



**AGENDA ITEM # 5**

**AGENDA ITEM EXECUTIVE SUMMARY  
Committee of the Whole Meeting  
January 14, 2019**

**Item Title:** Professional services regarding an East Irving Park/Roselle Metra Station TIF Study – S.B. Friedman and Associates

**Staff Contact:** Patrick N. Watkins, Community Development Director

**COMMITTEE OF THE WHOLE ACTION**

**Consider a staff recommendation to enter into a professional services contract with S.B. Friedman in the amount not to exceed \$35,800.**

**Executive Summary:**

The Village Board has identified a strategic plan initiative to develop the area near the Roselle Metra Station with higher density developments and to establish a connection with the existing developed Main Street area. Dollars were originally budgeted splitting the cost between two fiscal years with \$20,000 earmarked for each year (total of \$40,000). Staff is looking to accomplish the study all during fiscal year 2019 and would thus like to request the budget amendment of an additional \$15,800 for this fiscal year. The consultant has provided their price based upon the staff map provided (enclosed within the consultants response). In addition, staff will be utilizing several philosophies as we approach this process. They are as follows:

- Staff will initiate visits with the major tax bodies involved (District 108, District 11, District 12, and the Library) to discuss why the Village is exploring the designation.
- Seven thousand dollars (\$7,000) of the stated amount may not be utilized; it is based on the number of impacted homes in the proposed TIF area. Certain statutory levers are in place concerning housing. If any are triggered, a housing study is required.
- Staff will be supplementing the consultant’s tasks, which will reduce the costs. Supplemental staff includes the Administrative Intern, Village Planner, and Economic Development Coordinator.
- Attempts will be made to exclude those private properties which were part of the previously (now expired) Town Center TIF wherever possible.

**Implications:**

**Is this item budgeted?** Partially with \$20,000 already in fund #10514120 61270

**Any other implications to be considered?** None

**Attachments:**

SB Friedman professional

October 31, 2018

Mr. Patrick Watkins  
Community Development Director  
Village of Roselle  
31 S. Prospect Street  
Roselle, IL 60172

Dear Patrick:

SB Friedman Development Advisors ("SB Friedman") is pleased to present this proposal to the Village of Roselle (the "Village") to provide tax increment financing (TIF) consulting services for a potential TIF district centered around the Roselle Metra station.

This letter outlines our project understanding, proposed scope of services, timeframe and fees.

## Background and Understanding

It is our understanding that the Village seeks assistance in evaluating the eligibility of and identifying an optimal boundary for a potential TIF district centered around the Roselle Metra station (the "Study Area"), as shown in **Map 1** on the following page. We estimate that the Study Area includes 80 to 90 parcels of land. We would be responsible for conducting an Eligibility Reconnaissance Study, developing a TIF District Redevelopment Plan and Project, and attending public meetings and hearings required for district adoption.

We understand that the area under consideration for inclusion in a new TIF district ("Downtown TIF") appears to contain both improved and vacant land. Also, a Housing Impact Study may be required. We have included the cost of the Housing Impact Study as an additional service and will work with Village staff and the Village attorney to determine if that work is required, based on the facts found within the Study Area.

SB Friedman has broad and deep experience in all aspects of TIF, such as: TIF district designation and amendment, including housing impact studies; developing property tax increment projections for TIF assistance requests and underwriting of various financing obligations; negotiating term sheets and redevelopment agreements; and documenting and supporting TIF compliance activities. We are noted for our rigorous analyses of TIF eligibility, feasibility, and the market, fiscal, economic and related aspects of public-private development projects.

Map 1: Study Area



## Approach

Under this proposed scope of services, SB Friedman will work with Village staff to conduct a full TIF designation process for the proposed Downtown TIF. We have organized our scope of services for this assignment into four primary tasks:

- 1) Conduct TIF Eligibility Reconnaissance Study
- 2) Prepare Redevelopment Plan and Project Document
- 3) Prepare Required Notices and Mailing Lists
- 4) **Support Public Approval Process**

We will begin the engagement by completing a TIF Eligibility Reconnaissance Study. This study will document the eligibility criteria across the Study Area, as required by the TIF Act. As we document eligibility findings, we will work with Village staff to identify and finalize the optimal TIF boundary. Once we have reviewed the eligibility findings with the Village and finalized the eligibility of the Study Area, we will proceed to developing the Redevelopment Plan and Project document. We will then take the project through the public notice and approval processes.

