



Legislation Text

File #: 22-1459, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Receive the staff report for the Heinen Business District located at 1256 through 1290 East Chicago Avenue (Item 1 of 3)

DEPARTMENT: Transportation, Engineering and Development

SUBMITTED BY: William J Novack, Director/City Engineer

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Heinen initiated the purchase of the Butera Market building, located at 1256 through 1290 East Chicago Avenue earlier this year. Heinen plans to enter the Chicagoland market and build a grocery store at this location. During the due diligence period, Heinen became aware that the stormwater storage for the site, the adjacent bank, and the park behind the property is provided on the surface of the parking lot. Even though the frequency of stormwater ponding in the parking lot is not often, this condition did not appeal to Heinen.

A solution is to raise the parking lot and provide the stormwater storage beneath the it in buried vaults or chambers. This is a very expensive, multi-million-dollar solution. Due to the blighted condition of the site, and the additional cost to address the stormwater issue, Heinen sought to establish a business district as allowed by Illinois law. A business district consultant was retained by Heinen, and found that the site meets the criteria for a business district and that enough revenue can be recovered by Heinen through the imposition of an additional one half of one percent tax to allow the site to be redeveloped.

In accordance with State Statutes the following was completed to establish this business district:

1. On August 16, 2022 the City Council adopted Resolution 22-115 expressing the City's intent to consider the designation of a business district at this site
2. On September 20, 2022 the City Council passed Ordinance 22-115 scheduling a public hearing for October 4, 2022
3. On September 21, 2022 the first public notice for the public hearing was published in the Chicago Tribune
4. On September 23, 2022 the second public notice for the public hearing was published in the Chicago Tribune
5. On October 4, 2022 the City Council conducted the public hearing for the business district

At the public hearing there were no submissions of alternate proposals or business district plans. All

interested persons were provided the opportunity to be heard and no written objections were sent to the City. Overall, there has been no opposition or objection to the establishment of the Heinen Business District.

DISCUSSION:

To establish the business district the City Council must formally approve, via the attached ordinance, the Business District Plan and a finding that the property area is blighted. The second ordinance formally imposes the one half of one percent tax. The maximum amount to be collected is \$4.4 million.

Although the business district is established with the approval of the ordinance, taxes will not be imposed or collected until July 1, 2023. None of the collected proceeds can be given to Heinen until after the City Council has approved a Redevelopment Plan for the site. After the Redevelopment Plan is approved then Heinen is eligible to be reimbursed from the taxes collected for the new stormwater system.

FISCAL IMPACT:

While individuals making certain purchases within the business district will pay an additional 0.5% tax during the term of the business district, there will be no direct fiscal impact to the City of Naperville.