

**Q/A for June 20, 2023**

Agenda #	Title	Requestor/ Responder
<b>M.1</b>	<b>Approve the recommendation by Alliant Insurance to award Property, Cyber Liability, and Pollution Liability insurance coverage through the Alliant Property Insurance Program for an amount not to exceed \$1,125,106 and for a one-year term.</b>	
<b>Q.</b>	Alliant used the same reasons (e.g. “challenging market conditions”) for a 14.97% increase on the 2022/23 property coverage. This year’s increase is even greater; 2023/24 property insurance is increasing 45% over last year’s premium. Can you please provide a high level breakdown of the conditions that are driving such a material increase?	<b>Longenbaugh</b>
<b>A.</b>	The property market is proving very challenging as we approach the 7/1/2023 renewal. Weather-related events are problematic to the insurance industry and the frequency and severity of these events has increased over the last few years. Recent weather events adversely impacting both the capacity and the pricing of direct carriers and reinsurers include: 2022 Hurricane Ian (estimated \$53B in insured losses – the second most costly hurricane in history); 2022 Winter Storm Elliott (impacted 42 states and insured damage estimates of \$5.4B); 2021 Winter Storm Uri (estimated \$15B in insured losses primarily in Texas and Oklahoma); 2021 Hurricane Ida (estimated \$40B in insured losses from Gulf Coast to Northeastern States – fourth most costly hurricane in history); U.S. Wildfires (Over \$10B in insured losses in 4 of last 5 years). In addition, underwriters are concerned about valuation and ensuring that an insured’s reported values properly and accurately reflect their exposure. Alliant closely monitors insured values for accuracy and applied a 7.5% trend factor for real and personal property. Due to the conditions described above, we expect all insureds in the APIP program to have rate increases at renewal. Generally, insureds that are loss-free and/or non-Catastrophe (CAT) exposed will have lower than average rate increases while insureds that are loss challenged and/or CAT-exposed will have higher than average rate increases. (see attachment for more detail)	<b>Munch</b>

<b>I25-I28</b>	<b>Receive the staff report for 1296 E. Chicago Avenue (McAlister’s Deli) - PZC 22-1-095 (Item 1 of 4)</b>	
<b>Q.</b>	Council received some citizen comments regarding the Heinen and McAlister’s developments. Please respond with staff views on the comments. Email attached.	<b>Holzauer</b>
<b>A.</b>	<p>Staff has extensively reviewed the zoning requests for not only the McAllister’s property, but also with respect to the future redevelopment of the Butera parcel. Upon review, staff finds that the OCI zoning district is not only in alignment with the City’s Master Land Use Plan recommendations for this site, but is also consistent with the intent of the OCI zoning district to serve as a transition to adjacent to residential/park uses. While it is correct that the B1 zoning would permit both a McAllister’s and a Heinen’s grocery store on this site, it would eliminate any possibility of review of the proposed developments by the City Council provided that all zoning requirements can be met on those sites.</p> <p>The added benefit of the OCI zoning district for this parcel is:</p> <ul style="list-style-type: none"> <li>-Both the McAllister’s and the grocery store uses are conditional uses in OCI.</li> <li>-Conditional uses are subject to review and approval through a public hearing process with notice to the neighbors.</li> <li>-A conditional use can be approved subject to additional conditions, such as additional landscaping and screening, access limitations, etc., to address any concerns relative to that use on a specific property.</li> <li>-The site plan, landscaping plan, and elevations attached to the conditional use ordinance become the controlling requirements for the site. If, following approval of the conditional use, additional changes are sought, those changes are subject to review and approval as either an administrative, minor or major change. Both minor and major changes required that notice is again provided to the neighbors.</li> </ul> <p>The proposed entitlements are a staff supported solution that has been initiated by the petitioners and approved by the PZC (note: Heinen’s has also indicated that they intend to proceed forward with a conditional use in OCI for their site in the future). While this approach may not be the only path, it is one that the petitioner, staff, and PZC are comfortable with and that makes the best sense in view of the totality of the circumstances. As a result of all of the above, staff continues to find the proposed rezoning to OCI with a conditional use as the preferred entitlement for McAllister’s (and Heinen’s in the future). It should be noted, however, that if the Council decides that B1 zoning is preferred for the site, staff will need to rewrite the approval ordinances and present these at the July 18, 2023 CC meeting for approval. Moving forward, Heinen’s would also maintain the B1 zoning and would only be subject to public review if a variance is requested (otherwise, engineering and permit drawings would be subject to administrative review only). Finally, in response to concerns about the final plans, the site is currently improved with a building and parking area. Given that the proposed site changes are not extensive, staff is comfortable with presenting the site plan, with conditions, subject to final review and approval based on the final engineering plans. If the final engineering plans result in a significant change to the site plan, the conditional use process will be used to review and approve that change.</p>	<b>Laff</b>



