

identified either through contact with General Mills, or research by City staff. However, only one community (Lodi) was responsive to staff's requests for more information. Lodi really has no strategic plan to speak of regarding re-use/redevelopment of its General Mills facility. Lodi is promoting its electrical rates and development review process efficiency as incentives to recruit new business in general, and as an attraction tool for the General Mills facility there.

As to the retail/commercial properties, communications were sent to many communities' staff in the Chicago region for their input on doing a Strategic Action Plan for vacant commercial (as well as industrial) properties. In no case did any community have specific plans regarding reuse or redevelopment of specific commercial or industrial properties. However, responses were received from Bartlett and a few other communities concerning commercial site marketing efforts. One interesting initiative was undertaken by a number of communities (including Bartlett) that partnered to market, as a unified 'package', the now-vacant Dominick's grocery store sites in their communities. While this was an admirable effort of communities working together concerning a shared, common challenge, it has not (thus far) resulted in any credible leads for reuse of these properties.

In summary, based on the research conducted, the City of West Chicago is taking steps beyond what any other community has done to set up strategies for these sites. As such, the City appears to be breaking new ground for a local government with its creativity and responsiveness to establish a Strategic Action Plan to address these business locations.

Community Profile Summary¹

The following background information is provided to help understand the community context for the three locations in this Plan. West Chicago is a community of over 27,000 residents (27,669 in 2013); within a 10-minute drive is a total population of approximately 65,898. The City's economic characteristics feature an average household income of \$89,271 and a per capita income of \$24,745. Ethnically, West Chicago features more diversity than most communities in the area, with a population that is approximately 56% Hispanic, 36% Non-Hispanic White, 4% Asian and 4% other.

Area Market and Real Estate Analysis

West Chicago has historically benefitted from a significant industrial presence, due in large part

1. Statistics provided by Buxton/Experian.

to the extensive rail network that has long characterized the community. A rail presence remains with the Union Pacific and Wisconsin Central lines running through West Chicago, and spur lines to several local sites, including a Burlington Northern Santa Fe (BNSF) line to the General Mills site. While most transport of goods now takes place by truck, this has not diminished industrial growth in West Chicago. Land costs and availability, strategic location and access to arterial road routes and nearby expressways have helped expand industrial and

manufacturing uses in West Chicago. This has grown to the point where industrial and business park land (including vacant property and existing uses) now occupy approximately one-third to one-half of the City's entire land area.

Contrary to the City's industrial development trends, West Chicago has never evolved as a major commercial/retail or office node. While the community has three major arterial streets running through it (Route 59/Neltnor, Route 64/North Avenue and Route 38/Roosevelt), there are only a handful of commercial shopping areas. One land development theory posits that retail/commercial development starts with malls and then works outward. West Chicago has no large malls, "lifestyle" centers (shopping centers generally with outdoor access and no large department store anchors), or any other major retail destinations. In general, retail/commercial development is somewhat limited in the community, which seems to confirm the 'mall first' theory.

Real estate professionals consulted for this project and for previous development prospects have commented that the limited population base in the immediate area (including the City of West Chicago and adjacent unincorporated areas) is a primary contributing factor to the limited retail presence in the area. Instead, the community is characterized by more industrial land uses, large forest preserve areas and the DuPage Airport. The resulting smaller population does not generate the economic presence needed to support larger commercial business areas. Further exacerbating this is that nearby communities such as St. Charles have capitalized on the regional population base of their community and surrounding communities (including West Chicago), thereby drawing significant retail development and minimizing opportunities for further retail growth in other nearby areas.

Overall, the changing nature of the real estate market needs to be considered with any strategic planning. While the industrial real estate landscape has seen changes over time, the retail/commercial real estate market seems to be evolving much more significantly, with deeper impacts for communities and shopping. The attached article from The Business Insider further discusses a current trend of declining retail shopping, using Macy's as an example, and what that means for shopping centers. In the particular case of Hobby Lobby, the West Chicago store is located approximately halfway between the Batavia and (now open) Bloomingdale stores, making it difficult to retain the existing West Chicago "tweener" (in-between) location without undercutting the market area of the nearby stores.

