

**VILLAGE OF DOWNERS GROVE**  
**Report for the Village Council Meeting**  
**3/7/2017**

| <b>SUBJECT:</b>                | <b>SUBMITTED BY:</b>                    |
|--------------------------------|-----------------------------------------|
| Facilities Sustainability Plan | Michael Baker<br>Deputy Village Manager |

**SYNOPSIS**

Discussion is requested regarding the options for the Village's Top Priority Action Item *Create a Facilities Sustainability Plan*.

**STRATEGIC PLAN ALIGNMENT**

The goals for 2015-2017 include *Steward of Financial, Environmental and Neighborhood Sustainability* and *Exceptional Municipal Services*. *Create a Facilities Sustainability Plan* is a Top Priority Action Item.

**FISCAL IMPACT**

N/A

**UPDATE & RECOMMENDATION**

The Facilities Sustainability Plan was discussed at the February 28, 2017 Village Council meeting. The item will also be discussed under First Reading at the March 7 and 14, 2017 Village Council meetings.

**BACKGROUND**

Please see the attached staff report and supporting documentation for all related background information. The [three-page Executive Summary](#) briefly describes the process to date and options that the Village Council is currently considering.

**ATTACHMENTS**

Facility Sustainability Plan Summary Report



# Table of Contents

## Report Contents

|                                                   |           |
|---------------------------------------------------|-----------|
| <b>Executive Summary</b>                          | <b>2</b>  |
| <b>Combined Facility Total Project Cost</b>       | <b>5</b>  |
| <b>Development Proposal Summaries</b>             | <b>6</b>  |
| <b>Location Finders International (LFI)</b>       | <b>7</b>  |
| <b>K. Hovnanian</b>                               | <b>10</b> |
| <b>Next Generation</b>                            | <b>13</b> |
| <b>Flaherty &amp; Collins</b>                     | <b>16</b> |
| <b>Financing Plan</b>                             | <b>19</b> |
| <b>Risk and Risk Mitigation Strategies</b>        | <b>21</b> |
| <b>Decision Making Criteria</b>                   | <b>24</b> |
| <b>Facility Sustainability Plan History</b>       | <b>25</b> |
| <b>Maintenance &amp; Operational Deficiencies</b> | <b>26</b> |

## **Attachments:**

1. [Combined Facility Cost Estimate Breakdown](#)
2. **Proposals - Original and Supplemental Information**
  - a. [Location Finders International \(LFI\) - Original Proposal](#)
  - b. [K. Hovnanian - Original Proposal](#)
  - c. [Next Generation - Original Proposal and Supplement](#)
  - d. [Flaherty & Collins - Original Proposal and Supplement](#)
3. [Kane McKenna Financial and Tax Revenue Analysis](#)
4. [Debt Service Schedules Prepared by Financial Advisor](#)
5. [Washington Ave. Crossing Preliminary Options](#)

# Executive Summary

In August 2015, the Village Council adopted a Long Range Plan with *Create a Facility Sustainability Plan* identified as a top priority action item. The process to develop the plan including the following phases: 1) Define the issue; 2) Identify available resources; 3) Create and consider a wide range of options; and 4) Develop the plan. A summary of each phase and work completed within it is described below.

## Define the Issue

A 2012 Facility Condition Assessment identified \$10.3 million of maintenance needs in both buildings - [\\$3.6 million in the Police Station](#) and [\\$6.7 million at Village Hall](#). In addition, the age and condition of both facilities ([Police Station/Village Hall](#)) have resulted in operational deficiencies that can interfere with efficient service delivery and effective employee/customer interaction. The Village has limited resources available to undertake improvements to these facilities.

## Identify Available Resources

In [October 2015](#), the Village Council discussed financial and other resources that it would be willing to consider using for improvements to these facilities. The majority of the Council at the time preferred to use existing revenues and existing assets in evaluating options for these facilities. This resulted in the establishment of a \$16 million project budget. Specifically, the Village would pay for this project with cash on hand (currently approx. \$2.2 million) and through the issuance of bond. Annual debt service payments of up to \$1.1 million would be supported by

- \$600,000 of property taxes that had been used to pay debt service related to Library improvements;
- \$200,000 of existing gasoline tax, previously used for improvements to Fairview Avenue; and
- \$300,000 from capital fund previously used for new sidewalk construction.

## Create and consider a wide range of options

Between January and [April of 2016](#), the Village considered a range of options for facility improvements based on the resources the Village Council was willing to consider. Options included replacement of existing systems, remodeling of one or both buildings, and construction of an addition to the Police Station.

## Develop the plan

On [May 17, 2016](#), the Village Council approved a Facilities Sustainability Plan that called for the expansion and renovation of the Police Station and minimal maintenance improvements to Village Hall with a budget of \$16 million supported by existing revenue sources. \$14.5 million would be allocated to Police Station addition/renovation and the remaining \$1.5 million would be available to address the most critical maintenance needs of the Village Hall facility.

## Evaluating Additional Options

In July and October, the Village Council discussed the Downtown Focus Area Plan as part of the update of the Comprehensive Plan. During these discussions, Council members expressed support for the redevelopment of the Civic Center property with mid-rise multi-family residential uses.

Based on the Village Council discussion of the Downtown Focus Area Plan and formal direction provided by the Council in October, the Village published a [Request for Proposals \(RFP\)](#) for the redevelopment of the Civic Center property with a new combined Police Station & Village Hall and multi-family residential development. The purpose of the RFP was to determine the viability and financial impact of redeveloping the Civic Center. The key question to be addressed with the RFP process was:

*Can the Village construct a new combined Police Station & Village Hall on the Civic Center property using the revenue generated from the multi-family residential development and \$16 million or less from existing revenue sources?*

A new combined Police Station/Village Hall constructed on the east side of the Civic Center property is estimated to cost approximately \$30 million and would fully address all of the facility issues. To pay for this new facility, the Village would use the money in the current plan (\$2.2 million cash on hand along with \$1.1 million per year) plus the money generated from private development from the sale of land and annual property taxes.

The original RFP required that the private development be constructed in two-phases in order to allow the Police Station to operate during construction. After evaluating the proposals, it became clear that there were significant financial benefits in allowing for a one-phase development, thereby requiring temporary relocation of the Police Station. All four of the developers were invited to submit additional information regarding a one-phase development.

The Village received four development proposals, all of which have been reviewed and evaluated to determine whether the revenue generated by the proposed private development would cover the additional \$14 million (\$30 million less \$16 million) needed to build a new Combined Police Station/Village Hall. The responses and results of the analysis are summarized below.

| Developer                      | Proposed Private Development            | Can development cover additional \$14 mil?    |
|--------------------------------|-----------------------------------------|-----------------------------------------------|
| Location Finders International | 60,000 sq. foot medical office building | No (falls short by \$240,000 to 355,000/yr)   |
| K. Hovnanian                   | 42-unit townhome development            | No (falls short by \$186,000 to \$400,000/yr) |
| Next Generation *              | 234-unit apartment development          | Yes                                           |
| Flaherty and Collins *         | 350-unit apartment development          | Yes                                           |

\* While the two apartment development proposals vary substantially in size and scope, both developers indicated a willingness to modify their projects to meet the Village's preferences.

Evaluation of the development proposal with the assistance of the Village's TIF consultant has determined that all of the developers are qualified and have the capability to undertake the project as proposed. In addition, there are a number of other factors for the Village Council to consider in determining which option to pursue. Information provided in the following report addresses risks and risk mitigation strategies that uniquely relate to each of the development proposals. Several preliminary options for improvement to the Washington Ave. railroad crossing have also been developed as part of this plan and appear as attachments.

Discussion of this topic scheduled to begin on February 28, 2016 seeks Village Council direction on which option(s) to further pursue; one or more of the four development proposals that were submitted or further consideration of the previous plan that included addition/renovation of the Police Station and minimal maintenance to Village Hall.