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# City of Naperville 2023 Property Market














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June 2023

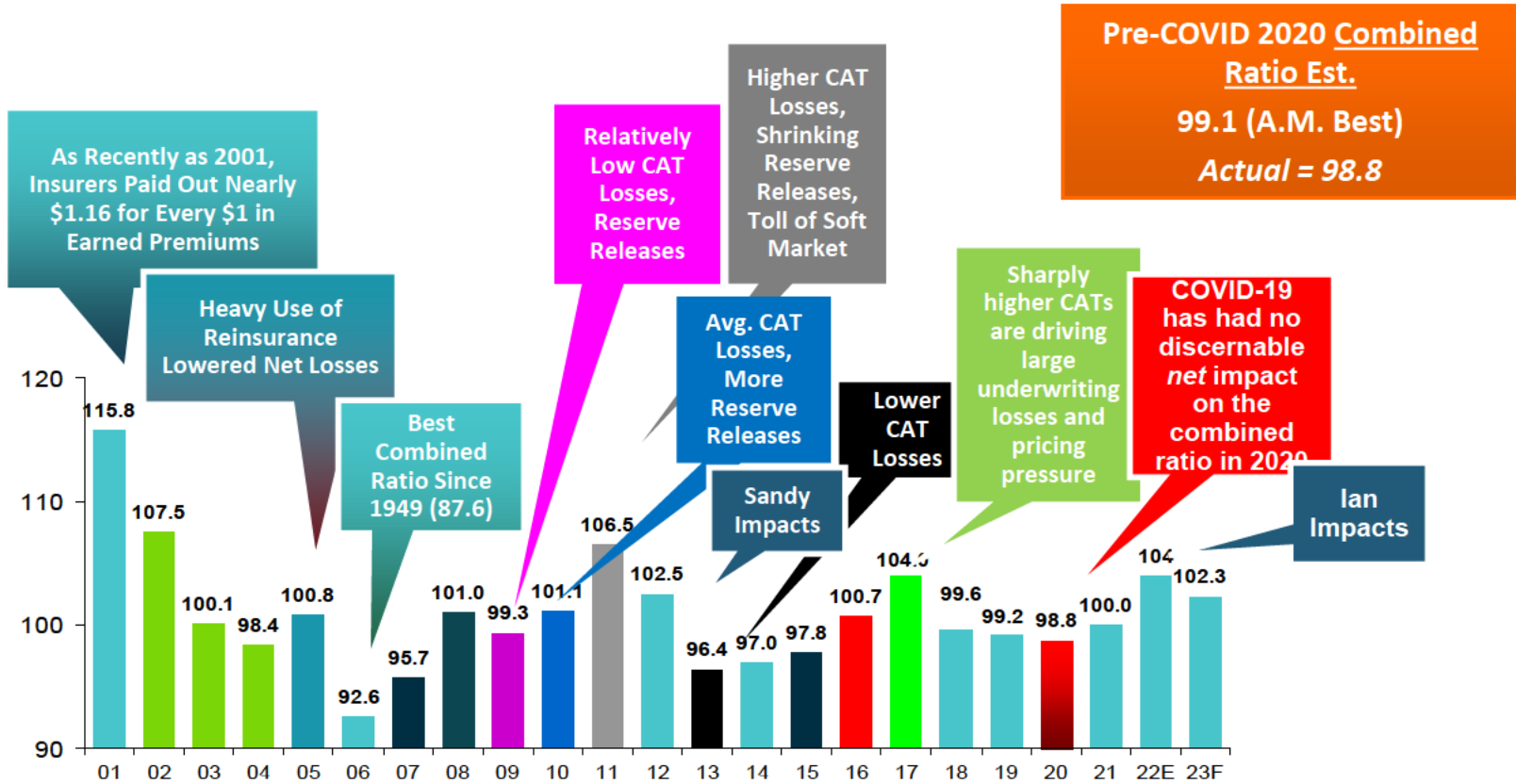


# State of the Market

"While the industry balance sheet is strong enough to meet the commitments to insureds, it is facing emerging challenges from the significant and increasing impact of catastrophic weather events, cyber risk and significant price and social inflation/lawsuit abuse," Robert Gordon, senior vice president of policy, research, and international for APCIA, said in a statement.

 <b>Pandemics &amp; Epidemics</b>	 <b>Great Resignation &amp; Quiet Quitting</b>	 <b>Aging Infrastructure</b>	 <b>Geo Political</b>	
 <b>Climate Change</b>	 <b>Inflation</b>	 <b>Mass Shootings</b>	 <b>Natural Disasters</b>	
 <b>Supply Chain &amp; Labor Shortage</b>	 <b>Social Inflation &amp; Nuclear Verdicts</b>	 <b>Cyber Attacks</b>	 <b>Ukraine War</b>	 <b>Legislation</b>

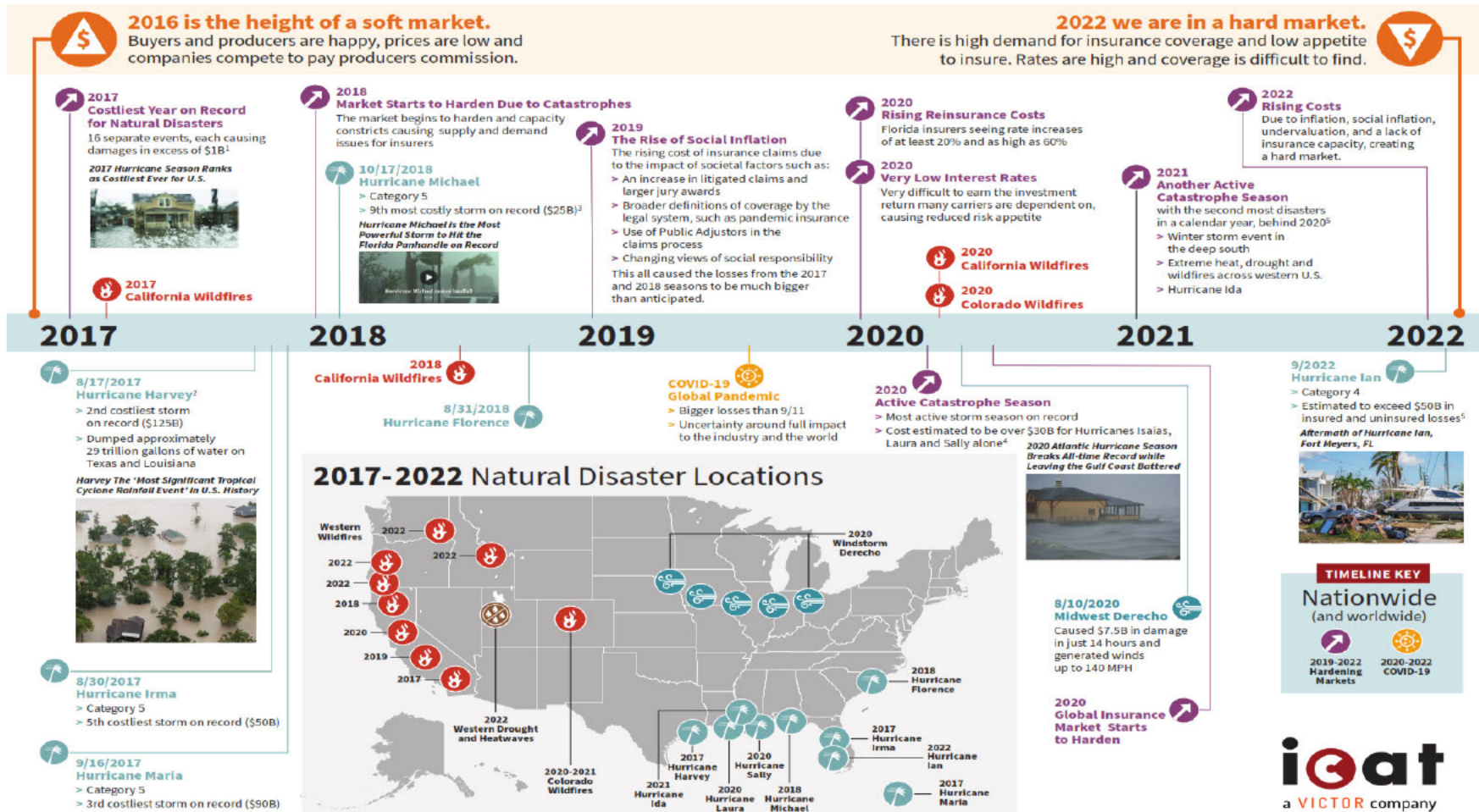
# P/C Insurance Industry Combined Ratio, 2001–2023F\*