There are a number of outside factors that will impact potential investment associated with the subject properties. In addition to other aspects discussed elsewhere in this Plan, financial/economic conditions and regional marketability play a role. While these conditions are not within the control of the City of West Chicago or the individual landowners, they must be recognized, referenced and considered for any strategic planning efforts. The most prominent financial issue is the common perception that Illinois is a difficult state in which to establish and maintain a business. However, this is a situation that will need to be worked out at the state

level. On a positive note, the Chicago region is widely seen as an excellent business location due to the existing population base, transportation features, location (i.e. access to markets) and amenities. West Chicago and all other communities in the region benefit from these factors.

DRAFT

General Mills (704 and 800 W. Washington Street)

Summary

The planned closure of General Mills presents a unique set of challenges due to its size, scale, location and workforce. These challenges can be characterized as both problems and opportunities. The large site and facility size, coupled with a relatively large workforce (500), will result in the involvement of more agencies and individuals during the transitional period associated with the closure. The City can and should play an active role in working with General Mills, real estate groups, interested businesses and investors to facilitate active reuse of the buildings or redevelopment of the site. Further, the City can set a model for active engagement with various agencies and employers to help the General Mills workforce transition into meaningful employment elsewhere, retirement or other productive options.

Buildings and Site Analysis

The General Mills site is located at the corner of Washington Street and Town Road, with the production/office facility located on the southeast corner (704 W. Washington) and the distribution/warehouse facility located on the southwest corner (800 W. Washington). The two principal buildings have a total footprint of about 718,000 square feet (+/- 16.5 acres) on about 55 acres of land on Washington Street. The total building square footage is approximately 1,000,000 square feet. The site on the east (southeast corner of Washington Street and Town Road) contains approximately 21.26 acres, while the site on the west contains about 33.18 acres (southwest corner of Washington Street and Town Road).

The east building and the west building are connected by a walkway over Town Road. The east building currently houses plant management offices and production, while the west building is primarily used for warehouse and distribution activities. According to the Winfield Township assessment website, the buildings were constructed in 1965 and have been retrofitted over time to serve the specific and unique needs of General Mills. While the buildings may be potentially seen as not flexible enough for future production or manufacturing uses, the City will need to work with General Mills' real estate team to evaluate the facilities in more detail and determine opportunities for retrofit and reuse. Similarly, building conditions, including the concrete roof (of questionable condition) on the distribution building, will need to be evaluated for durability and potential replacement/repair.

The site is zoned M Manufacturing within the City's zoning map and Municipal Code, which allows for the widest variety of manufacturing, distribution and related uses of any zoning district. Adjacent properties to the north and west are zoned M and contain a variety of industrial and quasi-manufacturing uses, including auto-related facilities, storage, and other businesses. South of General Mills, the land west of Town Road is also zoned M and contains Ball Horticultural, while east of Town Road, the land immediately to the south is zoned M and contains a utility contractor yard, with single-family residential beyond (further south). East of

the subject property is a single-family residential neighborhood with R-5 (single-family residential) zoning.

Town Road's northern terminus is at Washington Street, adjacent to General Mills. To the south, Town Road extends to Roosevelt Road (Route 38). Washington Street continues east to Route 59 and beyond, and to Roosevelt Road and beyond to the west. The site also features rail access with a Burlington Northern Santa Fe (BNSF) line spur, with direct access from the tracks to both buildings. There are a total of four tracks coming into the plant; two of which are currently usable (with one of the two in active use). It is uncertain what work would be required to make the other two usable.

There are two entrances accessing Washington Street (one on each side of the facility), and several entrances to both facilities from Town Road. All site entrances are secured with gates, and the eastern Washington Street entrance is constantly staffed with security personnel. The General Mills site also features large parking areas and ample delivery docks. The primary vehicle parking lot, located in front of the east building, contains about 465 spaces. A smaller parking lot, immediately west of the western building, has another 65 spaces. The western distribution/warehouse facility has approximately 20 total truck docks located along the front and (west) side of the building, with storage space for over 100 semi-trailers. The east building contains about 18 truck docks, in both the front and back, although there is storage space for only about ten semi-trailers.

The City has adequate utilities serving the General Mills properties. There is a 12" water main along both Washington Street and Town Road, and water mains (12" from Washington Street and 10" from Town Road) servicing the General Mills building. An 8" sanitary sewer is located along Washington Street, and an 18" sanitary sewer line is located along Town Road. As to floodplains and wetlands, the west site includes some floodplain areas, including the front truck dock area. There are very limited wetlands on the west site. The east site contains no floodplains or wetlands.

