Item #6C:

Report On Infrastructure Projects & Reviews

Infra Roundtable Meeting #2 Economic Development - Sept 22

10/08/14

AGENDA
SPECIAL MEETING OF THE BOARD OF TRUSTEES
INFRASTRUCTURE REVIEW WORKSHOP
MONDAY, SEPTEMBER 22, 2014 AT 7:30 P.M.
3100 OLD MCHENRY ROAD (KILDEER COUNTRYSIDE SCHOOL),
LONG GROVE, ILLINOIS 60047

The meeting will not proceed past 10:00 p.m. Those wishing to address the Village Board on an agenda item(s) may do so when the agenda item of interest is opened and prior to Board discussion.

CALL TO ORDER:

DISCUSSION ITEMS:

1. Introductions.
2. Workshop Facilitator Greg Kuhn. Goals & Objectives Of Peer Reviews and Workshops. (5 min.)
   - Infrastructure Maintenance, Finances & Economic Development.
3. Roadway Pavement Analysis & Report - Michael Shrake, Gewalt-Hamilton Associates (GHA). (10min.)
4. Discussion/Questions/Suggestions. (10 min.)
5. Economic Development Presentation - Bridget Lane, Business Districts Inc. (BDI)
6. Discussion/Questions/Suggestions.
7. Next Infrastructure Review Workshop Meeting - Review Of Village Finances

ADJOURNMENT. Next Regular Meeting – October 14, 2014 at 7:00 p.m.

The Village of Long Grove is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to phone David Lothspeich, Long Grove Village Manager at 847-634-9440 or TDD 847-634-9650 promptly to allow the Village of Long Grove to make reasonable accommodations.

Long Grove

INFRASTRUCTURE REVIEW WORKSHOP:

Economic Development Presentation

MONDAY, SEPTEMBER 22, 2014

Workshop Goals

- Create a "Common Set of Facts"
  - Current revenue program compared to Peer Communities
  - Long Grove revenue opportunities
    - Sales Tax
    - Other Fees & Permits
- Begin conversation that narrows the choices

Revenue Opportunities

Peer Communities

Peer Community Budget Review Methodology

- Review
  - Similar characteristics
  - Similar development types
  - Available Budgets or Annual Reports
- Examine
  - Basic Municipal revenue sources
  - Other Major Revenue Sources
  - Fee and Permit Revenue

- Communities include:
  - Clarendon Hills
  - Bannockburn
  - Mettawa
  - Oak Brook
  - Lincolnshire

Key question: How are they funding capital expenditures including roads?

Peer Communities: The Basic Revenue Sources

	Long Grove (NHR)	Bannockburn (HR)	Clarendon Hills (NHR)	Oak Brook (NHR)	Mettawa (HR)	Lincolnshire (HR)
Population	8,310	1,509	8,525	8,481	534	7,258
	Revenues (000 Omitted)					
Property Taxes		$362	$2,843		$166	
State Taxes (Income, PPRT, and/or Use)	$850	$242	$962	$1,169	$62	$776
Sales Tax	$1,210	$940	$800	$16,900	$1,590	$3,930
Subtotal	$2,060	$1,544	$4,605	$18,069	$1,818	$4,706

Are there options for Long Grove among these basic revenue sources?

Peer Communities: Other Major Revenue Sources

	Long Grove	Bannockburn	Clarendon Hills	Oak Brook	Mettawa	Lincolnshire
Population	8,310	1,509	8,525	8,481	534	7,258
	Revenues (000 Omitted)					
Water /Sewer Sales, Fees, or Connections	$63		$3,214	$7,237		$4,074
Motor Fuel Tax	$195	$44	$220	$700	$13	$171
Police Pension/Retirement (Real Estate Tax Portion)		$402	$842			$1,547
TIF Area (Real Estate Tax)	$70			$345		$0*
Sports Core				$3,611		
Township Road & Bridge Tax Allocation	$45	$61		$8		$66

Notable Issues: Pensions funded by real estate taxes; Sports Core and expenses; Water and Sewer-related

Peer Communities: Fee and Permit Revenue

	Long Grove (NHR)	Bannockburn (HR)	Clarendon Hills (NHR)	Oak Brook (NHR)	Mettawa (HR)	Lincolnshire (HR)
Population	8,310	1,509	8,525	8,481	534	7,258
	Revenues (000 Omitted)					
Telecom & Utility Taxes	$465			$4,950	$65	$2,586
Hotel/Motel/Admission Taxes		$92		$1,145	$500	$1,800
Business/ Liquor Licenses & Fees	$45	$16		$140	$9	$62
Gaming/Amusement Devices						$4
Cable TV Franchise Fees			$153		$6	$145
Alarm Fines & Fees				$64		$5
Real Estate Transfer Tax					$60	$200
Fines & Citations Revenue	$61	$142	$171	$225	$52	$390
Building Permits & Planning Fees	$310	$128*	$294	$1,115	$81	$275
Miscellaneous Revenues	$23	$493*	$180	$1,191	$40	$59

Peer Community Summary Comments

- What revenue sources deserve additional research?
- Are there intergovernmental cooperation opportunities?
- How do incentives change revenue?

