

competition winners

May 18, 2021 Council QA**I. CONSENT AGENDA:**

1. **21-0602** Approve the Cash Disbursements for the period of 04/01/2021 through 04/30/2021 for a total of \$26,568,363.61

Q:	Why are we paying ComEd for electricity for some streetlights?	Bruzan Taylor
A:	There are a few lights near unincorporated areas that when they were installed the best source of power was from the unincorporated area which has Com Ed. In addition, the City has agreements with the State of Illinois for the streetlights on Rt 59 and Ogden. Many of these lights are powered by Com Ed.	Dublinks
Q:	Please provide a chart-graph by department providing yearly budget amount projected by department against what is spent year to date.	Gustin
A:	Please see the 2021 Department Budget to Actual – April attachment.	Munch

2. **21-0643** Approve the New City Council Orientation Workshop minutes of April 26, 2021
3. **21-0606** Approve the special City Council meeting minutes of the May 2, 2021 Inauguration Ceremony

Q:	Missing comments by Mayor and council to outgoing council members and welcoming new incoming members.	Gustin
A:	Thank you. This will be noted.	Gallahue

4. **21-0631** Approve the regular City Council meeting minutes of May 4, 2021
5. **21-0650** Approve the City Council meeting schedule for June, July and August 2021
6. **21-0635** Approve Mayoral reappointments of various Boards and Commissions

Q:	Under PZC, it has Habel being re appointed for his first term?	Hinterlong
A:	This is correct. Habel was appointed to fill a vacancy and partial term in 2019 and now will be starting his 1 st term. Per municipal code Board and Commission members can serve a partial term and two full terms.	Barfuss
Q:	Does staff approve the re-appointment of these members? I don't	Leong

	have much experience with any of them.	
A:	The Mayor will sometimes seek staff input on appointments and re-appointments but staff does not approve the recommended appointments.	Barfuss

7. **21-0545** Approve the fireworks display application and issue a permit for the June 27, 2021 Naperville Country Club event
8. **21-0090** Approve the award of Procurement Contract 20-052, Springbrook Water Reclamation Center Facilities Plan Phase II, to Donohue and Associates, Inc. for an amount not to exceed \$681,720

Q:	Background indicates amount not to exceed \$255,950. Amount requested is \$681,720. Please explain.	Leong
A:	The original contract was in the amount of \$255,950, this was Phase I. The request for \$681,720 is for Phase II of the project. Phase II of the project includes preliminary and final engineering, permitting and construction phase services for design of a new UV disinfection system at Springbrook.	Ries/Blenniss
Q:	I understand the Water Utility's desire for continuity of services, but was this project ever put out to bid? If not, how do we know this is the appropriate cost? I do not see an "Engineer's Estimate" listed.	Bruzan Taylor
A:	The consultant team for the original contract was selected from a shortlist of water and wastewater consultants. The team selected had the best qualifications score for the project and future phases of the project that may be contemplated. Cost was a consideration in scoring the proposals from the shortlisted consultants. Many of the tasks performed by the consultant team are transferable to Phase II of the project. A cost savings will be realized by utilizing the same team for Phase II, since the team is already familiar and will not need additional hours to get up to speed. Staff negotiated the scope of work with the consultant and believes the agreed upon cost is reasonable.	Ries/Blenniss

9. **21-0513** Approve the award of Change Order #1 to Bid 20-271, Improvements to City Well 28, to Boller Construction, Inc. for an additional 76 days

Q:	Will the delay cause any specific issues or problems? Are there any penalties for missing the date in the original contract? If yes, what are they?	Leong
A:	The completion date extension is requested due to delays to the manufacture of the well motor caused by the Covid-19 pandemic. This is an emergency standby well, so the delay will not cause operational problems for the Water Utilities. The original completion date of the contract is July 31, 2021. The contract contains provisions for liquidated damages of \$500 per calendar day for failure to complete the project on time; however it is staff's opinion that the cause of the delay was beyond the contractor's control and could be considered force majeure.	Ries/Blenniss

Q:	Please confirm there is no additional financial impact? As many industries see a change in product availability and delivery times does staff recommend adding a protective clause in contracts to address potential future delivery and implementation/delay concerns?	Gustin
A:	There is no additional financial impact for the time extension. The City's contracts contain force majeure provisions and have for many years.	Ries/Blenniss

- 10. 21-0594** Approve the award of Change Order #1 to Contract 19-258, Landscape Design and Planting, to Christy Webber and Company for an amount not to exceed \$33,000 and a total award of \$381,510

Q:	Because this is the 2nd year of this project, has the first year been successful? Do we have any metrics or measurements that indicate that this has been a good spend? Any feedback from the businesses or the public?	Leong
A:	Christy Webber performed well in year one of the contract. All flowers were planted according to specifications and provided an immediate impact upon planting. The feedback from the Downtown Naperville Alliance, businesses and the public has been very positive.	Dublinski
Q:	Please explain expense of \$300,000.00 from general fund verses downtown funds? If outdoor seating on the streets will remain forever can staff provide a pro-active traffic, maintenance and beautification plan?	Gustin
A:	<p>The annual cost of the contract before the change order is \$143,255. Of this, \$18,500 is expensed to the General Fund for landscaping at the Municipal Center. The remainder of the funding is from the SSA and the Commuter Parking Fund. The change order for the outdoor seating flowers and planters is being funded by the CDBG Covid Relief Fund.</p> <p>Staff has not received any direction that outdoor seating on the streets will be an ongoing tradition within the downtown area. In the future, if staff does get that direction TED, DPW and NPD will certainly get together and work with the DNA and NDP to propose whatever restrictions and processes that would be necessary for our residents and guest to have a safe, healthy outdoor dining experience.</p>	Dublinski

- 11. 21-0598** Approve the award of Bid 21-135, Briergate Drive Storm Sewer Improvements, to Performance Construction & Engineering, LLC for an amount not to exceed \$218,000 plus a 5% contingency

Q:	Excellent. How will staff notify the residents in the area? The residents in this area have been very engaged due to the street flooding. The subdivision has a communication system that may help.	Gustin
A:	Staff intends to work with the Communications Team to ensure that all area residents are notified of the planned improvements. Communication will include message boards, Naper Notify, and the subdivision communication system.	<u>Noll</u>

12. **21-0550** Approve the award of Bid 21-152, 2021 Small Diameter CIPP Sanitary Sewer Main Lining, to Visu-sewer Clean and Seal, Inc. for an amount not to exceed \$597,685.30, plus a 3% contingency
13. **21-0600** Approve the award of RFQ Work Order #21-012-TED-2101, Consultant Services Phase III - Julian Street Improvements, to Thomas Engineering Group, LLC for an amount not to exceed \$213,080.36
14. **21-0439** Waive the applicable provisions of the Naperville Procurement Code and award Procurement 21-171, Emergency Notification System Renewal, to Everbridge for an amount not to exceed \$61,562.08 and for a one-year term (requires 6 positive votes)

Q:	I understand the background material, but it doesn't address why this service didn't go out to bid in May of 2021, and why we need the extension to May of 2022. Why didn't this go out to bid?	Leong
A:	From March 2020 on, our focus was on pandemic-related communications, of which Naper Notify was a component at various times. Changing systems during a public health emergency, and the significant backend work associated with it, was not advised from a risk perspective. In addition, resources were allocated to the rebuild of the City Council Chambers audio-visual equipment to ultimately allow for hybrid meetings, which was a higher priority because of the pandemic.	LaCloche
Q:	Residents can opt to receive multiple notice types, does this increase the cost to the city, i.e. text, email, telephone calls? Would staff recommend an alternative to cut costs and still provide adequate customer notice?	Gustin
A:	Receiving messages through multiple paths (e.g. text, calls, emails) has been the primary appeal of the system and fulfilled a communications method gap over the past eight years. Push notifications using the Everbridge App is less costly but this would require all registered users (over 30,000) of the system to download the App and log into their account and change their settings.	LaCloche

15. **21-0574B** Pass the ordinance amending Sections 3-3-3 (Definitions) and 3-3-11 (Liquor License and Permit) Chapter 3 (Liquor and Tobacco Control) Title 3 (Business and License Regulations) of the Naperville Municipal Code regarding consumption and the Class S1 license

Q:	What is the fee for the S1 license? Are there any other objections from other license holders or public comment not detailed in the commission minutes?	Leong
A:	The fee for the S1 license is \$3,600.00 per year. No, no objections were raised at the Liquor Commission meeting from the public or other liquor license holders.	Lutzke

16. **21-0630** Adopt the resolution authorizing the city manager to execute the Technical Services Agreement with the Regional Transportation Authority (RTA) to receive and administer a Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities grant award for the Ride DuPage to Work Program

Q:	My understanding is that PACE is not currently operating due to drop in demand due to pandemic. How would this program work right now? How would it work in the future?	Leong
A:	The Ride DuPage program provides on-demand transit for seniors and persons with disabilities. The program is provided through a partnership between Pace and multiple local agencies. Pace has continued to operate critical transit service throughout the pandemic, including Ride DuPage. Pace suspended commuter feeder routes in April 2020 due to a lack of demand. These routes provided service between the Naperville and Route 59 train stations and neighborhoods or park-and-rides during peak commuter hours.	Louden
Q:	Does staff receive ridership numbers on the programs as administrator of the funds? Is there a minimum ridership requirement to assist with performance standards, usability and costs comparisons?	Gustin
A:	All partner agencies receive ridership numbers for the program. The grant program does not have established performance metrics that have to be met for the partners to receive the reimbursement.	Louden

17. **21-0645** Adopt the resolution approving and authorizing the execution of a reimbursement agreement with Enbridge Energy Limited Partnership

