

Downtown Redevelopment Project
IMPLEMENTATION PLAN
TASKS 5 & 6

SUMMARY REPORT

Village of Fox River Grove, Illinois



December 9, 2010

Prepared By:

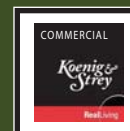


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EXECUTIVE SUMMARY

The Fox River Grove Downtown Redevelopment Project Implementation Plan consulting team consisting of Koenig and Strey, Teska Associates, Business Districts, Inc. and Busse Consulting, Inc. appreciates the opportunity to work with the Village over the last year on the development of the Implementation Plan. The key priority of this initiative was to develop a pragmatic action-oriented plan for the downtown which can be supported by a reasonable assessment of market potential. We also very much appreciate the time commitment of the Steering Committee in working with the consultant team (Bob Nunamaker, Duane Figurski and Art Osten, Jr.).

The completion of the new Metra Station in the Fall of 2011 serves as a major focal point and stimulus for the downtown vision and the integration of the new station was a major part of the consulting team planning assessment throughout the process.

The primary elements in the plan which represent the building blocks for each subsequent element are as follows:

- ☐ A review of all the existing vision statements and data which the Village had already produced relative to the future of the downtown in order to provide a firm foundation for future review.
- ☐ A market feasibility study of retail, commercial and residential opportunities.
- ☐ The development of a vision for the downtown which matched community vision with market realities.
- ☐ The development of a land use and land assembly plan which supports the potential implementation of the downtown vision.
- ☐ A review of the costs and potential financing mechanisms which would be required in order to implement the downtown vision.
- ☐ Multiple meetings with developers to review the downtown vision and to determine potential future interest in the Village.
- ☐ Selected discussions with current property owners to determine commercial property owners who may be interested in additional development of their property in order to be part of the downtown implementation plan.

Review of Existing Village Vision Statements and Data and Market Feasibility Studies

During the fourth quarter of 2009 and the first quarter of 2010 the consultant team completed the review of all preceding downtown work by the Village as well as a market analysis of retail, commercial and residential potential.

The work and planning which the Village had already completed relative to the downtown was excellent and it helped form the foundation for the remaining elements of the Implementation Plan.

The market analysis indicated that the very successful retail core which the Village has developed at Rte 22 and RTE 14 represents the primary retail center in the area and retail development in the downtown will consist of the redevelopment of existing buildings with small niche opportunities with an emphasis on food and beverage options and perhaps additional new small office. Concerning residential, as is evident in both the regional and national market summary, new residential product for the next 3-4 years will not primarily be condominiums and townhomes but market rate new rental construction and rental related to the age restricted market (i.e. 55 years or older).

Development of a Downtown Vision, Land Use Plan and Land Assembly Plan

After reviewing all relevant data, the downtown was divided into three areas with development potential represented by the Area 1 Village Hall Block on the east side of Rte 14; the Area 2 Train Station/Library Block on the west side of Rte 14; and Area Three at Rte 14 and the Area 3 Fox River Marina Block.

The planning map illustrating these three planning areas follows below:



While the riverfront site represents strong long term potential for new housing, recreational uses and food and beverage uses it was determined that the foreseeable market, given the economic conditions, which will continue to impact all development for some time, would not be strong and therefore a detailed plan for this area would not be productive at this time. As the market improves, this area will continue to represent strong potential for the Village.

Subsequently, the consultant team prepared detailed development visions for the two remaining areas: The Area 1 Village Hall Block and The Area 2 Train Station/Library Block. These development visions directly reflected the results of the market analysis, the Metra Station and Library plans and the interests of current property owners. All primary property owners within both areas were visited for an individual meeting in order to review the plans and to solicit their input and interest. Overall the property owners for the primary development options in the two areas expressed a very cooperative interest in being involved pending further planning and financial terms and conditions. The Village did retain appraisals in order to provide a baseline of information relative to property values.

The detailed development visions for Area 1 and Area 2 follow:





Area 1 and Area 2 (Phase 1) were viewed as having the highest potential in the short term with other opportunities in the future as the economy improves.

A Review of the Costs and Potential Financing Mechanisms which would be Required in Order to Implement the Downtown Vision

The consultant team then produced a financial analysis of the probable revenue vs. expense items which would be required in order for development to proceed including the full cooperation of existing property owners and the development community. While a fully detailed analysis is contained in the report, the highlights are as follows:

- ☐ The Village will need to provide improved Public Improvement infrastructure which will both support and enhance development. The costs for infrastructure are estimated by the Village Engineer as: Area 1 (\$955,500); Area 2 (\$1,573,000). Longer term the costs for Area 3 (at the Fox River) are estimated at \$1,202,500. Streetscape improvement estimates provided by the consultant team are:

Area 1: (\$300,000)

Area 2: (\$308,000)

- ☐ **Area 1** will primarily involve working with existing property owners in the rehabilitation and retenanting of the existing buildings in the core area as illustrated on the plan. The additional parking may not be necessary in the near term, but should be considered as part of the future planning and funding requirements of this area. Meetings with the existing property owners indicated a strong interest in being involved in the downtown redevelopment. Of particular

importance, one of the key property owners is an owner of a major chain of regional restaurants who has a strong interest in establishing a restaurant in Area 1. Ongoing and accelerated conversations with the Stakeholders, the consultant team and the Steering Committee have been held and should continue. If developed, this restaurant would be a major anchor for the emerging downtown. **Area 1 clearly represents the best short term opportunity for the Village.**

- ☐ **Area 2** will include a market rate apartment project, a modest amount of new niche retail and service business, and parking to support both proposed uses. As is the case for all new proposed development given the current national economic conditions, success will be possible but difficult and it will involve a very strong partnership between the Village and the private sector development community. Discussions with seven developers during the third quarter of 2010 indicated a very positive response to the concept plans, vision for the Village Downtown and to the potential opportunity in the Village overall. Again, these developers are primarily market-rate rental residential developers and/or developers focused on the age restricted market (55 years or older). However, while difficult, imminent development is not necessary and the Village now has a solid plan initially endorsed by the private sector which will allow for progressive discussions with the development community over the next year which will also allow for another year of an improving economy. An approved project in the future will clearly need to meet multiple market requirements in order to be profitable and therefore financeable.
- ☐ Under all circumstances, the Village will need to consider multiple municipal planning and financial tools in order to be prepared for development (i.e. flexible zoning, Tax Increment Financing, Special Service Assessment Areas, Business Districts, aggressive solicitation of grant funds, etc).

Implementation Plan

As mentioned earlier, a primary initiative of the Downtown Redevelopment Project is the development of an Implementation Plan which the Village can follow on a step-by-step basis as it pursues its vision. The draft report contains a fully detailed Implementation Plan and recommendation section that is segmented into three categories:

- ☐ Public Policy, Procedures and Consensus Building
- ☐ Area 1 Village Block
- ☐ Area 2 Train Station/ Library Block

Also included is a suggested next steps section that includes a list of 17 action steps to be pursued by the Village in 2011 in order move the Implementation Plan forward. It is important to note that the majority of these steps are logical and necessary municipal initiatives and, assuming the Village can allocate the necessary time and internal resources, these steps do not represent a significant cost to the Village.

Summary

The depth and volume of the Final Report and the unprecedented problems in the economy may suggest a complex and perhaps gloomy analysis of the near term. However, it is important to “take a step back” and consider some key issues which are important and unique to Fox River Grove:

- ☐ The Village already has a retail cluster at Rte 22 and Rte 14 which it should support and maintain. The downtown plan is niche (i.e. selected opportunities) oriented which is achievable. It is not oriented to creating a new and large retail/commercial addition which cannot be supported by the marketplace.
- ☐ The Metra Station development for 2011 is significant. Many communities do not have such a station center. The opportunity for “Transit Oriented Development” around train stations is an established development technique which is fully supported by Metra.
- ☐ The Library is an important “people generator” and it is a key component of downtown planning. Not all communities have such an important community asset in the downtown.
- ☐ The Village now has a specific vision for the downtown which is market based.
- ☐ The Area 1 plan includes cooperative property owners including a major property owner who hopes to open an extension of his successful restaurant chain. If this proceeds over time, the restaurant would be a major anchor for the downtown.
- ☐ The Area 2 plan has as its primary component a new market rate rental residential project which fits well with the function of the Metra Station patrons. Meetings with property owners in Area 2 have been productive. Discussions and meetings with numerous developers have indicated an interest in the concept plan and an interest in Fox River Grove.
- ☐ Financing will be difficult and it will require flexibility, partnering with the private sector and most importantly, time to determine the speed of economic improvement. However, time is exactly what the Village has as an asset. The final plan allows the Village to invest time in preparing for potential development; continuing ongoing conversations with existing property owners; further conversations with the external development community; and consensus building in the community.
- ☐ The last piece of the Implementation Plan includes 17 action steps which the Village can take in 2011. As indicated earlier, a majority of these steps can be done at nominal cost (separate from the time and expertise of existing Village officials). For those items which do represent a cost, the Village has the ability to pick and choose the sequence and timing of items based upon ongoing developer/property owner meetings; the implementation of municipal financial tools; and, hopefully, an improving economy.
- ☐ While part of the “17 action steps,” it is very important to note that communication and consensus building with citizens and other constituents in the Village is a necessary next step. This is an exciting, but complicated, plan for the downtown. It will take some time to fully communicate all aspects of the vision. Again, the Village has the advantage of time and the communication process does not need to be costly.

In a difficult but improving environment this is an exciting development for Fox River Grove. Again, the consultant team very much appreciates the opportunity to be part of the development of this vision.

I: INTRODUCTION

The purpose of this Implementation Plan: Summary Document is to present the Village of Fox River Grove (the “Village”) with summary findings of Tasks 1 through 7 for purposes of assisting the Village to formulate Financial Incentive Policies and Guidelines for Downtown Fox River Grove, as well as the Village in general. Downtown Fox River Grove consists of approximately nine (9) blocks along a one-half mile stretch of U.S. Route 14 and the Metra commuter rail, stretching from the Fox River on the west to Illinois Route 22 on the east (the “Downtown”).

This Implementation Plan: Summary Document is a culmination of Tasks 1-7 of the Fox River Grove Downtown Redevelopment Project Implementation Plan (the “Implementation Plan”). The Implementation Plan is being compiled to provide direction and guidance to the Village, property owners and developers regarding downtown investment and development opportunities throughout the Downtown.

Development Opportunity Areas

Task 1 of the Implementation Plan reviewed various existing data and information concerning current conditions, strengths and weaknesses throughout the Downtown. Task 2 of the Implementation Plan surveyed and inventoried existing retail and residential markets within the larger Fox River Grove market area, and identified emerging retail and residential markets. The results of tasks 1 and 2 assisted the Village to identify three development opportunity areas associated with the Downtown: the Village Block (“Area 1”), the Train Station/Library Block (“Area 2”), and the Fox River Marina Block (“Area 3”) for further study. Figure 1, Planning Issues Map, illustrates the location of these three opportunity areas in context with the larger Downtown area. Described below and summarized in Table 1, Downtown Opportunity Areas: Existing Characteristics, are key characteristics of the areas, including current use, land area, building area, assessment and taxes, and appraised values.

Area 1 | Village Hall Block

The block formed by Route 14, Lincoln Avenue, Opatrny Drive, and Illinois Street comprises Area 1. This area consists of seven buildings comprising approximately 45,000 s.f. of commercial space, the Village Hall, one single-family residence and a vacant lot. Taxable parcels comprise approximately 2.0 acres, with 2009/2010 property taxes totaling approximately \$67,000. Three parcels have been identified by the Village for possible acquisition as part of the Village’s Downtown Redevelopment Project. The total appraised valuation for those three parcels ranges from approximately \$835,000 to \$879,000.



Area 1 – Existing Commercial Structures

Area 2 | Train Station/Library Block

The block formed by the Union-Pacific Northwest Rail Line, Lincoln Avenue, and Algonquin Road is identified as Area 2. This block consists of 33 apartments, 3 single-family residences, and two buildings containing approximately 21,000 s.f. of commercial/manufacturing space. Taxable parcels within Area 2 comprise approximately 5.2 acres, with 2009/2010 property taxes totaling approximately \$133,000. The entire area has been identified by the Village for possible acquisition as part of the Village's Downtown Redevelopment Project. The total appraised valuation for Area 2 ranges from approximately \$4,812,000 to \$5,081,000.



Area 2 – Existing Apartments

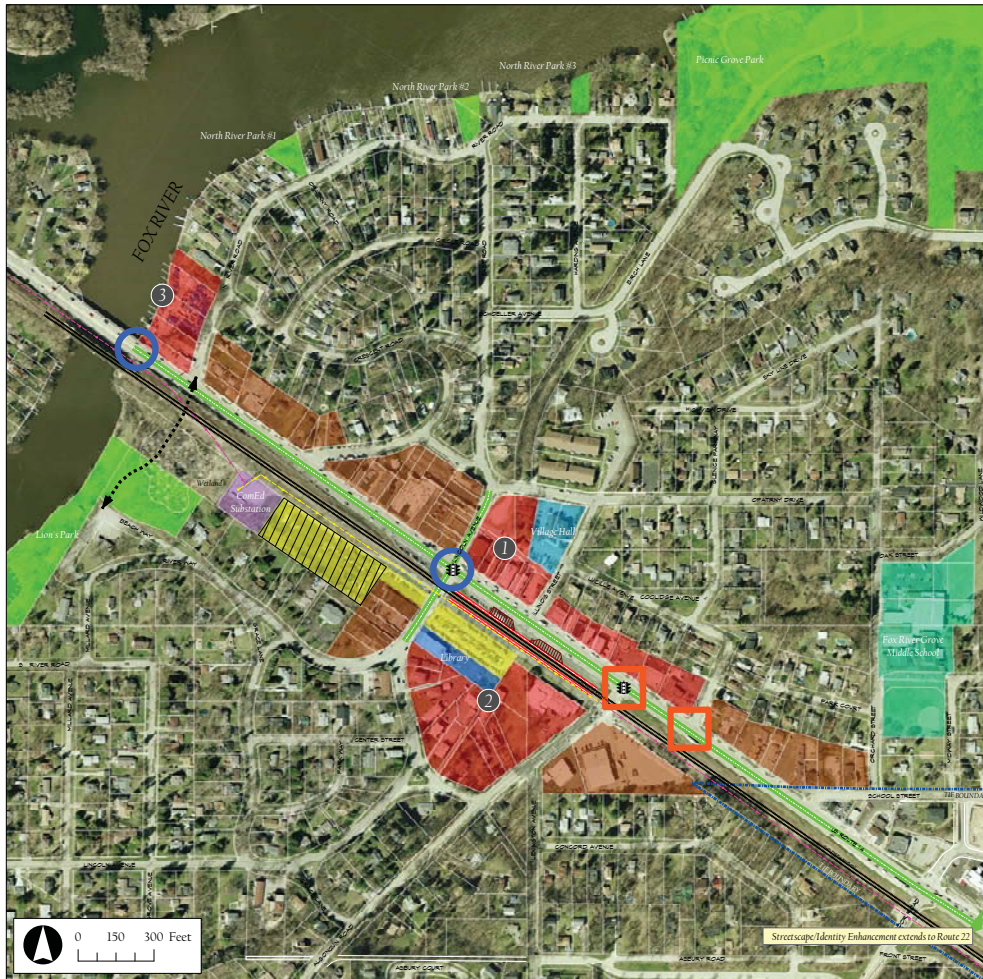
Area 3 | Fox River Marina Block

Area 3 is bound by the Fox River, Route 14, North River Road and the extension of Crescent Road. It consists of a marina with a boat launch and three buildings comprising approximately 8,000 s.f. of commercial space, and a 400 s.f. garage on an otherwise vacant parcel. Taxable parcels comprise approximately 1.6 acres, with 2009/2010 property taxes totaling approximately \$28,000. The Village has not identified any parcels for possible acquisition as part of the Village's Downtown Redevelopment Project.