Revenue Opportunities

The Long Grove Economy

Potential based on resident income

- Long Grove Resident Income Density Comparison

	Population	Population per Square Mile	Per Capita Income	Income Density per square mile
Clarendon Hills	8,525	4,667.68	$60,201	$280,999,004
Riverside	9,014	4,637.39	$48,815	$226,374,193
Buffalo Grove	42,436	4,439.22	$48,428	$214,982,546
Barrington	10,137	2,130.67	$60,971	$129,909,081
Prospect Heights	16,536	3,887.80	$31,200	$121,299,360
Lincolnshire	7,258	1,556.32	$76,914	$119,702,796
Riverwoods	3,636	907.37	$71,826	$65,172,758
Deer Park	3,182	830.01	$62,343	$51,745,313
Long Grove	**8,310**	**652.9**	**$65,916**	**$43,036,556**
Bannockburn	1,509	746.26	$54,327	$40,542,067
Mettawa	534	97.01	$74,851	$7,261,296

Source: Experion 2014; BDI

- Long Grove Area

	Square Miles
Clarendon Hills	1.8
Riverside	1.9
Bannockburn	2.0
Deer Park	3.8
Riverwoods	4.0
Prospect Heights	4.3
Lincolnshire	4.7
Barrington	4.8
Mettawa	5.5
Buffalo Grove	9.6
Long Grove	**12.7**

Source: Lake County

- Income per square mile is lower in Long Grove

Potential based on property value

- Long Grove Resident Property Value per Capita Comparison

	Population	EAV	EAV per capita	Commercial EAV	Commercial EAV per Capita
Mettawa	534	$110,308,546	$206,570	$48,370,317	$90,581
Bannockburn	1,509	$152,159,620	$100,835	$64,781,250	$42,930
Riverwoods	3,636	$333,332,068	$91,675	$64,887,989	$17,846
Lincolnshire	7,258	$561,725,434	$77,394	$202,532,267	$27,905
Deer Park	3,182	$234,827,315	$73,799	$58,360,451	$18,341
Long Grove	**8,310**	**$534,176,223**	**$64,281**	**$28,855,472**	**$3,472**

Source: Lake County PTAX 251 Tax Year: 2013; BDI

- Lacking commercial EAV means property tax falls on residents

Variation in Cook County assessment practices make it impossible to compare EAV's

Sales Tax per Resident

- Long Grove Sales Tax Revenue per Capita Comparison

Community	Population	Muni Tax	HMR Tax	Total	Tax per capita
Mettawa	534	$2,663,802		$2,663,802	$4,988.39
Oak Brook	8,481	$11,893,941	$5,222,105	$17,116,047	$2,018.16
Bannockburn	1,509	$741,235	$254,599	$995,834	$659.93
Lincolnshire	7,258	$2,855,363	$1,347,559	$4,202,922	$579.07
Long Grove	**8,310**	$869,710	$634,251	**$1,503,961**	**$180.98**
Deer Park	3,182	$457,843	$112,138	$569,981	$179.13
Riverwoods	3,636	$323,508	$155,035	$478,543	$131.61
Clarendon Hills	8,525	$794,579		$794,579	$93.21
Prospect Heights	16,536	$753,394	$283,587	$1,036,981	$62.71

