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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

March 5th, 2020

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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 \$850,000 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 \$367,000 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 25 additional children. Based on 2018 Operational Spending per pupil of approximately \$12,000, the District stands to net an additional \$1,384,000 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.

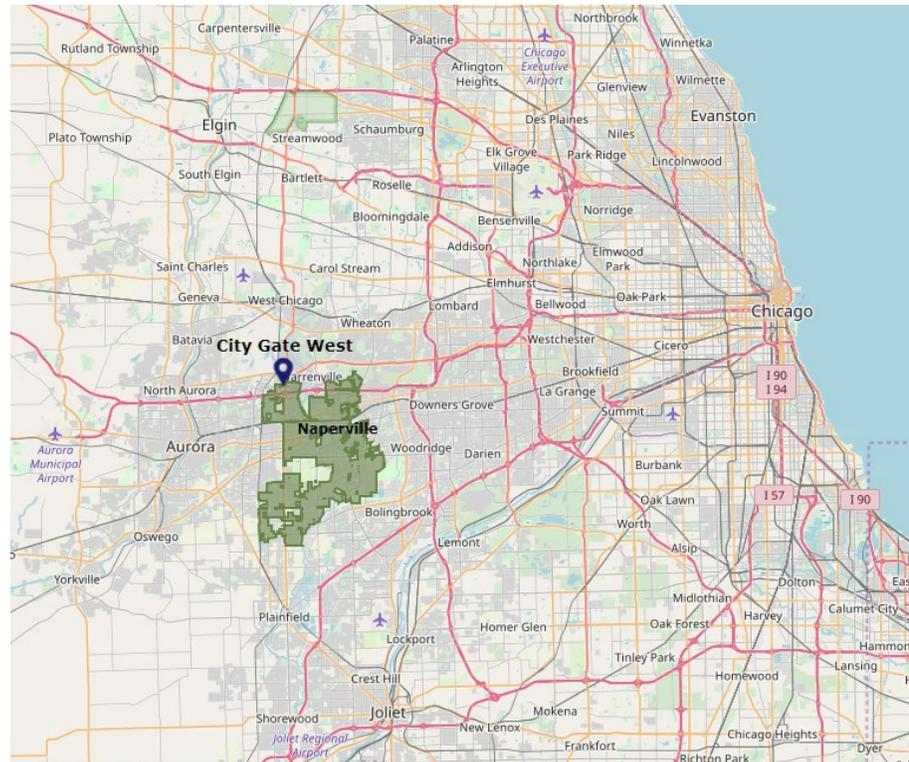
City of Naperville Annual Revenue	City Gate West
Property Taxes	\$ 158,554
Sales Tax	\$ 882,274
Hotel/Motel Tax	\$ 367,679
State Per Capita	\$ 101,009
Total Revenue	\$ 1,509,517
Expenses	\$ 660,381
Net Impact	\$ 849,136

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.

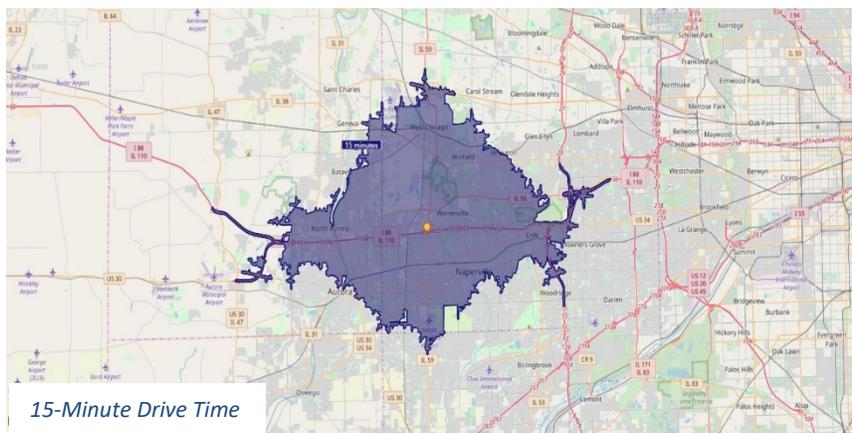
The Plan also says that, “the non-residential component [of the mixed-use development] must account for at least 30% of the total site and be of a type that serves not only the immediate development, but existing development in the vicinity.” The amenities and land uses provided in the City Gate West 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