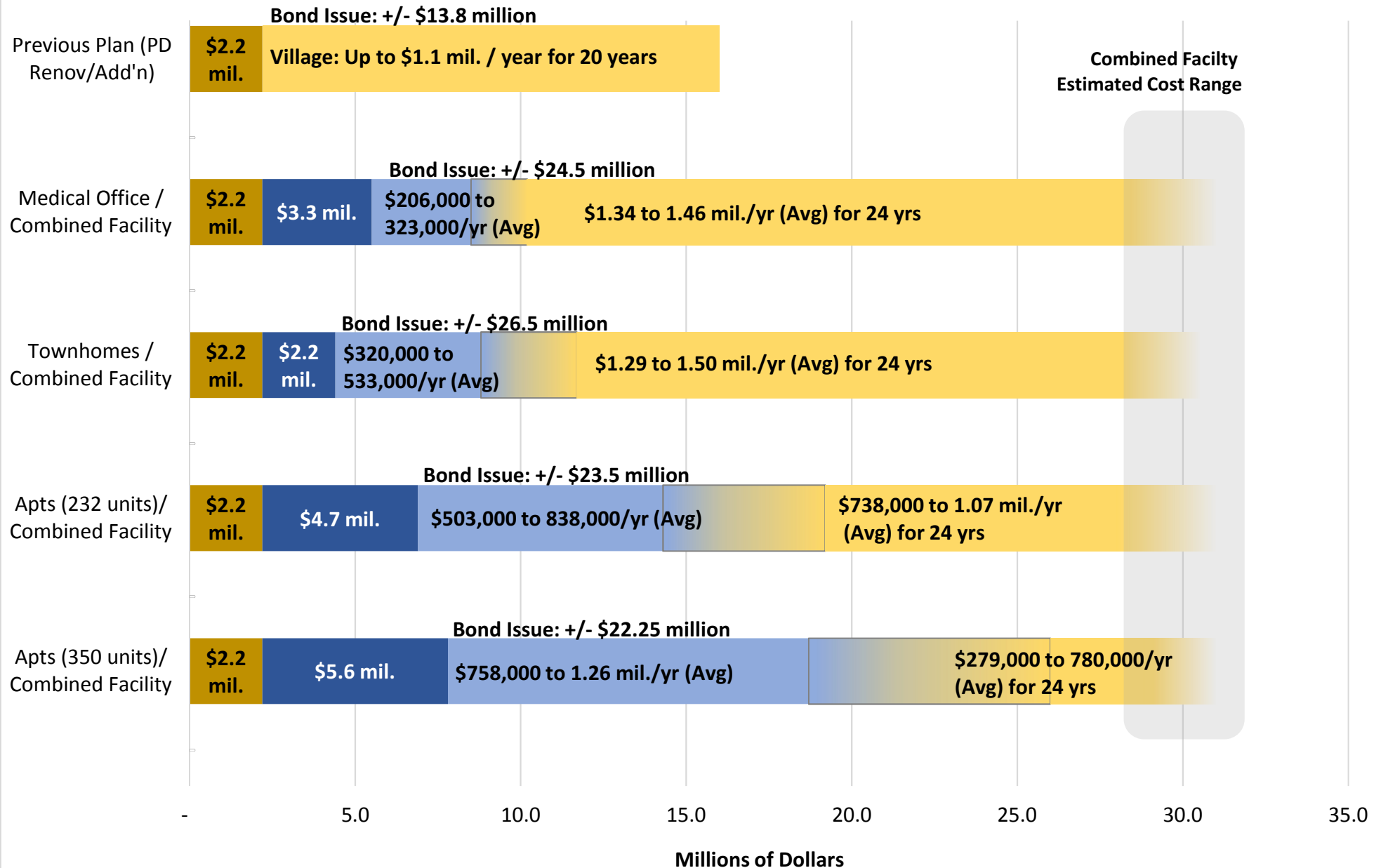
#### **How is this plan to redevelop the Civic Center different from the plan proposed in 2014?**

1. This plan does not propose to relocate the Police Station and Fleet Maintenance Facility to Ogden Avenue (along with relocation of a Fire Station).
2. Development proposals and purchase price for a portion of the Civic Center property are being sought in advance to minimize risk.
3. This plan includes a facility that combines the Police Station and Village Hall to allow for shared spaces and a more efficient use of the property.

# Civic Center Private Development Options & Funding Sources for Combined Facility

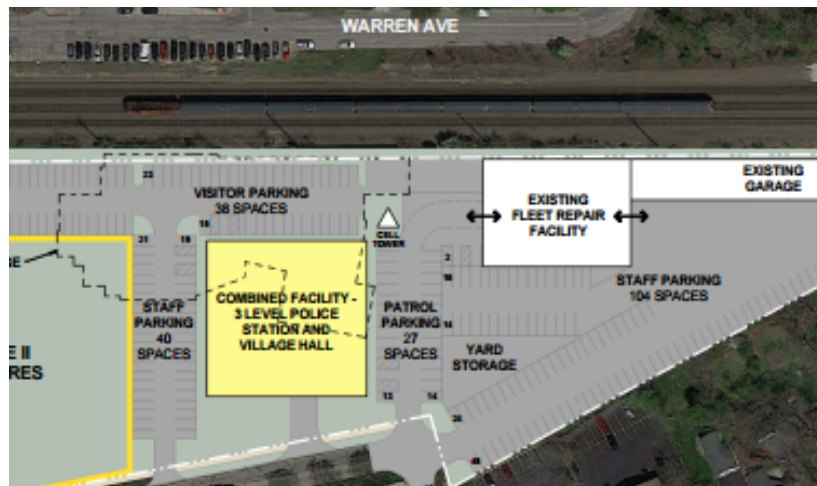
■ Village Equity
 ■ Sale of Land
 ■ Property Taxes from Development
 ■ Village Tax Revenues

Funding sources from private development  
that lower cost to Village taxpayers



# Combined Facility Total Project Cost

Williams Architects (under contract to perform pre-design services) and a professional construction manager, selected by the architect to perform construction cost estimating, developed a preliminary project cost for design and construction. A preliminary space program prepared by Williams Architects with input from Village Hall and Police Department staff determined the approximate size of the combined facility. The construction manager based their construction cost estimates on this space program and actual costs of construction, adjusted for inflation over time. [See attachments for detailed cost estimate.](#)



In addition, other costs were identified on a preliminary basis to arrive at a total project costs. These include costs for temporary relocation of Village Hall and/or Police operations, improvements to the Washington Avenue railroad crossing, as well as other project costs described below

## Summary of Total Project Cost

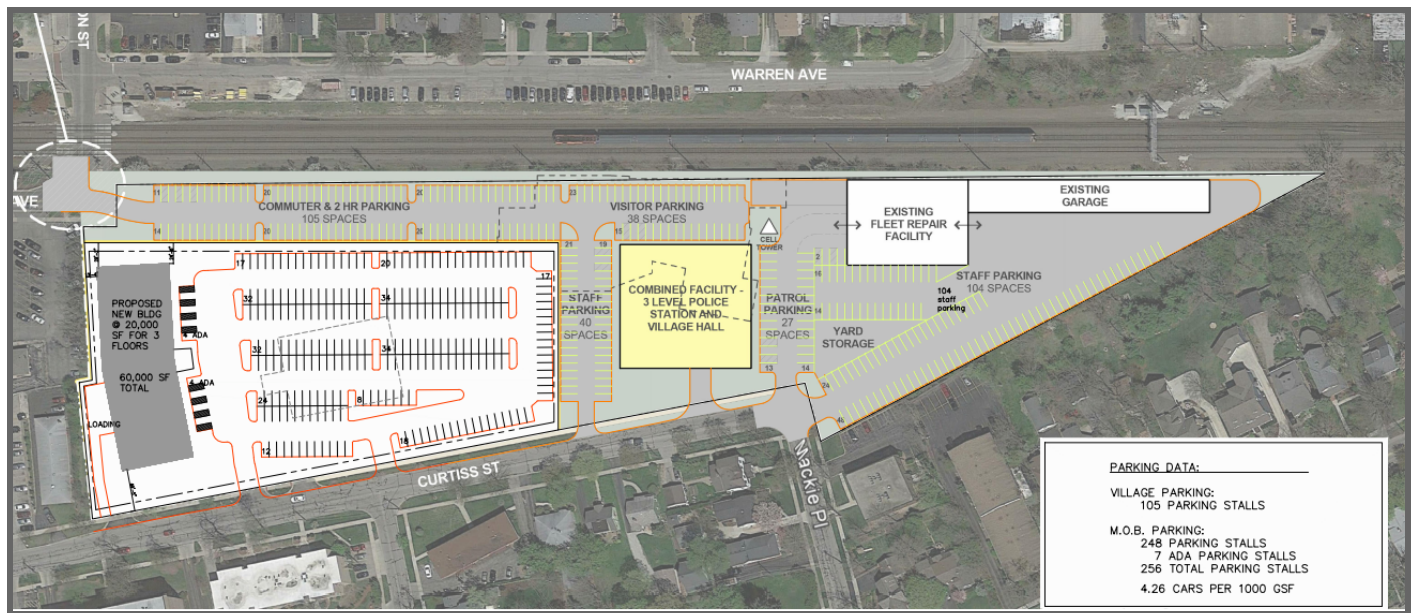
|                                                                                                                                                                                              |                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Combined Facility Preliminary Design &amp; Construction Cost Range</b><br>Total sf ranging from 61,000 to 74,000 square feet, gun range option (\$1.2 million / 3,700 square feet)        | <b>\$26,200,000 - 29,400,000</b> |
| <b>Temporary Relocation</b><br>Varies based on whether relocation is necessary for only Village Hall functions or Village Hall and Police functions                                          | <b>\$500,000 - 1,000,000</b>     |
| <b>Other Project Costs</b><br>Improvements to Washington crossing, fleet/storage garage & radio tower; environ. remediation, phone/computer system improvements & stormwater detention/BMP's | <b>\$1,000,000 - 1,500,000</b>   |
| <b>Total Project Cost Range</b>                                                                                                                                                              | <b>\$27,700,000 - 31,900,000</b> |
| <b>Midpoint Project Cost</b>                                                                                                                                                                 | <b>\$29,800,000</b>              |