Workforce

General Mills indicates that the plant closure will affect 500 positions, including about 400 wage positions and 100 salaried positions. Conversation with General Mills officials indicates that some of the workforce may secure relocation/transfer to other positions and locations within the General Mills corporate network.

Wage positions include the following categories; industrial mechanical, electrical, machining, technical, boiler operation, packaging, processing, machine operation, line, logistics and warehouse/distribution. The salaried categories include the following: human resources and safety, training development, finance/accounting, continuous improvement, facility engineering, project and system engineering, maintenance planning, logistics planning and supervision,

quality and regulatory engineering, production and maintenance supervision, information technology (IT) systems and operations management.

General Mills indicates that of the approximately 500 employees at the West Chicago facility, approximately 28 are West Chicago residents in 26 households. These 28 represent approximately 6% of the total West Chicago General Mills workforce. Despite this relatively small share relative to the total, it is in the City's best interest to engage General Mills and its workforce in efforts to provide a smooth transition to other employment or other productive activities with the closure of this facility. The entire workforce can be seen as part of the West Chicago community, including as potential shoppers and visitors.

Initial layoffs at General Mills began in early 2016. However, because the plant will continue to operate until about May of 2017, at least a portion of the workforce will likely remain to handle operations, facility transition and other duties. Wage rate ranges for the General Mills workforce are as follows:

- Operators: \$23 - \$29 per hour; and
- Mechanics: \$24 - \$32 per hour.

At this time, it is unknown how these wage rates compare to other industries or employers in the area.

Financial/Economic Summary

The size and scale of the General Mills operation translates to a significant impact on the local revenue stream. The combination of utility taxes, water usage and property taxes provides significant revenues to the City of West Chicago, as do the property taxes to the school districts. That makes reuse and/or redevelopment of this site, along with business expansion in other areas of the City, so critical to maintain the City's economic well-being.

As indicated above, the Winfield Township Assessor's Office indicates that the buildings on this property were originally developed in 1965. While improvements have been made in the years since then, the age and condition of the buildings have resulted in significant depreciation of their assessed value during that time. That is a 'bad news/good news' scenario for the community: vacancy of these buildings will result in a lower property value, and therefore lowered assessments and resulting lower property tax revenues. However, the reduction will be limited (possibly 25% according the Assessor's Office) than would be the case for newer vacant facilities, due to the facility's long-term depreciation.

Property tax revenues attributable to the property total approximately \$250,000 to all property taxing bodies, including the school districts, park and fire protection districts, the City of West Chicago and other entities. With the anticipated 25% reduction (noted above), annual revenues may be reduced to approximately \$187,500. Approximately 2/3 of yearly property tax

revenues are distributed to the elementary (District 33) and high school (District 94) districts, which will result in a yearly reduction of approximately \$42,000 for both districts. Individually, the reduction will be about \$28,000 for District 33, and \$14,000 for District 94.

The City of West Chicago, which receives approximately five percent (5%) of property tax revenues, will see an annual reduction from about \$12,500 to \$9,400 (\$3,100 reduction). In addition to property tax revenues, the City realizes significant water and sewer revenues from the General Mills facility. In a typical year, the City receives about \$478,450 in such revenues from General Mills for water and sewer services. Other revenues payable to the City from this site include utility (electric and gas) tax revenues.

Corporate and Municipal Perspectives

As part of its announcement detailing the planned closure of the West Chicago facility, General Mills emphasized its awareness of all the financial incentives available from the State and other government agencies. While fully aware of all the financial incentives possibly available to it, General Mills indicated that no financial incentives would change the decision to close this facility. Despite the apparent finality of such comments, this information can help end speculation on prospective government intervention into private corporate decision making.

The City and other government agencies, such as the State of Illinois and DuPage County, had no advance knowledge of this planned closure. The City has had a long, productive and proactive relationship with General Mills, and an open line of communication on many topics. However, corporate contemplation of closing facilities is typically an internal, highly confidential matter not discussed with outside parties. Such was the case with the General Mills West Chicago facility.

Hobby Lobby

Summary

The Hobby Lobby tenant space is an anchor commercial space within the larger Mosaic Crossing Shopping Center (formerly called Oliver Square). The large size of the tenant space, and the overall site, offer a unique opportunity to shape future commercial and retail opportunities in this area of the City of West Chicago (the Route 59/North Avenue area). However, a number of factors impact how this may evolve in the future, just as those same factors have affected, and continue to have impact on, Hobby Lobby and the entire shopping center. The prominence of this site, with its location and visibility, necessitate the City playing an active role in helping to shape the future of this area. The City's previous creation of the TIF (Tax Increment Financing) District for this area, along with ongoing communications with the ownership, helps set a firm foundation for future engagement.