The Planning Issues Map on the following page illustrates the location of each of these areas in relationship to the Village. Table 1 provides a detailed summary of area and values for each of these three key redevelopment areas.





















Area 3 – Existing Restaurant/Bar and Marina



Downtown Redevelopment Project Implementation Plan

Village of Fox River Grove, Illinois

PLANNING ISSUES MAP

-  Expanded Metra Station
-  Expanded Metra Platform
-  Metra Commuter Parking Lot
-  Structured Parking Garage (future)
-  Village Hall
-  Public Library
-  Fox River Grove Middle School
-  ComEd Substation
-  Public Park
-  Primary Opportunity Site
-  Secondary Opportunity Site
-  Gateway Opportunity
-  Road Realignment Opportunity
-  Road Connection Opportunity
-  Traffic Signal (existing)
-  Streetscape/Identity Enhancement
-  Electrical Power Line (underground)
-  Electrical Power Line (overhead)
-  Wetland (general coverage)
-  TIF District Boundary

Last Revised: June 17, 2010

Koenig & Strey | Business Districts, Inc. | Teska Associates, Inc.

TABLE 1
DOWNTOWN OPPORTUNITY AREAS: Existing
 Characteristics
Downtown Redevelopment Project Area
Fox River Grove, Illinois

Development Phase & Parcel Data				Land		Existing Buildings		Appraised Values		
AREA & PHASE	Description		Proposed Use	Land Area		Bldg Area	# of d.u.			
				S.F.	Acres			Low	High	Average
Area 1, Phase 1a	Vacant Store	Restaurant		7,618 s.f.	0.17 ac	8,000 s.f.	- d.u.	\$ -	\$ -	\$ -
Area 1, Phase 1b	Commercial Stores	Corner Store		9,568 s.f.	0.22 ac	8,463 s.f.	- d.u.	\$ 543,000	\$ 604,000	\$ 573,500
Area 1, Phase 1c	Commercial Stores	Commercial Retail		28,173 s.f.	0.65 ac	26,698 s.f.	- d.u.	\$ -	\$ -	\$ -
Area 1, Phase 2	Single-Family House & Vacant Lot	Surface Parking		41,816 s.f.	0.96 ac	1,647 s.f.	- d.u.	\$ 291,760	\$ 320,090	\$ 305,925
Area 2, Phase 1	Commercial/Manufacturing	Building A		88,055 s.f.	2.02 ac	20,683 s.f.	- d.u.	\$1,106,000	\$1,192,000	\$1,149,000
Area 2, Phase 2	33 Apartments	Building B		86,373 s.f.	1.98 ac	28,243 s.f.	33 d.u.	\$3,123,000	\$3,273,000	\$3,198,000
Area 2, Phase 3	3 Single-Family Residences	Building C		53,174 s.f.	1.22 ac	6,263 s.f.	3 d.u.	\$ 583,000	\$ 616,000	\$ 599,500
Area 3, Phase 1	Commercial / Marina	TBD		70,377 s.f.	1.62 ac	4,045 s.f.	- d.u.	\$ -	\$ -	\$ -
TOTAL				385,154 s.f.	8.84 ac	104,042 s.f.	36 d.u.	\$5,646,760	\$6,005,090	\$5,825,925

TABLE 1
DOWNTOWN OPPORTUNITY AREAS: Existing
Characteristics
Downtown Redevelopment Project Area
Fox River Grove, Illinois

Development Phase & Parcel Data			Assessment							Tax Allocation by		
AREA & PHASE	Existing Use	Description	2009			Exemptions	1,0000 EAV	8.7047% Taxes	Land			Building
			Land	Imp	Total				Total	\$/s.f.	Total	
Area 1, Phase 1a	Vacant Store	Restaurant	\$ 33,842	\$ 52,744	\$ 86,586	\$ -	\$ 86,586	\$ 7,535	\$ 2,945	\$ 0.99	\$ 4,590	\$ 0.94
Area 1, Phase 1b	Commercial Stores	Corner Store	\$ 50,852	\$ 49,735	\$ 100,587	\$ -	\$ 100,587	\$ 8,755	\$ 4,425	\$ 0.92	\$ 4,330	\$ 1.03
Area 1, Phase 1c	Commercial Stores	Commercial Retail	\$ 133,023	\$ 323,702	\$ 456,725	\$ -	\$ 456,725	\$ 39,755	\$ 11,580	\$ 1.41	\$ 28,175	\$ 1.49
Area 1, Phase 2	Single-Family House & Vacant Lot	Surface Parking	\$ 48,784	\$ 78,398	\$ 127,182	\$ -	\$ 127,182	\$ 11,070	\$ 4,245	\$ 0.26	\$ 6,825	\$ 6.72
Area 2, Phase 1	Commercial/ Manufacturing	Building A	\$ 72,947	\$ 334,838	\$ 407,785	\$ -	\$ 407,785	\$ 35,495	\$ 6,350	\$ 0.40	\$ 29,145	\$ 1.72
Area 2, Phase 2	33 Apartments	Building B	\$ 210,320	\$ 723,572	\$ 933,892	\$ -	\$ 933,892	\$ 81,295	\$ 18,310	\$ 0.94	\$ 62,985	\$ 2.88
Area 2, Phase 3	3 Single-Family Residences	Building C	\$ 44,608	\$ 164,280	\$ 208,888	\$ 20,000	\$ 188,888	\$ 16,440	\$ 3,885	\$ 0.31	\$ 12,560	\$ 2.62
Area 3, Phase 1	Commercial / Marina	TBD	\$ 174,860	\$ 155,072	\$ 329,932	\$ 6,000	\$ 323,932	\$ 28,195	\$ 15,220	\$ 0.40	\$ 12,975	\$ 6.97
TOTAL			\$ 769,236	\$ 1,882,341	\$ 2,651,577	\$ 26,000	\$ 2,625,577	\$ 228,540	\$ 66,960		\$ 161,585	

II: CONCEPTUAL PLANS

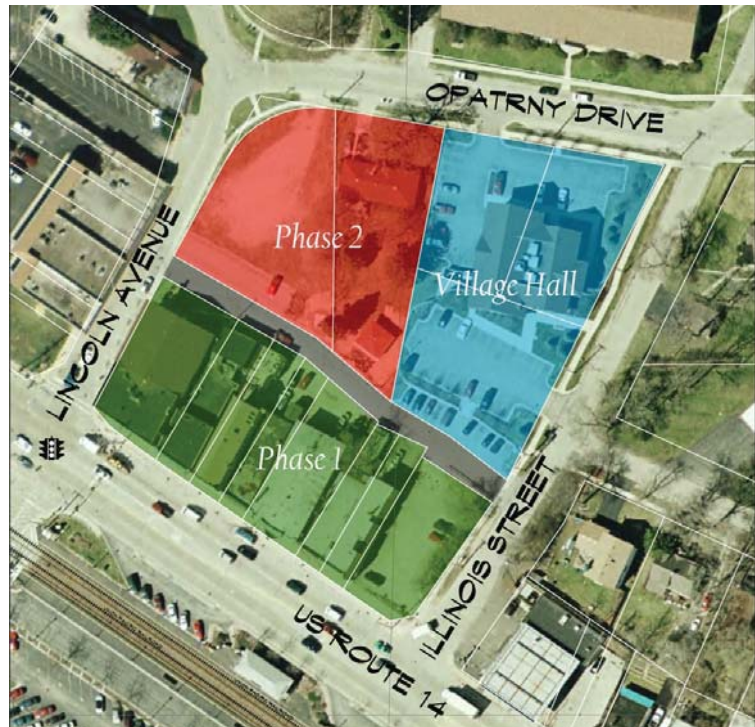
Utilizing findings from Tasks 1 and 2 of the Implementation Plan, the consulting team developed implementation concepts for each of the three priority implementation sites during Tasks 3 and 4. These concepts are summarized below.

Area 1 | Conceptual Plan

After exploring multiple redevelopment scenarios, the Consultant team recommends an alternative of renovation of the existing commercial buildings and development of a parking area.

Area 1: Phase 1 – This phase includes renovation of the existing commercial structures fronting on Route 14. Phase 1a would be mid-block, with development of a proposed restaurant as an anchor for the block. Phase 1b would be renovation of the key 2-story building at the northeast corner of Lincoln Avenue and Northwest Highway, while Phase 1C could include the remaining commercial structures.

Area 1: Phase 2 – This phase includes provision of a parking lot that could serve multiple purposes, including provision of parking for private businesses along Northwest Highway, overflow parking for activities at Village Hall, and potentially some additional commuter parking. It would likely be appropriate for this parking lot to be owned and operated by the Village of Fox River Grove.

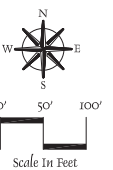


In the image above, the parcels included in Phase 1 are shaded in dark green. The parcels included in Phase 2 are shaded in red. Village Hall is shaded in blue.

Downtown Redevelopment Project Implementation Plan

Village of Fox River Grove, Illinois

AREA 1 STREETSCAPE & VILLAGE PARKING LOT CONCEPT



Last Revised June 17, 2010

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Area 2 | Conceptual Plan

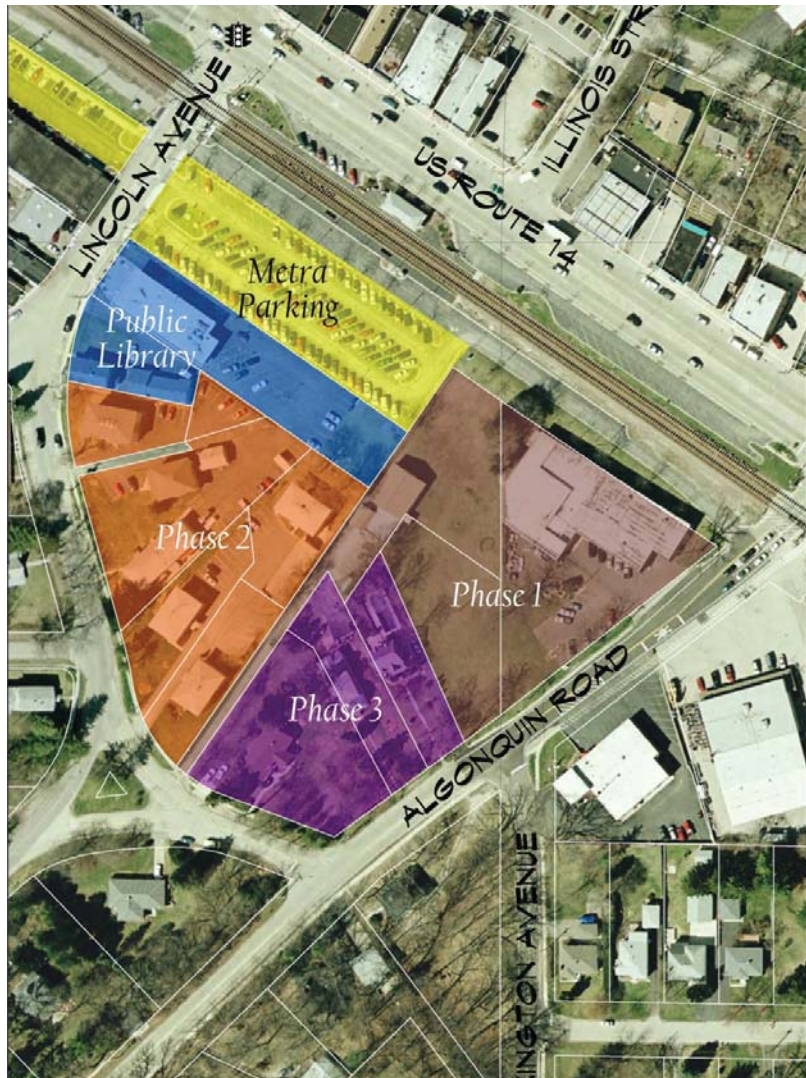
Utilizing findings from tasks 1 and 2 of the Implementation Plan, the consulting team in tasks 3 and 4 formulated a three-phased redevelopment concept for Area 2 (the “Concept Plan”). Figure 2, Area 2 Site Plan: Concept 1B, illustrates a concept plan 1B, which consists of three apartment buildings constructed on three separate pads.

Area 2: Phase 1 - Phase 1 consists of a mixed-use 124,500-s.f., 4-story building containing 72,500 s.f. of apartments, 28,000 s.f. of retail and 24,000 s.f. of a one-level underground parking garage. Residential apartments total 92 d.u., and average 920 s.f. each. Parking totals 109 spaces, at a ratio of 1.6 spaces per d.u., and consists of 49 surface spaces and 60 enclosed spaces. Monthly and annual gross rents total \$120,110 and \$1,441,300, respectively.