# Development Proposal Summaries

The following section provides a summary of the four development proposals. The information following this table includes sites plans and example renderings, financial summaries and preliminary planning/zoning summaries prepared for each of the four development proposals.

|   |                                                     | <b>A</b>            | <b>B</b>            | <b>C</b>               | <b>D</b>                      |
|---|-----------------------------------------------------|---------------------|---------------------|------------------------|-------------------------------|
| 1 | <b>Developer</b>                                    | <b>LFI</b>          | <b>K. Hovnanian</b> | <b>Next Generation</b> | <b>Flaherty &amp; Collins</b> |
| 2 | Land Use                                            | Medical Office      | Townhomes           | Apartments             | Apartments                    |
| 3 | Number of Units                                     | N/A                 | 42                  | 234                    | 350                           |
| 4 | Square Feet                                         | 60,000              | N/A                 | N/A                    | 2,000                         |
| 5 | Land Sale (All or Phase I)                          | \$3,250,000         | \$750,000           | \$4,680,000            | \$5,561,000                   |
| 6 | Bond Issue                                          | \$24,500,000        | \$26,500,000        | \$23,000,000           | \$22,250,000                  |
| 7 | Land Sale (Phase II)                                | N/A                 | \$1,450,000         | N/A                    | N/A                           |
| 8 | Property Taxes Generated (Avg/yr)                   | \$206,000 - 323,000 | \$320,000 - 533,000 | \$503,000 - 838,000    | \$758,000 - 1.26 mil.         |
| 9 | Village Revenue Required for Debt Payments (Avg/yr) | \$1.34 - 1.46 mil.  | \$1.29 - 1.50 mil.  | \$738,000 - 1.07 mil.  | \$279,000 - 780,000           |

# **Location Finders International:** 3-story, 60,000sf Medical Office Building



*Similar project under construction in Bloomingdale*

# Financial Summary Sources: Kane McKenna Report and Debt Service Schedules (see attachments)

| <b>Development: Location Finders International / Medical Office (60,000 sq. ft.)</b> |                                |                                  |                             |                                  |                             |
|--------------------------------------------------------------------------------------|--------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>Bond Issue:</b>                                                                   | <b>\$24.5 million</b>          |                                  |                             |                                  |                             |
|                                                                                      |                                | <b>\$120/Sq. Ft. Valuation*</b>  |                             | <b>\$188/Sq. Ft. Valuation*</b>  |                             |
| <b>Year</b>                                                                          | <b>Debt Service Payments**</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> |
| 2017                                                                                 | 0                              | 0                                | 0                           | 0                                | 0                           |
| 2018                                                                                 | 1,029,417                      | 0                                | 1,029,417                   | 0                                | 1,029,417                   |
| 2019                                                                                 | 1,100,000                      | 0                                | 1,100,000                   | 0                                | 1,100,000                   |
| 2020                                                                                 | 1,663,000                      | 191,711                          | 1,471,289                   | 299,709                          | 1,363,291                   |
| 2021                                                                                 | 1,671,000                      | 194,587                          | 1,476,413                   | 304,205                          | 1,366,795                   |
| 2022                                                                                 | 1,672,250                      | 197,506                          | 1,474,744                   | 308,768                          | 1,363,482                   |
| 2023                                                                                 | 1,677,000                      | 200,469                          | 1,476,531                   | 313,399                          | 1,363,601                   |
| 2024                                                                                 | 1,685,000                      | 203,476                          | 1,481,524                   | 318,100                          | 1,366,900                   |
| 2025                                                                                 | 1,686,000                      | 206,528                          | 1,479,472                   | 322,872                          | 1,363,128                   |
| 2026                                                                                 | 1,690,250                      | 209,626                          | 1,480,624                   | 327,715                          | 1,362,535                   |
| 2027                                                                                 | 1,697,500                      | 212,770                          | 1,484,730                   | 332,630                          | 1,364,870                   |
| 2028                                                                                 | 1,702,500                      | 215,962                          | 1,486,538                   | 337,620                          | 1,364,880                   |
| 2029                                                                                 | 1,705,250                      | 219,201                          | 1,486,049                   | 342,684                          | 1,362,566                   |
| 2030                                                                                 | 1,710,750                      | 222,489                          | 1,488,261                   | 347,824                          | 1,362,926                   |
| 2031                                                                                 | 1,718,750                      | 225,826                          | 1,492,924                   | 353,042                          | 1,365,708                   |
| 2032                                                                                 | 1,724,000                      | 229,214                          | 1,494,786                   | 358,337                          | 1,365,663                   |
| 2033                                                                                 | 1,726,500                      | 232,652                          | 1,493,848                   | 363,713                          | 1,362,787                   |
| 2034                                                                                 | 1,731,250                      | 236,142                          | 1,495,108                   | 369,168                          | 1,362,082                   |
| 2035                                                                                 | 1,738,000                      | 239,684                          | 1,498,316                   | 374,706                          | 1,363,294                   |
| 2036                                                                                 | 1,746,500                      | 243,279                          | 1,503,221                   | 380,326                          | 1,366,174                   |
| 2037                                                                                 | 1,751,500                      | 246,928                          | 1,504,572                   | 386,031                          | 1,365,469                   |
| 2038                                                                                 | 1,758,000                      | 250,632                          | 1,507,368                   | 391,822                          | 1,366,178                   |
| 2039                                                                                 | 1,760,750                      | 254,392                          | 1,506,358                   | 397,699                          | 1,363,051                   |
| 2040                                                                                 | 1,769,750                      | 258,208                          | 1,511,542                   | 403,664                          | 1,366,086                   |
| 2041                                                                                 | 1,774,500                      | 262,081                          | 1,512,419                   | 409,719                          | 1,364,781                   |
| <b>Total</b>                                                                         | <b>39,889,417</b>              | <b>4,953,360</b>                 | <b>34,936,057</b>           | <b>7,743,753</b>                 | <b>32,145,664</b>           |
| Avg/Yr                                                                               |                                | 206,390                          | 1,455,669                   | 322,656                          | 1,339,403                   |
| % of Debt Service Payments                                                           |                                | 12.4%                            | 87.6%                       | 19.4%                            | 80.6%                       |

\* The Kane McKenna (TIF consultant) report uses a market value of \$120/square foot to determine property taxes generated by the development, based on research of comparable facilities. There is wide variation in actual market value and to account for this, an alternative of \$188/square foot (or \$5.00/square foot in taxes paid) has also been analyzed.