Buildings and Site Analysis

Hobby Lobby is an approximately 55,000 square foot tenant space located within the eastern 'leg' of Mosaic Crossing at the northeast corner of Route 59 and North Avenue. The entire shopping center contains approximately 190,000 square feet, including +/- 107,700 square feet in the eastern portion, and 82,400 square feet in the northern portion. The northern portion is made up entirely of retailer Old Time Pottery, which is the other anchor tenant in this shopping area. In addition to the Hobby Lobby space, the eastern portion includes other commercial and retail uses. Other than the Hobby Lobby space, which was vacant as of September, 2015, there are three or four smaller commercial spaces that are also vacant. The other spaces in the center (approximately 6 or 7 not including Old Time Pottery) appear to be occupied.

The shopping center site, including outlots, contains a total of approximately 27 acres. The site has full access entrance/exit points to both Route 59 and North Avenue, as well as some right-in/right-out access points along both arterial streets. There are several outlots along both Route 59 and North Avenue, including McDonald's, Jiffy Lube, Dunkin' Donuts/Baskin Robbins, and a medical (MRI facility). According to Wayne Township records, the site was developed in 1988 (east portion) and 1990 (north portion).

Other businesses within the shopping center, all located in the eastern portion, include Dollar Tree, a UPS store, a day care center, dry cleaners and the offices of a former Illinois State Representative. Some vacant land, containing approximately 45,000 square feet, is also available between the eastern and northern building portions, although this area is most distant from any site access, and is the least visible area of the entire site. Therefore, it would likely not be considered as a desirable future retail location.

The layout of the retail center, with a significant setback of the buildings from both Route 59 and North Avenue, provides for a very large parking area and easy access between the parking areas and the retail space. However, the layout also results in limited visibility of the stores

from the adjacent streets due to the significant setbacks and perpendicular building layouts. Visibility is further reduced by the presence of the outlot businesses, noted above, which serve to at least partially block views of the principal buildings from both North Avenue and Route 59.

While full access is provided from all directions, there is a perception that access to the shopping center is limited and difficult. This perception may be due to the multi-lane widths of Route 59 and North Avenue; crossing these arterial streets can be intimidating for drivers seeking to make left turns into or out of the center. In this area, Route 59 is a regional arterial route, with three through lanes in each direction, and close to the intersection, the width expands to include a right turn lane and two left turn lanes in each direction. Route 59 extends north and south for great distances through the region. Similarly North Avenue, which is a regional arterial route with three through lanes in each direction, proceeds east and west throughout the region. Near the Route 59 intersection, North Avenue's width expands to include a right turn lane and two left-turn lanes in each direction.

The site is also bordered on the northeast by the Elgin branch of the Illinois Prairie Path, which could offer interesting opportunities for future connections from this site. Along North Avenue, the site can be accessed from two right-in/right-out intersections and one full access intersection, as well as a right-in/right-out to the Dunkin' Donut/Baskin Robbins and Jiffy Lube outlots. A full access driveway and a right-in/right-out driveway access the site from Route 59, along with an additional right-in/right-out to the Dunkin' Donuts/Baskin Robbins outlot. The entire site contains ample parking totaling well over 650 spaces, as well as delivery drives and dock doors along the rear of both buildings.

Adding a traffic signal or signals to intersections of driveways with either North Avenue or Route 59, or both, would certainly assist access into and out of the shopping center. However, there are a number of conditions which must be met in order to do so, including minimum traffic counts and minimum separation distances from the North Avenue/Route 59 intersection. Based on current traffic patterns and volumes, these conditions cannot be met, so additional traffic signals are not a realistic option. The current North Avenue entrance is also too close to Route 59; if the entrance was relocated to the east, it would be possible to have a traffic signal installed if traffic volume warranted it.

Along with the layout of the shopping center, the condition of the buildings and site are largely seen as unattractive and not enticing for shoppers, new retail stores or other investment. Building appearances are bland and unimaginative, store exteriors are in fair condition, and business signs are not coordinated. The parking lot areas are large, bleak open expanses with little or no landscaping, varying pavement conditions and one area that is chained off and not accessible. All of these factors need to be considered for potential long-term redevelopment of this commercial shopping center.