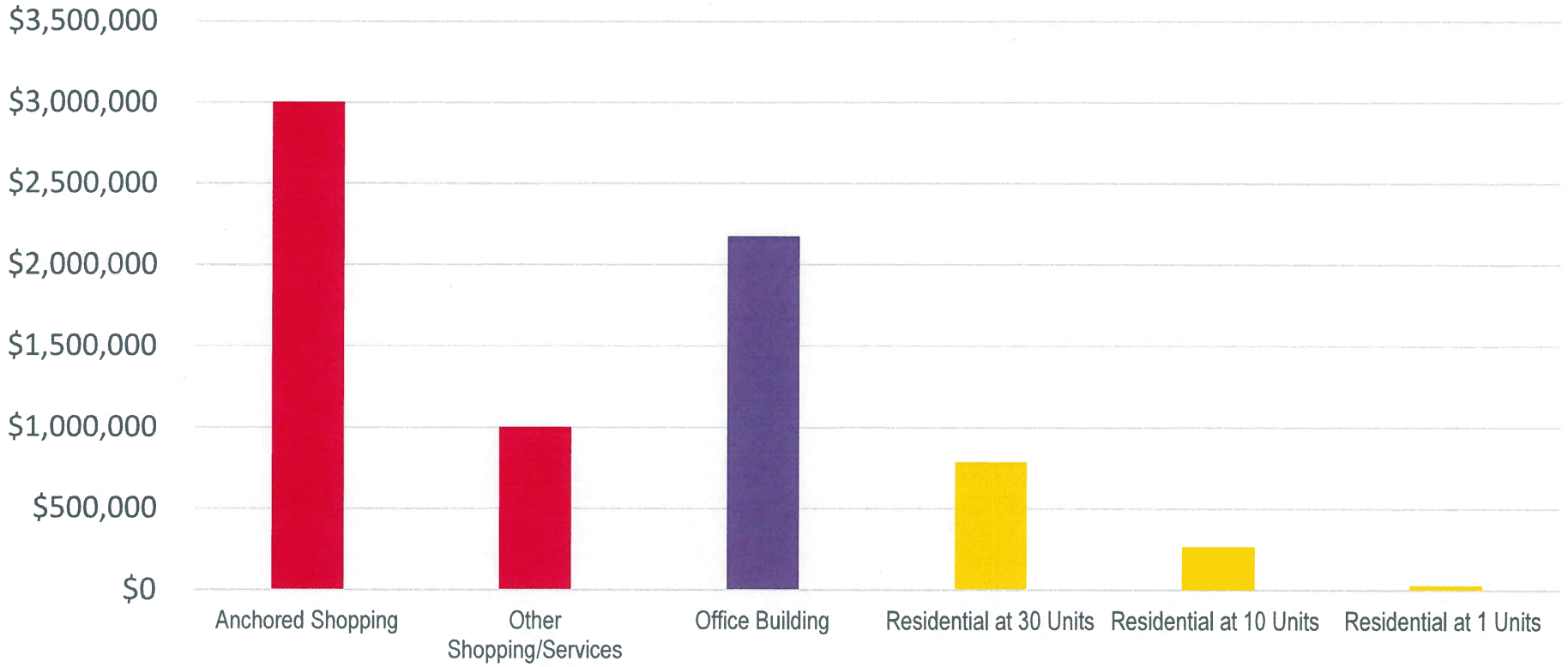
Source: Illinois Department of Revenue, 2013; Experian 2014; BDI

- Sales taxes are geographic reallocation rather than new burden

Sales Tax Mechanics

- Long Grove Sales Tax Rate
  - 6.5% State
  - 0.75% RTA
  - 1.0 % Non Home Rule
  - 1.0% Business District (Only Sunset Grove Area)
- No State, Non-Home Rule or Business District
  - Food
  - Medicine
  - Registered Vehicles (7 % base tax)
- Long Grove Sales Tax Revenue
  - 1% of the state's revenue from local businesses returned
  - 1% Non-Home Rule
  - 1% Business District
- Matches/Beats Cook County communities' rate
- No room to increase rate

New Development Retail Sales per Acre

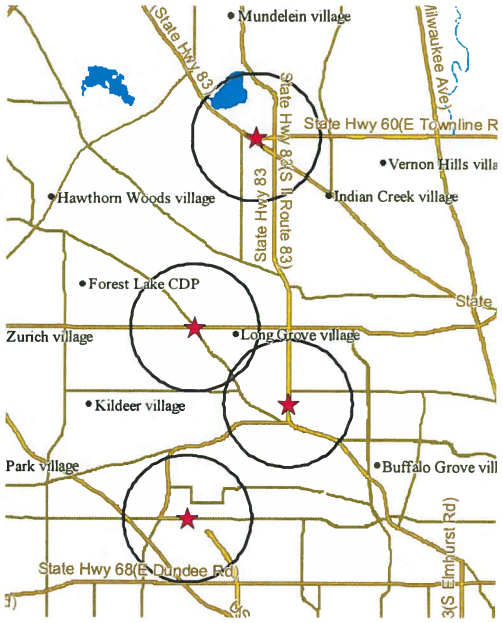


Sales Calculation: $300/sqft anchored centers; $100/sqft unanchored centers; $143.20 per employee, $26,220 per household