# Planning & Zoning Evaluation for LFI

|               |                                                              |
|---------------|--------------------------------------------------------------|
| Proposal      | 60,000 square foot, 3-story Medical Office Building          |
| Entitlements: | 1. Medical Office is a special use in the DT zoning district |
|               | 2. Plat of Subdivision                                       |

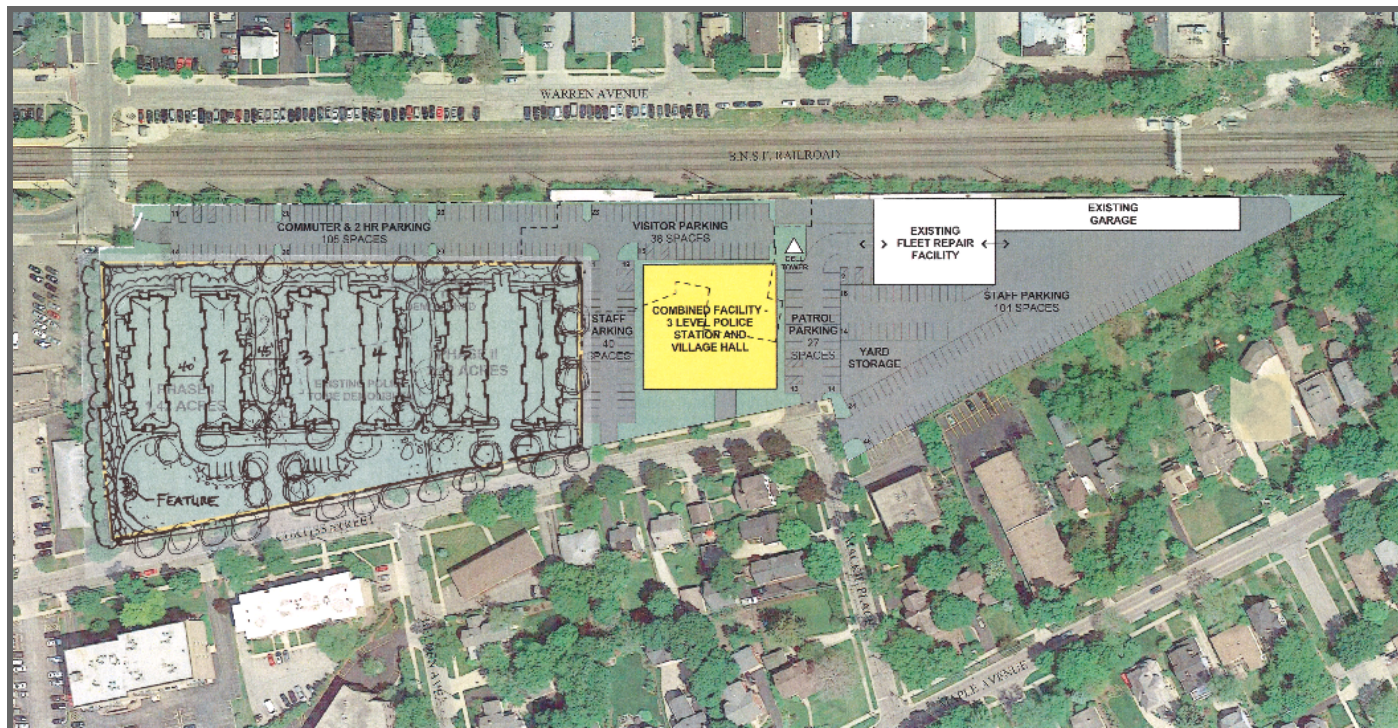
| Bulk Standard    | Requirement | Proposed |
|------------------|-------------|----------|
| Height           | 60 ft max   | 36 ft    |
| Setbacks         |             |          |
| Street           | 0 ft        | 40 ft    |
| Side (west)      | 5 ft        | 15 ft    |
| Side (east)      | 5 ft        | > 400 ft |
| Rear (north)     | 20 ft       | 26 ft    |
| Floor Area Ratio | 2.5 max     | 0.39     |
| Parking          | 250         | 256      |

| Trip Generation |              |               |
|-----------------|--------------|---------------|
| Daily Trips     | AM Peak Trip | PM Peak Trips |
| 2,168           | 149          | 223           |

## Comments:

1. Landscape median must be provided within one of the east-west parking rows.
2. There is a potential to connect the medical use parking lot with the commuter parking lot and eliminate the connection to Washington Street.
3. Large medical office would complement other medical uses in the Downtown
4. The use has the potential to provide a new weekday daytime population in the Downtown.
5. The medical use parking lot could provide overflow parking for Village Hall and Downtown events on evenings and weekends.

# **K. Hovnanian** - 42 Townhomes (7 units in 6 buildings)



*Similar project under construction in Libertyville*

# Financial Summary Sources: Kane McKenna Report and Debt Service Schedules (see attachments)

| <b>Development: K. Hovnanian / Townhomes (42 units)</b> |                                |                                  |                             |                                  |                             |
|---------------------------------------------------------|--------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>Bond Issue:</b>                                      | <b>\$26.5 million</b>          |                                  |                             |                                  |                             |
|                                                         |                                | <b>0% School Set Aside *</b>     |                             | <b>40% School Set Aside *</b>    |                             |
| <b>Year</b>                                             | <b>Debt Service Payments**</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> |
| 2017                                                    | 0                              | 0                                | 0                           | 0                                | 0                           |
| 2018                                                    | 1,100,000                      | 0                                | 1,100,000                   | 0                                | 1,100,000                   |
| 2019                                                    | 1,100,000                      | 0                                | 1,100,000                   | 0                                | 1,100,000                   |
| 2020                                                    | 1,464,500                      | 170,553                          | 1,293,947                   | 102,332                          | 1,362,168                   |
| 2021                                                    | 1,642,250                      | 346,418                          | 1,295,832                   | 207,851                          | 1,434,399                   |
| 2022                                                    | 1,830,500                      | 527,715                          | 1,302,785                   | 316,629                          | 1,513,871                   |
| 2023                                                    | 1,838,250                      | 535,924                          | 1,302,326                   | 321,554                          | 1,516,696                   |
| 2024                                                    | 1,849,000                      | 544,256                          | 1,304,744                   | 326,553                          | 1,522,447                   |
| 2025                                                    | 1,857,500                      | 552,713                          | 1,304,787                   | 331,628                          | 1,525,872                   |
| 2026                                                    | 1,863,750                      | 561,297                          | 1,302,453                   | 336,778                          | 1,526,972                   |
| 2027                                                    | 1,872,750                      | 570,009                          | 1,302,741                   | 342,005                          | 1,530,745                   |
| 2028                                                    | 1,884,250                      | 578,852                          | 1,305,398                   | 347,311                          | 1,536,939                   |
| 2029                                                    | 1,893,000                      | 587,828                          | 1,305,172                   | 352,697                          | 1,540,303                   |
| 2030                                                    | 1,904,000                      | 596,939                          | 1,307,061                   | 358,163                          | 1,545,837                   |
| 2031                                                    | 1,912,000                      | 606,186                          | 1,305,814                   | 363,712                          | 1,548,288                   |
| 2032                                                    | 1,922,000                      | 615,572                          | 1,306,428                   | 369,343                          | 1,552,657                   |
| 2033                                                    | 1,928,750                      | 625,099                          | 1,303,651                   | 375,059                          | 1,553,691                   |
| 2034                                                    | 1,937,250                      | 634,768                          | 1,302,482                   | 380,861                          | 1,556,389                   |
| 2035                                                    | 1,947,250                      | 644,583                          | 1,302,667                   | 386,750                          | 1,560,500                   |
| 2036                                                    | 1,958,500                      | 654,545                          | 1,303,955                   | 392,727                          | 1,565,773                   |
| 2037                                                    | 1,970,750                      | 664,656                          | 1,306,094                   | 398,794                          | 1,571,956                   |
| 2038                                                    | 1,978,750                      | 674,919                          | 1,303,831                   | 405,069                          | 1,573,681                   |
| 2039                                                    | 1,992,500                      | 685,336                          | 1,307,164                   | 411,438                          | 1,581,062                   |
| 2040                                                    | 2,001,500                      | 695,909                          | 1,305,591                   | 417,902                          | 1,583,598                   |
| 2041                                                    | 2,010,750                      | 706,641                          | 1,304,109                   | 424,464                          | 1,586,286                   |
| <b>Total</b>                                            | <b>43,659,750</b>              | <b>12,780,718</b>                | <b>30,879,032</b>           | <b>7,669,620</b>                 | <b>35,990,130</b>           |
| Avg/Yr                                                  |                                | 532,530                          | 1,286,626                   | 319,568                          | 1,499,589                   |
| % of Debt Service Payments                              |                                | 29.3%                            | 70.7%                       | 17.6%                            | 82.4%                       |

\* This development would be subject to statutory requirements stating that the local school districts must be compensated for any net new students that reside within the development and attend the local public schools. Up to 40% of the property taxes generated by the development must be set aside to make these payments. For this reason, both scenarios (0% contribution and 40% contribution to the schools) are analyzed. See page 21 for more information.