Q:	My understanding is that the \$340,000 is just to research and calculate an estimate for the work to move the pipeline and valve to accommodate the new construction. Is there some ceiling for the actual work that would put a halt to the project?	Leong
A:	The \$340,000 only covers the preliminary engineering needed to further develop an estimate of cost for the pipeline relocation. Another agreement for the construction portion of the pipeline adjustment will be provided for City Council consideration after the initial study is complete. Enbridge has provided a preliminary estimate of \$3.5 million for the total cost of the pipeline adjustment. Staff has submitted a request for additional federal funds for a portion of the cost of this utility work.	Hynes
Q:	Is Aurora or Naperville Township helping to contribute to this additional cost? If not, why not?	Bruzan Taylor
A:	Aurora and Naperville Township will be participating in the cost of the pipeline work. An amendment to the existing intergovernmental agreement with our partner agencies that covers the pipeline cost and other items is currently under review. It will be forwarded for City Council consideration as soon as possible. The Enbridge agreement has been provided in advance of this amendment to help maintain the overall project schedule.	Hynes
Q:	Is the city be obligated to pay for the eventual Enbridge Energy pipeline relocation? How risky or simple is relocating a petroleum pipeline of this size? Do we have an estimate on how this will affect the total cost of the project?	Sullivan
A:	The portion of the pipeline that needs to be lowered is in a private easement	Hynes

	that is outside of the City's control. As a result, the local agencies (Naperville, Aurora, and Naperville Township) are responsible for the cost of the pipeline relocation. Relocating a petroleum pipeline is complex, specialized work. Enbridge will manage all of the engineering and construction associated with the adjustment of their facilities. Enbridge has provided an initial estimate of their relocation at \$3.5 million. The preliminary engineering study will further refine this cost.	
Q:	Does staff anticipate any traffic delays and can you provide an anticipated timeline of completion? This is true bottleneck and its widening will be welcome.	Gustin
A:	For the underpass project, the plan is to maintain two-way traffic to the extent possible though there may be periods where a full closure is necessary. The total duration of the project is anticipated to range from 18 to 24 months.	Hynes

J. PUBLIC HEARINGS:

1. **21-0576B** Receive the staff report for 836 S. Julian Street - PZC #21-1-029 (Item 1 of 6)

Q:	Due to the utilities being in the middle of the road (water) and the sanitary sewer on the other side of the street from the subject property, can we get the builder to make those connections and get them stubbed over to the property before the Julian st. Construction project puts down the final pavement? I'd hate to see a brand new street get torn up right after it's completion.	Hinterlong
A:	Service taps for watermain and sanitary sewer are being coordinated with the project and various builders/developers along the corridor.	Ries/Blenniss
Q:	Regarding Julian sub divide and annexation: is this a fairly regular occurrence? I don't see any objections by PZC. Are there any downsides to annexing? Is it a big deal to go from R-4 to R-1A?	Leong
A:	Yes, I would consider this annexation case a fairly standard occurrence. The parcel is eligible for annexation into Naperville, as it is contiguous to a property in the city limits. R4 is DuPage County's single family zoning district and R1A is one of Naperville's single family residence district. Although it is called a rezoning, the use is not changing. Staff considers the surrounding incorporated properties in their recommendation of the rezoning to R1A.	Russell
Q:	Has staff received any design plans for the two future houses?	Gustin
A:	We have not received any designs, but the building footprints can be seen on the final engineering plans.	Russell

2. **21-0601** Conduct the public hearing to consider the Annexation Agreement for the subject property located at 836 South Julian Street, PZC 21-1-029 (Item 2 of 6)
3. **21-0610** Pass the ordinance authorizing the execution of the Annexation Agreement for 836 S. Julian Street, PZC #21-1-029 (requires six positive votes) (Item 3 of 6)

- 4. **21-0611** Pass the ordinance annexing 836 S. Julian Street, PZC #21-1-029 (Item 4 of 6)
- 5. **21-0612** Pass the ordinance rezoning 836 S. Julian Street to R1A upon annexation, PZC #21-1-029 (Item 5 of 6)
- 6. **21-0613** Pass the ordinance approving the preliminary/final plat of subdivision for the 836 South Julian Street (Item 6 of 6)

L. ORDINANCES AND RESOLUTIONS:

- 1. **21-0589B**
 - 1. Concur with the petitioner and the Planning and Zoning Commission and pass the ordinance approving variances to the height, setback and lot coverage regulations to permit modifications to an existing detached garage at 506 Spring Avenue; or
 - 2. Concur with staff and pass the ordinance denying the proposed height variance and approving variances to the setback and lot coverage regulations to permit modifications to an existing detached garage at 506 Spring Avenue - PZC 21-1-031

Q:	The staff research indicates that another property was found nearby that requested a height variance that was approved but not built. Please tell me why that height variance was requested? Was it for a storage space above the garage? Or for some other reason? Why did planning and zoning have no issues with approval? Did they say why they decided not to follow the recommendation of staff?	Leong
A:	The variance referenced in the staff report was for a garage proposed at 524 Spring Avenue in 2001. That garage height variance was requested in conjunction with a variance to expand the garage area, as well as variances to accommodate expansions to the home. The 2001 staff report provides limited discussion regarding the proposed garage height variance other than a note that "the garage height is common to other "coach house" style garages recently built". There were no addresses or height provided for such garages referenced.	Laff
Q:	What is the current height of the house? The petitioners say that they are using the second floor for storage and for additional height for a car lift, but are they able instead to create an apartment or in-law suite with the second floor if variance is allowed?	Bruzan Taylor
A:	Per the petitioner, the home is approximately 29'6" tall. The Code currently prohibits a separate living unit from being located on the second floor of the garage.	Laff
Q:	How many homes in this downtown area have a 20-25' high garage space with approximately 1,800 sq. ft.? Does staff anticipate a more residential use of this garage space, apartment or loft?	Gustin
A:	Unfortunately, the City does not have records of the information requested. The Code currently prohibits a separate living unit from being located on the second floor of the garage.	Laff

2. **21-168D** Pass the ordinance rezoning the subject property from I District to OCI District for City Gate West and approving a Preliminary Plat of Subdivision; conditional use for a PUD and Preliminary PUD Plat; conditional uses for retail, restaurants, residential, and two hotels; and various deviations for City Gate West (PZC 20-1-022)

Q:	I didn't see any parking shortages listed. Are there any parking variances? How about with the changes to micro units?	Hinterlong
A:	The petitioner is requesting approval of 2 parking deviations: (i) a deviation from Section 6-9-3 (Schedule of Off-Street Parking Requirements) to reduce the required parking ratio for multi-family residential from 2.25 parking spaces per dwelling unit to 1.66 parking spaces per dwelling unit; and (ii) a deviation to reduce the required parking for the full-service hotel and associated uses on Lot 15 from 752 parking spaces to 616 parking spaces. The proposed ordinance stipulates that 1.66 parking spaces shall be required per dwelling unit. Accordingly, any increase in dwelling units proposed on Lot 4 will also require parking spaces at the ratio noted above.	Kopinski
Q:	Is there an estimate for the amount of taxes generated by the current Industrial zoning versus the proposed project?	Leong
A:	Per the petitioner, the attached Economic Analysis, pages 12-14 describe the answer to this question. Currently the annual property taxes generated are \$153,860. The proposed City Gate West development is estimated to generate \$2,331,000 of which \$1,652,600 will be for the 204 school district.	Laff
Q:	Petitioner verbally agreed to have Odyssey Fun World cleaned up by May 18 and have the building and site properly maintained until it is eventually redeveloped. However, in section K of the ordinance it appears the language giving the petitioner 18 months to do this persists? Please clarify with petitioner what work on the list in section K has been completed to date, when petitioner can commit to have all completed so we can update the allotted timeframe in the ordinance.	Sullivan
A:	On May 17th, the Petitioner notified staff that the Odyssey Fun World site has been cleaned up as stipulated in the CGW ordinance. Staff has not completed a site inspection to confirm. Given that the Petitioner has begun the required clean-up (pending inspection and confirmation by the City), the Council may choose to reduce the 18 month timeframe provided in the Ordinance for any remaining required items to be completed (note: 90-days from approval of the Ordinance should be an adequate timeframe). Any changes directed by Council from the dais will be incorporated into the Ordinance prior to recording.	Laff
Q:	Staff please explain the 50% increase in signage and how it compares with the neighboring properties? According to the document this project has a 48 month timeframe to completion. What is a maximum timeframe for this size of a project? Why does the city care about the completion date?	Gustin
A:	The petitioner has indicated that the signage proposed is comparable to the existing development identification signage for CityGate Centre on the east side of Route 59. Staff finds the signage proposed to be appropriate for a development of this size and consistent with recently approved ground signs for the Westridge Court shopping center located further south on Route 59. Staff notes that no commercial signage or flashing/strobing/scrolling	Kopinski

	movements will be displayed on the electronic message centers, and only static or fluid movements (i.e. water waves, rustling leaves) would be permissible on these signs. Additionally, the tollway signage proposed includes enhancements to existing signage.	
Q:	Staff please provide clarity on the common space discussed during PZC to be used for farmers markets, car shows, etc. I may have overlooked however is that language found in the documents?	Gustin
A:	This information is not documented on any of the plans provided by the petitioner; however, the petitioner has indicated that the centralized green space on Lot 4 (between the 2 mixed-use residential buildings) could be used for farmers markets, car shows, etc.	Kopinski
Q:	Please have Petitioner confirm in writing that the apartments can be converted to ownership living, condos, to help entry level living with ownership that can contribute to the City's attainable housing component. Again, I may have overlooked this in the documents.	Gustin
A:	The petitioner has provided the following response: <i>"Please accept this correspondence confirming that our current multi-family apartment product has always been a rental only model. We understand that Council has asked if the rental model could be converted to a condominium ownership model in the future and that is possible but is currently not being considered."</i> Staff has requested that the Petitioner provide this confirmation. It will be forwarded to the City Council upon receipt.	Laff
Q:	According to the document this project has a 48 month timeframe to completion. What is a maximum timeframe for this size of a project? Why does the city care about the completion date?	Gustin
A:	Section 6-4-8:1 of the Naperville Zoning Code states that a PUD shall be constructed in a timely manner and is subject to revocation if final platting does not occur within 2 years from the date of approval of the preliminary PUD plat, or construction does not commence and proceed within 2 years from the date of approval of the final plat of a planned unit development. It also specifies that the City Council may extend the time limits in one year increments. The petitioner requests a deviation to increase the time period to file for final plat to 5 years, to increase the time period to commence construction after approval of the final plat to 3 years, and to increase permitted extensions to up to 3 years due to the economic and market impact of the COVID 19 Pandemic. The 48 month timeframe referenced is how long some of the individual phases will take to be built to completion once construction has started.	Kopinski

M. AWARD OF BIDS AND OTHER ITEMS OF EXPENDITURE:

1. **21-0585** Approve the award of Bid 21-105, 2021 Naperville Heights Water Main Replacement, to Copenhagen Construction, Inc. for an amount not to exceed \$3,074,328.50 plus a 3% contingency