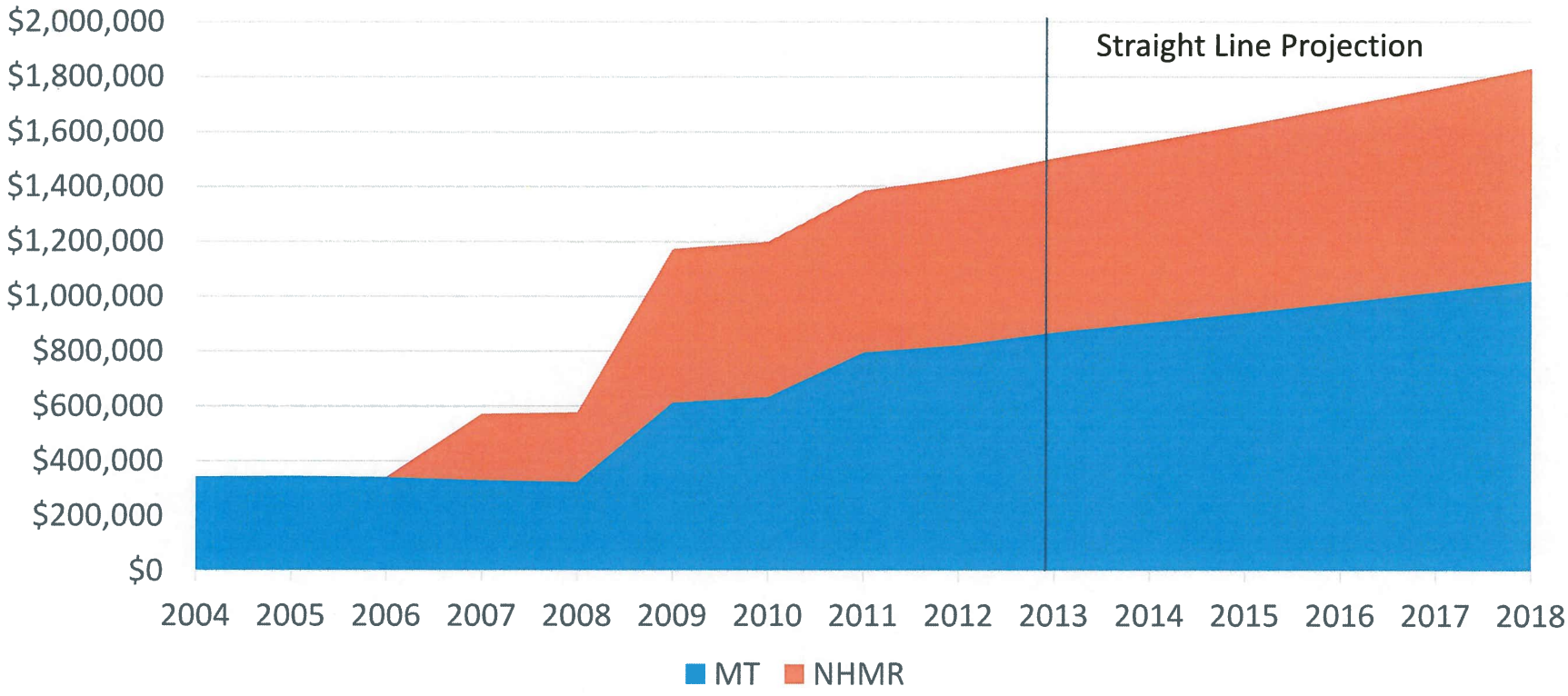
Long Grove Sales Tax Revenue by Geography

	Muni Tax	HMR Tax	Total Annual Sales Tax Revenue
Lake Cook area	$400,000	$400,000	$800,000
IL 83 & Aptakisic area	$200,000	$40,000	$240,000
Downtown	$70,000	$70,000	$140,000
Other	$85,000	$10,000	$95,000
Home Based Businesses	$40,000	$30,000	$70,000
83 & 45	$30,000	$25,000	$55,000
Half Day & Old McHenry area	$7,000	$7,000	$14,000

Source: Village estimates based on confidential 2013 Illinois Department of Revenue data.