## Planning & Zoning Evaluation for K. Hovnanian

|               |                                                                  |
|---------------|------------------------------------------------------------------|
| Proposal      | 42 townhomes total in seven, three-story buildings               |
| Entitlements: | 1. Attached housing is a permitted use in the DT zoning district |
|               | 2. Planned Unit Development for density and height deviations    |
|               | 3. Plat of Subdivision                                           |

| Bulk Standards                     | Requirement                      | Proposed                             |
|------------------------------------|----------------------------------|--------------------------------------|
| Height                             | 35 ft max                        | > 35 ft                              |
| Lot Area per dwelling unit         | 1 unit / 4,000 sq ft             | 1 unit / 3,671 sq ft                 |
| Setbacks                           |                                  |                                      |
| Street                             | 0 ft                             | >20 ft                               |
| Side (west)                        | 5 ft                             | > 10 ft                              |
| Side (east)                        | 5 ft                             | > 10 ft                              |
| Rear (north)                       | 20 ft                            | >20 ft                               |
| Floor Area Ratio                   | 2.5 max                          | 0.28                                 |
| Parking                            | 84<br>(2 spaces / dwelling unit) | 104<br>(2.47 spaces / dwelling unit) |
| Estimated Park District Donation   |                                  | \$264,991.14                         |
| Estimated School District Donation |                                  | \$100,029.36                         |

| Trip Generation                                        |                                                       |                                                       |
|--------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Daily Trips                                            | AM Peak Trip                                          | PM Peak Trips                                         |
| 307                                                    | 26                                                    | 30                                                    |
| 246<br>(w/ 20% reduction due to<br>proximity to train) | 21<br>(w/ 20% reduction due to<br>proximity to train) | 24<br>(w/ 20% reduction due to<br>proximity to train) |

### Comments:

1. Would prefer buildings be oriented with front doors near Curtiss Street.
2. Visitor parking provided in multiple locations.
3. Provides a different type of new housing in the downtown.
4. Provides lower density than Georgian Courts and is parked similarly
5. Significant amount of green space would reduce impervious area within this area of the redevelopment.

# **Next Generation** One-Phase: 234 unit 5/6 story apartment building, 331 parking spaces



*Existing building that approximates what the development on the Civic Center site could look like*

# Financial Summary Sources: Kane McKenna Report and Debt Service Schedules (see attachments)

| <b>Development: Next Generation / Apartments (234 units)</b> |                                |                                  |                             |                                  |                             |
|--------------------------------------------------------------|--------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| Bond Issue:                                                  | \$23.0 million                 |                                  |                             |                                  |                             |
|                                                              |                                | <b>0% School Set Aside *</b>     |                             | <b>40% School Set Aside *</b>    |                             |
| <b>Year</b>                                                  | <b>Debt Service Payments**</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> |
| 2017                                                         | 0                              | 0                                | 0                           | 0                                | 0                           |
| 2018                                                         | 966,167                        | 0                                | 966,167                     | 0                                | 966,167                     |
| 2019                                                         | 1,054,000                      | 0                                | 1,054,000                   | 0                                | 1,054,000                   |
| 2020                                                         | 1,489,000                      | 778,828                          | 710,172                     | 467,297                          | 1,021,703                   |
| 2021                                                         | 1,502,250                      | 790,510                          | 711,740                     | 474,306                          | 1,027,944                   |
| 2022                                                         | 1,513,750                      | 802,368                          | 711,382                     | 481,421                          | 1,032,329                   |
| 2023                                                         | 1,528,500                      | 814,403                          | 714,097                     | 488,642                          | 1,039,858                   |
| 2024                                                         | 1,541,250                      | 826,619                          | 714,631                     | 495,972                          | 1,045,278                   |
| 2025                                                         | 1,552,000                      | 839,019                          | 712,981                     | 503,411                          | 1,048,589                   |
| 2026                                                         | 1,565,750                      | 851,604                          | 714,146                     | 510,962                          | 1,054,788                   |
| 2027                                                         | 1,577,250                      | 864,378                          | 712,872                     | 518,627                          | 1,058,623                   |
| 2028                                                         | 1,591,500                      | 877,344                          | 714,156                     | 526,406                          | 1,065,094                   |
| 2029                                                         | 1,603,250                      | 890,504                          | 712,746                     | 534,302                          | 1,068,948                   |
| 2030                                                         | 1,617,500                      | 903,862                          | 713,638                     | 542,317                          | 1,075,183                   |
| 2031                                                         | 1,629,000                      | 917,419                          | 711,581                     | 550,452                          | 1,078,548                   |
| 2032                                                         | 1,642,750                      | 931,181                          | 711,569                     | 558,708                          | 1,084,042                   |
| 2033                                                         | 1,658,500                      | 945,148                          | 713,352                     | 567,089                          | 1,091,411                   |
| 2034                                                         | 1,671,000                      | 959,326                          | 711,674                     | 575,595                          | 1,095,405                   |
| 2035                                                         | 1,685,500                      | 973,716                          | 711,784                     | 584,229                          | 1,101,271                   |
| 2036                                                         | 1,701,000                      | 988,321                          | 712,679                     | 592,993                          | 1,108,007                   |
| 2037                                                         | 1,718,000                      | 1,003,146                        | 714,854                     | 601,888                          | 1,116,112                   |
| 2038                                                         | 1,731,000                      | 1,018,193                        | 712,807                     | 610,916                          | 1,120,084                   |
| 2039                                                         | 1,745,000                      | 1,033,466                        | 711,534                     | 620,080                          | 1,124,920                   |
| 2040                                                         | 1,764,750                      | 1,048,968                        | 715,782                     | 629,381                          | 1,135,369                   |
| 2041                                                         | 1,779,750                      | 1,064,703                        | 715,047                     | 638,822                          | 1,140,928                   |
| <b>Total</b>                                                 | <b>37,828,417</b>              | <b>20,123,027</b>                | <b>17,705,390</b>           | <b>12,073,816</b>                | <b>25,754,601</b>           |
| Avg/Yr                                                       |                                | 838,459                          | 737,725                     | 503,076                          | 1,073,108                   |
| % of Debt Service Payments                                   |                                | 53.2%                            | 46.8%                       | 31.9%                            | 68.1%                       |

\* This development would be subject to statutory requirements stating that the local school districts must be compensated for any net new students that reside within the development and attend the local public schools. Up to 40% of the property taxes generated by the development must be set aside to make these payments. For this reason, both scenarios (0% contribution and 40% contribution to the schools) are analyzed. See page 22 for more information.

# **Planning & Zoning Evaluation for Next Generation - Conducted on a Single-Phase Development**

|               |                                                                |
|---------------|----------------------------------------------------------------|
| Proposal      | 234 apartments in a single building                            |
| Entitlements: | 1. Apartments are a special use in the DT zoning district      |
|               | 2. Planned Unit Development for setback and parking deviations |
|               | 3. Plat of Subdivision                                         |

| Bulk Standards                     | Requirement                       | Proposed                            |
|------------------------------------|-----------------------------------|-------------------------------------|
| Height                             | 60 ft max                         | 66 ft                               |
| Lot Area per dwelling unit         | n/a                               | 1 unit / 659 sq ft                  |
| Setbacks                           |                                   |                                     |
| Street                             | 0 ft                              | 5 ft                                |
| Side (west)                        | 5 ft                              | 20 ft                               |
| Side (east)                        | 5 ft                              | 100 ft                              |
| Rear (north)                       | 20 ft                             | 5 ft                                |
| Floor Area Ratio                   | 2.5 max                           | 1.72                                |
| Parking                            | 468<br>(2 spaces / dwelling unit) | 331<br>(1.4 spaces / dwelling unit) |
| Estimated Park District Donation   |                                   | \$1,265,533.68                      |
| Estimated School District Donation |                                   | \$217,192.38                        |

| Trip Generation                                          |                                                       |                                                        |
|----------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|
| Daily Trips                                              | AM Peak Trip                                          | PM Peak Trips                                          |
| 1,584                                                    | 121                                                   | 146                                                    |
| 1,267<br>(w/ 20% reduction due to<br>proximity to train) | 97<br>(w/ 20% reduction due to<br>proximity to train) | 117<br>(w/ 20% reduction due to<br>proximity to train) |

## **Comments:**

1. Building design is unknown since no elevations were provided.
2. Density is similar to Acadia on the Green.
3. Parking ratio is similar to Main & Maple.
4. Provides similar residential units as recently approved multi-family projects.
5. Designated loading / unloading zone appears to be placed along west property line.