We are not yet certain whether a Housing Impact Study will be required, thus our current scope of services and budget estimate include this task as a potential additional service.

## Scope of Services

Our proposed scope of services and work steps for each task are as follows:

### **TASK 1: CONDUCT TIF ELIGIBILITY RECONNAISSANCE STUDY**

#### **1) Conduct Project Kickoff Meeting**

We will conduct a kickoff meeting with the Village to:

- Discuss the project scope and timeframe;
- Confirm the initial Study Area boundary;
- Review existing documents compiled by the Village, including the Village's 1979 (first) and current Comprehensive Plans and Current Zoning Map; and
- Identify additional key sources of data that we will need for our analysis.

#### **2) Obtain and Examine Necessary Data**

We will pursue key data to determine whether the Study Area qualifies for TIF designation, based on the criteria outlined in the TIF Act. To complete our Eligibility Reconnaissance Study, we will:

- Obtain current GIS parcel shape files (including a shape file for the Irving and Central TIF district) and/or existing base maps from the Village, and prepare internal base maps;
- Obtain and review building age data from DuPage County;
- Obtain and review five-year history of building permit data for parcels within the Study Area;
- Obtain information about infrastructure age and condition from Village staff and others, as available;
- Prepare PIN list, and order and enter taxpayer and six-year history of equalized assessed values (EAV) for the Study Area; and
- Enter, proof and map eligibility criteria, as required.

#### **3) Conduct Fieldwork**

We will conduct field research for the Study Area as a whole, and generally, the surrounding context of the Study Area, to document field-observable eligibility factors.

#### **4) Analyze EAV Growth**

We will analyze the growth in EAV over the past six years (five year-to-year periods) and compare Study Area growth to Village growth and Consumer Price Index growth over those periods.

#### **5) Analyze Additional Eligibility Factors/Required Findings and Tests**

Data will be analyzed to assess the presence and distribution of factors to establish eligibility and to meet the "but for..." and "lack of growth through private investment" requirements, as outlined in the Act. If for any reason the Study Area does not qualify for a TIF designation, we will meet with you to discuss potential strategies at that point.

## 6) Prepare Eligibility Reconnaissance Study Summary

An Eligibility Reconnaissance Study summary documenting the findings of our eligibility research will be prepared.

## 7) Conduct Call with Village

We will conduct a call with the Village and the Village attorney to discuss our findings and recommendations, and to finalize the TIF boundary. During this call, we will also confirm the assumptions to be used in developing the TIF budget, goals and objectives, and the projections of future incremental property taxes.

## TASK 2: PREPARE REDEVELOPMENT PLAN AND PROJECT DOCUMENT

### 1) Prepare Maps of the Proposed TIF District

A series of maps of the proposed TIF district will be prepared for inclusion in the Redevelopment Plan and Project document. These maps will include: the proposed boundary, documented distribution of eligibility factors, existing land use, future land use, and acquisition parcels (if applicable).

### 2) Obtain Boundary Legal Description

We will engage and manage a licensed surveyor on the Village's behalf to draft a boundary legal description for the proposed TIF district. If the Village prefers to work with a particular surveyor, we will engage with that company. Otherwise, we are able to use a surveyor with whom we have worked in the past. To ensure accuracy of the boundary legal description, we will conduct a careful proof of it. We will work with DuPage County to ensure that they are comfortable with the legal description prior to filing the TIF plan with the Village Clerk.