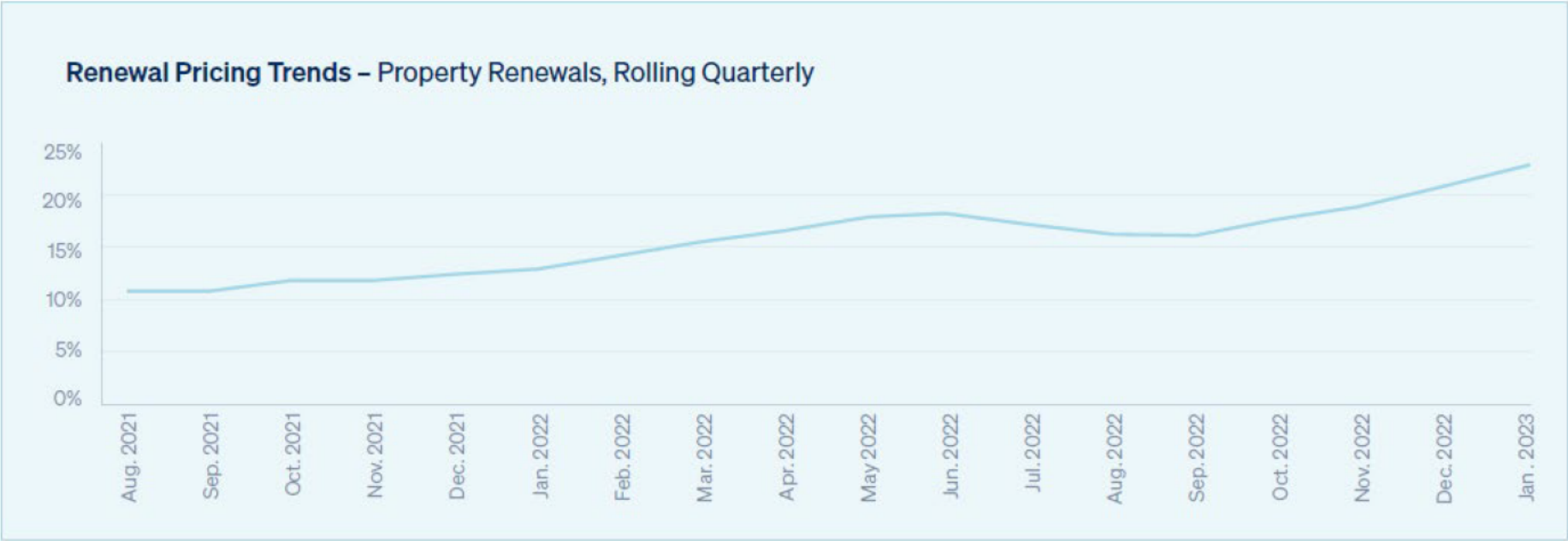
\*Excludes Mortgage & Financial Guaranty insurers 2008–2014.

