

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
6/20/2023

SUBJECT:	SUBMITTED BY:
Civic Center Redevelopment of Lot 2 RFP	Dave Fieldman Village Manager

SYNOPSIS

Motion directing staff to publish a Request for Proposals for the Redevelopment of Lot 2 of the Civic Center Project.

Key Policy Direction

The Village Council should provide policy direction on the land uses and other special conditions (if any) to be included in the Request for Proposals. The Facilities Replacement & Sustainability Plan calls for a multi-family residential development.

STRATEGIC PLAN ALIGNMENT

Implementation of the Village Facilities Replacement & Sustainability Plan is a Priority Action Item for the 2021 to 2023 Long Range Plan.

FISCAL IMPACT

The Facilities Replacement and Sustainability Plan (FRSP) calls for Lot 2 to be redeveloped with a multi-family residential development. The financing plan portion of the FRSP assumes that the development will:

- Consist of 85 residential units
- Generate \$2,550,000 from the sale of the property
- Generate a total of \$6.65 million from property taxes paid into the Civic Center Tax Increment Financing Fund over the life of the TIF District, expiring in 2045 (average of \$297,000 per year)

Additional information about the financial impacts of this project is included in the Background section below.

RECOMMENDATION

UPDATE & RECOMMENDATION

This item was discussed at the June 13, 2023 Village Council meeting. Staff recommends approval on the June 20, 2023 Active Agenda.

BACKGROUND

The Village is currently redeveloping the Civic Center Property, located south of the BNSF railroad tracks and east of Washington Street, with a new 80,000 square foot building which will serve as the Police Station, Village Hall and School District 58 Administration Offices. The subject property is 8.42 acres in area and consists of three lots. As described in the Facilities Replacement & Sustainability Plan (FRSP), Lots 1 and 3 will continue to be owned by the Village. Lot 2 is intended to be sold to a private owner and redeveloped, subject to a Redevelopment Agreement. Revenue from the sale and redevelopment of Lot 2 is planned to be used to help pay the annual debt service payments on the bonds issued for the construction of the new Civic Center.

*Table 1
Civic Center Lots and Land Uses*

Lot #	Lot Area	Land Use
1	4.61 acres	Police Station, Village Hall & School District 58 Administration Offices
2	1.34 acres	Private Sector Redevelopment - Land Use as Determined by Village Council
3	2.47 acres	Village Vehicle Fleet Garage

Lot 2 Sale & Redevelopment Goals

- Maximize revenue
 - Sale of property
 - Property tax revenue
- Facilitate design and construction of a compatible redevelopment project for this site
- Reliable, predictable selection process

Request for Proposals

The Village will use a competitive Request for Proposals process to select the purchaser/developer of the property and the development. The Village Council will determine which proposer and proposal best meets the needs of the Village on the Civic Center project. The selection criteria will likely include:

1. Achievement of Goals for Lot 2
2. Developer Financial Wherewithal
3. Proven Ability to Successfully Complete a Project
4. Ability to Adhere to the Project Schedule

The key components of the RFP are summarized in the attached document. Based on the FRSP

the RFP will state that the Village would like the property to be developed with a residential development (multi-family or single family attached; for rent or for sale) based on the Downtown Transition/PUD zoning that complies with the downtown design regulations.

Key Tasks & Schedule

The process for the sale and redevelopment of Lot 2 will take place over a two to three year timeframe. Key tasks include the selection of a purchaser/developer and development, negotiation of a redevelopment agreement and the construction of the project. Table 2 summarizes the key tasks and tentative schedule.

Table 2
Lot 2 Key Tasks & Schedule

Task	Target Timeframe
VC Discussion and Approval of RFP	Summer 2023
Publish Call for Offers/Request for Proposal	August/September 2023
Offer Submittal Deadline	October 2023
Village Council Consideration of Offers and Direction on Proposals	Dec 2023 to Jan 2024
Preparation of Key Terms and Draft RDA	Jan 2024 to Mar 2024
PUD Entitlement Public Hearing / Developer Submits for Building Permit	July 2024
Demolition of Existing VoDG Facilities Completed	July 2024
Village Council Approval of Redevelopment Agreement & PUD Entitlements	August 2024
Construction of Civic Center Site Completed	September 2024
Commence Construction on Lot 2	October 2024

Complete Construction on Lot 2	Summer 2026
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Financial Considerations

The FRSP calls for the Village to sell Lot 2 to a private developer for the construction of a multi-family residential building. The revenue generated from the sale and development of the property will be used to make annual debt service payments on the bonds issued to pay for the construction of the new Civic Center building. The financing plan included in the FSRP includes a total of approximately \$9.2 million of revenue from Lot 2; \$2,550,000 from the sale of the property and \$6.65 million from property taxes paid into the Civic Center Tax Increment Financing Fund over the life of the TIF District, expiring in 2045 (average of \$297,000 per year).