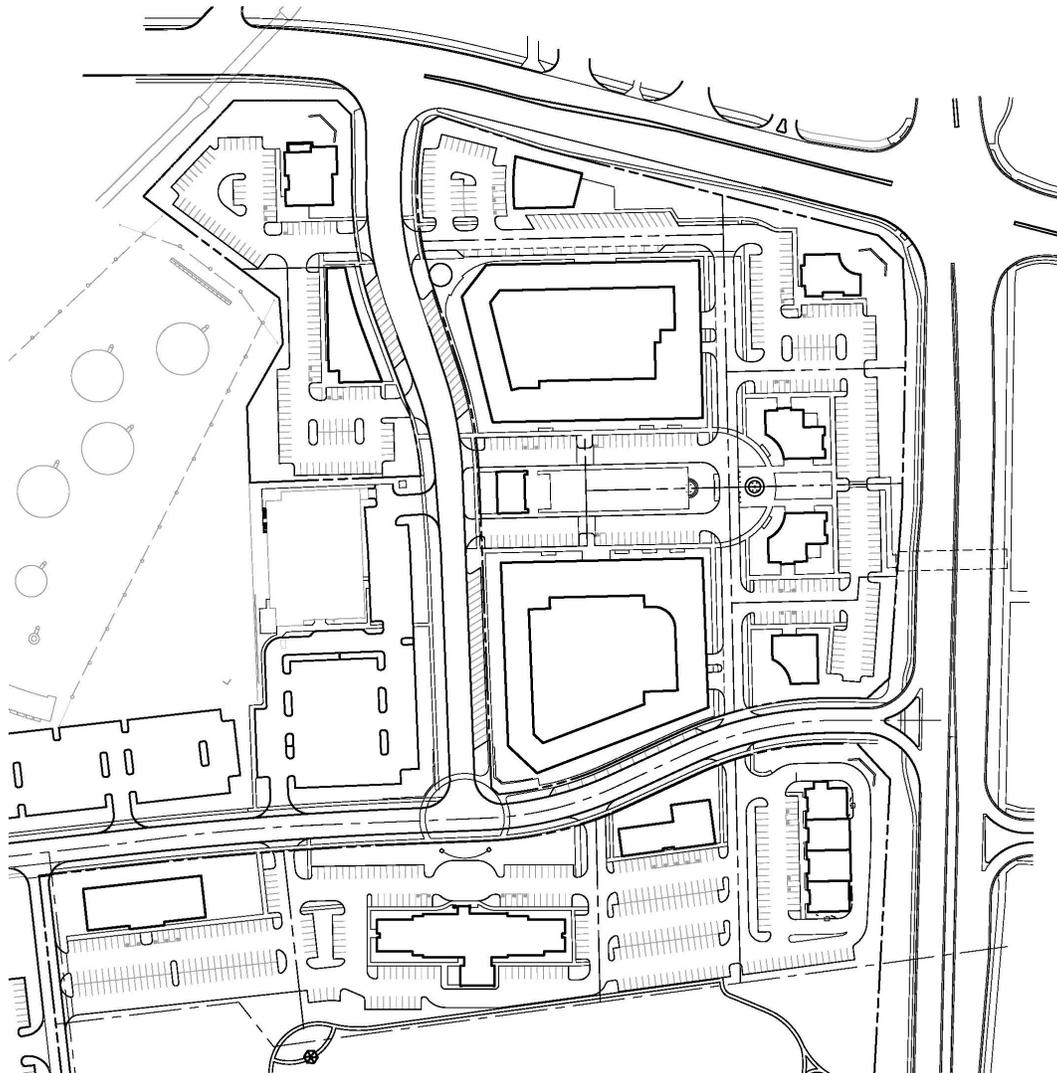
Existing Property EAV & Property Tax

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 2020 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 664 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.

Unit Mix & Population Estimate

	Units	School-Aged Children	Total Population
Studio	38	0	48
Convertible	44	0	57
1 Bedroom	224	2	384
2 Bedroom	104	23	199
TOTAL	410	25	699

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

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

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

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

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 (Naperville)	50,530	\$468,890	\$9.28	7,850	\$152,270	\$5.20
City Gate Centre (Naperville)	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

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	2018 Tax Rate (%)	Total 2018 Property Tax	Build-Out Property Tax Revenue*
County of DuPage	2.4%	0.1673	\$3,634	\$55,801
Forest Preserve District	1.8%	0.1278	\$2,776	\$42,074
DuPage Airport Authority	0.2%	0.0146	\$317	\$4,802
Naperville Township	0.6%	0.0424	\$921	\$13,963
Naperville Township Road	0.5%	0.0341	\$741	\$11,235
City of Naperville	6.8%	0.4815	\$10,462	\$158,554
Naperville Public Library	2.9%	0.2055	\$4,465	\$67,669
Naperville Park District	4.4%	0.3149	\$6,843	\$103,706
Unit School #204	77.1%	5.4589	\$118,607	\$1,797,595
College of DuPage	3.3%	0.2317	\$5,034	\$76,294
TOTAL	100%	7.0787	\$153,800	\$2,330,974

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 Districts makes up 77% of the total tax rate. They will see approximately **\$1,679,000** in additional property tax revenue to serve an estimated 25 additional children, or roughly \$67,160 per student upon build-out of this development. The District had an Operational Spending per pupil cost of \$12,000 in 2018 (per www.IllinoisReportCard.com), meaning the cost of adding 25 additional students to the district would be approximately **\$294,625**. This cost is roughly **18%** 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 664 residents (at 95% occupancy), this would generate **an additional \$101,009 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

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.

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.

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	664	777
Per Unit Cost ⁽¹⁾	\$ 660.66	\$ 285.48
Expense	\$ 438,681	\$ 221,700
Total Expense		\$ 660,381

(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 \$849,000 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	\$ 158,554	\$ 10,462	\$ 148,093	\$ 26,750	\$ 131,804
Sales Tax	\$ 882,274	\$ 0		\$ 0	\$ 0
Hotel/Motel Tax	\$ 367,679	\$ 0		\$ 0	\$ 0
State Per Capita (Motor Fuel, Income, Use)	\$ 101,009	\$ 0		\$ 0	\$ 0
Total Revenue	\$ 1,509,517	\$ 10,462	\$ 1,499,055	\$ 26,750	\$ 131,804
Expenses	\$ 660,381	\$ 0	\$ 660,381	\$ 335,355	(\$ 325,027)
Net Impact	\$ 849,136	\$ 10,462	\$ 838,674	(\$ 308,605)	\$ 456,831

**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.