### 3) Prepare Draft of Redevelopment Plan and Project (Redevelopment Plan) Document

We will prepare a Redevelopment Plan and Project document for the proposed TIF district. We assume this will represent the second half of the combined Eligibility Study and Redevelopment Plan document. As required by the Act, the Eligibility Study and Redevelopment Plan document will include:

- Redevelopment Project Area (RPA) Description
- Formal Legal Description of the RPA Boundary
- Summary of Blight/Conservation Area Conditions and Analysis of Eligibility Factors
- Redevelopment Plan Goals and Project Objectives
- Redevelopment Strategies and Activities
- Existing and Proposed Land Use
- Most Recent EAV and Estimated Future EAV
- Estimated Redevelopment Project Costs (line item budget)
- Assessment of Impacts on Other Taxing Districts
- Affirmative Action Plan
- Statement of Conformance with Other Community Plans

Preliminary projections of incremental property taxes from the TIF district will be prepared to confirm the supportable budget for the TIF plan and estimating the future EAV of the Redevelopment Project Area, as required by the Act.

The Act requires that a Housing Impact Study (HIS) be completed if the plan would result in the displacement of 10 or more occupied residential units, or if the area contains 75 or more occupied residential units and the Village does not certify that no residential displacement will occur. If required, we will conduct the HIS as an additional service.

We will prepare a final Redevelopment Plan document combining the Eligibility Study, RPA project plan and budget, legal description, appropriate maps, and other required documentation. We anticipate first preparing draft documents to be distributed to and reviewed by the Village and the Village attorney. Any revisions to the draft Plan documents will be incorporated into the final Redevelopment Plan document, which will be filed with the Village Clerk 10 days prior to introduction to the Village Board.

### **TASK 3: PREPARE REQUIRED NOTICES AND MAILING LISTS**

#### **1) Create Mailing Lists for Noticing**

The Act requires that municipalities make a good faith effort to provide notice of the availability of the Eligibility Study and Redevelopment Plan and how to obtain the report by mail to all residential addresses within 750 feet of the boundaries of any proposed TIF district. We will prepare a map identifying this buffer area. We will conduct fieldwork to gather the addresses in this area. Additionally, we will prepare other mailing lists for noticing, as required by the Act.

Our scope includes preparation of the following mailing lists:

- Taxing Agencies and DCEO
- Taxpayers
- Taxpayers of Properties within the Proposed TIF Area for Which Taxes Were Not Paid in the Prior Year
- Residential Addresses within 750 Feet of the TIF Boundary

The Village may elect to engage a mailing company for preparation and distribution of the mailings or to prepare the mailings using Village staff resources.

#### **2) Provide Sample Notices and Ordinances**

If desired, we can provide the Village and their attorney with sample notices for mailings, public notices to be published in newspapers of general circulation, and ordinances for the adoption of the TIF district.

#### **3) Coordinate Mailing and Noticing Process**

While we assume that the Village will print and prepare the mailings, and publish required notices in local newspapers, we will coordinate with the Village to ensure all addresses are provided in a timely fashion.

We assume that the Village attorney will establish and manage a timeline for mailings, meetings and noticing, based on state law, the overall project timeline and the Village Board meeting schedule.

### **TASK 4: COMPLETE PUBLIC APPROVAL PROCESS**

We will attend and, as appropriate, make presentations at the two key meetings that are part of the review process as provided in the Act. These meetings include the Joint Review Board Meeting and the Public Hearing. We are available for additional meetings or public presentations, as described in the Additional Services section below.

## Additional Services

### HOUSING IMPACT STUDY (IF DETERMINED TO BE REQUIRED)

The Act requires that a Housing Impact Study be completed as part of the Redevelopment Plan if: 1) the redevelopment plan would result in the displacement of residents from 10 or more inhabited residential units, or 2) if the proposed TIF area contains 75 or more occupied residential units, and the Village does not certify that no residential displacement will occur. We will consult with the Village and Village attorney on the need to prepare a Housing Impact Study.

In the event a Housing Impact Study is required and/or recommended, working in parallel with Task 2, SB Friedman will proceed with the following steps to prepare a Housing Impact Study per the Act:

- 1) Identify all residential units in the Study Area and categorize by type (single family, multi-family, etc.).
- 2) Estimate the income and demographic characteristics of the households residing in the housing units.
- 3) Estimate the number and types of households that could be displaced.
- 4) Identify potential replacement housing for potentially displaced households.
- 5) Draft the study.