Q:	Please tell me how old the existing water main is? What is the projected life of the new water main? Please explain the	Leong
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	consequences of NOT replacing the old water main.	
A:	The existing watermain was constructed in the 1930's and 1940's. The projected life of the new watermain is 100 years. The neighborhood experiences fire flow and pressure deficiencies due to the existing 4" watermain, and has experienced numerous watermain breaks which cause disruption to customers. If this watermain is not replaced in 2021, it will have to wait 10-15 years to be replaced due to planned TED resurfacing of the neighborhood in 2022, and fire flow/pressure issues and service disruptions to customers will continue until that time.	Ries/Blenniss
Q:	Staff has identified north to Bauer and south to Ogden however the Project Narrative states "This project has been coordinated with the City's Road Improvement Program. FY2021 includes funding for water main related to the Downtown Streetscape improvements project." Please clarify.	Gustin
A:	The project narrative for WU004 includes replacement or rehabilitation of watermains identified by the Utilities' Asset Management Strategy; the Naperville Heights watermain project is included in this group of projects.	Ries/Blenniss

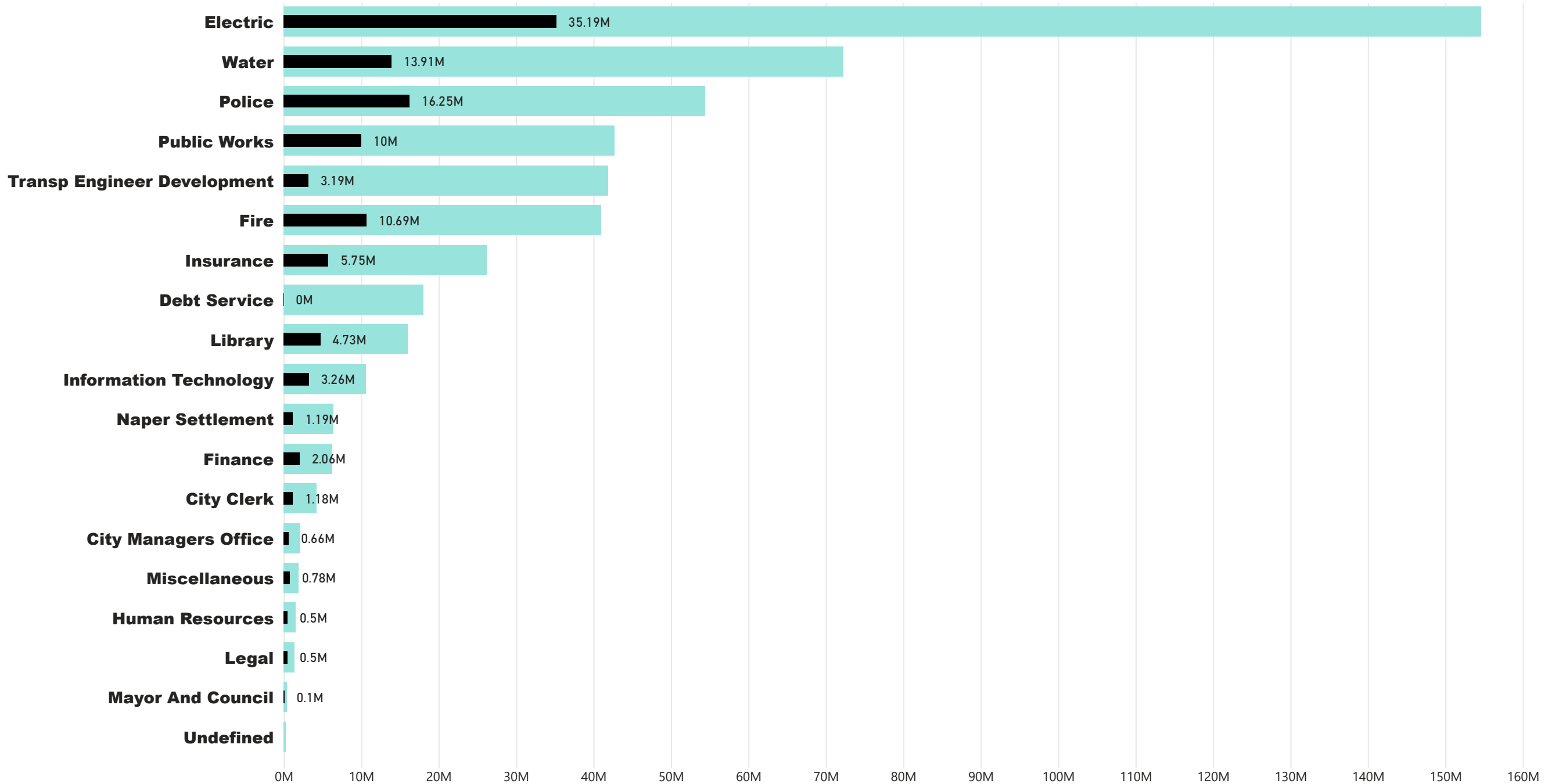
O. REPORTS AND RECOMMENDATIONS:

1. **21-0633** Receive the May 2021 Financial Report

Q:	The State and federal changes now allow 60% capacity and vaccine guidelines where vaccine recipients verses non-recipients are allows in-person gathering options, when will staff move forward with in-person resident attendance in council chambers? When will official announcements to the community be distributed?	Gustin
A:	The State moved to the Bridge Phase effective Friday, May 14th. As it pertains to City Council meetings, we are planning to host the May 18th meeting as the final hybrid meeting and host all City Council meetings and workshops fully in person for Council, staff and the public (no zoom component) beginning June 1st. The meeting calendar and all city communications will reflect this change. Staff continues to monitor Executive Orders, CDC guidance and IDPH guidance on capacity, social distancing and mask guidance for the Bridge phase as well as phase 5. Additionally, staff is creating a plan for logistics of Board and Commission meetings.	Krieger
Q:	Some Economist are forecasting a potential "Return to the 1970's" economy with higher pricing on items such as housing, new construction, automobiles and more. These price increases potentially can increase or hold the city's tax revenue. Can staff provide any price increases in housing, goods, etc. that may affect city tax revenue in the report, number of items sold against cost? Can staff provide a prospective on the effects of such an economy?	Gustin
A:	In addition to monitoring local economic indicators, staff monitors broader economic data regularly. While general revenues are moving in the right direction, we are aware of inflationary issues in some sectors, such as building materials and automobiles. The impact on City revenues can be difficult to predict. On one hand, rising prices could result in higher sales tax revenue as it is based on a percentage of the sales price. On the other hand, inventory issues could put pressure on revenues if sales volume declines.	Munch

	<p>This is particularly true of the auto sales sector, which accounts for a large part of the City's sales tax revenue. This sector is already experiencing inventory issues, due to ongoing challenges in semiconductor supply chains. So, while rising prices result in higher sales tax revenue, that increase is overshadowed by fewer units being sold overall. Staff is also monitoring these issues from a procurement perspective. The April 22, 2021 Manager's Memorandum detailed some of the potential challenges that lie ahead and strategies that the Finance Department is utilizing in response to these challenges.</p>	
Q:	In addition, NDP in the past provided vacancy reports for commercial properties. Can we get an updated report?	Gustin
A:	<p>The prior reports were prepared by both the NDP and City staff. NDP was able to get some of the data from their CoStar account, but the retail data was attained through field checks and discussions with the property owners. There was a tremendous amount of effort that went into those prior reports. If the City Council is interested and would find this information valuable, staff suggests that the report be considered for limited retail locations, similar to what we did over the last five years where we concentrated on Ogden Mall, Iroquois Center, Riverbrook Plaza and the Wheatland Marketplace</p>	Novack
	The May 2021 Financial Report is attached.	Munch

2021 Department Budget to Actual - April



**DEC
2020**

City Gate West

Economic Analysis

**Prepared By:
Teska Associates, Inc.**



**Commissioned By:
Inter Continental Real Estate
& Development Corporation**



**INTER CONTINENTAL REAL ESTATE
& DEVELOPMENT CORPORATION**

Economic Analysis Report

City Gate West – Naperville

December 23rd, 2020

This Report has been updated from the March 5th, 2020 Report in the following areas:

1. Adjusted the student generation from 25 to 31 based on current City methodology of using the same student and total population generation for efficiency and one-bedroom units
2. Adjusted school impact discussion based on slight revision noted above in student generation
3. Corrected an inconsistency in the executive summary and the property tax revenue table in Section 5. The difference was due to new property tax rates in 2019 – the prior calculation was based on the 2018 tax rate.
4. Since the total population estimate increased from 699 to 712, per capita revenue and expense estimates changed slightly as well.

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Section 1. EXECUTIVE SUMMARY

Inter-Continental Real Estate & Development Corporation requested Teska Associates, Inc., to evaluate the economic impact of a proposed mixed-use development for an approximate 100-acre site northwest of the Route 59 and I-88 interchange in Naperville. Our evaluation includes projected tax revenues to the City of Naperville and other affected taxing bodies and projected expenses to the City of Naperville.

This analysis concluded that the City of Naperville and the other affected taxing districts will receive significant additional revenue due to the proposed project compared with the annual revenue provided under existing conditions.

Key Findings

- The proposed City Gate West development is estimated to have a net positive impact to the City of Naperville of approximately \$823,000 annually as summarized in the table to the right.
- The restaurant and retail spaces in City Gate West will generate approximately **\$660,000** in sales tax for Naperville each year. Combined with sales from the additional entertainment space (former Odyssey Fun World), total sales tax revenue is estimated at approximately **\$882,000** per year.
- When completed, the mixed-use development is estimated to produce about 777 full-time jobs, plus 787 jobs during the construction process.
- Two hotels would generate approximately \$368,000 per year for the City in hotel/motel taxes.
- Unlike many projects, the City Gate West development is not requesting any financial incentives from the City of Naperville.
- If developed as an industrial use as zoned, a development would generate only about \$60,000 in property tax revenue, while incurring a cost of service of approximately \$335,355 (assuming \$285.48/employee and an estimated 1,175 employees) producing a significant net loss to the City. Should the city/developer choose to move industrial development uses forward on the City Gate West site, it is highly likely that both the existing real estate and sales tax base for the City Gate West development site, as well as the immediate surrounding sites, would be unfavorably impacted over the short and long-term.
- Indian Prairie Unit School District 204 will see nearly \$1,679,000 in additional property tax revenue to serve an estimated 31 additional children. Based on 2018-2019 Operational Spending per pupil of approximately \$12,640, the District stands to net an additional \$1,287,000 per year upon build-out of the City Gate West mixed-use development.
- Continuing development of the remainder of the City Gate West parcels utilizing the proposed PUD, including an adaptive reuse of the Odyssey Fun World, will help maintain and grow a healthy northern quadrant of Naperville.