Area 2: Phase 2 - Phase 2 consists of a 66,500-s.f., 4-story building containing 50,500 s.f. of apartments and 16,000 s.f. of a one-level underground parking garage. Residential apartments total 47 d.u., and average 930 s.f. each. Parking totals 75 spaces, at a ratio of 1.6 spaces per d.u., and consists of 35 surface spaces and 40 enclosed spaces. Monthly and annual gross rents total \$52,715 and \$632,600, respectively.

Area 2: Phase 3 - Phase 3 is identical to Phase 2 and consists of a 66,500-s.f., 4-story building containing 50,500 s.f. of apartments and 16,000 s.f. of a one-level underground parking garage. Residential apartments total 47 d.u., and average 930 s.f. each. Parking totals 75 spaces, at a ratio of 1.6 spaces per d.u., and consists of 35 surface spaces and 40 enclosed spaces. Monthly and annual gross rents total \$52,715 and \$632,600, respectively.

In the image above, the parcels included in Phase 1 are shaded in brown. The parcels included in Phase 2 are shaded in orange. The parcels included in Phase 3 are shaded in purple. The library and Metra commuter parking are shaded in blue and yellow, respectively.



Downtown Redevelopment Project Implementation Plan

Village of Fox River Grove, Illinois

AREA 2 SITE PLAN - CONCEPT (OPTION 1)

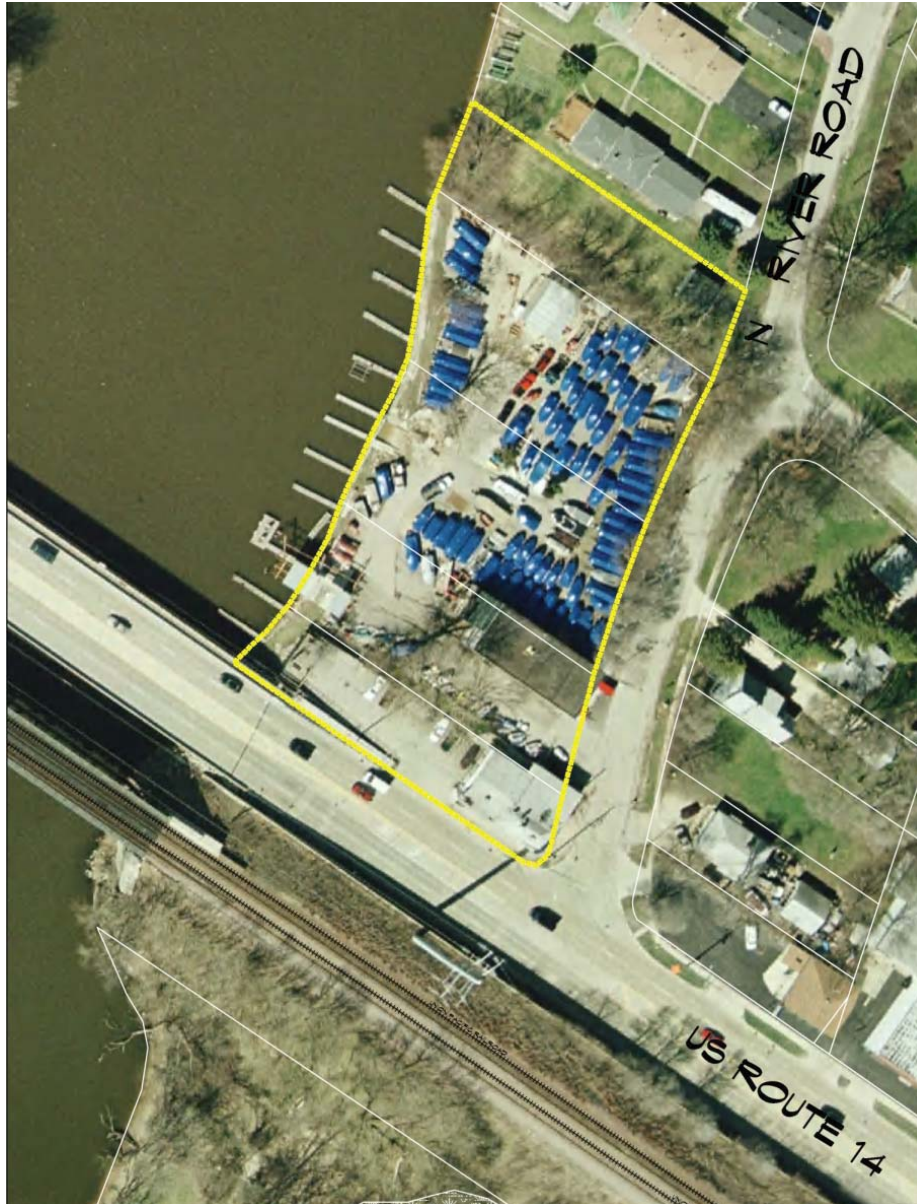


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Area 3 | Conceptual Plan

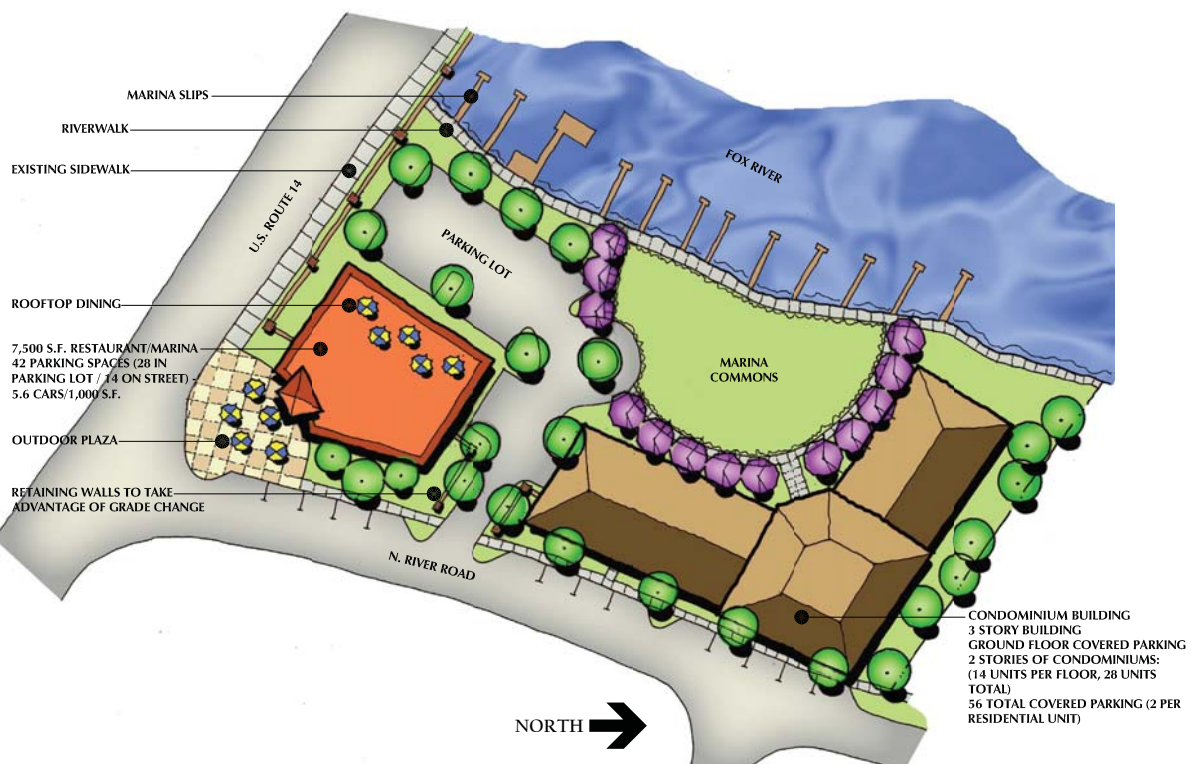
Area 3 would be an ideal site for a future condominium development, perhaps with a restaurant with patio space facing the Fox River. As shown in the image below, the parcels comprising Area 3 are indicated by the yellow boundary line. The site should also maintain existing boat docks along the Fox River for both restaurant customers and owners of the future condominiums. Parking for the condominiums should accommodate at least one space per unit under the building, with additional guest parking provided either on-site or along North River Road. Given the relative small size of the development parcel, Area 3 is likely to be redeveloped as one overall development in the future.



Downtown Redevelopment Project Implementation Plan

Village of Fox River Grove, Illinois

AREA 3 SITE PLAN



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III: FINANCIAL ALTERNATIVE REPORT

The effectiveness of a community economic development program is measured by Village parameters established at the onset of a project, and then monitored during the construction and operation of a project. Parameters should be readily identified and allow the Village to monitor and measure its own progress in concrete terms. Parameters include the accomplishment of Village Goals & Objectives, the installation of needed Public Improvements and Facilities, and the extent to which the Village is able to leverage the village financial participation by optimizing the use of both public and private funds. The success of an Economic Development Program also depends on the types and amounts of available funds and public support. Once reasonable parameters have been established for a prospective project, the Village must then establish a system of monitoring the project to ensure compliance and ongoing success.

Village Goals & Objectives

Summarized below is a list of goals & objectives the Village desires to accomplish through downtown redevelopment projects in Areas 1-3, as well as other secondary development parcels. These goals and objectives were extracted as part of earlier tasks undertaken as part of this Implementation Plan.

- ☐ Diversified tax base: residential, commercial, manufacturing, etc.
- ☐ Increase employment base: job retention and creation
- ☐ Reduce tax burden on local residents & businesses
- ☐ Minimize impact on affected taxing districts: monitor
- ☐ Enhance quality of life for residents and businesses
- ☐ Reduce conditions that qualify areas for Village subsidies
- ☐ Expand retail trade area (i.e., increase retail trade area to “import” sales taxes from outside of the Village): specialty niche, entertainment, theme
- ☐ Secure public support: seek input at key milestones

The above goals and objectives, along with the financial evaluation that follows are to be used by the Village to set parameters for the purposes of weighing the merits of proposed redevelopment projects. As part of a solicitation process with interested developers, the following questions are to be included as part of any solicitation and to be answered by the developer.

- (1) To what extent will the proposed development diversify or narrow the types of uses and tax base from which the Village receives tax revenues?
- (2) To what extent will the proposed development create, retain or eliminate jobs?
- (3) To what extent will the proposed development reduce or increase the overall tax burden for Village residents and businesses?
- (4) To what extent will the proposed development increase operating costs and demand on services for the Village and other taxing districts (e.g., police, fire, library, school, school-aged children, etc.)
- (5) To what extent will the proposed development construct or provide funding for public improvements and facilities?
- (6) To what extent will the proposed development assist the Village in creating a self-funding and self-sustaining Downtown?
- (7) To what extent will Village investments leverage private investment?

The parameters identified by the Village will then be used to measure and monitor the success of a development in terms of needs and requirements of the Village and its constituency.

Financial Evaluation: Area 1

In the Implementation Plan, Area 1 focused on the properties on the northeast side of Route 14 from Lincoln Avenue and Algonquin Road. There are 4 property owners who have shown interest in upgrading their properties and re-tenanting. Also, there have been discussions with the property owners regarding improving their properties. One of the property owners within Area 1 is considering the possible renovation of a 10,000 SF building for use as a restaurant/bar. Private investment is estimated to range from \$3 to \$4 million.

The Village is currently considering the proposal and determining what, if any, public improvements and facilities may be needed to support or compliment this private investment. Enhanced streetscape and other Public Improvements in the area would complement the efforts that will occur with the Metra Station redevelopment in 2011. Public Improvements for Area 1, not including streetscape enhancement, have been estimated at \$ 995,500 if completed all at once, but could be phased with an initial expenditure of approximately \$ 185, 250. Other possible Village improvements being considered are the creation of a public parking lot within Area 1 to accommodate approximately 75 vehicles.

Tax revenues that may be generated by the proposed restaurant include incremental property and sales tax revenues, and business district tax revenues. The programs that may be established to capture these revenues for funding economic development are described in Exhibit A, Village Controlled Public Funding Options. Listed below are 20-year present value estimates (2010 dollars) of these possible funding sources.

Incremental Property Tax (20-year present value)	\$85,000
Incremental Sales Tax (20-year present value)	\$295,000
<u>Business District Sales Tax (20-year present value)</u>	<u>\$295,000</u>
Total (20-year present value)	\$675,000

The above estimates include the following general assumptions.

- ☐ An annual inflationary adjustment of 2.0 percent
- ☐ A discount factor of 6.5 percent
- ☐ Stabilized property taxes of \$1.75/s.f. and base property taxes of \$1.00
- ☐ Stabilized sales revenue of \$2.5 million and base sales taxes of \$0
- ☐ Local Sales Tax Rate = 1.0%
- ☐ Business District Tax Rate = 1.0%

Even though the Implementation Plan for Area 1 focused on the properties on the block between Lincoln and Algonquin, the Team anticipates adjacent properties will benefit. Once the focused area is underway, it will provide the stimulus, along with the Metra Station redevelopment, for the Downtown Redevelopment project.

Financial Evaluation: Area 2, Concept Plan Option 1

Table 2a, Concept Elements & Funding, summarizes key design characteristics, project costs and funding sources for Area 2: Concept Plan 1-Phase 1-3. This second page of Table 2a presents various assumptions related to project financing, including capitalization rates, loan to value ratios, and debt coverage ratios. Table 2b presents a one-page summary of the sources and uses of funds for Concept Plan 1-Phase 1-3 and adds Village estimated public improvement and infrastructure costs.

Presented below for Area 2: Concept Plan 1-Phase 1-3 is a project budget and an initial estimate of funding sources necessary to construct and finance the conceptual project as conceived.

1: Project Budget

Table 2a presents costs associated with major components of Area 2: Concept Plan 1-Phase 1-3. The type and extent of improvements and the budgets are preliminary for modeling purposes and are subject to change.

Private Components

An initial budget estimate for private improvements of all three phases of Area 2 is listed below. The land cost is reduced to zero (\$0) by a Village subsidy for purposes of satisfying the request by developers that the land be contributed by the Village and/or funded by future TIF.