Sources: A.M. Best, ISO (2014–2024F).

# The Making of a Hard Market - Timeline



# Property Renewal Pricing Trends



# Property Reinsurance Rate Movements as of 1/1/23

Territory	Pro rata commission	Risk loss-free % change	Risk loss-hit % change	Catastrophe loss-free % change	Catastrophe loss-hit % change
Australia	-5.0% to -2.5%	+5% to +15%	+15% to +30%	+10% to +20%	+25% to +45%
Canada	-4% to -2%	+10% to +20%	+20% to +35%	+12% to +25%	+20% to +40%
Central & Eastern Europe	-1.5% to 0.0%	+5% to +20%	+20 to +35%	+10% to +30%	+20% to +50%
China	-4% to -1%	+15% to +30%	n/a	+20% to +30%	n/a
Europe	n/a	+20% to +30%	n/a	+25% to +40%	n/a
France, Belgium	n/a	+10% to +20%	+20% to +30%	n/a	+25 to +60%
Germany, Switzerland, and Austria	n/a	+25% to +60%	n/a	+25% to +60%	n/a
Italy	n/a	n/a	+5% to +25%	+7.5% to +20%	+10% to +35%
Indonesia	-2.5% to 0%	+5% to +20%	+30% to +40%	+5% to +20%	+30% to +40%
Korea	-10% to -5%	n/a	+50% to +100%	+15% to +20%	+50% to +100%
Latin America	-7% to 0%	0% to +12%	+10% to +25%	+7% to +35%	+10% to +45%
MENA, South Africa	-3% to 0%	+5% to +10%	+10% to +25%	+15% to +30%	+30% to +50%
Malaysia	-9%	+20% to +25%	+25% to +100%	+20% to +25%	+25% to +100%
Netherlands	-2% to 0%	+2.5% to +17.5%	+7.5% to +25%	+5% to +32.5%	+15% to +45%
Nordic Countries	n/a	+10% to +30%	+15% to +50%	+15% to 30%	+25% to +35%
Turkey	-5%	+20% to +50%	n/a	+20% to +50%	n/a
United Kingdom	n/a	+20 to +25%	+30% to +40%	+20 to +27.5%	n/a
United States	-6% to -3%	+15% to +25%	+35% to + 150%	+25% to +50%	+45% to +100%

# Trend and Valuation

## Construction Cost Trends

Inflation is not the only challenge impacting construction costs. While certain material costs increases may have subsided and some supply chain issues have diminished, the construction industry is faced with significant labor challenges. The shortage of skilled labor, coupled with increasing wages, is extending project completion timelines and impacting the cost of both existing projects and new bids.