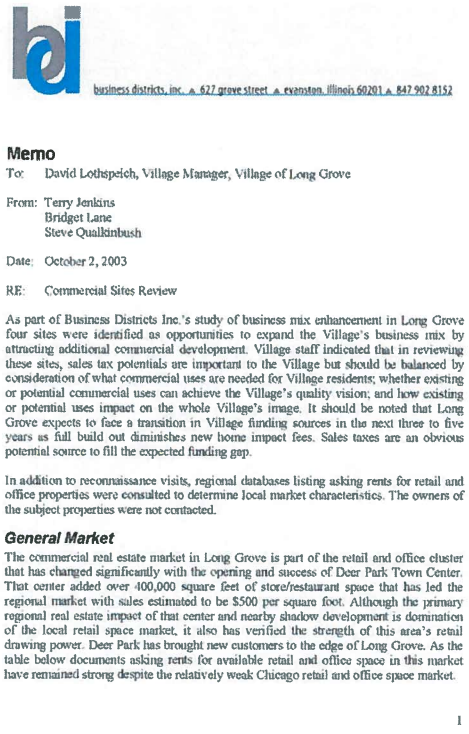


Long Grove Sales Tax Revenue History



Long Grove: Commercial Land Progress

- 2003 Available Sites Memo
  - Long Grove Commons
  - Menards
  - Sunset Grove
- 2013 Downtown Workshop
  - Use change
  - Ongoing



business districts, inc. ▲ 627 grove street ▲ evanston, illinois 60201 ▲ 847.902.8152

Memo

To: David Lothspeich, Village Manager, Village of Long Grove

From: Terry Jenkins
Bridget Lane
Steve Quallenbush

Date: October 2, 2003

RE: Commercial Sites Review

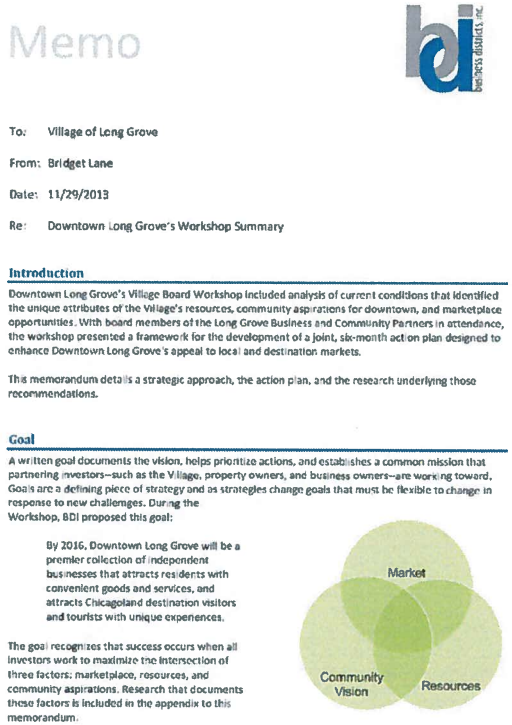
As part of Business Districts Inc.'s study of business mix enhancement in Long Grove four sites were identified as opportunities to expand the Village's business mix by attracting additional commercial development. Village staff indicated that in reviewing these sites, sales tax potentials are important to the Village but should be balanced by consideration of what commercial uses are needed for Village residents; whether existing or potential commercial uses can achieve the Village's quality vision; and how existing or potential uses impact on the whole Village's image. It should be noted that Long Grove expects to face a transition in Village funding sources in the next three to five years as full build out diminishes new home impact fees. Sales taxes are an obvious potential source to fill the expected funding gap.

In addition to reconnaissance visits, regional databases listing asking rents for retail and office properties were consulted to determine local market characteristics. The owners of the subject properties were not contacted.

General Market

The commercial real estate market in Long Grove is part of the retail and office cluster that has changed significantly with the opening and success of Deer Park Town Center. That center added over 400,000 square feet of store/restaurant space that has led the regional market with sales estimated to be $500 per square foot. Although the primary regional real estate impact of that center and nearby shadow development is domination of the local retail space market, it also has verified the strength of this area's retail drawing power. Deer Park has brought new customers to the edge of Long Grove. As the table below documents asking rents for available retail and office space in this market have remained strong despite the relatively weak Chicago retail and office space market.

1



Memo

business districts, inc.

To: Village of Long Grove

From: Bridget Lane

Date: 11/29/2013

Re: Downtown Long Grove's Workshop Summary

Introduction

Downtown Long Grove's Village Board Workshop included analysis of current conditions that identified the unique attributes of the Village's resources, community aspirations for downtown, and marketplace opportunities. With board members of the Long Grove Business and Community Partners in attendance, the workshop presented a framework for the development of a joint, six-month action plan designed to enhance Downtown Long Grove's appeal to local and destination markets.

This memorandum details a strategic approach, the action plan, and the research underlying those recommendations.

Goal

A written goal documents the vision, helps prioritize actions, and establishes a common mission that partnering investors—such as the Village, property owners, and business owners—are working toward. Goals are a defining piece of strategy and as strategies change goals that must be flexible to change in response to new challenges. During the Workshop, BDI proposed this goal:

> By 2016, Downtown Long Grove will be a premier collection of independent businesses that attracts residents with convenient goods and services, and attracts Chicagoland destination visitors and tourists with unique experiences.