The site is zoned B-3 Regional Shopping District within the City's zoning map and Municipal Code, which allows for the widest variety of retail of commercial and shopping uses of any of the commercial/business districts. Adjacent properties to the north and south are zoned B-3 Regional Shopping District, while property to the east is zoned B-3. The property to the south, across North Avenue, includes the Shell gas station and the vacant Kohl property. Some of the properties to the north and east (across the Prairie Path) are vacant and part of the St. Andrew's Golf Course and are used for stormwater detention, while some contain single-family residential uses in unincorporated DuPage County. Property to the west, across Route 59 (Neltor) is zoned B-2 (General Business District), and includes a gas station, commercial strip centers, and a vacant commercial site. Sites to the northwest and southwest also include retail/commercial uses.

City utility service to Mosaic Crossing consists of two on-site 10" looped water mains as well as two sanitary sewer lines; one 15" and one 8". There are also 12" water mains located along both North Avenue and Route 59. Several water and sewer stub lines extend from the main lines for service to individual tenant spaces and buildings. There are designated wetlands located to the east and north of the site, but none on the property. There is no floodplain on the property either.

Ownership

An additional challenge for this center and its outlots is that ownership is divided between several owners. The north portion, containing Old Time Pottery and the adjacent parking, is owned by the Inland Real Estate Corporation (Oak Brook), whereas the east portion, including Hobby Lobby and adjacent tenants as well as corresponding parking, is owned by Mosaic Properties (Northbrook). Each of the outlots is individually owned by separate parties. The disparate ownership situation may result in conflicts as to future uses, coordination of improvements, building layouts, common area maintenance, restrictive covenants and other issues.

The existing covenants and restrictions on the properties govern maintenance, uses and other matters. One such restriction is the prohibition of some recreational and service activities on the property, which could be a factor for future uses in the Hobby Lobby space, as well as other locations on the site. Despite these restrictions, Mosaic Properties' ownership has indicated its intention to pursue potential tenants that are appropriate, in terms of size and compatible use, for the Hobby Lobby space. Should amendments be required to the current shopping center covenants and restrictions, ownership has indicated a willingness to address those, as a vacant space is not helpful to anyone having an interest in the shopping center.

Workforce

Hobby Lobby's closure in West Chicago (in the summer of 2015) has impacted the workers of this store in some way. Whether the existing workforce has transferred to other nearby stores, or has been laid off, isn't known. The size of the affected workforce, numbers and types of

positions impacted, and number of staff that are residents of West Chicago is also unknown at this time. City staff contacted Hobby Lobby officials several times, both by phone and email, but never received any response. Specifically, the City's knowledge of how many of the workforce are West Chicago residents would help us learn how significant, and direct, the store closure has been on local citizens.

Financial/Economic Summary

Sales tax revenues are currently being reviewed, although they are also confidential due to State law and cannot be provided in this document. Because of the retail sales tax revenues previously received from Hobby Lobby, marketing efforts and support should first focus on opportunities to attract retail tenants to this location. This would make appropriate use of the existing retail space and provide an ongoing retail sales tax revenue stream for the community.

As noted previously, this property was originally developed in 1988 and 1990. While improvements have been made in the years since then, the condition and layout of the buildings (as detailed above) has resulted in significant depreciation of their assessed value during that time. That is a 'bad news/good news' scenario for the community; vacancy of the Hobby Lobby space may result in a lower property value, and therefore lowered assessments and resulting lower property tax revenues. However, the reduction will likely be less than would be the case for newer vacant facilities, due to the facility's conditions and long-term depreciation.

Corporate and Municipal Perspectives

As part of its plans to close the West Chicago store, Hobby Lobby stressed that its desire was to locate in areas with increased concentrations of retail and commercial traffic. This includes the newer Bloomingdale store, which opened in 2014. The location of the West Chicago store between the Bloomingdale and Batavia stores made it difficult for Hobby Lobby to justify keeping this location open. The City has had a productive and ongoing line of communications with the property ownership, Mosaic Properties. Upon hearing rumors of a possible store closure, opportunities for retaining Hobby Lobby (including financial incentives) were discussed, although Hobby Lobby declined to pursue such opportunities likely because their plans were already in motion concerning store locations. Further, the short-term gap assistance, as available with financial incentives, also would not have addressed Hobby Lobby's long-term issues.