## January 2023 Construction Cost Trends

**8.4%**

ENR - Building Cost Index

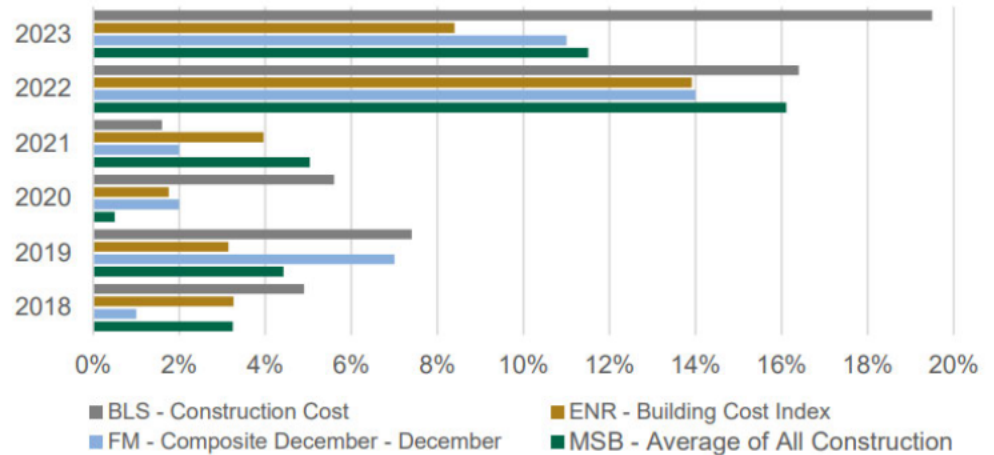
**11.0%**

FM – Composite December – December

**11.5%**

MSB - Average of all Construction

## Construction Cost Trends January Yearly



[www.cbiz.com/valuation](http://www.cbiz.com/valuation)





# Questions

**From:** Holzhauser, Ian  
**Sent:** Monday, June 19, 2023 11:45 AM  
**To:** Novack, William; Krieger, Doug; DiSanto, Michael; Laff, Allison  
**Subject:** FW: June 20, 2023 City Council Meeting Agenda Item I-25 thru I-28, 1296 E Chicago Ave

Hi Bill, Allison, Mike, and Doug,

Can you comment on Marilyn's thoughts re: Chicago Ave?

Thanks

Ian

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Ian Holzhauser  
Councilman  
[Twitter](#) | [Facebook](#) | [Web](#)



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**From:** Marilyn L Schweitzer [REDACTED]  
**Sent:** Sunday, June 18, 2023 12:46 AM  
**To:** Council <[Council@naperville.il.us](mailto:Council@naperville.il.us)>  
**Subject:** June 20, 2023 City Council Meeting Agenda Item I-25 thru I-28, 1296 E Chicago Ave

**CAUTION:** This e-mail originated outside of the City of Naperville (@naperville.il.us).

**DO NOT** click links or open attachments unless you confirm the incoming address of the sender and know the content is safe.

Mayor Wehrli and City Council Members,

Regarding [this request](#), I ask that Council:

**1. Approve [item I-26, Revocation of ordinance 76-137](#).** This will remove the restrictions on this B1 zoned property that limited uses to only banks and business/professional offices. (Only in staff notes are the actual restrictions imposed by 76-137 are mentioned. It would have be helpful for the ordinance 76-137 and ordinance 72-052 to be attachments to this agenda item. Or at least links to them.)

**2. Deny [item I-27, Rezoning from B1 to OCI](#).** I as indicated in my earlier email regarding [agenda item I-15](#), 1296 E Chicago Ave is already zoned B1 which already allows eating establishments by right, i.e. the ultimate use desired by the petitioner. Thus, if the restrictions imposed by ordinance 76-137 are revoked, the petitioner by right will be allowed to develop an eating establishment.

I also disagree with the petitioner's assertion that the "requested OCI zoning classification permits uses which are more suitable than the uses permitted under the existing zoning classification":

- The petitioner's intent is to develop an eating establishment which is allowed by the existing zoning classification, namely B1. OCI, the requested zoning classification, does not allow eating establishments unless they were in a PUD. Thus, the existing zoning classification is already more suitable than requested zoning standard.
- The petitioner has not stated any other use for the property that would be suitable under OCI, but not B1. Comparing the permitted uses [for OCI](#) to the permitted uses [for B1](#) and using my familiarity with that corner, I find it highly unlikely that there is an OCI permitted use (not permitted under B1) that would ever be desired or successfully developed on that property. I simply cannot imagine a cultural institution, hospital, park, playground, forest preserve, religious institution, or a primary/secondary school there.

Finally on this item, the purpose of OCI is "to act as a transitional zone between intensive business areas and residential neighborhoods". But, the only business area is the Heinen Business district which is south and west of the 1296 E Chicago:

- Due north is the country club which is open space with a future land use of residential.
- Northeast is unincorporated residential with a future land use of residential,
- Due east is a religious institution on a parcel zone R1.
- Southeast is residential.
- South and west is all residential, excluding the adjacent B1 zoned Heinen Business District.