<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>	<u>Total</u>
\$ 22,565,000*	\$ 9,595,000*	\$ 9,415,000*	\$ 41,575,000*

*Rounded to nearest \$ 5,000

The initial budget estimate for the private components includes the items and improvements listed below. See Table 2 for the cost estimate of each.

- ☐ Land, including a Village subsidized acquisition price, closing costs, relocation expenses, and carrying costs
- ☐ On-Site Preparation, including demolition, mass grading, utilities, surface parking, and site improvements
- ☐ Hard Cost, including apartment shell & core, structured parking and FF&E
- ☐ Soft Cost, including A&E, legal & acct, testing, market studies & marketing, GC and developer fees, taxes & insurance
- ☐ Finance Costs & Contingencies

Public Components

Excluded from the budget contained in Table 2a is an estimate by the Village of costs associated with public improvements and facilities that it may want to undertake as part of the conceptual redevelopment plan. A successful downtown redevelopment project is predicated, in part, on prioritizing various public improvements and facilities throughout the downtown, including, and not limited to, storm water collection and detention, new or relocated water mains, sanitary sewer improvements, roadway & alley relocations or improvements, library improvements, and commuter lot improvements. While the Village has identified possible public improvements and facilities (see Exhibit C, Preliminary Estimates of Cost Based on Extensive Utility Work of the Appendix), it has not prioritized nor provided cost estimates for those improvements vis-à-vis the conceptual plans contained in this Implementation Plan.

Outlined below are three sources that may assist the Village to prioritize its need of public improvements and facilities.

i. Capital Improvement Program

The Village's Capital Improvement Program (CIP) is a starting point for identifying and prioritizing needed public improvements and facilities. In fact, the CIP may have already prioritized such public improvements, and established a time frame for installation of public works projects.

ii. Downtown Improvements

The compilation of findings and conclusions derived from existing studies is an added source for identifying and prioritizing needed public improvements and facilities. Existing studies may also note physical deficiencies that require aligning short-term and mid-range objectives to accomplish long-term goals. For example, the creation of a four-corner intersection at U.S. Route 14 and Lucille Avenue will require coordinated planning and implementation of several short-term and mid-range objectives to accomplish the realignment of Algonquin Road with Lucille Avenue.

iii. Development Requirements

As developers come to the Village with actual private development proposals, those proposals may identify the need for certain public improvements and facilities, or the relocation of certain improvements. These items will be identified as a project comes to fruition and must be weighed against required CIP and the Village's overall Goals & Objectives.

iv. Streetscape Improvements

An estimated budget of \$308,000 is recommended for Area 2. This would include new street lighting, street trees, shrub and perennial beds, and some area identification signage.

Sources of Funds & Financial Gap

Private Funds: An estimate of private funding sources for all three phases of Area 2 is listed below. This estimate of private funds includes equity and debt and is based on a capitalization rate of 6.75%, and residential rental rates of \$ 1.40/SF/month.

Phase 1	Phase 2	Phase 3	Total
\$ 20,095,000*	\$ 8,165,000*	\$ 8,165,000*	\$ 36,420,000*

Financial Gap: Based on the cost estimate contained in the previous section, a private funding gap exists for all three phases of Area 2 and is as follows:

Phase 1	Phase 2	Phase 3	Total
\$ (3,665,000)*	\$ (4,705,000)*	\$ (1,865,000)*	\$ (10,235,000)* before land write down
-15.4%	-36.6%	-18.6%	-21.9%
\$ (2,475,000)*	\$ (1,430,000)*	\$ 1,250,000*	\$ (5,155,000)* after land write down
-11.0%	-14.9%	-13.3%	-12.4%

The evaluation and conclusion above indicates the conceptual development for Area 2 is not financially feasible without public funding sources and subsidy. The combined three phases requires assistance in the amount of \$10,235,000, or -21.9% of project costs. This financial gap does not consider the related construction and installation of the public improvements and facilities. The evaluation also concludes that Phase 1 and 3 of Area 2 have the most promise of closing the financial gap through public funding sources. Phase 2 is more difficult because of the potential significant land costs. Identified below are public funding sources to assist with closing the financial gap, and the next section reviews such funding sources.

Estimate of Public Funds

Outlined below and described in Appendix A, Village Controlled Public Funding Options, are local funding programs that the Village may control and use to provide funding for large-scale redevelopment programs similar to that which is contemplated in the Conceptual Plan. The benefit of the programs listed below is that the Village controls the granting and implementation of the programs. The amounts shown below are estimates of present value of funding sources over approximately 23 years, with the exception of porting TIF revenues from the existing TIF district to the downtown, in which case the time frame used is ten years.

i. Local Sales Tax

The local sales tax revenue is not an additional tax and therefore does not act as a possible deterrent for customers. An initial estimate for all three phases of Area 2 is as follows:

Phase 1	Phase 2	Phase 3	Total
\$ 515,000	\$ 0	\$ 0	\$ 515,000

ii. Business District Financing

The Business District sales tax revenue is an additional tax within the Project Area over and above the amount paid in other parts of the Village. This additional sales tax may or may not act as a deterrent for customers. An initial estimate for all three phases of Area 2 is based on a sales tax rate of 1 percent and is as follows:

Phase 1	Phase 2	Phase 3	Total
\$ 515,000	\$ 0	\$ 0	\$ 515,000

iii. Special Service Area Financing

An SSA tax is an additional tax within the Project Area over and above the amount paid in other parts of the Village, and that additional amount may act as a deterrent for leasing properties. An initial estimate of SSA funds for all three phases of Area 2 is listed below and is based on a tax rate equal to 10 percent of the aggregate property tax rate (e.g., 1% where the aggregate rate is 10%):

Phase 1	Phase 2	Phase 3	Total
\$ 680,000	\$ 280,000	\$ 280,000	\$ 1,240,000

iv. Tax Increment Financing

Tax Increment Financing (“TIF”) does not increase existing taxes, levy new taxes or abate taxes. Instead, TIF allows the Village to temporarily capture, for the duration of a redevelopment project area designation, the tax revenues produced by the enhanced valuation of properties within a redevelopment project. An initial estimate of incremental property tax (“IPT”) revenue indicates that Concept Plan 1B may generate the following amounts of IPT.

Phase 1	Phase 2	Phase 3	Total
\$ 3,050,000	\$ 1,150,000	\$ 1,550,000	\$ 5,750,000

School Reimbursement: The Illinois TIF Act requires that a Village reimburse a school district for education costs associated with children residing within TIF-funded residential housing. An initial estimate of reimbursement for education costs for all three phases of Area 2 is as follows:

Phase 1	Phase 2	Phase 3	Total
<\$ 545,000>	<\$ 290,000>	<\$ 290,000>	<\$ 1,125,000>

Porting of Annual TIF Revenue: Finally, the Illinois TIF Act allows a Village to port revenue from one contiguous TIF district to another contiguous TIF district. This funding source can only be used on an annual basis and cannot be used to secure bonds. An initial estimate of this porting for all three phases of Area 2 is as follows:

Phase 1	Phase 2	Phase 3	Total
\$ 385,000	\$ 250,000	\$ 195,000	\$ 800,000

v. Other Village Funds

Other Village funds that may be used to support the project includes the Village’s economic development fund that currently has a fund balance of \$250,000. Additionally, the Village may consider increasing the density. However, increasing density does not guarantee success. Market forces will restrict the number of units that can be leased and more units require more government services, which may lead to an unsustainable situation based on services provided and tax dollars received.

Surplus/(Shortfall) After Public Funds: Base Concept

Following the exercise above of identifying and estimating funding sources, an estimate of the funding gap, after the utilization of possible Village funding sources, is as follows:

Phase 1	Phase 2	Phase 3	Total
\$ 1,050,000	\$ (3,275,000)	\$ (70,000)	\$ (2,290,000)
+4.7%	-34.1%	-0.7%	-5.5%

This evaluation and exercise demonstrates that given the current parameters of this proposed redevelopment program, the development contemplated for Area 2 requires modifications to make the entire project financially feasible. Moreover, funds used to close the financial gap assume that the Village will issue General Obligation Bonds back stopped by the estimates of revenues listed above. Each revenue source has its own set of risks that the Village assumes once GO Bonds are issued.

This does not yet consider funding sources for the construction and installation of public improvements and facilities. The Village must identify other sources of funds to finance public infrastructure improvements. Table 2, Funding Summary, includes a summary of unfunded Village improvements totaling \$ 880,000. An altered conceptual plan may provide financial relief for Concept Plan 1-Phases 1-3. The evaluation does show that development as proposed requires the Village to participate in the closure of the financial gap through issuance of General Obligation Bonds backed stopped by the estimates of revenues listed above. Each revenue source has its own set of risks that the Village assumes once GO Bonds are issued.

This evaluation and exercise also provides a benchmark for the Village to use in further discussions with the development community. It allows the development community to put forward their approach to future development in Area 2 and determine what they and the Village would consider to be financially feasible and worth the risks as part of a public/private partnership.

TABLE 2a

CONCEPT ELEMENTS & FUNDING
Downtown Redevelopment Project Area
Fox River Grove, Illinois

Option 1

CONCEPT SUMMARY					SOURCES & USES OF FUNDS				
Area 2: Concept Plan 1					Area 2: Concept Plan 1				
Phase 1					Phase 2				
Phase 3					Phase 3				
Area 2 Summary					Area 2 Summary				
USES OF FUNDS									
LAND									
Net Land Area (excl setbacks) Surface Parking Area Open Interior Space	Total	211,606 s.f.	70,377 s.f.	211,606 s.f.	Acquisition (Purchase Price)	\$ 1,192,000	\$ 3,273,000	\$ 616,000	\$ 5,081,000
		175,650 s.f.	58,400 s.f.	175,650 s.f.	Land Write Down (Vlg Subsidy) [2]	\$ (1,192,000)	\$ (3,273,000)	\$ (616,000)	\$ (5,081,000)
		67,550 s.f.	10,150 s.f.	67,550 s.f.	Land (Developer's Budget)	\$ 0	\$ 0	\$ 0	\$ -
		108,100 s.f.	48,250 s.f.	108,100 s.f.	Demolition & Relocation	\$ 155,250	\$ 211,875	\$ 37,500	\$ 404,625
					Site Prep	\$ 220,138	\$ 132,935	\$ 175,943	\$ 529,015
	Total Land				\$ 375,388	\$ 344,810	\$ 213,443	\$ 933,640	
HARD COSTS									
Footprint of Residential & Retail (GFA) Number of Floors (excluding garage) Residential Retail Dwelling Units Avg. s.f./d.u. (GLA) Footprint of Garage (GFA) Above-Grade Enclosed Parking Below-Grade Enclosed Parking	BUILDING (Shell & core and all finishes)								
	Residential	49,000 s.f.	12,500 s.f.	49,000 s.f.		\$ 11,040,000	\$ 5,750,000	\$ 5,750,000	\$ 22,540,000
	Retail	max. 5 Flrs	4 Flrs	max. 4 Flrs		\$ 2,880,000	\$ -	\$ -	\$ 2,880,000
	PARKING								
	Surface	max. 1 Flrs	- Flrs	- Flrs		\$ 742,500	\$ 159,500	\$ 159,500	\$ 1,061,500
	Enclosed		48 d.u.	925 sf/dn		\$ 1,375,000	\$ 725,000	\$ 725,000	\$ 2,825,000
	Total Hard Cost	49,000 s.f.	12,500 s.f.	49,000 s.f.		\$ 16,037,500	\$ 6,634,500	\$ 6,634,500	\$ 29,306,500
	SOFT COSTS (excl. Land)	max. 0 Flrs	- Flrs	max. 0 Flrs		\$ 4,105,000	\$ 1,715,000	\$ 1,710,000	\$ 7,560,000
	CONTINGENCY (excl. Land)	max. 1 Flrs	1.0 Flrs	1.0 Flrs		\$ 2,050,000	\$ 870,000	\$ 855,000	\$ 3,775,000
	TOTAL COSTS (with Land WD)					\$ 22,567,888	\$ 9,594,310	\$ 9,412,943	\$ 41,575,140
	TOTAL COSTS (w/o Land WD)				\$ 23,759,888	\$ 12,867,310	\$ 10,028,943	\$ 46,656,140	
SOURCES OF FUNDS									
Residential Parking Surface Parking Enclosed Parking Above Grade Below Grade	PRIVATE (Capitalized Value)								
	Residential @ 6.75%	113 stalls	29 stalls	113 stalls		\$ 15,666,816	\$ 8,163,200	\$ 8,163,200	\$ 31,993,216
	Retail @ 8.5%	- stalls	- stalls	- stalls		\$ 4,425,882	\$ -	\$ -	\$ 4,425,882
	Total Private Funds	113 stalls	29 stalls	113 stalls		\$ 20,092,698	\$ 8,163,200	\$ 8,163,200	\$ 36,419,098
FINANCIAL GAP									
Visitor Parking Retail Parking All Surface Parking	Before Land Write-Down					\$ (3,667,189)	\$ (4,704,110)	\$ (1,865,743)	\$ (10,237,042)
	Percent of Total Costs					-15.4%	-36.6%	-18.6%	-21.9%
	After Land Write-Down					\$ (2,475,189)	\$ (1,431,110)	\$ (1,249,743)	\$ (5,156,042)
	Percent of Total Costs					-11.0%	-14.9%	-13.3%	-12.4%
GAP FUNDING (present value of possible public funds / subsidies)									
Total Residential Parking	- Economic Development Fund [1]					\$ 120,000	\$ 70,000	\$ 60,000	\$ 250,000
	- Incremental Sales Tax ("IST")					\$ 515,000	\$ -	\$ -	\$ 515,000
	- Business District Tax ("BDT")					\$ 515,000	\$ -	\$ -	\$ 515,000
	- Special Service Area ("SSA")					\$ 680,000	\$ 280,000	\$ 280,000	\$ 1,240,000
	- Incremental Property Tax ("IPT")					\$ 3,050,000	\$ 1,150,000	\$ 1,550,000	\$ 5,750,000
	- TIF School Contribution					\$ (546,000)	\$ (288,000)	\$ (288,000)	\$ (1,122,000)
	- Porting Adjacent TIF Revenue [1]					\$ 385,000	\$ 220,000	\$ 195,000	\$ 800,000
	Total Possible Gap Funding					\$ 4,719,000	\$ 1,432,000	\$ 1,797,000	\$ 7,948,000
	Land Write Down (Vlg Subsidy) [2]					\$ (1,192,000)	\$ (3,273,000)	\$ (616,000)	\$ (5,081,000)
	Surplus/(Shortfall)					\$ 1,051,811	\$ (3,272,110)	\$ (68,743)	\$ (2,289,042)
	after Gap funding					4.7%	-34.1%	-0.7%	-5.5%

1. Allocated by % of Project Costs

2. Land Write Down is a Village subsidy where the Village pays for all or a portion of the price of the land. Such a subsidy may be funded by Project-Generated tax revenue, CO Bonds or a combination of funds.