Marketing

Mosaic Properties has actively marketed this space since Hobby Lobby's announcement (concerning closure) in West Chicago. Thus far, numerous contacts have been pursued in a number of retail and commercial categories. This includes, but is not limited to, the following:

- Home goods and housewares
- Hardware

- Discount retail
- Clothing
- Furniture and home furnishings
- Recreational uses, including children's activity businesses
- Medical uses
- Athletic and fitness clubs
- Automobile sales

Thus far, Mosaic has indicated they have had little or no success, or credible leads of any kind, with contacts in any of these categories. Therefore, Mosaic expanded their marketing with the following efforts:

- Email blast (to approximately 4,000 contacts).
- Consideration of alternative uses, such as a senior living development (which would need to be reviewed and approved by the City due to the change in use from retail/commercial).
- Reconsideration of various categories, such as discount dept. store/apparel, resale stores, furniture, liquor, a rural-style department store (such as Farm and Fleet), grocery, general merchandise, health club, healthcare, entertainment, home improvement, auto dealership and self-storage.
- Review of nearby shopping centers to determine who may be a relocation candidate.
- Tenant cold calls.
- Detailed marketing brochure (already completed and attached to this document).
- ICSC and other retail/commercial events.
- Listing of the property on LoopNet, CoStar and realtor website.

In the Recommendations Section below, the City can play a role in supporting these efforts and by steering business and land use proposals appropriately.

For reference concerning marketing, demographic information from various sources is included with this document. The most extensive report was provided by Buxton for the Route 59/North Avenue intersection, while the others were prepared by Mosaic Properties for the former Hobby Lobby space, and by Sperry Van Ness for a retail/commercial property on North Avenue west of Route 59. The proximity of both the Hobby Lobby and Fox Valley Volkswagen locations make this demographic data especially pertinent for future marketing efforts.

Fox Valley Volkswagen

Summary

Fox Valley Volkswagen is a large freestanding building located at 560 North Avenue, on an individual site on the south side of North Avenue (Route 64), between Route 59 and Atlantic Drive. This building includes a number of unique assets that can translate to an excellent opportunity for a future use that is appropriately suited to such a facility. These include the building's placement, visibility, large front display area with floor-to-ceiling glass and large service area with overhead doors and repair bays. These factors, combined with the relatively large parking lot, make this a unique site for a future user. As with General Mills and Hobby Lobby, the prominence of this site's location and visibility necessitate the City playing an active role in its re-occupancy by an active business concern.

Buildings and Site Analysis

Fox Valley Volkswagen is an approximately 25,000 square foot building located on a +/- 5.0 acre parcel along North Avenue. Immediately east of this site is a large (+/- 18 acres) vacant parcel that is available for retail/commercial development. Access to Volkswagen is provided via an internal road network connecting Volkswagen to adjacent sites to the east and south. Immediately adjacent to Volkswagen is an internal street with right-in/right-out access to/from eastbound North Avenue. North Avenue is a multi-lane regional arterial route that proceeds east and west throughout the region.

Within the larger internal road network, the subject site connects to Menards and other retail, commercial and restaurant uses on the southwest corner of the Route 59/North Avenue intersection, and the more distant Prestonfield residential subdivision. A few hundred feet east of Volkswagen, an internal street provides full access to both directions of travel on North Avenue. An existing easement also exists to allow future construction of an extension drive connecting the interior road network to Atlantic Drive. In 2016, a traffic signal is scheduled for installation at the intersection of this internal street and North Avenue. While full access is not provided directly into the Volkswagen site, the proposed signal will enhance access for the subject site and all other parcels in the area.

While the Volkswagen building features a very clean, modern design, and is very well-maintained, it was designed and laid out specifically for one user, which can present a challenge for re-tenanting. However, the building's placement on the site (towards the front) maximizes its visibility while still providing ample parking. The site is also very well-maintained, and the parking area contains approximately 330 spaces. All of these attributes will ultimately help in efforts to recruit a new business to the building.

The site is zoned B-3 Regional Shopping District, which allows for the widest variety of retail of commercial and shopping uses of any of the commercial/business districts. Adjacent properties to the east and south are zoned B-3 Regional Shopping District, and are currently vacant.

Properties immediately to the west and southwest are zoned M Manufacturing District, and include a stormwater retention area. To the north, across North Avenue, the land is zoned B-3 and R-6 Multi-Family Residential, and the land is currently vacant.