# **Flaherty & Collins** - 350 unit apartment building, 380 parking spaces



## Financial Summary Sources: Kane McKenna Report and Debt Service Schedules (see attachments)

| <b>Development: Flaherty and Collins / Apartments (350 units)</b> |                                |                                  |                             |                                  |                             |
|-------------------------------------------------------------------|--------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>Bond Issue:</b>                                                | <b>\$22.25 million</b>         |                                  |                             |                                  |                             |
|                                                                   |                                | <b>0% School Set Aside *</b>     |                             | <b>40% School Set Aside *</b>    |                             |
| <b>Year</b>                                                       | <b>Debt Service Payments**</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> | <b>Property Taxes from Dev't</b> | <b>Village Tax Revenues</b> |
| 2017                                                              | 0                              | 0                                | 0                           | 0                                | 0                           |
| 2018                                                              | 935,229                        | 0                                | 935,229                     | 0                                | 935,229                     |
| 2019                                                              | 1,020,250                      | 0                                | 1,020,250                   | 0                                | 1,020,250                   |
| 2020                                                              | 1,385,250                      | 1,170,239                        | 215,011                     | 704,273                          | 680,977                     |
| 2021                                                              | 1,402,000                      | 1,187,792                        | 214,208                     | 714,837                          | 687,163                     |
| 2022                                                              | 1,422,000                      | 1,205,609                        | 216,391                     | 725,560                          | 696,440                     |
| 2023                                                              | 1,440,000                      | 1,223,693                        | 216,307                     | 736,443                          | 703,557                     |
| 2024                                                              | 1,456,000                      | 1,242,049                        | 213,951                     | 747,490                          | 708,510                     |
| 2025                                                              | 1,475,000                      | 1,260,679                        | 214,321                     | 758,702                          | 716,298                     |
| 2026                                                              | 1,496,750                      | 1,279,590                        | 217,160                     | 770,083                          | 726,667                     |
| 2027                                                              | 1,511,000                      | 1,298,784                        | 212,216                     | 781,634                          | 729,366                     |
| 2028                                                              | 1,533,000                      | 1,318,265                        | 214,735                     | 793,359                          | 739,641                     |
| 2029                                                              | 1,552,250                      | 1,338,039                        | 214,211                     | 805,259                          | 746,991                     |
| 2030                                                              | 1,573,750                      | 1,358,110                        | 215,640                     | 817,338                          | 756,412                     |
| 2031                                                              | 1,592,250                      | 1,378,482                        | 213,768                     | 829,598                          | 762,652                     |
| 2032                                                              | 1,612,750                      | 1,399,159                        | 213,591                     | 842,042                          | 770,708                     |
| 2033                                                              | 1,635,000                      | 1,420,146                        | 214,854                     | 854,673                          | 780,327                     |
| 2034                                                              | 1,653,750                      | 1,441,448                        | 212,302                     | 867,493                          | 786,257                     |
| 2035                                                              | 1,679,000                      | 1,463,070                        | 215,930                     | 880,505                          | 798,495                     |
| 2036                                                              | 1,700,250                      | 1,485,016                        | 215,234                     | 893,713                          | 806,537                     |
| 2037                                                              | 1,722,500                      | 1,507,291                        | 215,209                     | 907,118                          | 815,382                     |
| 2038                                                              | 1,745,500                      | 1,529,901                        | 215,599                     | 920,725                          | 824,775                     |
| 2039                                                              | 1,769,000                      | 1,552,849                        | 216,151                     | 934,536                          | 834,464                     |
| 2040                                                              | 1,792,750                      | 1,576,142                        | 216,608                     | 948,554                          | 844,196                     |
| 2041                                                              | 1,816,500                      | 1,599,784                        | 216,716                     | 962,782                          | 853,718                     |
| <b>Total</b>                                                      | <b>36,921,729</b>              | <b>30,236,137</b>                | <b>6,685,592</b>            | <b>18,196,717</b>                | <b>18,725,012</b>           |
| Avg/Yr                                                            |                                | 1,259,839                        | 278,566                     | 758,197                          | 780,209                     |
| % of Debt Service Payments                                        |                                | 81.9%                            | 18.1%                       | 49.3%                            | 50.7%                       |

\* This development would be subject to statutory requirements stating that the local school districts must be compensated for any net new students that reside within the development and attend the local public schools. Up to 40% of the property taxes generated by the development must be set aside to make these payments. For this reason, both scenarios (0% contribution and 40% contribution to the schools) are analyzed. See page 22 for more information.

# **Planning & Zoning Evaluation for Flaherty & Collins - Conducted on Single-Phase Development**

|               |                                                                     |
|---------------|---------------------------------------------------------------------|
| Proposal      | 350 apartments in one building (assumed)                            |
| Entitlements: | 1. Apartments are a special use in the DT zoning district           |
|               | 2. Planned Unit Development for setback, FAR and parking deviations |
|               | 3. Plat of Subdivision                                              |

| Bulk Standards                     | Requirement                       | Proposed                             |
|------------------------------------|-----------------------------------|--------------------------------------|
| Height                             | 60 ft max                         | 66 ft                                |
| Lot Area per dwelling unit         | n/a                               | 1 unit / 441 sq ft                   |
| Setbacks                           |                                   |                                      |
| Street                             | 0 ft                              | 5 ft                                 |
| Side (west)                        | 5 ft                              | 10 ft                                |
| Side (east)                        | 5 ft                              | 5 ft                                 |
| Rear (north)                       | 20 ft                             | 5 ft                                 |
| Floor Area Ratio                   | 2.5 max                           | 2.08                                 |
| Parking                            | 700<br>(2 spaces / dwelling unit) | 380<br>(1.09 spaces / dwelling unit) |
| Estimated Park District Donation   |                                   | \$1,842,505.05                       |
| Estimated School District Donation |                                   | \$222,915.50                         |

| Trip Generation                                          |                                                        |                                                        |
|----------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Daily Trips                                              | AM Peak Trip                                           | PM Peak Trips                                          |
| 2,348                                                    | 178                                                    | 217                                                    |
| 1,878<br>(w/ 20% reduction due to<br>proximity to train) | 142<br>(w/ 20% reduction due to<br>proximity to train) | 174<br>(w/ 20% reduction due to<br>proximity to train) |

## **Comments:**

1. Building has a strong relationship to Curtiss Street.
2. Density falls between Burlington Station and Main & Maple.
3. Parking is similar to Burlington Station.
4. Provides similar residential units as recently approved multi-family projects.
5. Loading/unloading is not identified on the plan.

## Financing Plan

The plan to finance the Combined Facility includes the use of all of the following resources. The Village Council expressed support for use of the following resources to support the Facility Sustainability Plan at the Meeting on October 20, 2015:

**Asset Forfeiture Fund Balance** - The Asset Forfeiture Fund accounts for revenues and expenses of proceeds from asset seizures. It is the result of the equitable sharing agreement the Village has with the US Department of Justice. Money seized under this agreement can only be used for law enforcement purposes. Revenues in this fund are unpredictable and highly variable. The FY2017 budget includes **\$1.75 million** available for police facilities. It is possible that future year revenues may be allocated to pay for a portion of project construction costs. References in this report to **\$2.2 million** of cash on hand include the \$1.75 million, plus additional revenues that have accumulated for this project beginning in FY2016.

**Property Tax Levy for Library Improvements Bond Debt Service** - In 1996, the Village of Downers Grove issued bonds for the renovation and expansion of the Downers Grove Public Library. Property taxes were levied to make annual payments, and the bonds will be paid off in 2016. The Village could choose to levy an amount equal to the annual debt service payment of approximately **\$600,000** and direct that funding to the facility improvements.