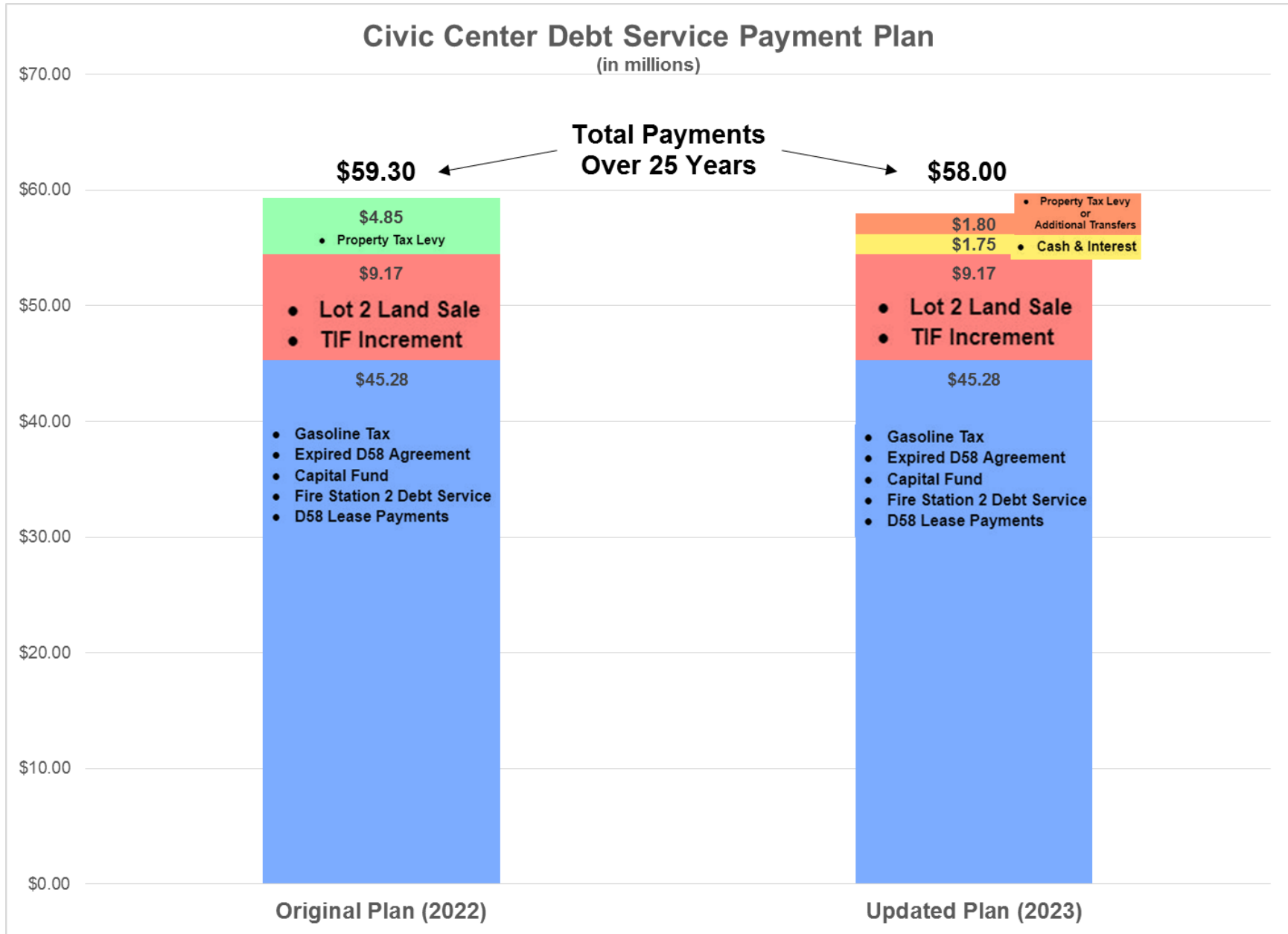
In 2022 the Village prepared a financial plan to pay for the construction of the Civic Center Project. The total project cost is budgeted to be \$60.4 million. These costs will be covered by equity (cash on hand) in the amount of \$24.2 million and debt - a bond issuance in the amount of \$36.3 million. Several revenue sources have been identified to make the annual payments on the 25-year bond payment schedule including:

- Local Gasoline Tax
- Funds Currently Paying for an Agreement with District 58 which will expire in 2025
- Funds Currently Paying for Bonds on Fire Station 2 which will be paid off in 2028
- Contributions from the Capital Projects Fund
- Lease Payments from District 58
- Funds from the Sale of Civic Center Lot 2
- Property Tax Increment from the Development on Civic Center Lot 2

The following items have changed since the 2022 financial plan was prepared:

- The total amount to be paid over 25 years to retire the bonds is \$58 million - \$1.3 million less than originally planned
- An additional \$1.75 million from General Fund transfers and interest on the bond proceeds is available to make bond payments

Staff has prepared an update to the financial plan which reflects these two changes. The updated plan reflects a reduction in the total amount to be generated by the property tax - down to \$1.8 million. Assuming that all other revenue sources perform according to the plan, the Village could transfer \$1.8 million from the General Fund to the Civic Center Debt Service Fund to eliminate the need to levy additional property taxes to make the bond payments.