The goal recognizes that success occurs when all investors work to maximize the intersection of three factors: marketplace, resources, and community aspirations. Research that documents these factors is included in the appendix to this memorandum.

Long Grove: Remaining Retail Opportunities

- Property North and South of Lake Cook & West of Hicks
  - Perhaps 60 acres net of wetlands north
  - Perhaps 30 Acres net of wetlands south
- Former Geimer Property
  - Approximately 11 developable acres
- Downtown Parcel
  - 4 restaurant outlots
  - Triangle with approximately 9.4 developable acres
- Menards Outlots
  - Approximately 9 acres
- Parcel South of Sunset Grove
  - Approximately 15 acres

Strategic Retail Business Attraction

- Roof Tops & Spending

Three-Mile Radius	Routes 45 & 83	Lake Cook & 53	Half Day & Old Mc Henry	Route 53 & 83
Total Population	90,549	72,221	39,749	65,118
Average Household Income	$106,274	$124,183	$172,149	$124,114
Employees	28,920	31,647	14,675	28,695
Retail Spending by Household	$23,422	$23,667	$25,208	$23,179
Total Retail Spending	$811,819,574	$621,596,937	$334,368,579	$524,663,788

Source: Experion 2014; BDI

10-Minute Drive Time	Routes 45 & 83	Lake Cook & 53	Half Day & Old Mc Henry	Route 53 & 83
Total Population	90,382	92,853	66,836	89,511
Average Household Income	$108,999	$125,264	$156,705	$134,228
Employees	29,602	57,594	45,505	57,314
Retail Spending by Household	$23,505	$23,481	$24,763	$23,291
Total Retail Spending	$805,051,859	$802,652,320	$567,983,810	$753,880,024

Source: Experion 2014; BDI

Strategic Retail Business Attraction

- Access
  - Basic
    - 25,000 Average Daily Traffic (ADT)
    - Signalized direct entry
    - Multiple "Oops" entrances
  - Multi-Modal
    - Pedestrian
    - Bicycle
    - Mixed-use
- Process
  - Ready
    - Boundary agreements
    - Basic Access
      - IDOT
      - Lake County
      - Buffers?
  - Purposefully Deliberative
    - Reputation vs. Experience
    - Legal Framework Choices
    - Incentives

Strategic Retail Business Attraction

- Potential High Volume Uses

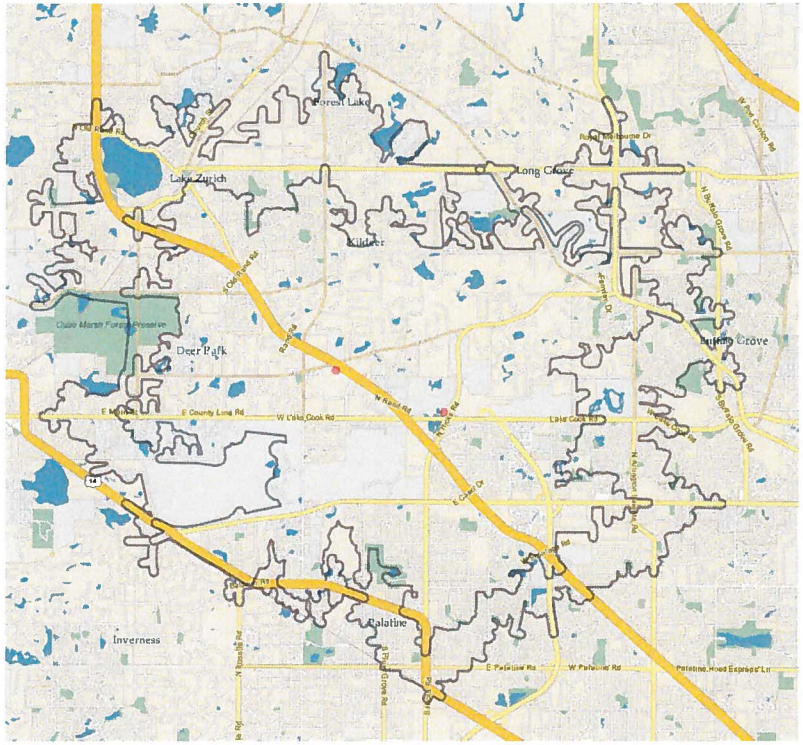
Use	Warehouse Club	Mass Merchandiser	Auto Dealership	Home Center	Grocery
Typical Taxable sales	$100 million	$50 million	$37 Million	$30 Million	$25 Million
Site Size (acres)	30	30	5 acres each	20	10 to 40 center
Typical Building Size (SF)	120,000	100,000	10,000	120,000	65,000
Other Site Requirements	Gas Station		Gas Station	Garden Center	
Distance between sites	20-minute drive	10-minute drive	Cluster is key	10-minute drive	Varies with size
Employees	120	100	20	120	65
Muni Tax Revenue	$1 million	$500,000	$370,000	$300,000	$250,000
NHR Revenue	$400,000	$300,000	$0	$300,000	$20,000
Annual Village Revenue	**$1.4 million**	**$800,000**	**$370,000**	**$600,000**	**$270,000**
Incentives Customary	yes	yes	yes	yes	yes