**Local Gasoline Tax for Fairview Avenue Improvements Bond Debt Service** - In 1996, the Village of Downers Grove issued bonds for the reconstruction of Fairview Avenue from 63rd to 75th Streets. A 1.5 cents/gallon gasoline tax was established to make annual payments, and the bonds will be paid off in 2016. The Village could choose to continue collecting the gasoline tax, which generates approximately **\$200,000** annually, and direct that funding to facility improvements. Alternatively, the Village could direct the gasoline tax funding to street improvements and redirect a corresponding general revenue source that is currently funding street improvements to pay for facility projects.

**Revenues Historically Used for New Sidewalk Construction** - The Village has been constructing new sidewalks for the past several decades. The Village historically spent about **\$300,000** from the Capital Fund for new sidewalk construction. The Village Council decided to temporarily stop constructing new sidewalks on a Village-initiated basis. The revenue traditionally used for new sidewalks could be used to fund facility improvements.

**Bond Issuance Supported by Existing Revenues** - The Village could issue a bond and use the proceeds to pay for facility improvements. The annual debt service payments on the bond could be made from any or all of the three existing revenue sources described above.

**The Village Council expressed a willingness to consider the following additional resources based on the motion adopted on October 11, 2016 directing staff to pursue an alternative option for a mixed-use redevelopment of the Civic Center property including a new combined Police Station & Village Hall with a multi-family residential development.**

**Selling or Monetizing Village Owned Land or Buildings** - The Village could evaluate options for the sale or lease of Village-owned property.

**Seeking Partnerships with Private Sector Real Estate Developers** - The Village could work cooperatively with a private sector developer to address facility issues in conjunction with a private sector development. The partnership would reduce construction costs for both parties. The development could take place on Village-owned land or other land to be acquired.

# **Creating New Financial Tools to Capture Revenue from Private Sector Real Estate Development -**

The Village could establish tools, such as the creation of a new [TIF district](#), that would allow the Village to capture revenue from private sector real estate development that occurs on the site and with the boundaries of the new TIF district. The revenue stream could be pledged to reduce the net cost to taxpayers.

If directed by the Village Council to pursue one of the redevelopment options, the specific application of the resources listed above will occur as follows:

1. A redevelopment agreement between the Village and the preferred developer will be negotiated and executed. The agreement will stipulate the price and terms under which the property will be sold.
2. The Village will coordinate the design and construction of the Combined Facility such that proceeds for the sale of land will have been secured before work is substantially underway.
3. The Village will also coordinate the establishment of the Tax Increment Financing (TIF) district on the Civic Center property. The use of TIF as a financing tool allows the Village to collect all or most of the property taxes generated by the private development. It also allows the TIF revenues to be used to support the Combined Facility construction since a the site of public facilities were relocated to allow for the private development to occur. The creation of the district will be timed to maximize the revenue generating potential of the private development. The Village's TIF consultant, Kane McKenna and Associates will assist the Village with this process to ensure that the Village meets all statutory requirements. This firm has also provided assistance in projecting TIF revenues for each development option.
4. The Village will issue bonds to pay for construction of the Combined Facility. The amount of the bond issue varies for each development proposal. The bond issue amount was determined by deducting Village's equity and the purchase price for the land from the total project cost, as summarized below for each development proposal. Debt service schedules prepared by the Village's Financial Advisor are included as [an attachment](#).

|                     | <b>Location Finders<br/>International</b> | <b>K. Hovnanian*</b>  | <b>Next Generation</b> | <b>Flaherty &amp;<br/>Collins</b> |
|---------------------|-------------------------------------------|-----------------------|------------------------|-----------------------------------|
| Total Project Cost  | \$30.0 million                            | \$29.5 million        | \$30.0 million         | \$30.0 million                    |
| Less Village Equity | \$2.2 million                             | \$2.2 million         | \$2.2 million          | \$2.2 million                     |
| Sale of Land        | \$3.3 million                             | \$0.8 million         | \$4.7 million          | \$5.6 million                     |
| <b>Bond Issue</b>   | <b>\$24.5 million</b>                     | <b>\$26.5 million</b> | <b>\$23.0 million</b>  | <b>\$22.3 million</b>             |

\* Total project cost is less due to the ability for the project to be constructed in phases, allowing the Police Station to continue operating in its current location during the first phase of construction. The Land sale amount reflect purchase of the Phase I portion only. Purchase of Phase II portion is expected to occur after bonds are issued.

5. Once construction of the private development is complete and property taxes are being generated, the Village will receive those revenues. Any property taxes due to taxing bodies such as the schools will be disbursed and the remainder will be pledged to debt service payments for the duration of the TIF District.
6. To the extent that the property tax revenues collected are not sufficient to meet all of the annual debt service payments, the Village will allocate all or a portion of the \$1.1 million of the dedicated revenues to ensure the full payment of all debt service obligations. Selection of the medical office or townhome developments will require the Village to identify an additional revenue sources in addition to the \$1.1 million per year.

# Risks and Risk Mitigation Strategies

This section describes risks and risk mitigation strategies associated with each development and in general.

|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Location Finders International (Medical Office)</b></p> | <p><b>Risks:</b> This development proposal carries the lowest risk to the Village. Reduction to TIF revenue due to variation in the value of the property is low. The developer has an exclusive arrangement with the tenant (DuPage Medical Group) and will enter into a long-term lease for the building. This model for locating a multi-functional medical office within a suburban downtown has been successful in several other communities. In the original proposal the developer request sale of the entire property up front. A single-phase approach may be advantageous because it will allow for better overall site planning. It will require temporary relocation of the Police Station.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>Risk Mitigation Strategies:</b></p>                     | <p>If this option is pursued, the Village could further reduce risk by exploring the selection of LFI's preferred General Contractor, Leopardo, which also has extensive experience constructing municipal facilities, including police stations. This could improve the coordination of construction activities and reduce the Village's construction costs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>K. Hovnanian (Townhomes)</b></p>                        | <p><b>Risks:</b> If the market for townhomes weakens, there is high risk of not receiving land sale proceeds or tax revenue associated with the phase II portion of the development (28 of 42 units). The developer proposes to construct six buildings with seven townhome units in each building. The first two buildings would be constructed as part of Phase I. Phase II would begin after the Police Station relocates to the Combined Facility. If there were a major downturn in the housing market between phase I and phase II, the developer may not proceed with the second phase, or it may be substantially delayed. This would cause loss or delay of approximately 2/3 of the revenue projected to be generated by the development.</p> <p>This development would be subject to statutory requirements which stipulate that the local school districts must be compensated for any net new students that reside in the residential development and attend the local public schools. Up to 40% of the property taxes generated by the development must be set aside to make these payments. Unless the Village is able to negotiate an alternative arrangement with the school districts, this requirement could substantially impact the revenue generating potential of the development.</p> |
| <p><b>Risk Mitigation Strategies:</b></p>                     | <p>Work with the developer during negotiation of the redevelopment agreement to identify possible risk mitigation strategies, including sale of the entire 3.5 acre parcel and use of land sale reverter provisions in the event phase II is not built.</p> <p>If this option is pursued, the Village will meet with school district representatives to identify mutually acceptable arrangements regarding the impact of new students residing in the new development.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Next Generation (Apartments)</b>      | <b>Risks:</b> <p>Once construction of the development has begun, there is extremely low risk of failure to complete construction. There is moderate risk of fluctuations in TIF revenue if rents for the apartment units drop. If the market for the large volume of new multifamily units throughout the downtown does not remain strong, apartment units may take longer to be rented, which may force down rental amounts. As a result, the value of property and the TIF revenue generated may be negatively impacted.</p> <p>This development would be subject to statutory requirements which stipulate that the local school districts must be compensated for any net new students that reside in the residential development and attend the local public schools. Up to 40% of the property taxes generated by the development must be set aside to make these payments. Unless the Village is able to negotiate an alternative arrangement with the school districts, this requirement could substantially impact the revenue generating potential of the development.</p> |
| <b>Risk Mitigation Strategies:</b>       | <p>The Village has already undertaken one significant risk mitigation strategy by requesting a modified proposal that develops the property in a single phase. Even though a single-phase development requires temporary relocation of the Police Station, it helps to ensure that the development will be fully constructed all at one.</p> <p>If this option is pursued, the Village will meet with school district representatives to identify mutually acceptable arrangements regarding the impact of new students residing in the new development.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Flaherty and Collins (Apartments)</b> | <p>Once construction of the development has begun, there is extremely low risk of failure to complete construction. There is moderate risk of fluctuations in TIF revenue if rents for the apartment units drop. If the market for the large volume of new multifamily units throughout the downtown does not remain strong, apartment units may take longer to be rented, which may force down rental amounts. As a result, the value of property and the TIF revenue generated may be negatively impacted.</p> <p>This development would be subject to statutory requirements which stipulate that the local school districts must be compensated for any net new students that reside in the residential development and attend the local public schools. Up to 40% of the property taxes generated by the development must be set aside to make these payments. Unless the Village is able to negotiate an alternative arrangement with the school districts, this requirement could substantially impact the revenue generating potential of the development.</p>               |
| <b>Risk Mitigation Strategies:</b>       | <p>The Village has already undertaken one significant risk mitigation strategy by requesting a modified proposal that develops the property in a single phase. Even though a single-phase development requires temporary relocation of the Police Station, it helps to ensure that the development will be fully constructed all at one.</p> <p>If this option is pursued, the Village will meet with school district representatives to identify mutually acceptable arrangements regarding the impact of new students residing in the new development.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| Other Risks                         | Explanation (Risk Mitigation Strategies in Bold)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>State/National Economy</b>       | General uncertainty regarding state budget and increasing concerns about volatility at the national and international levels that may impact the state/local economies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Bond Market</b>                  | Interest rates are trending upwards, which will have the effect of increasing borrowing costs. <b>Coordinate with Financial Advisor regarding the optimal time and approach to bond issuance.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Operational/Service Delivery</b> | The Village will experience greater operational challenges and risk if temporary relocation of police functions are pursued. <b>Identify and apply best practices from other municipalities that are in the process of temporarily relocating their Police Station functions this year (Carol Stream &amp; Arlington Heights)</b>                                                                                                                                                                                                                                                                                                                            |
| <b>Village Financial Conditions</b> | <p>Recent analysis of the Village's major revenue sources required for operations indicates that they are all flat or declining. This trend is a focus of the Village's 2017 Long Range Planning process and may require the Village to adjust revenues and/or expenses to ensure continued General Fund sustainability.</p> <p>The Village's Financial Advisor indicated that issuance of bonds for this project is not likely to have an adverse impact on the Village maintaining its AAA bond rating. This is due to the declining debt burden that will occur in 2021, when the Village makes its final payment for the existing Downtown TIF debt.</p> |
| <b>TIF/Revenue Model Accuracy</b>   | The TIF projection/revenue model make several assumptions and extends over a 24-year period of time. Many of the assumptions, including tax rate, growth in assessed value and service impact on other jurisdictions, fall outside of the Village's control and will impact the revenue-generating potential of the project. Property valuation assumptions were established conservatively in order to reduce risk to the Village.                                                                                                                                                                                                                          |

