meal plans back in 2018 as a way to get more people to trial because it is a lower overall cost, but on a per meal basis it is more expensive. We also offer add on products. So add on products are like cold pressed juice, wellness shots, Paleo granola, brownie energy bites, Keto cheesecake, fully cooked protein only that you could pair with a salad or roasted vegetables that you already have at home. We've seen the growth in that group tremendous. To get context, I launched add on products as an ancillary business in October of 2019. It's already become an \$8 million dollar annualized business in that short of time. I really view that as a separate business. Today about 14% to 15% of our customers actually have at least 1 add on to their order, so we are seeing a greater take rate on that. Now we are looking at an opportunity to launch an add on only subscription. So maybe you love the cold pressed juice or we also have soups that we just launched, maybe you love those ancillary items, you're not necessarily feeling our meals for that week. You have that opportunity now to order those, or you will in the next quarter. We are really excited about the growth. Then the last thing I'd say is during COVID I was doing 3 to 5 customer calls, both cancelled and existing customers, every single day prior to COVID and then COVID hit and I was doing a few calls and I started finding myself being a nuisance, but what I was hearing is an overwhelming response of I love your products, I love your offering, but I'm experiencing some economic hardship. We huddled and said how can we tap into these consumers and provide an offering that makes sense. So we launched a value brand called Yes Please Meals that we haven't really pushed too much just because we've seen tremendous growth with Factor, but I can tell you we launched it. It took it us 9 weeks to launch it, which I think speaks to the platform we've built out. So we are at 10-13 weeks after launching it. We're already at about 4,000 meals a week. For context, it took Factor about 3½ years to get to that size. So we think that that there is a unique opportunity there to continue to build up that value brand. We still are hitting certain nutritional facts that we've outlined as a business. It is still a wholesome type of meal offering, but maybe not as rigid on the specs that are Factor branded. Those Yes Please Meals go for anywhere from sort of \$7 to \$8 per

meal.

Mrs. Anderson said that's great. Thank you.

The public input portion of the public hearing was opened. No one registered to speak or came forward. The public input portion of the public hearing was closed.

Mrs. Morgan said staff would recommend approval of an Ordinance approving a Revision to the Greenfield Partnership Plan Description on 13.8227 acres for the property located at 2372 W. Indian Trail.

MOTION OF APPROVAL WAS MADE BY: Mrs. Anderson

MOTION SECONDED BY: Mr. Chambers

AYES: Mrs. Anderson, Mr. Chambers, Mr. Divine, Mrs. Duncan, Mr. Elsbree, Mr. Gonzales, Mrs. Head, Mrs. Owusu-Safo, Ms. Tidwell

NAYS: None

PASS: Mr. Cameron

FINDINGS OF FACT

1. Is the proposal in accordance with all applicable official physical development policies and other related official plans and policies of the City of Aurora?

Mr. Chambers said yes and these are listed in the staff report.

2. Does the proposal represent the logical establishment and/or consistent extension of the requested classification in consideration of the existing land uses, existing zoning classifications, and essential character of the general area of the property in question?

Mrs. Anderson said yes it does.

3. Is the proposal consistent with a desirable trend of development in the general area of the property in question, occurring since the property in question was placed in its present zoning classification, desirability being defined as the trend's consistency with applicable official physical development policies and other related official plans and policies of the City of Aurora?

Ms. Tidwell said yes it is.

4. Will the proposal maintain a compatible relationship with the traffic pattern and traffic volume of adjacent streets and not have an adverse effect upon traffic or pedestrian movement and safety in the general area of the property in question?

Mrs. Head said there should be no adverse effect.

5. Will the proposal allow for the provision of adequate public services and facilities to the property in question and have no adverse effect upon existing public services and facilities?

Mrs. Owusu-Safo said these will be provided or are already in existence.

6. Does the proposal take adequate measures or will they be taken to provide ingress and egress so designed as to maximize pedestrian and vehicular circulation ease and safety, minimize traffic congestion, and not substantially increase the congestion in the public streets?

Mrs. Head said yes they are already in place.

9a. Will the special use not preclude the normal and orderly development of improvement of surrounding properties due to the saturation or concentration of similar uses in the general area?

Mr. Elsbree said it will not have an adverse effect.

9b. Is the special use in all other respects in conformance to the applicable regulations in the district in which it is located, except as such regulations may in each instance be modified by the City Council pursuant to the recommendations of the Plan Commission?

Ms. Tidwell said yes it does.

Mrs. Morgan said this will next be heard at the Building, Zoning and Economic Development Committee on Wednesday, September 30, 2020, at 4:00 p.m. which will be held over Zoom.

Aye: 9 At Large Anderson, Fox Valley Park District Representative Chambers, Fox Metro Representative Divine, SD 204 Representative Duncan, At Large Elsbree, At Large Gonzales, SD 129 Representative Head, At Large Owusu-Safo and At Large Tidwell

Abstain: 1 At Large Cameron