Inclusionary or Affordable Housing Component

The Council may consider requiring an inclusionary or affordable housing component, especially for multi-family residential proposals. The Village could require the developer to provide housing to comply with program requirements established by the Village for this project. The requirements would be included in the Redevelopment Agreement (RDA). The Village would be responsible for ensuring compliance with the program requirements. Affordable housing requirements included in the RDA should address the following topics:

- Definition of an inclusionary/affordable housing unit
- The number of inclusionary/affordable housing units that must be provided
- The length of time that the units must remain inclusionary/affordable
- Annual reporting requirements
- Maximum rent for the inclusionary/affordable housing units
- Design and location requirements for the inclusionary/affordable housing units

Based on a preliminary review with the Village's Tax Increment Financing consultant, requiring an inclusionary/affordable housing component would likely reduce the amount of revenue generated by the development. For example, if 20 units out of a total of 100 units were required to be affordable (based on 80% to 120% of the Downers Grove median household income), the property tax increment generated by the development would be reduced by approximately 10%. The sale price of the land may also be reduced.

ATTACHMENTS

Summary of Request for Proposals

Summary of the Request for Proposal

Property	58,320 square feet (1.34 acres)										
Price	Market										
Owner	Village of Downers Grove, IL										
Property Address	750 Curtiss Street										
Current Zoning	DT/PUD (Downtown Transition/PUD)										
Bulk Regulations*	<table> <tr> <td>Street Setback</td> <td>10 feet</td> </tr> <tr> <td>Side Setback</td> <td>5 feet</td> </tr> <tr> <td>Rear Setback</td> <td>20 feet</td> </tr> <tr> <td>Height</td> <td>36 feet</td> </tr> <tr> <td>FAR</td> <td>2.5</td> </tr> </table> <p>Additional Bulk Regulations for the Downtown Transition District can be found at https://downersgrove.municipalcodeonline.com/. Refer to Village Code Section 28.4.010</p> <p><i>*Subject to PUD approval, which will require certain deviations to the Village Zoning Ordinance</i></p>	Street Setback	10 feet	Side Setback	5 feet	Rear Setback	20 feet	Height	36 feet	FAR	2.5
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Rear Setback	20 feet										
Height	36 feet										
FAR	2.5										
Uses to be Considered	Multi-family residential, single-family attached/rowhomes or mixed-use development										

Key Submittal Requirements

1. Provide name of Purchaser and associated entities.
2. Purchase Price Lot 2: \$ _____
3. Type of Development Proposed (Check One)
 - Multi-Family Residential - Apartments
 - Multi-Family Residential - Condominiums
 - Single-family Attached/Rowhomes
 - Other
4. Proposed Redevelopment Project
5. Include concept diagrams, drawings and elevations to illustrate proposed project.
6. Describe the capitalization of the development and method of financing. Provide a project budget summary, in addition to projected property tax revenue over the next 20 years.

7. Identify purchaser's conditions to acquire the properties, including due diligence timeline and any developer-driven contingencies and internal processes for approval.
8. Provide information demonstrating experience in development projects of similar size and scope.
9. Provide a description of the development team. The description should include an experienced lead developer entity, equity partners, architects, engineers, attorneys, economic and financial consultants, construction managers, leasing and management companies, and other development partners, as applicable.
10. Please provide a project schedule, including assumptions and key dates for each major project events such as construction start, occupancy, stabilization, and any others as applicable; with an emphasis to move as quickly and efficiently through the development process.

Key Terms of the Redevelopment Agreement

1. The developer shall develop the Project according to plans reviewed and approved by the Village.
2. The developer shall work cooperatively with the Village to coordinate the construction of Lot 2 as the Village completes the construction activities on both Lot 1 and Lot 3 of the Civic Center Campus.
3. Lot 2 will not be sold to the purchaser until the Village has successfully relocated all Village Hall and Police functions into the newly constructed DGCC; and demolition of the former facilities has occurred including the relocation of the telecommunication tower.
4. The developer and the Village shall adhere to an agreed-upon construction schedule.
5. The developer shall not seek a reduction in the assessed value of the properties without written consent of the Village.

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Village Manager DATE: June 20, 2023
(Name)

RECOMMENDATION FROM: _____ FILE REF: _____
(Board or Department)

NATURE OF ACTION:

STEPS NEEDED TO IMPLEMENT ACTION:

- Ordinance
- Resolution
- Motion
- Other

Motion to direct staff to publish a Request for Proposals for the Redevelopment of Lot 2 of the Civic Center Project.



SUMMARY OF ITEM:

Adoption of this motion shall direct staff to publish a Request for Proposals for the Redevelopment of Lot 2 of the Civic Center Project.

RECORD OF ACTION TAKEN:
