



Downers Grove Economic Development Corporation

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Date: August 1, 2016

To: Mayor Tully and Village Commissioners

From: Michael Cassa, President & CEO
Downers Grove Economic Development Corporation

Re: Packey Webb Ford

On behalf of the Downers Grove Economic Development Corporation, I am presenting our position on the proposed Redevelopment and Sales Tax Rebate Agreement between the Village of Downers Grove and 1815, LLC for the redevelopment of the vacant property at Ogden and Lacey.

Packey Webb Ford currently operates a dealership at Ogden and Finley. The existing facility no longer complies with Ford Motor Company standards. Specifically, there is insufficient parking for new and used cars and an insufficient number of service bays. Packey Webb has indicated that they need to relocate the dealership to a larger site that meets Ford Motor Company requirements. The only site available in the Village that meets those requirements is the vacant property at Ogden and Lacey.

Packey Webb is proposing to build a 53,759 sq. ft. dealership at 1815 Ogden. The 9.75 acre site is located on the south side of Ogden, at the intersection of Lacey Road, east of Stonewall. The two-story building would include a showroom, offices, and service and detail areas. Packey Webb is also requesting approval of a future stand-alone car wash facility that will not be part of the initial construction phase. The project will include 815 vehicle parking spaces.

The property has been vacant for several decades. The site has many costly impediments to redevelopment, which is the principal reason why this important catalyst site has remained vacant for so long. These impediments include:

- **Environmental Contamination:** A large portion of the site was previously used as a salvage yard. The site must be remediated to Illinois Environmental Protection Agency standards.
- **Wetlands:** The site contains a wetland near the southern property line. The environmental contamination extends into the wetlands, which requires mitigation.
- **Local Poor Drainage Area (LPDA):** A large portion of the site lies within two LPDA's. Development within the LPDA's must conform to the Village's stormwater management regulations.
- **Significant Elevation Change:** The site contains a 25-foot change in elevation from west to east. This topography is not conducive for commercial redevelopment. The site must be re-graded to accommodate commercial uses.

The Redevelopment and Sales Tax Rebate Agreement includes the following terms:

- Packey Webb shall develop the site with a new car dealership pursuant to development plans reviewed and approved by the Village.
- Packey Webb shall complete the development according to the schedule approved by the Village and attached to the redevelopment agreement.
- The Village shall reimburse Packey Webb for TIF eligible expenses in an amount not to exceed \$5 million. The reimbursement shall be paid upon completion of the development and submittal of paid invoices for the TIF eligible expenses.
- The Village shall pay Packey Webb an amount equal to 50% of the municipal sales tax revenue generated by the development.
- Packey Webb shall continue operating the dealership for a period of fifteen years from the start of operations at the new dealership.
- In the event Packey Webb fails to continue to operate the dealership for that period, they shall reimburse the Village all or a portion of the sales tax rebate payments according to the following schedule:
 - Year one through five : 100% of the payments
 - Year six through year ten: 75% of the payments
 - Year eleven through year fifteen: 50% of the payments
- The Village shall waive the Village portion of Downers Grove Sanitary District recapture fee for the sanitary sewer improvements previously constructed by the Village.
- Once Packey Webb opens the new dealership, the Village shall terminate the existing sales tax rebate agreement for the existing dealership located at Ogden and Finley.

There are many benefits to this redevelopment project:

- The redevelopment is projected to generate \$7.3 million in net sales tax revenue for the Village during the 15 year term of the agreement. In the event that the Village makes the sales tax rebate payments for years 2018 to 2024 from the Ogden TIF fund, the net sales tax revenue in for the Village could be as much as \$9.6 million.
- Packey Webb is projecting \$10.7 million in sales for the 15 year period of the agreement, further enhancing Ogden Avenue in Downers Grove as a premier location for new auto dealerships.
- An important catalyst site that has remained vacant for decades will be redeveloped. Packey Webb Ford will become an important anchor business for that portion of Ogden Avenue, helping to spur other redevelopment on adjacent parcels.
- Environmental contamination on a large commercial site will be remediated.

- The project represents a significant retention and expansion of an existing Downers Grove business.
- Packey Webb will have the opportunity to operate another auto dealership at their site at Ogden and Finley, which would generate additional sales tax revenue for the Village.

The Downers Grove Economic Development Corporation strongly supports the proposed Redevelopment and Sales Tax Rebate Agreement between the Village of Downers Grove and 1815, LLC.