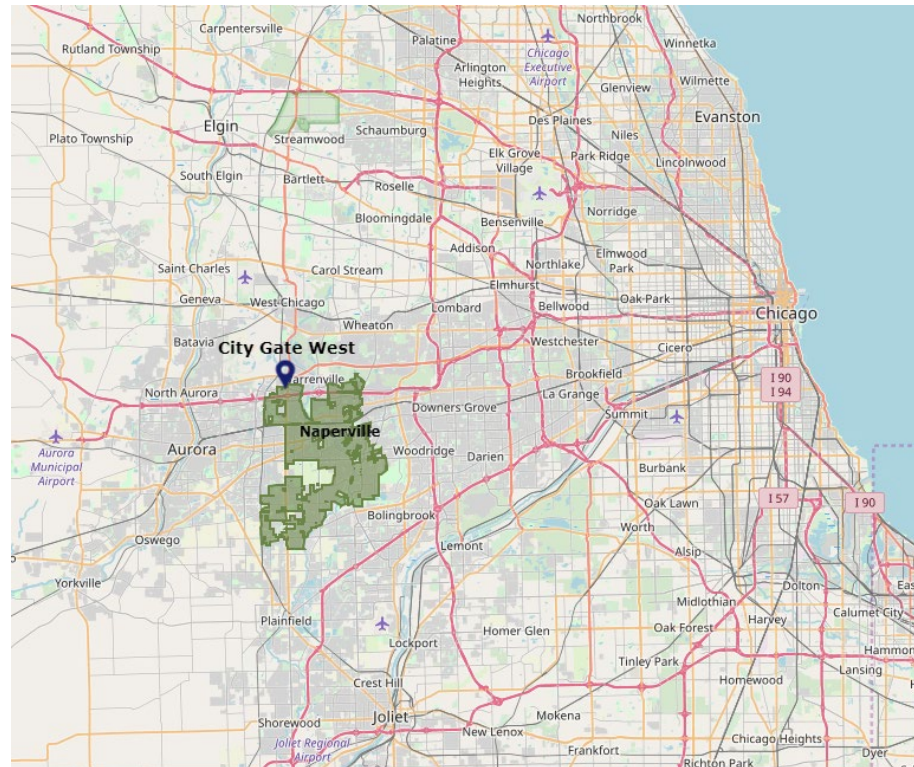
City of Naperville Annual Revenue	City Gate West
Property Taxes	\$ 161,752
Sales Tax	\$ 882,274
Hotel/Motel Tax	\$ 367,679
State Per Capita	\$ 103,000
Total Revenue	\$ 1,514,705
Expenses	\$ 692,090
Net Impact	\$ 822,615

Section 2. BACKGROUND

The purpose of economic analysis is to compare revenues to costs associated with a new development and/or a land use change. This type of analysis is used to determine whether the local government can meet new demands for services by estimating the difference between the costs of providing such services to a new development and the revenues – i.e. taxes, fees, etc. – that will be generated by a new development (Kotval and Mullin, 2007).

Relationship to the Comprehensive Plan

The City of Naperville is in the process of updating the Comprehensive Plan for the area including the subject property. This update is needed, as the existing plan for this area dates to 1996 and market conditions and practices have changed significantly in the past 20 plus years. The 1996 Northwest Sector Revision of the Naperville Comprehensive Plan recognizes that the location of the City Gate West development, just off the I-88 Tollway, has exceptional visibility and



excellent access. While the Plan calls for a business park west of Route 59, it also recognizes that this location along the Tollway is prime commercial real estate that should be leveraged to provide additional employment opportunities and enhance the tax base. The City has already approved several uses in the area that would not be typical to a business park – including entertainment uses like Top Golf, the new Whirlyball facility, and the former Odyssey Fun World.

The existing Comprehensive Plan also generally supports mixed-use development like the proposed City Gate West project. Mixed use development has many benefits, including the promotion of walkable areas that can reduce car trips, increased synergy between uses, and opportunities for shared parking. The Plan suggest that mixed-use developments in Naperville should be “unified, unique and desirable project[s],” which “provide a housing type with particular amenities that appeal to a non-traditional family unit.” The proposed City Gate West mixed-use development meets these standards by providing a mix of land uses, including multi-family residential, commercial, office, hotel, and other entertainment related uses.

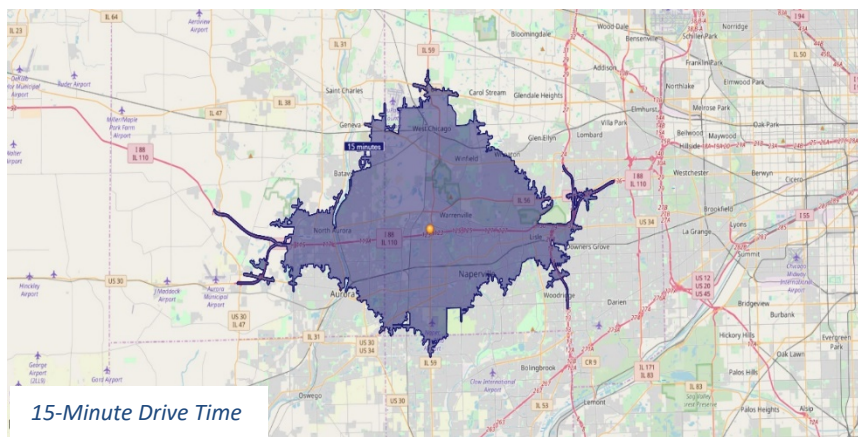
The Plan also says that, “the non-residential component [of the mixed-use development] must account for at least 30% of the total site and be of a type that serves not only the immediate development, but existing development in the vicinity.” The amenities and land uses provided in the City Gate West development serve the needs of both the site and the larger area. The proposed development includes several new restaurants and retail spaces that will serve the entire northwest sector of the City and beyond, given the development’s excellent access on I-88 Tollway and Route 59. The two hotels in City Gate West will meet additional demand in the area where there is a concentration of jobs and several nearby retail and entertainment uses.

The draft 2020 Comprehensive Plan update shows the City Gate West property as a “regional center”, “featuring a diverse mix of uses, drawing customers and visitors from throughout the City and surrounding region.” This designation is very consistent with the City Gate West proposal which integrates residential, retail, dining, office, hotel, and entertainment uses into a walkable and vibrant regional development.

Market Area

The Study Area^[1] (15-minute drive-time) has an estimated 2019 population of 319,558, which has grown substantially from 273,930 in 2010. The total daytime population for the study area is 374,635, of which 223,301 are workers. The median age for residents within the study area is 36.6, and the median household income is \$88,000. Sixty-Seven (67) percent of the employed population (16+) in the study area is employed in a white-collar occupation. This significant daytime and evening population will help to support the mixed-use, entertainment focused development of City Gate West. This dual population is ideal for restaurants who can take advantage of both noontime and evening dining opportunities.

In addition to the immediate study area, this site has exceptional regional access along the East-West Tollway (I-88) and north south along Illinois Route 59 – making this site ideal for unique entertainment uses like the existing Top Golf and newly constructed Whirly Ball facility. This excellent accessibility, combined with strong employment in the area, will help to support the proposed apartments. In addition, the sites location along the Illinois Prairie Path adds a unique recreational component to the mix.



[1] All market profile data presented in this study is from ESRI Business Analyst. The “Study Area” was determined using a projected 15-minute driving radius from the subject property.

Existing Conditions

The aerial image below shows the existing conditions of the City Gate Development, including the five tax parcels within the City Gate West section that are the focus of this study. The table below summarizes the existing characteristics, by tax parcel, of the subject property. The combined current EAV is **\$2,172,740**, and the property generated a total of **\$153,800** in property taxes in 2018 to all taxing districts. Seventy-three percent (73%) of this revenue comes from the former Odyssey Fun World site.