# Decision-Making Criteria

The following criteria were identified prior to the release of the Request for Proposal and may be useful in considering proposal information, as well as the information contained in this report.

- The extent to which the option addresses the identified facility issues
- The extent to which the option achieves recommendations of the Comp. Plan
- The extent to which the plan addresses pedestrian and traffic conflicts at the Washington St crossing
- The financial burden on existing taxpayers
- The financial burden on residents/taxpayers of the Civic Center development
- The financial and service demand impacts on other taxing bodies
- An assessment of financial and development risk, and plans to mitigate risk
- Financial impacts to the Village

# Facility Sustainability Plan History

Links to staff reports available on [Facility Sustainability Plan webpage](#)

|                  |                                                                                                                                                                                                                                                          |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sep. 8, 2015     | Village Council adopts Long-Range Plan with Top Priority Action Item <i>Create a Facilities Sustainability Plan</i>                                                                                                                                      |
| Sep. 15, 2015    | Village Council meeting to discuss/define the <b>Issue</b>                                                                                                                                                                                               |
| Oct. 20, 2015    | Village Council meeting to review available <b>Resources</b> that could be used to address facility planning issues                                                                                                                                      |
| Dec. 1, 2015     | Village Council approves pre-design contract with Williams Architects                                                                                                                                                                                    |
| Jan. 19, 2016    | Village Council meets with Architect begin discussing <b>Options</b> for the Facilities Sustainability Plan                                                                                                                                              |
| Mar. 1, 2016     | Continued discussion of Options at Village Council Meeting                                                                                                                                                                                               |
| Apr. 19, 2016    | Continued discussion of Options at Village Council Meeting                                                                                                                                                                                               |
| May 10, 2016     | Village Council formally accepts the Facility Sustainability <b>Plan</b> including addition to/renovation of the Police Station and maintenance improvements to Village Hall                                                                             |
| Jun.-Jul. 2016   | VC discussed Downtown plan and expresses support for zoning designation that would allow for “mid-rise” residential development on the Civic Center property                                                                                             |
| Jul. 19, 2016    | Village staff presents full design contract with Williams Architects under first reading ( <i>not voted upon</i> )                                                                                                                                       |
| Aug. 16, 2016    | Downers Grove EDC issues RFP to determine developer interest in potential redevelopment of the Civic Center property                                                                                                                                     |
| Sep. 20, 2016    | Deadline for EDC RFP process - 5 responses received                                                                                                                                                                                                      |
| Oct. 11, 2016    | Village Council adopts a motion <i>directing staff to pursue an alternative option for a mixed-use redevelopment of the Civic Center property including a new combined Police Station &amp; Village Hall with a multi-family residential development</i> |
| Oct. 18, 2016    | Village Council approve a contract extension with Williams Architects and a contract to complete an ALTA/Topographic Survey of the Civic Center Property                                                                                                 |
| Nov. 1, 2016     | Village Council adopts a motion <i>directing staff to issue a Call for Offers / Request for Proposal to purchase and develop a portion of the Civic Center Property</i>                                                                                  |
| Nov. 7, 2016     | Village issues Call for Offers / Request for Proposal                                                                                                                                                                                                    |
| Dec. 16, 2016    | Deadline for Village Call for Offer / RFP process - 4 responses received                                                                                                                                                                                 |
| Dec. 20, 2016    | Village Council approves contract with Kane McKenna for TIF Consulting Services                                                                                                                                                                          |
| Jan. 23-26, 2017 | Interviews with developers that submitted offers/proposals                                                                                                                                                                                               |

# Summary of Maintenance & Operational Deficiencies

| Key: ● = Fully Addressed    ◐ = Partially Addressed    ○ = Not Addressed                                                                                                                                                                                                                                                               |                                                                |                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                        | PD Addn/Renov                                                  | Combined Bldg                                                  |
| <b>Police Station</b>                                                                                                                                                                                                                                                                                                                  |                                                                |                                                                |
| <b>Maintenance System Deficiencies (\$3.6 million)</b> <ol style="list-style-type: none"> <li>HVAC System Replacement</li> <li>Electrical System Upgrade</li> <li>Window Upgrade</li> <li>Interior Lighting System Upgrade</li> <li>Carpeting Replacement</li> <li>Roof Replacement</li> <li>Plumbing System Upgrades</li> </ol>       | <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> | <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> |
| <b>B. Police Operational Deficiencies</b> <ol style="list-style-type: none"> <li>Interview Areas Lack Privacy</li> <li>Evidence Processing and Storage Inefficient</li> <li>Space for Investigations and &amp; Key Functions Limited</li> <li>Lockers Don't Hold Gear and Equipment</li> <li>Vehicle Parking not Secure</li> </ol>     | <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>◐</p>                   | <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>                   |
| <b>Village Hall</b>                                                                                                                                                                                                                                                                                                                    |                                                                |                                                                |
| <b>Maintenance System Deficiencies (Total \$6.7 million)</b> <ol style="list-style-type: none"> <li>HVAC System Replacement</li> <li>Electrical System Upgrade</li> <li>Window Upgrade</li> <li>Interior Lighting System Upgrade</li> <li>Carpeting Replacement</li> <li>Roof Replacement</li> <li>Plumbing System Upgrades</li> </ol> | <p>◐</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>◐</p> <p>○</p> | <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> |
| <b>Operational Deficiencies</b> <ol style="list-style-type: none"> <li>Lobby Area Space Limited</li> <li>Challenges in Accommodating Large Public Meetings</li> <li>Space to Meet with Permit Applicants Limited</li> <li>Inefficient Interior Space Layout</li> <li>Multiple Public Access Points</li> </ol>                          | <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p>                   | <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>                   |

\* Cost estimates determined as part of 2012 Facility Condition Assessment Report