SB Friedman will draft the study for review and comment by Village staff. It will be attached as an appendix to the Redevelopment Plan and Project document developed in Task 2 above.

The final Redevelopment Plan and Project document, along with the Housing Impact Study, will be submitted to the Village Clerk for filing as the first step in the public approval process.

## OTHER ADDITIONAL SERVICES

If additional meetings are required, we are able to attend and present our findings at the billing rates provided below. We are also available to provide other TIF-related services, such as tax increment projections or financial deal reviews for projects requesting TIF assistance.

Further, should a flooding study be required, we would work with the Village to engage a professional engineer. The cost of those services would also be outside our current budget estimate.

## Timeframe and Fees

Based on the scope of the work outlined herein and our experience with similar projects, we estimate it will take approximately 30 to 45 days to complete the TIF Eligibility Reconnaissance Study, 30 to 45 days to complete the Redevelopment Plan and Project, and 90 to 120 days to complete the public approval process. However, we will work with you to meet any specific deadlines, where possible.

Professional fees for our services will be based on the time required at the billing rates of the *SB Friedman* personnel assigned to the project. The scope of the engagement and our experience with similar services indicate that our professional fees and expenses will total **\$28,800**, as detailed in the budget chart on page 10 of this letter.

Task 1: Conduct Project Initiation & Eligibility Reconnaissance Study	\$10,400
Task 2: Prepare Redevelopment Plan and Project Document	\$8,400
Task 3: Prepare Notices and Mailing Lists	\$5,600
Task 4: Complete Public Approval Process	\$3,700
<u>General Expenses</u>	<u>\$ 750</u>
<b>TOTAL SB FRIEDMAN FEES AND EXPENSES</b>	<b>\$28,800</b>

<i>Additional Services: Housing Impact Study and Public Meeting</i>	<i>\$7,000</i>
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This fee estimate is based upon the detailed work steps and time budgets shown in the attached budget table. Actual billings will be based on time expended at the special project rates that are currently as follows:

Senior Vice President	\$245
Vice President	\$210
Associate Project Manager	\$180
Associate	\$150
Research Associate	\$135
Editor	\$110

Travel, publications, maps, outside data, report reproduction, and other out-of-pocket expenses will be billed as incurred without mark-up. We anticipate that the Village will publish notices in the local paper and have not included an allowance for these costs.

This fee estimate is subject to revision if the engagement entails more time than estimated due to problems that are encountered that could not reasonably have been foreseen at the commencement of the engagement or if the scope



## LIMITATIONS OF ENGAGEMENT

Our report will be based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we will obtain certain information. The sources of information and bases of the estimates and assumptions will be stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include, without limitation, economic growth trends, governmental actions, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study will not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits, and licenses. No effort will be made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Furthermore, we will neither evaluate management's effectiveness, nor will we be responsible for future marketing efforts and other management actions upon which actual results will depend.

Preliminary TIF projections are anticipated to be prepared under this engagement for the purpose of estimating the approximate level of increment that could be generated by proposed projects and other properties within the proposed TIF district boundary and from inflationary increases in value. These projections are intended to provide an estimate of the final equalized assessed value (EAV) of the TIF district for inclusion in the final report and to provide a level of assurance that the increment to be generated would be sufficient to cover estimated project costs.

As such, our report and the preliminary projections prepared under this engagement are intended solely for your information, for the purpose of establishing a Tax Increment Financing district, and may be reviewed by private institutional lenders in support of potential debt obligations. These projections should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors, without prior approval.

**DETAILED BUDGET**

	Person:	Senior Vice President	Associate Project Manager	Associate
Special TIF Project Rates	Rate:	\$ 245	\$ 180	\$ 150
<b>TASK 1: Conduct TIF Eligibility Reconnaissance Study</b>				
Conduct Project Kickoff Meeting		2	2	
Obtain/Create Composite Base Maps, PIN List, Assessment Data and Files				2
Obtain/Examine Existing Reports/Data			1	4
Conduct Fieldwork			8	8
Analyze EAV Growth		1	2	4
Analyze Additional Eligibility Items		1	2	4
Draft Eligibility Reconnaissance Slides		2	4	12
Conduct Call to Discuss Eligibility Findings		1	1	
<b>Subtotal Hours for TASK 1-Conduct Eligibility Recon Study</b>	<b>61</b>	<b>7</b>	<b>20</b>	<b>34</b>
<b>Subtotal Dollars for TASK 1-Conduct Eligibility Recon Study</b>	<b>\$ 10,415</b>	<b>\$ 1,715</b>	<b>\$ 3,600</b>	<b>\$ 5,100</b>
<b>TASK 2: Prepare Redevelopment Plan and Project Document</b>				
Prepare Maps and Graphics			2	8
Obtain and Proof Boundary Survey/Legal Description		1	2	2
Write First Draft of Plan & Project Document		2	10	16
Make Revisions/Finalize Report		1	2	4
<b>Subtotal Hours for TASK 2-Prepare Redevelopment Plan</b>	<b>50</b>	<b>4</b>	<b>16</b>	<b>30</b>
<b>Subtotal Dollars for TASK 2-Prepare Redevelopment Plan</b>	<b>\$ 8,360</b>	<b>\$ 980</b>	<b>\$ 2,880</b>	<b>\$ 4,500</b>
<b>TASK 3: Prepare Notices and Mailing Lists</b>				
Meet 750 Feet Requirement/Prepare Other Mailing Lists				
A. Prepare Buffer Map				4
B. Conduct Fieldwork and Collect Addresses				16
C. Enter Addresses/Obtain Postal Information				4
D. Compile/Proof List for Mailing				4
Provide Draft Notices and Ordinances		1	1	
Coordinate Mailing and Noticing Process			2	4
Print/Package/Mail All Applicable Notices			Assumed Completed by Village	
<b>Subtotal Hours for TASK 3-Prepare Notices and Mailing Lists</b>	<b>36</b>	<b>1</b>	<b>3</b>	<b>32</b>
<b>Subtotal Dollars for TASK 3-Prepare Notices and Mailing Lists</b>	<b>\$ 5,585</b>	<b>\$ 245</b>	<b>\$ 540</b>	<b>\$ 4,800</b>
<b>TASK 4: Complete Public Approval Process</b>				
Attend/Present at Joint Review Board		4	4	2
Attend/Present at Public Hearing		4	4	
<b>Subtotal Hours for TASK 4-Complete Public Approval Process</b>	<b>18</b>	<b>8</b>	<b>8</b>	<b>2</b>
<b>Subtotal Dollars for TASK 4-Complete Public Approval Process</b>	<b>\$ 3,700</b>	<b>\$ 1,960</b>	<b>\$ 1,440</b>	<b>\$ 300</b>
<b>Total Hours</b>	<b>165</b>	<b>20</b>	<b>47</b>	<b>98</b>
<b>Total Dollars</b>	<b>\$ 28,060</b>	<b>\$ 4,900</b>	<b>\$ 8,460</b>	<b>\$ 14,700</b>
General Expenses	\$ 750			
<b>TOTAL BUDGET FOR TASKS 1 Through 4</b>	<b>\$ 28,810</b>			
Allowance for Boundary Legal	Assumed Billed Direct to Village			
Mailing Costs and Title Company Tax Delinquency Research	None Assumed			
<b>TOTAL ESTIMATED PROJECT BUDGET</b>	<b>\$ 28,810</b>			

<b>Potential Additional Services - Housing Impact Study</b>				
Estimate Income Distribution and Demographic Profile of Households		1	4	6
Estimate # and Types of Households that Could Be Displaced		1	4	6
Identify Replacement Housing Options for Displaced Households/ Write-up		1	2	4
Attend and Present at Public Meeting (and prep)		4	6	0
<b>Subtotal Hours</b>	<b>39</b>	<b>7</b>	<b>16</b>	<b>16</b>
<b>Subtotal Professional Fees</b>	<b>\$6,995</b>	<b>\$1,715</b>	<b>\$2,880</b>	<b>\$2,400</b>