City Gate West Development



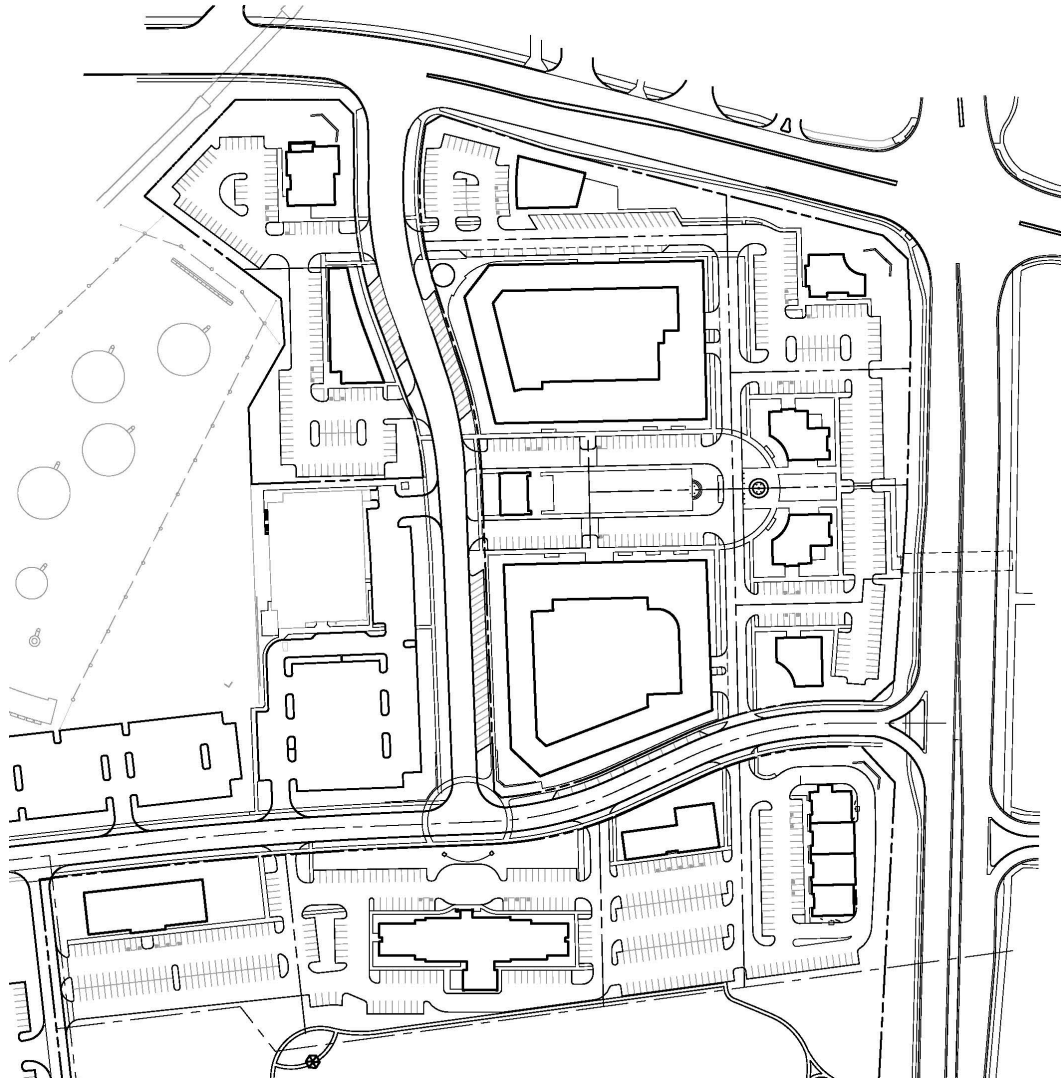
Existing Property EAV & Property Tax

Pin	Land Area (acres)	2018 EAV	2018 Property Tax
07-04-204-013 (previously 07-04-204-012)	2.63	\$838	\$121
07-03-102-007	11.55	\$4,270	\$302
07-04-204-007	7.41	\$585,870	\$41,472
07-04-400-011	19.54	\$1,581,760	\$111,968
TOTAL	41.12	\$2,172,738	\$153,801

Section 3. PROPOSED DEVELOPMENT PLAN

The proposed City Gate West development consists of 410 luxury apartments with mixed-use 1st floor retail/restaurant space, eight restaurant/retail pads, a small strip center, two hotels (208 hotel rooms), and approximately 21,000 square feet of medical office spaces. The site plan for the City Gate West development was prepared by Hitchcock Design Group and is illustrated below.

Site Plan



Project Schedule

The project is anticipated to begin construction in 2021 and will be developed in phases based on market demand. The Whirlyball facility is already completed. A five-year build-out is anticipated, with one of the apartment buildings and one of the hotels anchoring phase two.

Section 4. ANALYSIS

Population Estimate

Assuming a stabilized occupancy of 95% based on total units, we estimate the addition of approximately 712 new residents. The proposed multi-family residential buildings within the development contain 410 total units, with a mixture of unit types as noted in the table below. Using the Naperville Formula¹, we estimate that the larger units, specifically the two-bedroom units, may generate a small number of school-aged children. Per City requirements, we have calculated student and population generation for studio/efficiency units based on the 1-bedroom formula, which results in a slightly higher projection than in earlier drafts of this report.

Unit Mix & Population Estimate

	Units	School-Aged Children	Total Population
Studio	38	2	62
Convertible	44	2	72
1 Bedroom	224	13	380
2 Bedroom	104	23	198
TOTAL	410	30*	712*

*At 95% occupancy – if 100% occupancy, total would be 31 students and total population of 750

Employment Estimate

Projected Employment

	Building Area/Units	Employees per Sq. Ft.	Projected Employment
Restaurant	48,856	134	365
Retail	26,510	549	48
Strip	10,883	549	20
Multi-Family	579,839 (410 Units)	-	2
Hotel	144,577 (208 Rooms)	1,021	142
Medical Office	21,024	207	102
Entertainment	62,686	635	99
TOTAL Projected Employment			777

Source: Employees Per Sq. Ft. : U.S. Green Building Council, 5/13/2008

Comparable Developments

Several comparable developments were examined to determine an estimated Equalized Assessed Value (EAV) for the proposed development. The EAV is used to calculate property taxes. In simple terms, it is

¹ Source: Illinois School Consulting Service/Associated Municipal Consultants, Inc. Naperville, IL 1996.

the product of the market value (as determined by the assessor) x the assessment rate x the County equalization factor (1.0000² in 2018).

The following tables illustrates 2018 EAV for comparable developments, separated by use. Our search for comparable developments was focused primarily within the I-88 corridor and within DuPage County. It should be noted that there are not many similar entertainment district developments in the area for comparison and, as can be seen from the table, the range of values these properties are assessed at are highly variable. Given this variability, average values have been used in the analysis.

Hotels:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Rooms	Building EAV	Building EAV \$/Room
Embassy Suites by Hilton Chicago Naperville	441,260	\$917,440	\$3.61	168	\$3,055,280	\$18,186.19
SpringHill Suites by Marriott Chicago Naperville/Warrenville	253,960	\$553,140	\$3.98	128	\$1,655,070	\$12,930.23
Hilton Garden Inn Naperville/Warrenville	104,110	\$268,610	\$2.58	135	\$2,539,950	\$18,814.44
Hyatt Place Lombard/Oak Brook	123,710	\$415,350	\$3.36	151	\$1,802,860	\$11,939.47
AVERAGES			\$3.38			\$15,467.58

Strip Centers:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
Athletico, Naf, Shints, Jason's Deli (Naperville)	57,070	\$529,060	\$9.27	13,190	\$255,040	\$32.49
World of Beer, Scottrade, Einstein Bros Bagels (Nap.)	50,530	\$468,890	\$9.28	7,850	\$152,270	\$5.20
City Gate Centre (Nap.)	76,670	\$220,120	\$2.87	29,300	\$798,300	\$27.25
Chipotle, Peet's Coffee, Specialty's Cafe, McDonald's (Warrenville)	117,180	\$679,560	\$4.24	20,700	\$138,970	\$6.71
A Suite Salon, Arthur Murray Dance Studio (Oakbrook Terrace)	40,950	\$184,370	\$4.50	8,740	\$217,740	\$24.91
AVERAGES			\$6.03			\$19.31

² <https://www.dupageco.org/SOA/1472/>

Restaurant:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
Fogo (Naperville)	43,560	\$404,850	\$9.29	5,570	\$559,340	\$100.42
Granite City Food & Brewery (Naperville)	42,260	\$394,800	\$9.34	10,540	\$618,770	\$58.71
California Pizza Kitchen, Corner Bakery (Warrenville)	77,110	\$391,430	\$5.08	6,090	\$509,550	\$83.67
Rock Bottom Brewery (Warrenville)	54,020	\$272,240	\$5.04	8,630	\$432,840	\$50.16
Miller's Ale House (Lombard)	73,620	\$332,710	\$4.52	9,000	\$455,540	\$50.62
AVERAGES			\$6.65			\$68.71

Multi-Family Residential:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Units	Building EAV	Building EAV \$/Unit
Regency Place (Oakbrook Terrace)	223,470	\$1,006,980	\$4.51	112	\$5,018,770	\$44,810.45
AMLI at Seven Bridges (Woodridge)	564,540	\$2,182,800	\$3.87	519	\$17,592,730	\$33,897.36
Yorktown Apartment Homes (Lombard)	309,280	\$2,427,710	\$7.85	292	\$7,659,270	\$26,230.38
Avant at the Arboretum Apts (Lisle)	351,970	\$1,576,600	\$4.48	310	\$12,356,990	\$39,861.26
City View at The Highlands (Lombard)	217,800	\$799,150	\$3.67	403	\$19,999,380	\$49,626.25
AVERAGES			\$4.67			\$38,688.36

Unlike recently proposed and approved multifamily zoning cases in the City, such as Wagner Farms and Show Place, City Gate West will increase the net tax base. In the case of Wagner Farms, a high traffic commercial corner is now being used for a faith-based use, thus removing it from the tax roll indefinitely. A portion of the Show Place site was rezoned from commercial to residential (with the full recommendation of all interested parties, PCZ, City Staff, NDP, and Council) due in part to a lack of alternative uses over the last 10 years.

Medical/Office:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
Surgical Center-DuPage Med (Lombard)	147,670	\$484,500	\$3.28	21,250	\$1,280,140	\$60.24
Med Offices: Pediatric Health Associates, Susan Stapleton OD (Naperville)	58,380	\$164,490.00	\$2.82	12,130	\$355,120	\$29.28
Northwestern Medicine Convenient Care (Naperville)	241,330	\$466,340.00	\$1.93	83,850	\$2,419,290	\$28.85
Northwest Medicine (Glen Ellyn)	146,370	\$779,450.00	\$5.33	52,158	\$2,272,520	\$43.57
Med Offices: Linden Oaks Medical Group (Woodridge)	64,910	\$263,570	\$4.06	39,900	\$1,308,370	\$32.79
AVERAGES			\$3.48			\$38.95

Retail:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
LA Fitness (Naperville)	221,290	\$1,401,340	\$6.33	46,970	\$1,112,530	\$23.69
Lifetime Fitness (Warrenville)	460,430	\$1,189,580	\$2.58	71,770	\$2,570,790	\$35.82
Mariano's (Naperville)	240,020	\$857,250	\$3.57	70,300	\$2,772,290	\$39.44
Pete's Fresh Market (Oakbrook Terrace)	182,090	\$786,670	\$4.32	61,430	\$600,050	\$9.77
CVS (Naperville)	53,150	\$323,840	\$6.09	13,880	\$343,570	\$24.75
AVERAGES			\$4.58			\$26.69

Specialized Entertainment:						
Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
Bowlero (Naperville)	306,670	\$827,630	\$2.70	79580	\$710,780	\$8.93
Dave & Buster's (Addison)	396,400	\$842,910	\$2.13	50740	\$1,845,840	\$36.38
Brunswick Zone (Woodridge)	217,800	\$593,960	\$2.73	37820	\$421,090	\$11.13
Chasers Laser Tag (Naperville)	176,420	\$205,690	\$1.17	55220	\$589,400	\$10.67
K1 Speed Go Karting (Addison)	266,160	\$581,610	\$2.19	104610	\$1,234,110	\$11.80
AVERAGES			\$2.18			\$15.78

Project Valuation

Project valuation is based on the assessments of comparable hotel, strip-center, restaurant, retail, multi-family residential, medical/office and other special entertainment developments in the area, as provided above.

Project details were provided utilizing the Site Plan prepared for Inter-Continental Real Estate & Development Corporation and dated February 2020. The proposed development is to be constructed on property along the west side of Route 59, just north of I-88.