TABLE 2a
CONCEPT ELEMENTS & FUNDING
Downtown Redevelopment Project Area
Fox River Grove, Illinois

Option 1

		CONCEPT SUMMARY				SOURCES & USES OF FUNDS			
		Area 2: Concept Plan 1		Area 2		Area 2: Concept Plan 1		Area 2	
		Phase 1	Phase 2	Phase 3	Summary	Phase 1	Phase 2	Phase 3	Summary
DESIGNS ASSUMPTIONS									
Set Backs (% s.f.)		17.0%	17.0%	17.0%					
Efficiency Factor									
Residential		88.0%	88.0%	88.0%					
Retail		95.0%	95.0%	95.0%					
Garage									
Gross Floor Area (GFA)		4 s.f.							
Residential		96,000 s.f.	50,000 s.f.	50,000 s.f.	196,000 s.f.				
Retail		24,000 s.f.	- s.f.	- s.f.	24,000 s.f.				
Gross Leasable Area (GLA)									
Residential		84,480 s.f.	44,000 s.f.	44,000 s.f.	172,480 s.f.				
Retail		22,800 s.f.	- s.f.	- s.f.	22,800 s.f.				
Parking: GFA/stall and % allocation by type of stalls									
Surface	350 s.f./stall	50.0%	50.0%	50.0%	50.0%				
Enclosed									
Above Grade	400 s.f./stall	0.0%	0.0%	0.0%	0.0%				
Below Grade	425 s.f./stall	50.0%	50.0%	50.0%	50.0%				
Gross Floor Area Footprint (GFA)		24,000 s.f.	12,500 s.f.	12,500 s.f.	49,000 s.f.				
Above-Grade									
Below-Grade									
COST & FUNDING ASSUMPTIONS									
Land (Developer's Budget)		\$ -	/d.u.	\$ -	/d.u.	\$ -	/d.u.	\$ -	/d.u.
Existing Improvements		\$ 20,700	s.f.	\$ 28,250	s.f.	\$ 20,700	s.f.	\$ 28,250	s.f.
Demolition & Relocation		\$ 7.50	/Bldg s.f.	\$ 7.50	/Bldg s.f.	\$ 7.50	/Bldg s.f.	\$ 7.50	/Bldg s.f.
Site Prep		\$ 2.50	/land s.f.	\$ 2.50	/land s.f.	\$ 2.50	/land s.f.	\$ 2.50	/land s.f.
Building Cost (Shell & core + all finishes)		\$ 115	/s.f.	\$ 115	/s.f.	\$ 115	/s.f.	\$ 115	/s.f.
Cost/s.f. GFA-Residential		\$ 120	/s.f.	\$ 120	/s.f.	\$ 120	/s.f.	\$ 120	/s.f.
Cost/s.f. GFA-Retail		\$ 106,375	/d.u.	\$ 106,375	/d.u.	\$ 106,375	/d.u.	\$ 106,375	/d.u.
Cost / d.u.		\$ 5,500		\$ 5,500		\$ 5,500		\$ 5,500	
Parking cost per stall		\$ 20,000	/stall	\$ 20,000	/stall	\$ 20,000	/stall	\$ 20,000	/stall
Surface Parking		\$ -		\$ -		\$ -		\$ -	
Enclosed Parking		\$ 25,000	/stall	\$ 25,000	/stall	\$ 25,000	/stall	\$ 25,000	/stall
Above Grade		\$ 1,375,000		\$ 725,000		\$ 1,375,000		\$ 725,000	
Total Cost Above Grade		\$ 25		\$ 25		\$ 25		\$ 25	
Below Grade		\$ 10		\$ 10		\$ 10		\$ 10	
Total Cost Below Grade		\$ 1,375,000		\$ 725,000		\$ 1,375,000		\$ 725,000	
Soft Costs (% total cost)		25%		25%		25%		25%	
Contingency		10%		10%		10%		10%	
Gross Rent		\$ 1.40	/s.f.	\$ 1.40	/s.f.	\$ 1.40	/s.f.	\$ 1.40	/s.f.
Residential (monthly) *		\$ 22.00	/s.f.	\$ 22.00	/s.f.	\$ 22.00	/s.f.	\$ 22.00	/s.f.
Retail (annual)		\$ -		\$ -		\$ -		\$ -	
* The 2009 residential market study indicates residential rental rates of \$1.10/s.f.									
Rent (enclosed parking)		\$ 75	/stall	\$ 75	/stall	\$ 75	/stall	\$ 75	/stall
Residential (monthly)		\$ -		\$ -		\$ -		\$ -	
Retail (monthly)		\$ -		\$ -		\$ -		\$ -	
Vacancy & Collection Losses									
Residential		3%		3%		3%		3%	
Retail		5%		5%		5%		5%	
Operating Expense (%)									
Residential		25%		25%		25%		25%	
Retail		20%		20%		20%		20%	
Capitalization Rate									
Residential		6.75%		6.75%		6.75%		6.75%	
Retail		8.50%		8.50%		8.50%		8.50%	

Additional assumptions next page

TABLE 2b
FUNDING SUMMARY
Downtown Redevelopment Project Area
Fox River Grove, Illinois

Option 1

	SOURCES & USES OF FUNDS			
	Area 2: Concept Plan 1			Area 2
	Phase 1	Phase 2	Phase 3	Summary
USES OF FUNDS				
Private Development	\$ 23,759,888	\$ 12,867,310	\$ 10,028,943	\$ 46,656,140
<i>Less Land Write Down</i>	<i>\$ (1,192,000)</i>	<i>\$ (3,273,000)</i>	<i>\$ (616,000)</i>	<i>\$ (5,081,000)</i>
Private Development After Land Write Down	\$ 22,567,888	\$ 9,594,310	\$ 9,412,943	\$ 41,575,140
SOURCES OF FUNDS				
Private Funds	\$ 20,092,698	\$ 8,163,200	\$ 8,163,200	\$ 36,419,098
FINANCIAL GAP				
Before Land Write-Down	<i>\$ (3,667,189)</i>	<i>\$ (4,704,110)</i>	<i>\$ (1,865,743)</i>	<i>\$ (10,237,042)</i>
Percent of Total Costs	-15.4%	-36.6%	-18.6%	-21.9%
After Land Write-Down	<i>\$ (2,475,189)</i>	<i>\$ (1,431,110)</i>	<i>\$ (1,249,743)</i>	<i>\$ (5,156,042)</i>
Percent of Total Costs	-11.0%	-14.9%	-13.3%	-12.4%
GAP FUNDING (present value of possible public subsidies)				
- Economic Development Fund [1]	\$ 120,000	\$ 70,000	\$ 60,000	\$ 250,000
- Retail Sales Related	\$ 1,030,000	\$ -	\$ -	\$ 1,030,000
- SSA	\$ 680,000	\$ 280,000	\$ 280,000	\$ 1,240,000
- IPT (after school contribution)	\$ 2,504,000	\$ 862,000	\$ 1,262,000	\$ 4,628,000
- Porting Adjacent TIF Revenue [1]	\$ 385,000	\$ 220,000	\$ 195,000	\$ 800,000
- Less Land Write Down (Vlg Subsidy) [2]	<i>\$ (1,192,000)</i>			
Surplus/(Shortfall) <i>after Gap funding</i>	<i>\$ 1,051,811</i> 4.7%	<i>\$ (3,272,110)</i> -34.1%	<i>\$ (68,743)</i> -0.7%	<i>\$ (2,289,042)</i> -5.5%
OTHER USES <i>(not funded above)</i>				
Village Improvements				
Water Improvements	\$ 211,250	\$ -	\$ -	\$ 211,250
Sanitary Sewer Improvements	\$ 29,250	\$ -	\$ -	\$ 29,250
Storm Sewer Improvements	\$ 331,500	\$ -	\$ -	\$ 331,500
Streetscape Improvements	\$ 160,000	\$ 75,000	\$ 73,000	\$ 308,000
Development Costs After Land Write Down	\$ 732,000	\$ 75,000	\$ 73,000	\$ 880,000

1. Allocated by % of Project Costs

2. Land Write Down is a Village subsidy where the Village pays for all or a portion of the price of the land. Such a subsidy may be funded by Project-Generated tax revenue, GO Bonds or a combination of funds.

AREA 3 – Fox River Marina Block

Given the long-term nature of proposals for Area 3, no detailed financial evaluation was performed. However, as the market study indicated, there is strong long-term potential for this property as a condominium and restaurant site in the future when the market rebounds and the current property owner nears retirement. The site's location on the Fox River combined with visibility and access from Northwest Highway and a short walk to the Metra Station all combine to offer exciting possibilities for the future.

IV: DEVELOPMENT INPUT & INTEREST

Summary of Interest & Recommendations

As part of the Downtown Redevelopment Project-Implementation Plan for the Village the Team proposed a Task 7 – Solicit and Vet Developers. During late summer of 2010 the Team assembled a list of local Developer/Builders that develop, build and/or own multi-family residential properties in the Chicagoland area. After a number of calls and early vetting we identified 9 Developer/Builders that appeared to be an appropriate group to interview. After early initial telephone interviews and discussions, we narrowed the list of appropriate Developer/Builders down to 7 individual firms. From this group we set up personal interviews with each firm.

During the months of August and September, we conducted interviews with each firm. The agenda for those meetings included presenting to the individual Developer/Builders the scope of effort our Team was charged with by the Village, which included an overview of the Village's Implementation Plan, sharing the early vision and conceptual plans. We also set time to gather input from the individual firms regarding appropriate market considerations, economic criteria and conceptual feedback. We were pleased to find all of the firms were interested in what was shared and they were open to providing their perspective and specific input to the Fox River Grove Implementation Plan.

All of the Developer/Builders thought our conceptual plans were a good starting point. They felt our conceptual plans showed the most appropriate uses considering the current economic climate and residential market. ***It was unanimous that multi-family market rental residential was a good development opportunity in Fox River Grove.*** All firms agreed with the new and improved Rail Station and expanded platform, a rental apartment development would be a good use for Area 2 of the Implementation Plan. The approach to the residential rental market varied over the different firms and a few identified the strongest opportunity was the over 55 market where financing and tax credit incentives have allowed this segment of the real estate industry to grow.

Of the 7 firms that were initially interviewed in specific meetings, we were able to gather from 6 Developer/Builders specific economic input related to base assumptions and economic parameters. We were able to use this information to adjust our base assumptions for the Village's economic financial modeling. Table 3 contains a matrix of base assumptions and parameters that were gathered. This information allowed the Team to strike a balance in developing specific assumptions to set a base model against, which everything can be measured. From this effort, a number of key assumptions and parameters have been highlighted as those that can drive a successful project for the developer and Village.

The first and most obvious is the land costs. There were those firms that were clear about their requirements that the land must be acquired and contributed to the development by the Village for the economics work. Other firms identified what they would typically budget for land in their pro-forma, but indicated they would need a subsidy to make the project work. The Team has taken this into consideration as we developed our economic financial model, so we can develop different parameters as part of our analysis to stabilize the developments financial feasibility.

Other cost assumptions that require further refinement, as part of the development process are the Site Preparations and Construction (Hard) Costs. The Team was able to gather a good sampling of costs, which vary widely based on quality standards and in particular with site prep cost, where the condition of existing infrastructure needs to be considered. The Team targeted reasonable assumptions for these costs, but each developer will bring their experience to the table and it could drive different economic

conclusions. Another construction cost that can have a direct bearing on the economics is the parking costs, depending on if there is enough land for surface parking or if the parking needs to be located underground. The Team anticipates that there will be a mix of both types of parking because of the limited land area and market requirements.

Also, apartment rental rates are very volatile in this market. Currently, occupancy rates are at an all-time high of nearly 97%, which is driving rental rates higher. Our 9 month old residential market study identified residential rental rates of \$1.10/SF. However, the Developer/Builders interviewed indicated that the economics required market rates in the range of \$ 1.25 to \$ 1.45 per SF, and recent projects reflect those rates. One additional assumption that will help support the economics of any development is the average size and number of units. Our conceptual plan had identified 3 - 4 story buildings that limited the number of units per building. During our interview process, every firm noted that one of the most important criteria was the need for “as of right zoning” and the ability to increase the number of floors beyond that which is in our conceptual plans. Also, as a related criterion, all of the firms identified the need to reduce the number of parking spaces required per unit. It was universally identified that any development located near the Rail Station, would require a lower number of parking spaces.

Another area that was discussed during the interview process was the issue of public financial participation. There was an open discussion regarding a public/private partnership. The level of public financial participation that firms felt appropriate varied. Required public financial participation ranged from a low of 11% to a high of 26% of market value. Also, a few firms noted the need to review and adjust potential impact fees, including one firm that felt any impact fees should be waived for the development. All of the firms identified the need for the creation of a Downtown TIF area around the Rail Station. *Also, Public Improvements were discussed with an understanding by all firms that the Village would provide adequate utility capacity for the scope of the proposed development.*

The Developer/Builders all showed a good level of interest and wanted to be kept informed as to the progress of the Implementation Plan process. All firms were open for future dialogue and willing to participate in the review of any future plans.

Overview of Base Assumptions & Parameters

See Table 3 on next page.

TABLE 3

CONCEPT ASSUMPTIONS

Downtown Redevelopment Project - Implementation Plan

Fox River Grove, Illinois

BASE ASSUMPTIONS AND PARAMETERS	Developer / Builder				
	A	B	C	D	E
APARTMENT DESIGN & CONSTRUCTION					
Average Unit Size (GLA / d.u.)	1,050 s.f./d.u.	1,000 s.f./d.u.	900 s.f./d.u.	950 s.f./d.u.	900 s.f./d.u.
Resident Parking (stalls per d.u.)	1.10 /d.u.	1.40 /d.u.	1.35 /d.u.	1.50 /d.u.	1.30 /d.u.
Visitor Parking (stalls per d.u.)	0.25 /d.u.	n.a. /d.u.	n.a. /d.u.	n.a. /d.u.	n.a. /d.u.
BUDGETS & ALLOWANCES					
Land (Cost/Unit)	Free	\$ 7,500 /d.u.	\$ 12,000 /d.u.	\$ 10,000 /d.u.	Free
Site Preparation Costs					
Demolition & Relocation (\$/bldg sf)	Free	\$ 7.50 /sf of bldg	\$ 9.00 /sf of bldg	\$ 7.00 /sf of bldg	Free
Site Prep (\$/Land Area)	Free	\$ 3.50 /sf of land	\$ 5.00 /sf of land	\$ 5.00 /sf of land	Free
Hard Costs					
Residential cost per s.f. of GFA	\$ 145.00 /s.f.	\$ 125.00 /s.f.	\$ 110.00 /s.f.	\$ 125.00 /s.f.	\$ 110.00 /s.f.
Residential cost per d.u.	\$ 150,000 /d.u.	\$ 125,000 /s.f.	\$ 99,000 /s.f.	\$ 118,750 /s.f.	\$ 99,000 /s.f.
Retail cost per s.f. of GFA	\$ 145.00 /s.f.	\$ 115.00 /s.f.	\$ 110.00 /s.f.	\$ 120.00 /s.f.	\$ 110.00 /s.f.
Soft Costs (% total costs)	20.0%	25.0%	25.0%	25.0%	20.0%
Parking Costs (\$/space)					
Surface	\$ 7,000 /stall	\$ 5,000 /stall	\$ 3,000 /stall	\$ 6,000 /stall	\$ 6,000 /stall
Above-Ground Garage	\$ 20,000 /stall	\$ 25,000 /stall	\$ 20,000 /stall	\$ 25,000 /stall	\$ 20,000 /stall
Underground Garage	\$ 35,000 /stall	\$ 30,000 /stall	\$ 30,000 /stall	\$ 35,000 /stall	\$ 20,000 /stall
Contingency Allowance (% total costs)	0.0%	10.0%	7.0%	10.0%	n.a.
INCOME & OPERATING EXPENSES					
Rental Rates					
Residential (\$/s.f./mo.)	\$ 1.35 s.f./mo	\$ 1.35 s.f./mo	\$ 1.45 s.f./mo	\$ 1.25 s.f./mo	\$ 1.30 s.f./mo
Retail (net lease rate)	\$ 22.00 s.f./yr	\$ 20.00 s.f./yr	\$ 22.00 s.f./yr	\$ 20.00 s.f./yr	? s.f./yr
Operating Expenses (% of Gross Income)					
Residential	20.00%	30.00%	25.00%	30.00%	35.00%
Retail	20.00%	20.00%	20.00%	20.00%	n.a.
FINANCING & RETURNS:					
Financing Rate (construction loan int. rate)					
Permanent Financing (permanent loan int. rate)	7.00%	7.00%	5.00%	6.50%	n.a.
Cap Rate (% of NOI)	7.00%	6.50%	7.00%	n.a. (tax credits)	n.a.
Residential	n.a.	n.a.	n.a.	n.a. (tax credits)	n.a.
Retail	60.00%	75.00%	70.00%	n.a. (tax credits)	n.a.
Loan to Value Ratio	n.a.	1.35%	1.25x	n.a. (tax credits)	n.a.
Debt Coverage Ratio (NOI/debt)					
Return on Investment	n.a.	9.00%	7.50%	n.a. (tax credits)	n.a.
Cash on Cost	50.00%	n.a.	n.a.	12.00%	n.a.
Return on Equity					

V: RECOMMENDATIONS

The Implementation Plan for downtown Fox River Grove can be segmented into three sections:

- ☐ Public Policy, Procedures and Consensus Building
- ☐ The Area One Village Block
- ☐ The Area Two Train Station/Library Block

A: Public Policy, Procedures & Consensus Building

The Village should attempt to communicate the discussion of the Final Report at the Village Board meeting as well as possible in order to encourage citizen involvement. Also, the Village may wish to consider an open house at a later date for citizens who were unable to attend the Board meeting to hear more about the plan. Posting the Final Plan on the Village web site and including details of the plan in any Village newsletters would also be very helpful.

The key items which require community consensus include the following:

- ☐ The concept plan and proposed tenancing of the retail core downtown along Route 14 (Area 1).
- ☐ The concept plan and proposed residential development and retail tenancing of the area west of the train station (Area 2). This includes the integration of the development of the area with the needs and future requirements of the Library.
- ☐ Development of a streetscape plan which provides for the public amenities which will support the proposed development in the plan and the development of the new train station venue by Metra in 2011.
- ☐ Development of an infrastructure plan which will provide the sewer and water and utility requirements necessary to support development in the area.
- ☐ Development of a flexible parking plan to support the emerging parking needs of the downtown.
- ☐ Development of a comprehensive and flexible financing plan which can support the municipal funding requirements as the plan is implemented. Included in this plan will be a local agreement that Tax Increment Financing (TIF) will be required in order to provide the necessary level of funding to support the Village's vision for the downtown.
- ☐ Development of a zoning plan which provides maximum flexibility for potential development in both Area One and Area Two while maintaining the development and design vision which the Village has for the downtown area.
- ☐ Development of an internal municipal development review process and procedures which evaluates proposed projects in a timely manner and which "underwrites" potential Village investment in a thoughtful manner which attempts to seek the best return on the Village's requested involvement.
- ☐ Development of a Village outreach process in order to solicit developer and tenant interest in the downtown.

While the precise details of many of these initiatives will be determined as they are implemented, and probably frequently revised thereafter, it is important that the Village reach consensus in the near term so that elected officials, existing commercial property owners, existing downtown tenants and citizens will know the full breadth and parameters of the implementation plan.

Area 1 | Village Block

The primary elements of the plan for the Area 1 Village Block are as follows:

- ☐ Determination of the potential and level of Village public investments in the area.
- ☐ Development of a proposed façade improvement program for the Area.
- ☐ Further development of a streetscape plan for the area and solicitation of bids for the proposed streetscape plan.
- ☐ In concert with the building owners on the primary block, further ongoing development of a tenancing and plan for the block.
- ☐ Development of a flexible parking plan for the area and, as necessary, consideration of land acquisition in order to provide for expected parking requirements.
- ☐ Development of a marketing and communication plan for the area as progress occurs.

There are multiple potential options for Village investments in the area which will need to be pursued, evaluated and implemented as approved. These options include: Tax Increment Financing (TIF), Special Service Assessment Areas (SSA's), Business Districts (BD's), sales tax rebate programs, state and federal grants and ongoing local capital improvement (CIP) investments in the area. In addition, the Village has the potential to alter zoning and parking requirements to enhance development potential.

An established municipal support program utilized in many communities is a partnership with the private sector in order to provide funding for façade improvements and, in some cases, internal build-out and external landscaping. Usually these involve a matching program of both public and private sectors funds and possibly financing options from local banks. Once the overall level of Village public investments is determined it can be further determined how much investment can be afforded for this initiative as well as the specific terms of the public-private partnership.

The Final Plan which has been provided provides a proposed streetscape plan for the area. Following review of the Final Plan it will be necessary to prepare the construction drawings which will allow for the solicitation of bids to implement the streetscape development. Concurrent with the receipt of bids will be a matching of this component to the overall level of public investment funds that may be available.

Ongoing meetings have been held with the property owners in the primary block. The meetings indicated that property owners are very interested in economic development and growth for the area and in a strong partnering relationship with the Village. ***In particular, one property owner may be very interested in bringing a restaurant use which could serve as a major anchor for the block and the downtown area.*** It is important that the Village continue these conversations as it is rare to have this level of cooperation at this early stage of the planning process. Maintaining this initiative will not be easy as the national economy is still a hindrance. However, the spirit of cooperation to date has been excellent. Also, as the multiple municipal initiatives for Area 1 and Area 2 are pursued the environment for private investment, along with an improving economy, will provide opportunities for success.

The conversations with existing property owners in the area did not indicate an immediate need for additional parking. However, it is logical to assume that as the downtown grows there will be a greater need for additional parking. The following issues should be at the forefront of the Village's parking planning:

1. The proposed new streetscape has the potential to create new (or better) street parking.
2. A coordinated parking plan with Metra relative to the use of their parking spaces in the "off hours" should be continued and enhanced.

3. To the extent that Metra continues planning for a Metra parking deck, a coordinated parking plan with the Village should be pursued.
4. There is additional land in the downtown which could be developed for additional parking. However, any planning in this regard should be coordinated with an evaluation of: the need for more parking; the evaluation of municipal funds for the multiple requirements in the area and the related costs to acquire and develop land for parking; and, the potential alternate uses of the land for other uses besides parking as the implementation plan evolves.
5. To the extent that the Village creates parking which supports Metra needs there should be some discussion of Metra financial involvement in the parking development.

While it has been recommended that an extensive communication and consensus building program be developed at the time the Final Plan is approved it is important that all stakeholders be kept advised on plan progress during implementation. The tools which the Village may utilize in this regard include but are not limited to: Village Board meetings; special “open house” meetings; Village newsletters; newspaper articles; cable TV communication; and presentations at local meetings (i.e. service clubs).

Area 2 | Train Station/Library Block

The primary elements of the Area 2 Train Station/Library Block are as follows:

- ☐ Determination of the potential and level of Village public investments in the area.
- ☐ Determination of the public improvements in the area.
- ☐ Determination of the final Metra planning for the station development and the proposed retail tenant in the station.
- ☐ Determination of the final plans of the Library in order to meet its’ future needs and the coordination of these needs with the overall plan for Area Two.
- ☐ Determination of the most immediate potential for the first development (primarily residential) and further consideration of the land acquisition which may be required in concert with a potential developer.

The issues associated with the determination of the potential and level of Village public investments for Area 2 are similar to the issues previously outlined for Area 1. It is unlikely that an SSA or BD would apply to entire development of Area 2 but that needs to be evaluated. However, the other funding mechanisms would apply. It is also probable that the streetscape treatments would be continued on the eastern edge of Area 2 along Route 14. The major potential Village expenditure is the development of the required infrastructure (i.e. sewer and water) necessary to support the proposed high density residential development. Also, to the extent that Library planning involves the development of a “community room,” the Village may consider participation in this endeavor.

As indicated, public improvements could involve: infrastructure; continuation of the streetscape plan; cooperation with the Library; and possibly additional signage.

Metra intends to build the new station plan it has developed in concert with the Village in the Spring-Fall of 2011. The Village will want to stay close to this development as it has major positive implications for the downtown while creating short term disruptions during construction. Also, it is the intent of Metra to allow for a food and beverage retail tenant in the station. The Village will be directly involved in recruiting and selecting this tenant. It is possible that streetscape and landscape coordinated planning with the station development will be required. Finally, the Village will want to have ongoing discussion and policy decisions with Metra relative to Metra parking needs and overall parking needs in the downtown.

A meeting with the Library indicated that they were also reviewing their future needs relative to their facility near the train station. While the Library has determined that it does not need a larger site to accommodate the basic function of the Library it may wish to modify a portion of the Library offerings to offer the “café” environment which has become popular at locations such as Barnes and Noble and Borders. Accordingly, the Library is very interested in staying close to the ongoing downtown development in this regard and in regard to the overall parking plans for the area as the downtown evolves. Finally, while the Library and others have discussed the potential of a “community room” associated with the Library no full study has been made relative to need and funding. This issue should be incorporated into the overall planning for Area 2.

The Final Plan has recommended that development in Area 2 will be primarily residential with an emphasis on rental residential in the foreseeable future. Initial preliminary meetings with the development community have indicated that such a development may be possible with an emphasis on sites near Route 14 as having the highest early priority. Once the Final Plan has been approved, it will be in the best interests of the Village to continue and perhaps expand the conversations with rental residential developers. The Village will want to review and compare: developer plans with the Village vision; developer financial requirements compared to the potential requirements as outlined in the Final Plan; and the ability of the proposed plan to develop an adequate return to the Village in both financial returns and the long term development of the downtown. All of this should be within the developer review process as outlined earlier and as approved by the Village. Once the potential of development is well advanced the Village will want to jointly discuss land acquisition with the developers and land owners.

VI: SUGGESTED NEXT STEPS

Implementation Steps

The following steps are suggested for the Village as it begins the Implementation Plan. While all the steps follow the approval and consensus of the Final Plan in the near term the subsequent steps should be viewed as both sequential and, in many cases, concurrent in order to achieve results at the fastest pace possible.

1. Achieve approval and full consensus on the Final Plan with all Village stakeholders through multiple communication tools.
2. Initiate the TIF eligibility study,
3. Finalize the potential and use of various local municipal financial tools as outlined in the Implementation Plan. Initiate Village activities to authorize the financial tools.
4. Finalize the developer review and “underwriting guidelines” for Village financial involvement in development as outlined in the sample document.
5. Coordinate all planning with the Metra train station development including the proposed tenant in the station.
6. Complete an analysis of Village infrastructure requirements in order to support the short, intermediate and long term downtown development plan.
7. Develop construction drawings for the proposed streetscape and solicit bids to determine streetscape costs.
8. Develop a downtown zoning plan that may support the proposed downtown development in a timely manner.
9. Develop a façade improvement and funding program.
10. Continue meetings with Area 1 Stakeholders/property owners to advance the building improvement and tenanting of properties.
11. Continue the ongoing evaluation of downtown parking needs including coordination with Metra parking and the potential need for new municipal parking.
12. Continue selected meetings with potential Area 2 developers to: (i) match their priorities with the vision for Area 2; (ii) monitor changing market conditions for development; (iii) monitor changing financing requirements for new development; and (iv) evaluate the potential for pragmatic Village investment to accelerate rental residential development.
13. Continue to engage the Library relative to downtown development, Library priorities and the potential of a “community room.”
14. Following the completion of the analysis of all the financial tools (including TIF) and the analysis of all potential expenditures (including public involvement in development) prepare a matrix which matches municipal income to municipal expenses which maximizes the potential return to the Village.
15. Pending results of the developer meetings and the financing possibilities and requirements, initiate a more formal developer solicitation process.
16. Pending results of the developer solicitation process, initiate a land acquisition plan for the proposed first development site in Area 2.
17. Develop and maintain an ongoing stakeholder communication program to keep all interested parties advised relative to Implementation Plan progress.

Village Policy & Guidelines

The Village should also consider establishing Policy & Guidelines for providing entitlements and financial support, including guidelines for:

- ☐ Determination of need for assistance: extraordinary costs vs. ROI thresholds
- ☐ ROI & profit thresholds
- ☐ Public/private funding ratios
- ☐ Demonstrate positive economic impact and Village G&Os accomplished
- ☐ Demonstrate positive economic impact
- ☐ Types of funding: GO, Alt Bonds, PAYG, etc.
- ☐ Developer information & Disclosures
- ☐ Monitoring compliance on the part of the developer and operator
- ☐ Compliance Monitoring & Claw-back provisions: Operations; Ownership Transfer; Refinancing; Income; V&C Losses; Operating Expenses; Taxes & Ins; Refinance
- ☐ Reimbursement of Village expenses: Developer-driven vs. Village-driven
- ☐ Conflicts of Interest

Municipal Review of Development Projects: Municipal Variances and/or Financial Assistance Required

Municipalities are regularly requested to approve variances from zoning requirements for individual property owners, business property owners and even not-for-profit property owners in order to accommodate the changing operational needs of the requesting entity. Municipalities routinely handle these requests by examining; (i) the overall rational of the request, (ii) the degree of variance from existing code,(iii) the impact on surrounding property, (iv) the relationship to prior decisions which may be similar in nature, and (v) the overall impact on the viability of the municipality.

In some cases, the overall magnitude of the requested changes requires much more information than might be required under a regular review process. This accelerated review is typically associated with a larger residential development project or a business development project (commercial or retail) that meets one or more of the following criteria:

- ☐ The project cannot be implemented within existing zoning (minimum requirement)
- ☐ The project requires some form of financial assistance from the municipality (minimum requirement)
- ☐ The size of the project is different than projects that have been built in the municipality
- ☐ The project will have significant visibility and perhaps impact (not necessarily negative) on the surrounding properties
- ☐ The project will create a use that may require greater community consensus than is normally required
- ☐ The project may have significant financial impact on the municipality
- ☐ The project may impact traffic patterns in a significant manner
- ☐ The project may require an increase in municipal support services in the future once built which must be considered relative to the overall impact of the project

Any time these development projects exceed “by right” approval (meaning within the existing zoning and no municipal financial assistance requested) they are eligible for a more detailed review by the municipality. Certainly, the request for financial assistance (tax rebate, TIF funds, local municipal funds for economic development, waiving of permit fees, etc.) triggers a more intensive review and, depending

on the size of the request, a significant zoning variance could trigger a similar review. The following outlines the key elements of a maximum municipal review (usually where financial assistance is part of the request). As municipalities customize their review process to appropriately address the individual situation, they may choose to dilute the following requirements as “not required” for various reasons. However, when considering simplifying the requirements of developers, the key things to keep in mind relative to the overall developer requirements are the following:

- ☐ It is simply good business for the municipality to have maximum information about every aspect of the proposed development if the municipality is prepared to spend significant staff and elected official time on the review and if the development will have a measurable and long term impact on the municipality.
- ☐ Separate from good business, to the extent that the proposed project is visible and perhaps a deviation from municipal “business as usual” the public will clearly expect that a fairly rigorous review is in place in advance of approval (or rejection, for that matter).

Finally, there must exist an atmosphere of “reasonability” to the municipal requirements of the developer but once the municipality has determined “what is reasonable” the receipt of the required data should not be determined by “whether or not the developer wants to provide it.” If significant zoning and/or financial assistance is being requested, a reasonable request should be honored by the developer (again, financial assistance will have the highest threshold of required information).

APPENDIX

Exhibit A

Village Controlled Public Funding Options

Outlined below are programs that the Village may use to provide funding for large-scale redevelopment programs similar to that which is contemplated in the Conceptual Plan. The benefit of the programs outlined below is that the Village controls the granting and implementation of the programs. Prior to utilizing any of the following programs, the Village must conduct building condition surveys to ensure an area qualifies for the program, as well as adhere to other specific requirements contained in various Illinois state statutes. Each of the programs contained below may be used in conjunction with state and federal programs, including infrastructure and roadway improvement programs, and tax credits.

Local Sales Tax

The Village may use its existing local sales tax revenue to support redevelopment projects. The Village's sales tax rate is 1 percent of retail sales. The local sales tax revenue is not an additional tax and therefore does not act as a possible deterrent for customers.

Business District Financing

Business District Financing is authorized by the State of Illinois (the "State") pursuant to the Business District Development and Redevelopment Act (65 ILCS 5/11-74.3-1) as amended (the "Business District Act"). The Business District Act allows a municipality to fund redevelopment costs through an increase in the retail sales tax levied on businesses in the Business District. A municipality may impose a Business District Retailers' Occupation Tax upon all businesses selling tangible property at a rate not to exceed 1%, and to be imposed only in 0.25% increments. This retail sales tax represents an increase in the retail taxes collected by businesses, and paid by consumers within the district.

Business District funding is derived from a Village-legislated increase in the retail sales tax levied on businesses in the district. The Village may impose a retail sales tax rate not to exceed 1% (imposed only in 0.25% increments). This retail sales tax is collected by businesses, and paid by consumers within the district. A preliminary estimate of sales tax revenue indicates that the Village may utilize a Business District to provide the following funding levels.

The Business District sales tax revenue is an additional tax within the Project Area over and above the amount paid in other parts of the Village. This additional sales tax may or may not act as a deterrent for customers.

Special Service Area Financing

The purpose of a Special Service Area ("SSA") is to provide funding for special governmental services or improvements constructed or provided within an SSA district and which principally benefit the properties contained within the SSA district. According to the Special Service Area Tax Law (35 ILCS 200/27-5, et seq.) as amended (the "SSA Law"), a municipality may impose a special real property tax upon all properties within the SSA district. This property tax represents an increase in the property tax paid by property owners, or passed through to businesses within the district.

SSA funding is derived from a Village-legislated increase in the property tax levied on properties within the district, and passed through to tenants, and ultimately the consumer. The Village may impose any rate deemed necessary. A preliminary estimate of SSA revenue indicates that Concept Plan 1B may generate the following amounts of SSA revenue.

An SSA tax is an additional tax within the Project Area over and above the amount paid in other parts of the Village, and that additional amount may act as a deterrent for leasing properties.

Tax Increment Financing

Tax Increment Financing (“TIF”) provides a means for municipalities to redevelop blighted areas and to finance redevelopment project costs with incremental property tax revenue derived from the increase in property and sales tax revenue generated within a redevelopment project area. The Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1, et seq.) as amended (the “TIF Act”) does not increase existing taxes, levy new taxes or abate taxes. Instead, the TIF Act allows a municipality to capture, for the duration of a redevelopment project area designation, the tax revenues produced by the enhanced valuation of properties resulting from the municipality’s redevelopment program and pay redevelopment project costs. To finance redevelopment project costs, a municipality may issue obligations secured by estimated incremental property tax revenue generated within a redevelopment project area. In addition, a municipality may pledge toward payment of such redevelopment project costs or obligations any part or any combination of the following: (1) net revenues of all or part of any redevelopment project, (2) taxes levied and collected on any or all property in the municipality, (3) the full faith and credit of the municipality, or (4) any other taxes or anticipated receipts that the municipality may lawfully pledge.

TIF funding is derived from existing sales and property tax revenue. A TIF does not increase taxes, create a new tax or abate a tax. Instead, TIF allows a municipality to capture, for the duration of a redevelopment project area designation, the tax revenues produced by the enhanced valuation of properties resulting from the municipality’s redevelopment program and pay redevelopment project costs. A preliminary estimate of incremental property tax (“IPT”) revenue indicates that Concept Plan 1B may generate the following amounts of IPT.

Other Public Funding & Stimulus County, State and Federal

Outlined below are non-Village programs the Village may use to provide funding for large-scale redevelopment programs similar to that which is contemplated in the Conceptual Plan. However, the programs outlined below are not controlled by the Village. Prior to utilizing any of the following programs, the Village must determine whether the project and program are compatible from a stand point of eligibility, use of funds, and timing.

- ☐ County Assessment Reductions
- ☐ County and State Roadway improvement programs
- ☐ Bridge Rehabilitation and Replacement Program
- ☐ Congestion Mitigation/ Air Quality Improvement Program
- ☐ Transportation and Community System Preservation Program
- ☐ Transportation Equity Act for the 21st Century (TEA-21)
- ☐ State Participation Loan Program
- ☐ Illinois Capital Access Programs
- ☐ Build America Bonds

Exhibit B

An Economic Development Framework for Municipal Development The “Three Legged Stool”

Successful economic development often requires the municipality to take a leadership role, especially in more complex urban redevelopment scenarios. A municipality’s role may include attracting, stimulating and perhaps cooperating with the private sector in development. This role of government may include, but may not be limited to:

- ☐ Assistance in marketing and advertising to attract users and tenants.
- ☐ Attendance at various industry based meetings to help build interest.
- ☐ Advice and counsel to property owners and potential developers and tenants.
- ☐ Infrastructure development and maintenance to improve the environment for the public sector.
- ☐ Ongoing enforcement of codes and regulations to maintain the proper environment for successful private sector commerce.
- ☐ Flexible zoning, density and height review and design guidelines to match development requirements with municipal vision.
- ☐ The establishment of an effective developer and tenant review process which renders decisions in a timely and effective manner.
- ☐ As appropriate, potential partnering with the private sector through the use of the aforementioned tools plus other tools such as TIF, tax rebates, sponsorship of grant requests, Special Service Assessment Districts and other tools as appropriate.

In advance of the potential role of government as summarized above, government must make a determination as to the prioritized opportunities for redevelopment and therefore the appropriate use of the tools which can be utilized by the municipality. These “prioritized opportunities” are essentially an evaluation of the site-by-site opportunities which exist in the business district for either full redevelopment (new construction) or rehabilitation of existing buildings. This analysis of sites can and often will encompass multiple traditional economic development (retail, commercial, residential) scenarios as well as other scenarios which support non-traditional development (municipal buildings, not-for-profit entities, tourism space, recreational space, open space). The analysis of these opportunities by site is a three phased process that can be described as the “Three Legged Stool”-----the point being that if any leg of a three legged stool is weak or missing it will fall down.

The “Three Legged Stool”

1. Leg One-Market analysis from the perspective of the development community.
2. Leg Two-The goals, objectives and capability of the property owner(s) and the municipality.

Leg Three-The ability of the location and buildings to meet market acceptance, and mutual requirements, of both the property owner and municipality.

Leg One: Private Sector Market Analysis

- ☐ Traffic counts
- ☐ Proximity to nearby employment centers
- ☐ Current business cluster strength
- ☐ Anchor tenant(s)
- ☐ Access
- ☐ Purchasing power in 5 and 10 minute drive times
- ☐ Regional competition

- ☐ Developer awareness and perception
- ☐ Local costs of doing business including development costs
- ☐ Growth potential of market
- ☐ Municipal development review process
- ☐ Local consensus on development vision
- ☐ Other

Leg Two: Goals, Objectives and Capability of the Property Owner(s) and the Municipality

- ☐ Retain ownership or sell
- ☐ Preference for type of use
- ☐ Sense of urgency
- ☐ Realism concerning the market
- ☐ Price realism
- ☐ Willingness to cooperate with municipality
- ☐ Understanding of contemporary development process
- ☐ Adequate support mechanisms---legal, financial, etc
- ☐ Centralized decision making (head of family, head of partnership, etc.)
- ☐ Clear title
- ☐ Municipal consensus on vision and use of financial tools
- ☐ Development of adequate financial tools
- ☐ Efficient municipal development review process
- ☐ Municipal access (relationship) with other state agencies

Leg Three: The Ability of the Location and Buildings to Meet Market, Property Owner and Municipal Mutual Requirements

- ☐ Access and traffic counts
- ☐ Visibility
- ☐ Size and configuration
- ☐ Brownfield issues
- ☐ Wetland issues
- ☐ Infrastructure support
- ☐ Land costs
- ☐ Building adequacy or ability to remodel or raze
- ☐ Relative remodeling costs (i.e. asbestos issues)
- ☐ Neighboring properties
- ☐ Current zoning, height, density and design regulations
- ☐ Other

The priority given to each development site within the district (new construction or renovation) is an interactive process of the “The Three Legged Stool.” Any significant weakness of any of the three legs moves the priority of the property potential down---unless there are steps which can be taken over time to strengthen the “leg” (i.e. replace a weak property owner; improve a weak condition on the land, etc.). Strong “Three Legged Stools” raise a property to the highest priority. Once this analysis is complete and only after it is complete, the municipality can, in the following order:

- ☐ Apply their “community vision” to the set of strong Three Legged Stools” and develop final priorities, and
- ☐ Establish a final strategic plan for redevelopment and then begin to apply the tools available through the “role of government” as mentioned earlier to the strategic plan.

Subsequently, government applies the same accountabilities, timelines, budgets, communication techniques and evaluative process to its strategy as would be expected in any business operation. Included in the plan will be alternate scenarios as there will always be successes and efforts that are less than successful over time.

Success is a function of timelines, opportunities, hard work and good luck. The process always holds.

Exhibit C

Downtown Redevelopment Project

Preliminary Estimates of Cost Based on Extensive Utility Work

Provided on pages 39-43.

Exhibit D

Typical Multi-Family Floor Plans and Façades

Provided on pages 44-49.

**VILLAGE OF FOX RIVER GROVE, ILLINOIS
DOWNTOWN REDEVELOPMENT PROJECT
VERY PRELIMINARY ESTIMATES OF COST BASED ON EXTENSIVE UTILITY WORK**

AREA 1: EAST SIDE OF RT. 14 - LINCOLN AVE. TO ILLINOIS ST.