Source: Experion 2014; BDI

High Volume Opportunity

10-Minute Drive Time	Long Grove Site	Deer Park	Willow Festival
Total Population	87,361	79,047	96,945
Employees	29,277	28,012	75,550
Average Household Income	$111,501	$116,289	$163,627

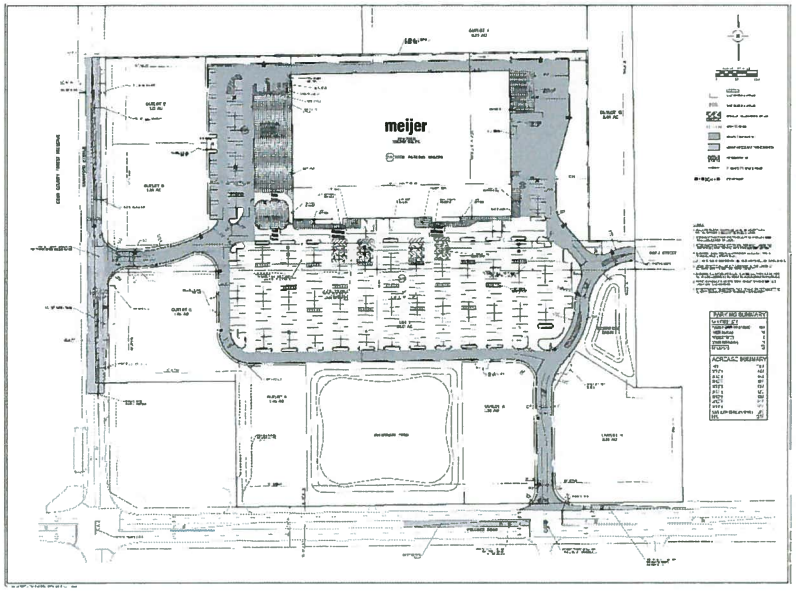
- North and South of Lake Cook at Hicks
  - Perhaps 60 acres net of Wetlands north
  - Perhaps 30 Acres to the south



Deer Park & Lake Cook/Hicks 10-Minute Drive Times

Site Match to High Volume Use

- Highest Revenue Options
  - Power Center (Annual Revenue $1 to $2 million
  - Mass Merchandiser (annual Revenue $300,000)
- Challenges
  - Menards outlot parking lot reconfiguration
  - Boundary agreement
  - Annexation agreement
  - Ownership disinterest
  - Access across Lake County buffer
  - Incentives will reduce annual revenue



40-Acre Options

Site Match to Outlots

- Outlots
  - Property owner delay advantages
    - Property Value increase after 2008 plunge
    - Vacancy increases anchor visibility
    - Could parking reallocation improve the opportunity?
  - Many possibilities
    - Gas Stations and other auto service
    - Restaurants
    - Banks
    - Medical
- Locations
  - Menards
  - Downtown
  - Sunset Grove Area

Strategic Retail Business Attraction

- Potential Cluster or Outlot Uses

Use	Gas Station & Convenience Store	Quick Serve	Casual Dining	Bank	Medical
Typical Taxable sales	$5 million	$2 Million	$2.5 Million	0	some
Site Size (acres)	2	1	1.5	1.5	3
Typical Building Size (SF)	4,000	3,000	5,000	2,500	10,000
Other Site Requirements	Access	Drive Thru	Outdoor Seating	Drive Thru	
Employees	7	11	18	5	23
Muni Tax Revenue	$50,000	$20,000	$25,000	$0	??
NHR Revenue	$50,000	$20,000	$25,000	$0	
Annual Village Revenue	**$100,000**	**$40,000**	**$50,000**	**$0**	

Outlot Matches

- Restaurants
  - Types (Quality Rules)
    - Quick Serve (QSR commonly called "Fast Food")
    - Quick Casual (Order at counter)
    - Casual dining (Table Service)
    - Fine Dining (Farm to Table)
  - Catering Adds Revenue
  - 5-Minute Employees
  - Mixed Daypart sharing
- Auto Service
  - Natural Lake/Cook border business
  - Connected to convenience store
  - Not usually repair
  - Car wash adds profit
- Services
  - Medical
  - Personal Care
  - Banks