Comparable Property-Based EAV Estimates:

		Area (sf)	EAV / sf	Projected EAV
Restaurant	Land	337,180	\$6.65	\$2,243,690
	Building	38,856	\$68.71	\$2,669,933
	Total			\$4,913,624
Restaurant (Mixed Use)	Land	0	\$6.65	\$0
	Building	10,000	\$68.71	\$687,135
	Total			\$687,135
Retail	Land	38,340	\$4.58	\$175,605
	Building	6,650	\$26.69	\$177,504
	Total			\$353,109
Retail (Mixed Use)	Land	0	\$4.58	\$0
	Building	19,860	\$26.69	\$530,110
	Total			\$530,110
Strip Retail	Land	67,960	\$6.03	\$409,968
	Building	10,883	\$19.31	\$210,169
	Total			\$620,137

Multi-Family Residential (By Units)	Land	281,850	\$4.67	\$1,317,172
	Building	410	\$38,690	\$15,862,900
	Total			\$17,180,072
Hotel (By Rooms)	Land	987,080	\$3.38	\$3,338,883
	Building	221	\$15,470	\$3,217,760
	Total			\$6,556,643
Medical Office	Land	80,590	\$3.48	\$280,722
	Building	21024	\$38.95	\$818,808
	Total			\$1,099,530
Entertainment (Mixed Use)	Land	0	\$2.18	\$0
	Building	62,686	\$15.78	\$989,373
	Total			\$989,373
TOTAL			Land	\$7,766,040
(Rounded)			Building	\$25,163,694
			Total	\$32,929,734

The proposed City Gate West development is estimated to have an equalized assessed value of approximately **\$32,930,000** (rounded) based on comparable properties, as shown in the tables above. This is approximately \$30.8 million more than the existing EAV.

In our opinion, this comparable property approach produces a conservative estimate for projected EAV. Newer construction tends to have a higher value per square foot than older properties. While the above estimate uses an average of the five comparable properties per use, we would anticipate the actual value being on the high side of the range – particularly in the first 5 to 10 years after construction is complete.

It should also be noted that the two proposed hotels at City Gate West will not be requesting any TIF or Real Estate Tax Abatements, unlike other proposed and approved hotel projects in the City, such as Hotel Indigo (2016), Hotel Arista (2008), and Chicago Marriott Naperville (2012).

Section 5. REVENUE

Property Tax Revenue

The current parcels generate approximately \$153,860 in annual property taxes to all taxing bodies. Most of this revenue comes from the former Odyssey Fun World site which is now vacant. The proposed City Gate West development is estimated to increase this amount to approximately \$2,331,000, an increase of over 15 times the current level. The City currently receives \$10,466 in property taxes from the subject parcels and can anticipate approximately \$158,500 in total property taxes from the new City Gate West development, **creating approximately \$148,000 in new revenue to the City**. The table below illustrates the current property tax breakdown by taxing district as compared to the estimated increase resulting from the proposed new development.

Existing and Projected Property Tax Revenue by Jurisdiction

	Percent of Total Tax Rate	2019 Tax Rate	Total 2019 Property Tax	Build-Out Property Tax Revenue
County of DuPage	1.8%	0.1229	\$2,578	\$40,471
County Health Department	0.6%	0.0444	\$932	\$14,621
Forest Preserve District	1.8%	0.1242	\$2,606	\$40,899
DuPage Airport Authority	0.2%	0.0141	\$296	\$4,643
DuPage Water Commission	0.0%	-	-	-
Naperville Township	0.6%	0.0419	\$879	\$13,798
Naperville Township Road	0.5%	0.0313	\$657	\$10,307
City of Naperville	7.1%	0.4912	\$10,305	\$161,752
Naperville Public Library	2.9%	0.2025	\$4,248	\$66,683
Naperville Park District	4.4%	0.306	\$6,420	\$100,766
Unit School #204	77.1%	5.36	\$112,453	\$1,765,048
College of DuPage	3.0%	0.2112	\$4,431	\$69,548
TOTAL	100.0%	6.9497	\$145,805	\$2,288,536

As this table shows, all taxing districts will see a significant increase in property tax revenue from the proposed development. Since City Gate West will not generate a significant number of school children, this is particularly true for Indian Prairie Unit District #204. This School District makes up 77% of the total tax rate. They will see approximately **\$1,652,600** in additional property tax revenue to serve an estimated 31 additional children, or roughly \$53,310 per student upon build-out of this development. The District had an Operational Spending per pupil cost of \$12,640 in 2018-2019 (per www.IllinoisReportCard.com), meaning the cost of adding 31 additional students to the district would be approximately **\$391,840**. This cost is roughly **24%** of the revenue being generated by this development.

Additional Tax Revenue

The City can also expect to receive additional taxes in the form of sales tax, state income tax, motor fuel tax and utility tax. According to data published by the Illinois Municipal League, the actual per capita

municipal share revenue in 2019 for income tax, state use tax, and motor fuel tax was \$152.12. With an estimated 712 residents (at 95% occupancy), this would generate **an additional \$103,000 per year** for the City. It should be noted that, given the State's financial situation, there is some debate regarding potential reductions to the municipal share of the income and use taxes.

Due to the number of restaurants and the amount of retail space in the development, there will be a substantial amount of sales tax being produced by the development. The development's 48,856 square feet of restaurant space, assuming \$450 in sales per square foot, would generate approximately **\$604,590 for Naperville per year** given the combined City Food and Beverage Tax of 1% (outside Downtown), the Home Rule State Tax of .75% and the 1% State Sales Tax returned to the City. The development's 10,725 general retail space, assuming 65% retail occupancy (with the remainder being service businesses) and \$300 sales per square foot, would generate **an additional \$56,306 in sales tax** given the combined Home Rule State Tax of .75% and the 1% State Sales Tax returned to the City. We also estimate that the entertainment uses in this development, including the repurposed Odyssey Fun World building, which is intended to be repurposed as a multi-functional brewery or winery concept with a full-service restaurant, a bar/grill area and an indoor entertainment venue, will generate an approximate \$221,375 in municipal sales tax given the combined sales taxes. **In total, these projects will produce over \$882,000 annual in sales tax.**

The proposed hotels in the City Gate West development are also expected to generate hotel/motel tax revenue for the City. According to Marcus & Millichap's regional hospitality research report, the Chicago-area 2018 occupancy was 68.9% and the 2018 State average room rate was \$127.80. The current City of Naperville hotel/motel tax rate is 5.5%. Assuming these 2018 rates, we can estimate that the two hotels will generate approximately \$367,700 per year for the City in hotel/motel taxes.

Also, the addition of new residents and visitors to the City because of the project will be a benefit to local businesses by providing new customers in the form of new residents and visitors to the City and produce additional revenue in the form of increased sales taxes. More significantly, the development will provide additional full-time and part-time jobs. We have estimated a total of over 777 full-time equivalent employees for the project on completion. These employees will likely do at least some shopping and dining in the area, grabbing lunch at a local restaurant or perhaps picking up some groceries or carry-out food on the way home from work.

Based on the estimated construction cost, we predict that the entire project will create about 403 jobs that will work directly on the construction of the development and an additional 383 jobs that will be indirectly created via the construction of this development.³

³ The direct job estimate is based on a direct multiplier of 4.77 jobs per million dollars of construction spending, with project construction spending estimated at \$69 million. The indirect job estimate is based on a direct multiplier of 4.53 jobs per million dollars of construction spending, with project construction spending estimated at \$69 million. This equation uses a local multiplier that was retrieved via an IMPLAN model output.

In addition, residential development of this size will generate additional utility revenues for the City. However, since the City charges a fee for these services (assumed to be equivalent to the cost of providing the services) based on usage, it is assumed that the net impact will be neutral – and thus we have not calculated an estimated revenue/expense.

Permits and Other Development Fees

The City of Naperville has multiple permitting and development fees and charges for the review and approval of new developments. These permits and fees will result in a substantial one-time payment. However, we have assumed that the fee is directly related to the expense of providing the review and inspection services, and thus have not estimated permit fees.

Section 6. EXPENSES

City Expenses

Expenses to the City of Naperville are estimated based on per capita costs related to City operating expenses. Applicable operational line items from the City Certified Financial Audit Report (CAFR), for the year ended December 31, 2018, are highlighted below. Only relevant line items pertaining to municipal operations costs associated with new development have been included.

City Expenses (annual)

Category	Total Expenses	Percent	Residential ⁽¹⁾	Commercial/ Industrial ⁽¹⁾	Per Resident	Per Private Employee
General Government	\$ 12,059,856	10.1%	\$ 9,741,322	\$ 2,311,996	\$ 66.82	\$ 28.87
Physical Environment	\$ 8,254,712	6.9%	\$ 6,667,725	\$ 1,582,512	\$ 45.74	\$ 19.76
Public Safety	\$ 74,480,844	62.5%	\$ 60,161,736	\$ 13,142,787,731	\$ 412.66	\$ 178.32
Transportation	\$ 24,387,067	20.5%	\$ 19,698,599	\$ 4,675,247	\$ 135.12	\$ 58.39
Culture and recreation	\$ 58,099	0.0%	\$ 46,929	\$ 11,138	\$ 0.32	\$ 0.14
Total Expenditure	\$ 119,240,578	100.0%	\$ 96,316,312	\$ 22,859,625	\$ 660.66	\$ 285.48

Source: Naperville 2018 CAFR, 2018 Schedule of Revenues, Expenditures, and Changes in Fund Balance, pg. 72

(1) Residential/Commercial split based on assessed value split of 80.8% residential, 19.2% commercial/industrial (2016 values from CAFR)

Projected City Expenses at Build-Out

	Residential	Commercial
Projected People	712	777
Per Unit Cost ⁽¹⁾	\$ 660.66	\$ 285.48
Expense	\$ 470,390	\$ 221,700
Total Expense		\$ 692,090

(1) Per Unit Cost for Residential is based on projected resident population and Per Unit Cost for Commercial is based on projected employment

Section 7. SUMMARY

Once fully developed, the City Gate West project will have a net positive impact on municipal finances of nearly \$823,000 per year as summarized below. If the property were developed for industrial use as currently zoned, the fiscal impact on Naperville is projected to be negative. Industrial development would generate only about \$60,000 in property tax revenue to the City, while incurring a cost of service of approximately \$335,355 (assuming \$285.48/employee and an estimated 1,175 employees) producing a significant net loss to the City.