WATER SYSTEM IMPROVEMENTS - Extend a 12-inch main from the intersection of Rt. 14 and Lincoln to the intersection of Orchard and School.

12-inch main	2000	ft.	\$300	per ft.	\$600,000
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SANITARY SEWER SYSTEM IMPROVEMENTS - Televis, line, and repair sewers and service lines from the intersection of Rt. 14 and Lincoln to the intersection of Rt. 14 and School.

Existing pipes	1800	ft.	\$50	per ft	\$90,000
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STORM SEWER SYSTEM IMPROVEMENTS - Televis and repair sewers as required from the intersection of Rt. 14 and Lincoln to the intersection of Rt. 14 and School.

Existing pipes	1800	ft.	\$25	per ft	\$45,000
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Area 1 Subtotal					\$735,000
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Contingencies and Engineering					\$220,500
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Area 1 Total Utility Cost					<u>\$955,500</u>
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AREA 2: WEST SIDE OF RT. 14 - LINCOLN AVE. TO ALGONQUIN RD.

WATER SYSTEM IMPROVEMENTS - Extend 12-inch main from intersection of Algonquin and Tower to the intersection of Rt. 14 and Algonquin. Extend 12-inch main from the intersection of Algonquin and Lincoln to the intersection of Lincoln and Beach

12-inch main	2600	ft.	\$250	per ft.	\$650,000
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RR crossing	1	ea.	\$75,000	per unit	\$75,000
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SANITARY SEWER SYSTEM IMPROVEMENTS - Televis, line, and repair sewers and service lines from the intersection of Beach and Lincoln to the intersection of Lincoln and Algonquin; and from the intersection of Lincoln and Algonquin to the intersection of Rt. 14 and Algonquin.

Existing pipes	1600	ft.	\$50	per ft	\$80,000
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STORM SEWER SYSTEM IMPROVEMENTS - Construct new storm sewers from the intersection of Rt.14 and Lincoln to the intersection of Lincoln and Center; from the intersection of Lincoln and the railroad to the intersection of the railroad and Algonquin; and from the intersection of the railroad and Algonquin to the intersection of Algonquin and Lincoln.

New storm sewers	2200	ft.	\$150	per ft	\$330,000
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RR crossing	1	ea.	\$75,000	per unit	\$75,000
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Area 2 Subtotal					\$1,210,000
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Contingencies and Engineering					<u>\$363,000</u>
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Area 2 Total Utility Cost					<u>\$1,573,000</u>
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AREA 3: EAST SIDE OF RT. 14 - FOX RIVER TO RIVER RD.

WATER SYSTEM IMPROVEMENTS - Extend 8-inch water main from intersection of Birch and Harding to intersection of Rt. 14 and North River following Cresent. Extend 12-inch main from intersection of Rt. 14 and North River to intersection of Rt. 14 and Lincoln.

8-inch main	2100	ft.	\$200	per ft.	\$420,000
12-inch main	1200	ft.	\$300	per ft.	\$360,000

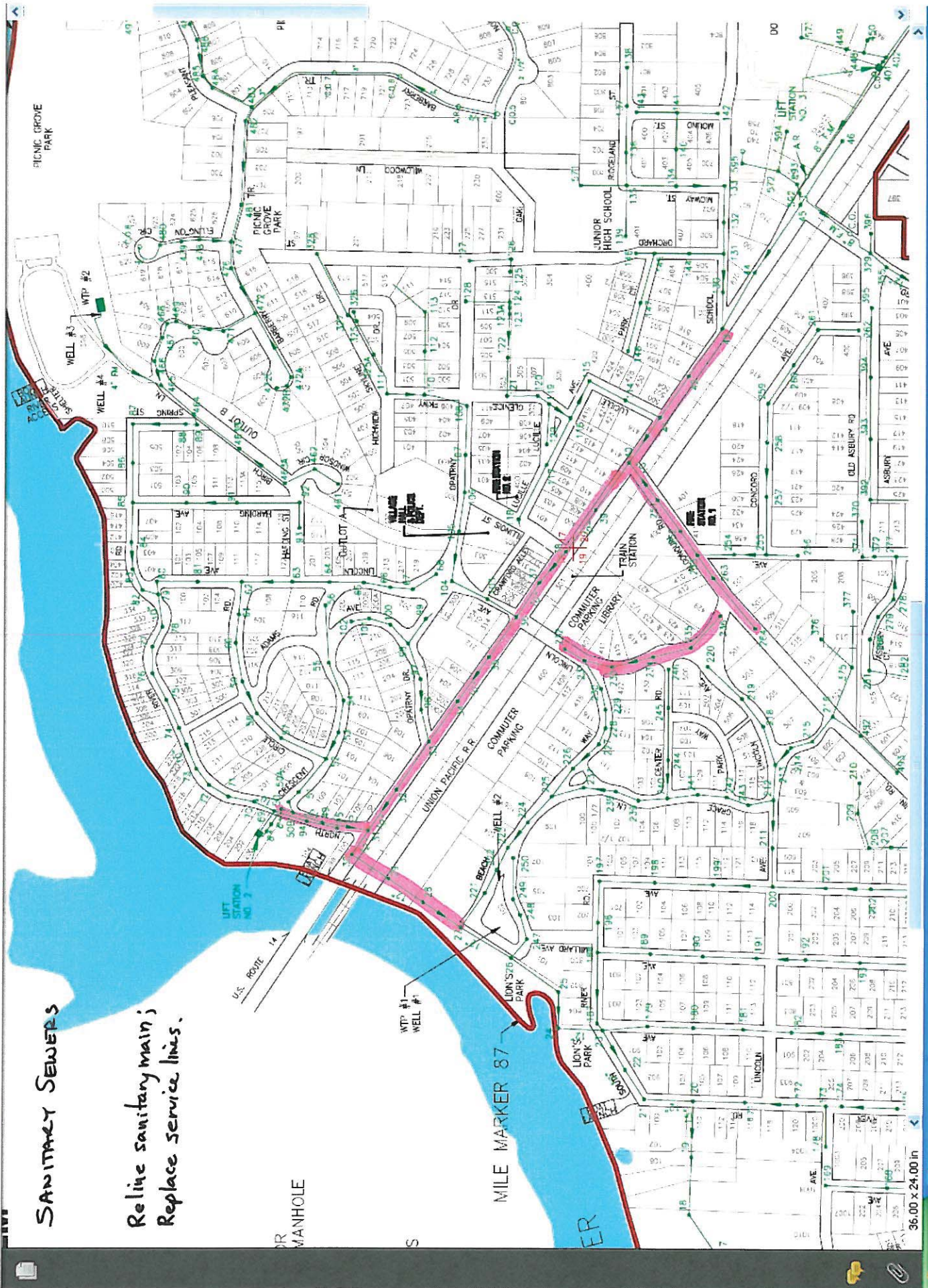
SANITARY SEWER SYSTEM IMPROVEMENTS - Televis, line, and repair sewers and service lines from the intersection of North River and Rt. 14 to the intersection of Rt. 14 and Lincoln; from the intersection of Cresent and North River to the intersection of Rt. 14 and North River; and from the intersection of Rt. 14 and North River and Lion's Park.

Existing pipes	2200	ft.	\$50	per ft	\$110,000
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STORM SEWER SYSTEM IMPROVEMENTS - Televis and repair sewers as required from the intersection of Rt. 14 and Lincoln to the intersection of Rt. 14 and the Fox River.

Existing pipes	1400	ft.	\$25	per ft	\$35,000
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Area 3 Subtotal	\$925,000
Contingencies and Engineering	<u>\$277,500</u>
Area 3 Total Utility Cost	<u>\$1,202,500</u>



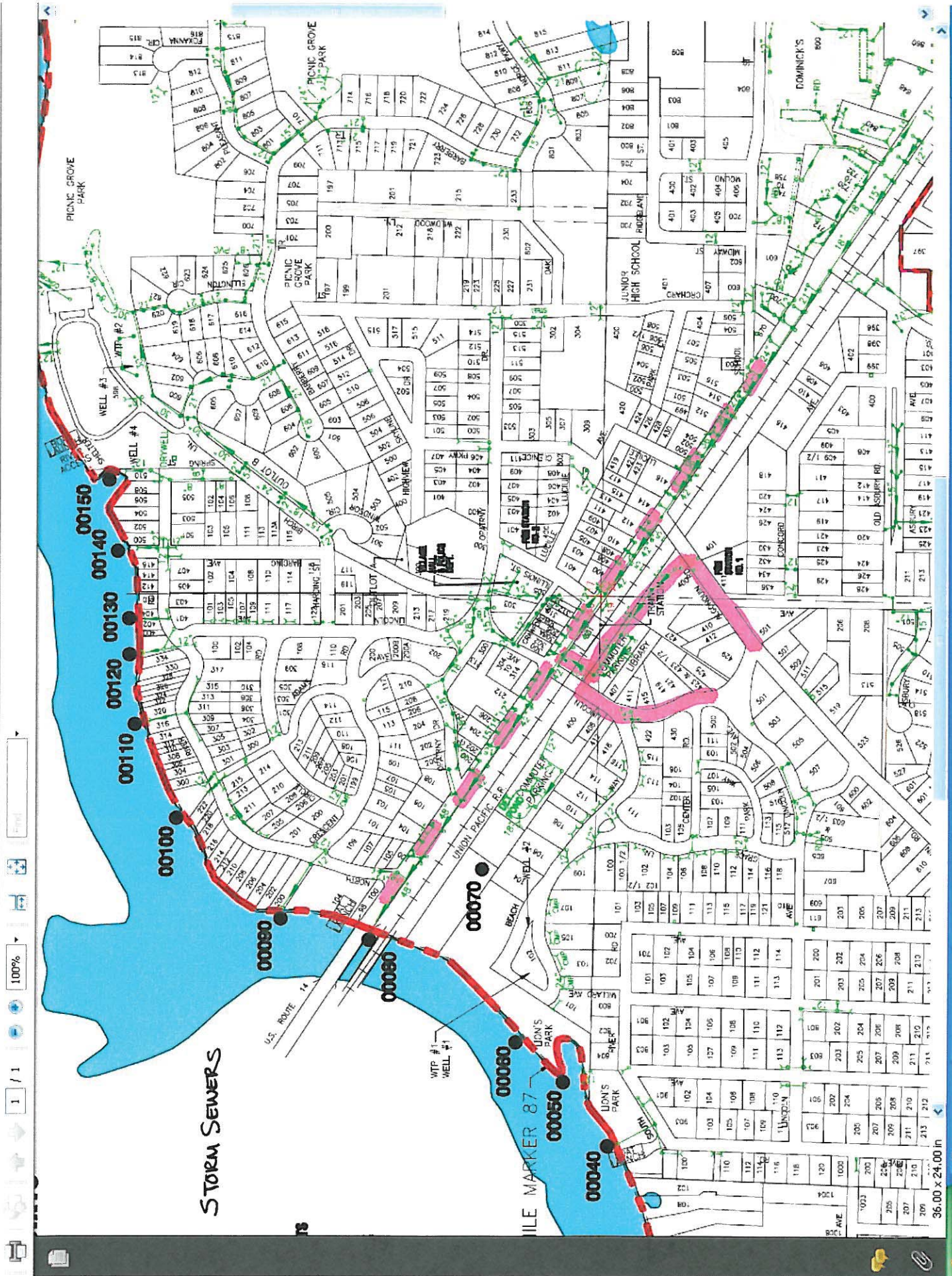
SANITARY SEWERS

Relieve sanitary main;
Replace service lines.

MANHOLE

MILE MARKER 87

36.00 x 24.00 in



Apartments at Grand Prairie
Peoria, IL

One Bedroom, 905 sq. ft.



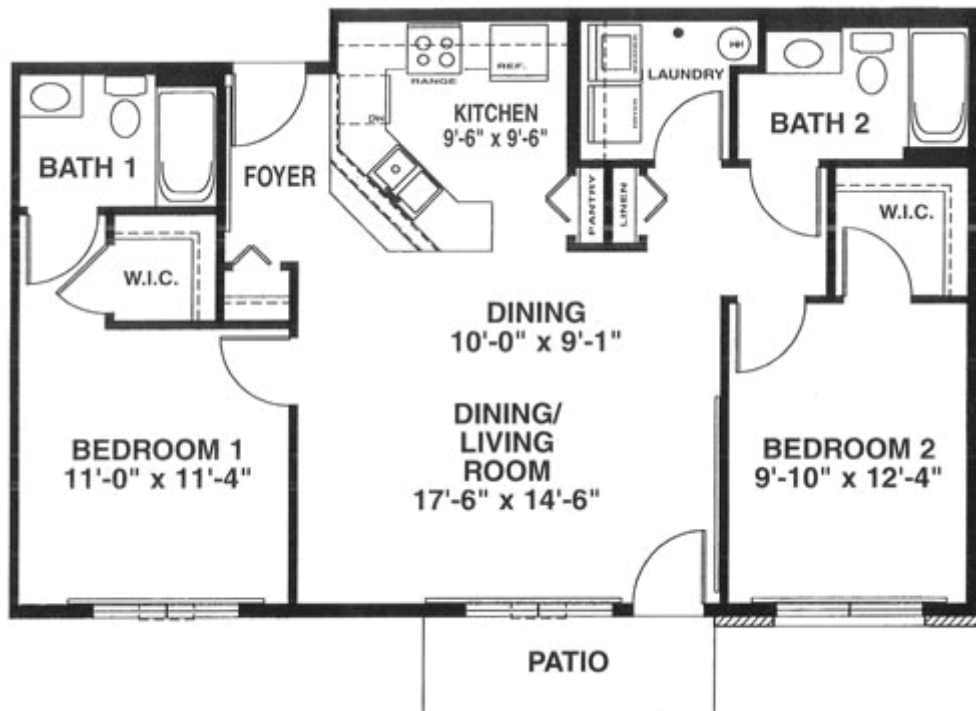
Two Bedroom, 1,056 sq. ft.





The Highlands, Richmond, IL

Two Bedroom – 975 sq. ft.



The Villages at Canterfield, West Dundee

One Bedroom, 761 Sq. Ft.



Two Bedroom, 1,018 sq. ft.



Dodson Place, Geneva, IL