Mixed-Use Site Match: 10 to 15 Acres

- Horizontal mixed development program for 11 acres
  - 4 Acres with Gas Station and Two Restaurants
  - 7 acres with residential units
  - Alternate 30,000 sqft office building with 200 employees
- Revenue
  - Commercial Sales $10 million adding $200,000 to annual Village Revenue
  - Residential Options
    - 70 Townhomes with new residents spending $1.8 million adding $25,000 to Village revenue
    - 210 Apartment with new residents spending $5.5 million adding $74,000 to village revenue
    - One-time permit and impact fees
  - Office employees purchasing $1.5 million adding $20,000 in annual sales tax revenue

Mixed-Use Site Match: 10 to 15 Acres

- Annual revenue potential summary
  - All unanchored Retail: 100,000 sqft of unanchored space at $100 average taxable sales per square foot provides $10 million in sales and **$200,000** in annual revenue
  - Mixed use with 4 acres of commercial gas station and 2 restaurants plus a 210 unit apartment development provides $10 million in retail sales and $5.5 million in new resident spending making the annual revenue **$275,000**
  - Same commercial and townhomes provides **$225,000** in annual revenue
  - Same commercial and office provides **$220,000** in annual revenue
- Other Considerations
  - Mixed-use residential responds to current market
  - Opportunity for impact fees
  - Office is a micro-market opportunity
  - Unanchored retail is “wait and see”

Products

Potential Long Grove Annual Revenue Summary

- Entertainment Tax
  - Primarily on golf fees
  - At high as 7%
  - Not sure about memberships
- Food & Beverage Tax
  - Typically ¼ % to start
  - 2013 Eating & Drinking 1% Muni
    - $40,711.91
  - Estimated Revenue: $10,000
- Sales Tax
  - High Volume on Annexed Land
    - $400,000 to $1 Million
    - Realistically 4 to 5-years distant
  - Mixed-use (9 to 15 acre sites)
    - $225,000 to $275,000
    - Optimally 2-years distant
  - Outlots
    - $20,000 to $40,000 each
    - Optimally 1 or 2 per year

Long Grove Sales Tax Potential by Geography

	Muni Tax	HMR Tax	Current Total Annual Sales Tax Revenue	Maximum Potential Additional Annual Sales Tax Revenue
Lake Cook area	$400,000	$400,000	$800,000	$2.5 million
IL 83 & Aptakisic area	$200,000	$40,000	$240,000	$275,000
Downtown	$70,000	$70,000	$140,000	$275,000
Other	$85,000	$10,000	$95,000	???
Home Based Businesses	$40,000	$30,000	$70,000	???
83 & 45	$30,000	$25,000	$55,000	Limited
Half Day & Old McHenry area	$7,000	$7,000	$14,000	Limited

Source: Village estimates based on confidential 2013 Illinois Department of Revenue data.

Potential Long Grove Annual Revenue Summary

- Annual Fee Income
  - Utility Taxes
    - Water & Sewer
    - Utilities
  - Alarm Registration Fees
    - $15 -$50 registration fee
    - Fine per false alarm
    - 2,600 households
    - ½ with alarms and a $25 Fee: $32,500
  - Fines
    - Red Light Cameras $100,000 to $200,000 each
    - False Alarms

- Annual Fee Income
  - Pet Fees
    - Long Grove pet estimate:
      - 3,400 dogs and cats
      - Fee $25
      - Anticipated Revenue: $85,000
      - Compliance Cost?
- Video Gaming
  - 5% of revenue to municipality
  - Estimated at $1,500-$2,000 per machine

Potential Long Grove Annual Revenue Summary

- One Time Fees
  - Building Permits
    - Basic Fee $200
    - Plan Review at cost
    - Residential Minimum: $4,860
  - Impact Fees
    - $20,000 per multi-family?

- One Time Fees
  - Real Estate Transfer
    - 157 Transactions in 2013
    - Estimated value: $100 Million
    - Lake Forest charges $4 per $1,000 transaction
    - Using Lake Forest rate and exceptions generates about $300,000 annually

Other Considerations

- If filling existing vacancies and increasing sales in existing businesses causes a 10% increase in non-Menards and Sunset Foods Revenue, the Village would obtain $40,000 more per year.
- Quick to market brings revenue that could be lost forever to delay
- State policy on taxing services could impact revenue significantly
- Nation/state policy on taxing Internet purchases could provide $50,000 to $100,000 per year

Discussion