Net Impact of City Gate West on the City of Naperville

Revenue	City Gate West	Existing	Additional Revenue vs. Existing Use	If Developed per Current Zoning	Additional Revenue vs. Current Zoning
Property Taxes	\$ 161,752	\$ 10,305	\$ 151,446	\$ 59,966	\$ 101,786
Sales Tax	\$ 882,274	\$ 0	882,274	\$ 0	\$ 882,274
Hotel/Motel Tax	\$ 367,679	\$ 0	367,679	\$ 0	\$ 367,679
State Per Capita (Motor Fuel, Income, Use)	\$ 103,000	\$ 0	103,000	\$ 0	\$ 103,000
Total Revenue	\$ 1,514,705	\$ 10,305	\$ 1,504,400	\$ 26,750	\$ 1,454,739
Expenses	\$ 692,090	\$ 0	\$ 692,090	\$ 335,355	(\$ 356.735)
Net Impact	\$ 822,615	\$ 10,462	\$ 812,310	(\$ 308,605)	\$ 1,098,004

**See Appendix for evaluation of potential revenue if developed per existing industrial zoning.*

Appendix A: INDUSTRIAL POTENTIAL

The property is currently zoned Light Industrial by the City of Naperville. Per the City of Naperville zoning ordinance, light industrial includes uses such as engineering and testing facilities, research and development facilities, pilot plants and prototype production, as well as other uses like financial institutions, professional offices, medical offices, and fitness facilities.

The following table provides property information for nearby industrial developments to show how an industrial development for this site would be valued if it is not developed for the proposed entertainment district.

Property EAV for Nearby Industrial Properties

Name	Land Area (sf)	Land EAV	Land EAV \$/sf	Building Area	Building EAV	Building EAV \$/sf
Fellowes (Warrenville)	1,021,490	\$1,537,260	\$1.50	489,050	\$7,524,830	\$15.39
Shorr Packaging Corp (Aurora)	565,410	\$877,690	\$1.55	235,690	\$3,155,240	\$13.39
Shorr Packaging Corp (Aurora)	969,210	\$1,358,970	\$1.40	411,780	\$4,718,480	\$11.46
Excel Container (Aurora)	516,190	\$796,420	\$1.54	198,560	\$2,169,360	\$10.93
AVERAGES			\$1.50			\$12.79

If the property is used as it is current zoning, we can expect that an industrial development, would generate an estimated EAV of **\$12,454,000** (rounded) on this property – or \$20,476,000 less than the proposed City Gate West development.

Appendix B: CONSULTANT TEAM

Consultant Team



Teska Associates, Inc. (Teska) is a multi-disciplinary planning, economic development and landscape architecture firm based in Evanston IL and Plainfield IL. Since 1975, Teska has provided public and private sector clients with professional services directed toward the development and revitalization of our nation's communities. The firm boasts a well-rounded planning and economic development portfolio, having worked on various comprehensive, corridor and sub-corridor, special area, neighborhood, TOD, downtown and economic development plans, as well as various market studies and fiscal impact analyses.

Our team of experts specialize in community planning, economic development, creative engagement, landscape architecture and site design. Our practice includes both public and private sector clients – so we understand the perspectives from both sides of the development business. That diversity informs and strengthens our work in making plans, crafting development regulations, and reflecting market realities. Teska brings a comprehensive approach to the study, from understanding market studies and business district strategies, to site design and urban design resources in house.

Project Lead



Michael Hoffman, AICP, PLA
Vice President

Mr. Hoffman brings to his clients a blend of planning and landscape architecture experience. This combination of skills enables him to serve the needs of both municipal governments and private developers. Prior to joining Teska Associates, Inc. in 1990, he held positions with J.T. Dunkin & Associates, Inc. in Dallas TX, and with the City of Allen TX. Project management experience includes leading multi-disciplinary teams and facilitating local advisory committees with a goal of development of inventive solutions built on consensus.

Mr. Hoffman's municipal planning assignments have focused on the development of planning tools to direct and manage the growth of small and mid-sized communities and counties. His recent assignments have included a comprehensive plan for Dubuque, IA, the historic West Des Moines Master Plan, a new zoning ordinance for Olympia Fields, and site plan review in Morris and Olympia Fields, IL.

Mr. Hoffman has had a wide variety of responsibilities in land planning and landscape architecture, including site analysis, design, and presentation. For both municipalities and for private developers, he has designed civic, commercial, and residential land plans and landscape improvements. His recreational assignments have ranged from detailed design of sports complexes to the conceptual design of a four-hundred-acre green belt park, and several park and recreation master plans.

Services

People



May Financial Report

May 18, 2021

Programs

Local Economy

Recent Actions & Trends

Bridge Phase

- All regions entered Bridge Phase May 14
- Allows increased capacity at indoor/outdoor settings
- Some revenues have improved when entering periods of less restrictive mitigation strategies
 - Food & Beverage Taxes
 - Sales Tax & HRST

Vaccination Progress

- Health officials continue to push vaccination as the key to moving into Phase 5 of Restore Illinois
- Population vaccinated as of May 12
 - DuPage: 43%
 - Will: 35%

Economic Indicators – State Revenue

State Sales Tax

- 14.6% above budget projections
- Revenue shift from use tax category

Home Rule Sales Tax (HRST)

- 0.2% below budget projections
- Improved due to e-commerce revenue

State Income Tax

- 39.3% above budget projections

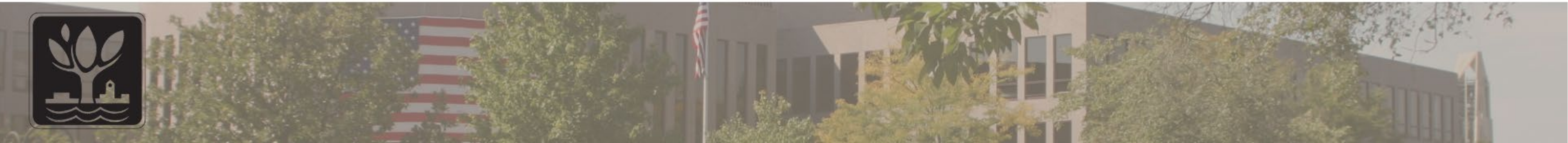
Motor Fuel Tax (includes Transportation Renewal Funds)

- 3.4% below budget projections

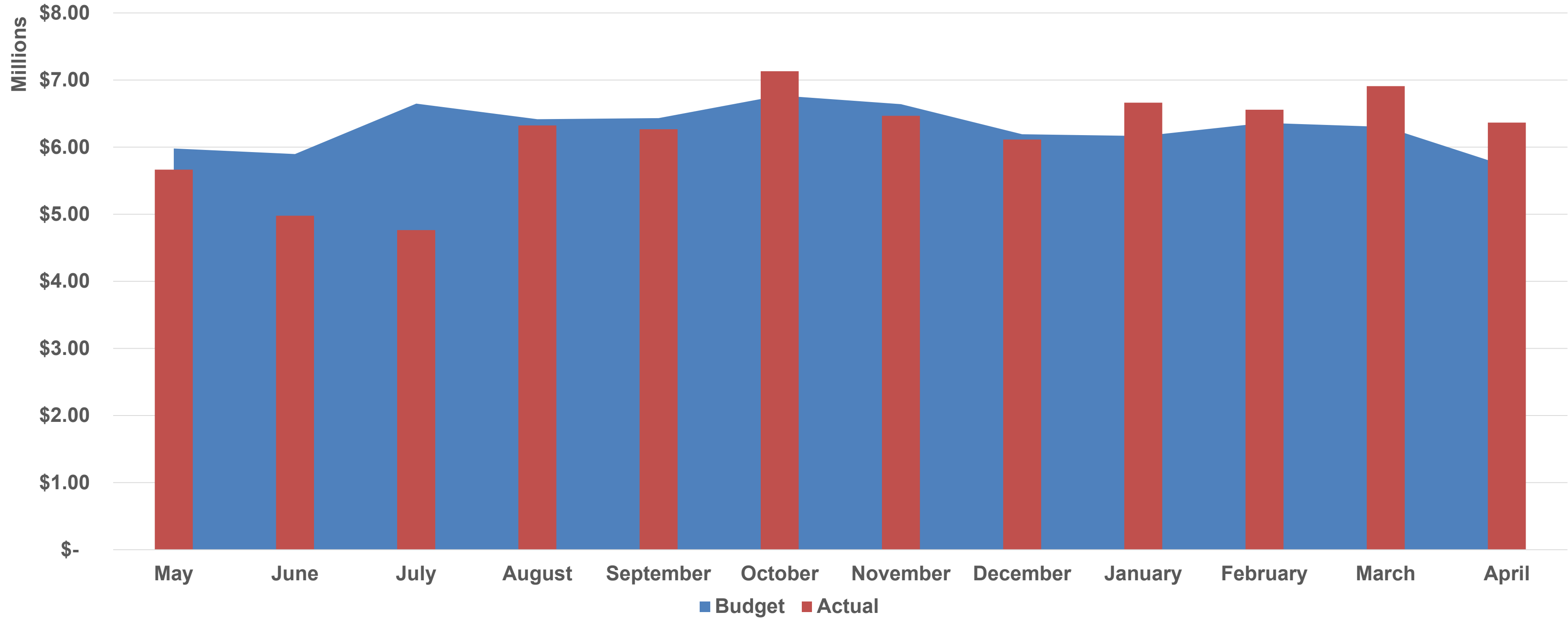
Local Use Tax

- 30.4% below budget projections
- Revenue shift to sales tax category

April revenues impacted by new online sales tax laws – shift from use tax to sales tax and increasing HRST.



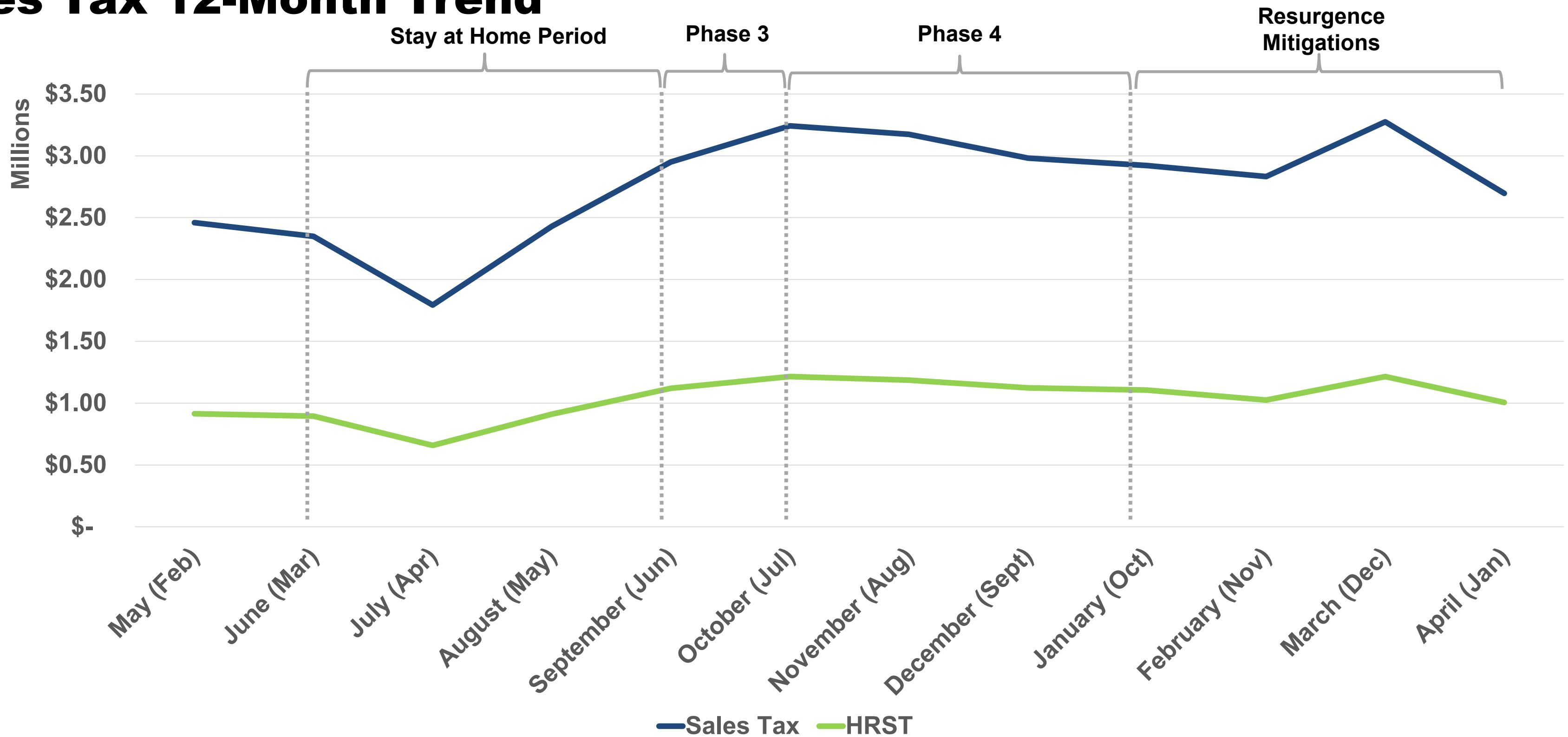
State Collected Revenues



- **Combined state-collected revenues exceeding projections by 11.4% in April**
- **Overall, combined revenues exceeding projections by 8.0% year-to-date**
- **Decline from March to April typical – represents post-holiday sales period**



Sales Tax 12-Month Trend

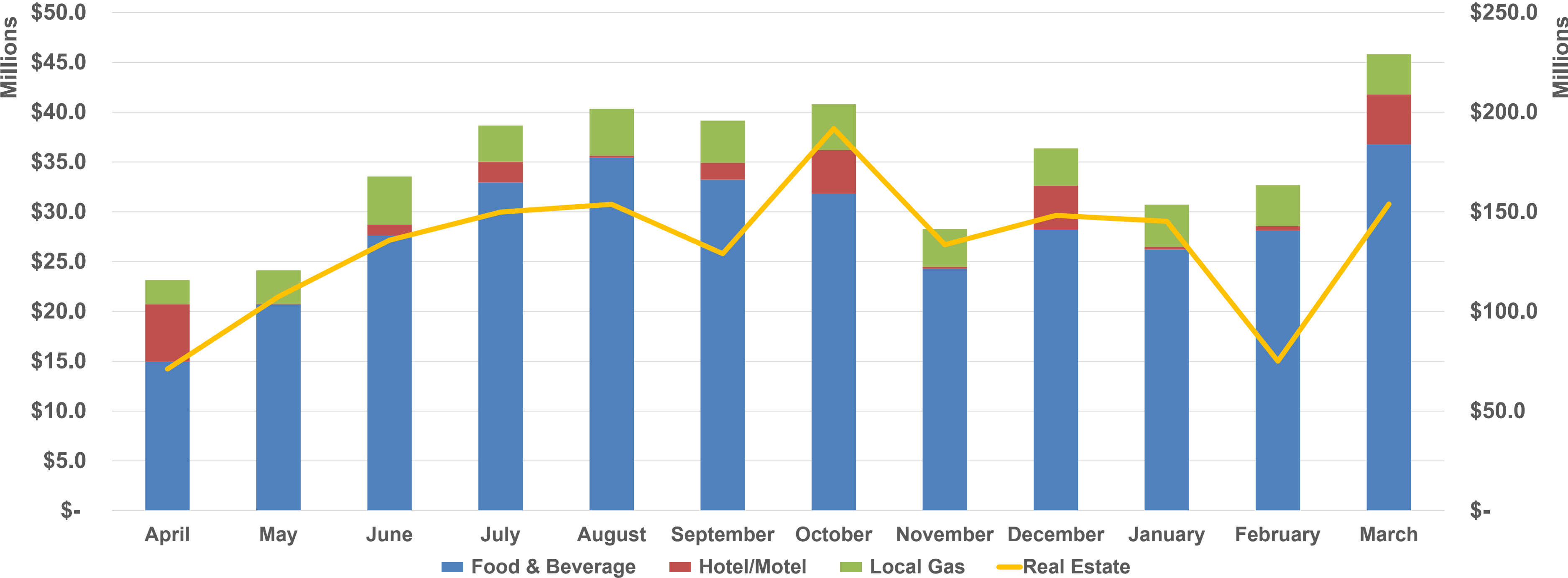


- Decline in April revenue typically 25-30% after holiday shopping season ends
- April 2021 decline only 17% due to the addition of e-commerce revenue
- Sales expected to maintain strength due to stimulus spending and additional e-commerce



Locally Collected Revenues

Taxable Sales



- Food & beverage sales increased 31% in March – down just 7% from March 2019
- Hotel & motel sales improved by 14% from Q4 – first notable increase in three quarters
- Real estate sales rebounded fully after February decline



Online Sales Tax Revenue

- 2018 U.S. Supreme Court decision (South Dakota v. Wayfair) opened the door for new Illinois sales tax legislation
 - Aimed at leveling the playing field for brick-and-mortar and e-commerce retailers
- Effective Jan. 1, 2021, taxation of many e-commerce purchases became destination based
 - Shifted revenue from use tax to sales tax
 - HRST now applies to e-commerce purchases
- Positive impacts seen in April revenues
 - Sales tax; HRST up year-over-year (pre-pandemic)
 - Use tax declined to the benefit of sales tax; still exceeding April 2020 revenue

	April 2020	April 2021	Change
Sales Tax	\$2.51M	\$2.70M	7.4%
HRST	\$992K	\$1.01M	1.4%
Local Use Tax	\$422K	\$431K	2.0%

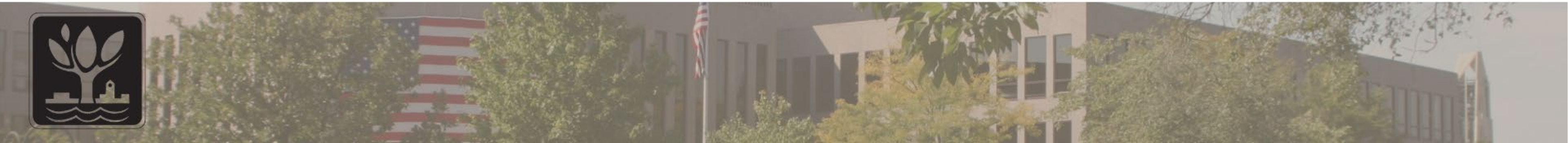


Local Economic Support

Temporary Utility Assistance Program

- Residential requests remain slow but steady
- Small business requests all but stopped – only one request approved in last 30 days
- Disconnection process resumed May 4
 - 60 accounts with balances of \$214,000 disconnected
 - \$100,000 collected and 26 payment plans initiated

	Assistance Approved	Amount Disbursed	Funds Remaining
Residential	152	\$40,677	\$229,323
Small Business	51	\$46,024	\$153,976
Total	203	\$86,701	\$383,299



American Rescue Plan Act Funding

- Allocations and guidance released on May 10
 - Naperville allocation: \$13.3M
 - Receive half now; second half in one year
 - Funds must be used by Dec. 31, 2024
- Federal guidance
 - U.S. Treasury released 151 pages of initial rules
 - Guidance likely to evolve as program matures
- Next steps
 - Review federal guidance on allowable uses
 - Calculate potential revenue replacement value

Potential Approaches and Goals

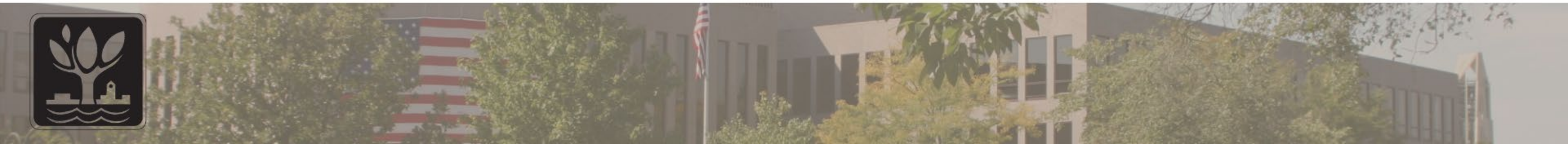
Direct economic investment
to support local economy

Direct assistance
to businesses and/or residents

Supporting community health/well-being
through community partners

Solidifying the City's financial position
through replenishment of lost revenues

Maximize efforts across economic sectors
not receiving direct ARPA funding



Next Steps

- **Continue discussion on federal stimulus funds**
- **Monitor and report on issues as needed**
 - Includes existing and future budget priorities





Questions?