I don't believe the Heinen development is sufficiently large enough to be characterized as an "intensive business". But even if it were, the 1296 E Chicago Ave property is not large enough or well positioned to act as a much of a buffer or transition. Certainly not with a use as an eating establishment. The religious institution to the east serves much better already as transitional zone for residences to the east.

**3. Deny granting the Conditional Use portion of [item I-28](#).** If the property remains zoned B1 and ordinance 76-137 is revoked, an eating establishment may be developed by right.

**4. Table the Stacking and Setback Variance portion of [item I-28](#) until final plans are submitted, reviewed and approved by staff.** Conceptually, I approve of this development including the requested stacking and setback variances. I am quite pleased with the reuse of the existing building, the desire to reuse drives, the existence of indoor seating, a pickup window rather than a complete drive-through. I believe a McAlister's Deli will be a welcome addition to that location. My interpretation of the B1 versus OCI code is that no additional variances would be required if the zoning remains B1. But, as neither staff nor the petitioner stated hardships of B1 zoning for their proposed eating establishment beyond the limitations imposed by ordinance 76-137, I can't be sure. Also, the petitioner has only submitted preliminary plans. Staff notes 8 conditions have currently been identified as lacking, the first of which is that the lack of final engineering plans. The Department of Public Utility-Electric, the Department of Public Utility-Water/Wastewater, the Fire Department, and the Engineering and Planning Department have not reviewed nor approved of the plans. Presenting plans to Council that have not been reviewed

and are not in full technical compliance is contrary to the policy stated in the minutes of the [January 17, 2023 City Council meeting](#). The minutes under the Public Forum state that "cases proposed at Planning and Zoning Commission (PZC) are not required to be in full technical compliance until they are presented to the City Council, that PZC is not reviewing plans for technical requirements because that is staff's responsibility, and that plans may contain non-compliance but by the time it gets to Council all items have been reviewed." [1] Thus, this item should be tabled until complete plans are submitted, the plans have be fully reviewed, and the plans are in full technical compliance.

Sincerely,

Marilyn

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Marilyn L. Schweitzer

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[1] Up until late January, 2023, the City's "Developments Under Review" page stated:

"The official copy of any application scheduled for public hearing before the Planing and Zoning Commission and/or City Council will be posted on the Planing and Zoning Commission and/or City Council of which it is to be discussed. Final submittals that are included on agendas have been reviewed and approved by staff for compliance with City codes and ordinances."

Please see the attached screenshot. I believe the policy as stated was in the best interest of the public, PZC, and Council. When I found it was not being followed. I emailed City Council and brought the issue up during the Public Forum of the January 17, 2023 City Council meeting. The result was to state the public and PZC did not need the full details and to take down the Developments Under Review page. While I strongly disagree with this change in policy regarding plans going before the PZC, I was at least under the impression and believe it is proper for plans to be completely reviewed and in compliance before they are presented to City Council. They are clearly not for this proposed development.



## Projects in Naperville

[Building Permits](#)

[Code Enforcement](#)

[Design Manual for Public Improvements](#)

[Downtown Streetscape Improvements](#)

[Fire Department Inspections](#)

[Land Survey Monuments and Viewer](#)

[Plat Review Checklist](#)

[Residential Load Calculation Worksheet](#)

[Standard Specifications for Construction](#)

## Developments Under Review

This information shared on this page is provided as a courtesy to provide the public with an opportunity to review draft applications not yet scheduled for City Council action. All documents are:

1. the most recent draft submittals provided to the City Council;
2. not yet approved;
3. currently under review by City staff; and
4. are subject to change prior to any public hearing.

To view a project file, you must select the link and download the file for review. There is no option to “preview” the files; you must download the file to view its contents.

PLEASE NOTE: The official copy of any application scheduled for review by the [Planning and Zoning Commission](#) and/or [City Council](#) will be available on the [Planning and Zoning Commission](#) and/or [City Council](#) of which it is a part. Only submittals that are included on agendas have been reviewed for compliance with City codes and ordinances.

Finally, please be advised that architectural plans are not included in this review since they are exempt from disclosure to the public under the Freedom of Information Act (5 ILCS 140/7(1)(k)).