City utility service on and adjacent to the Volkswagen site includes 12" water mains along the south side of North Avenue, as well as along both the east and west edges of the Volkswagen site. An 8" sanitary sewer provides service from the Volkswagen site, and then extends along the east and south property lines before proceeding further south to serve other properties. There are no wetlands or floodplains on the Volkswagen site; a large stormwater retention pond is located immediately west of the property.

Ownership

The Volkswagen Group of America owns the subject property. With the impending expiration of the current agreement with the Fox Valley franchisee, it is in Volkswagen's best interests to go to the market to lease the building to another user. To assist in this effort, Volkswagen has engaged the services of the large, highly visible real estate firm Jones-Lang-LaSalle. As such, Jones-Lang-LaSalle representatives will be a key component in efforts to attract a new use to this location.

Fox Valley Volkswagen Status and Relocation

The owner of this dealership recently decided to relocate this business to the former DuPage Expo site on North Avenue, in the City of St. Charles and several miles west of the current location. City staff understands that this location will close in August 2016, although the dealership owner indicates that he may pursue continued occupancy of this location with a new dealership.

In addition to being able to purchase a site for the dealership, the owner was provided a financial incentive, totaling approximately \$1.5 million, from the City of St. Charles. The City of West Chicago had constant communications with the owner over a 3-year period beginning in 2012, in an effort to secure Volkswagen's long-term presence in West Chicago, whether on this site or one nearby. That culminated in the City of West Chicago offering an incentive matching that of St. Charles.

Information from both the owner and Volkswagen corporate officials indicates that there had been difficulties in negotiations regarding status of the subject property in West Chicago. The franchise owner was very happy with the West Chicago location and with the City generally and therefore wished to purchase the property from the Volkswagen Group. Their Agreement called for the franchise owner to purchase the land and building for an amount equal to what it cost to initially build, which was not economically feasible for the franchise owner, and resulted in the two sides being several million dollars apart. The Volkswagen Group considered the offer, and also offered to continue leasing the property to the business owner, at what was called "an

extremely attractive" lease rate. Ultimately, however, an agreement could not be reached, leading to the relocation decision.

Workforce

Unlike the workforce component of General Mills and Hobby Lobby, it is anticipated that the dealership will retain most, if not all, of its current workforce at the new St. Charles location. As such, further review and recommendations concerning workforce are not included for this project.

Financial/Economic Summary

Automobile sales typically generate a significant retail sales tax revenue stream for the local community. Sales tax revenues for this dealership have averaged about \$180,000 annually for the last several years, although the City retains approximately half that amount due to an existing sales tax sharing agreement. Because of these substantial sales tax revenue figures, marketing efforts and support should first focus on opportunities to attract retail tenants to this location. This would make appropriate use of this existing retail site and provide an ongoing retail sales tax revenue stream for the community.

Information from both the DuPage County and Wayne Township Assessor indicates that this property was originally developed in 2006. The value of the building and land has declined somewhat in the last several years, but not to the level of General Mills or the Oliver Square properties. The City of West Chicago receives approximately \$5,150 annually in property tax revenues for this property.

Marketing

City staff has contacted Volkswagen and Jones-Lang-LaSalle to determine their plans for marketing of this location. Preliminary conversations with both indicate tendencies that this building and site will be most attractive for sales businesses such as used cars, boat or recreational equipment, motorcycles and similar products. Of course, this assumes that another new auto dealership franchise does not locate there. Automotive service uses may also find the location of interest. As further noted in the Recommendations section below, the City can play a role in supporting these efforts and by steering business and land use proposals appropriately. City staff had previously provided the following additional review comments and questions to Volkswagen and Jones-Lang-LaSalle, and is awaiting responses:

- Once the building is vacant, an assessment will need to be made concerning what needs to be done to prepare it for marketing and a new use.
- Determination of the kind of transaction that will be done for a new user for the building and property; whether a lease or a sale.
- Researching whether there are any existing covenants, restrictions or other legal controls that place limits on the building and property, and if so, the appropriate information about them.

For reference concerning marketing, demographic information from various sources is included with this document. The most extensive report was provided by Buxton for the Route 59/North Avenue intersection, while the others were prepared by Mosaic Properties for the former Hobby Lobby space and by Sperry Van Ness for a retail/commercial property on North Avenue west of Route 59. The proximity of both the Hobby Lobby and Fox Valley Volkswagen locations make this demographic data especially pertinent for future marketing efforts.

DRAFT

Recommendations

The following recommendations are provided as a plan of action for the City and other parties to use in efforts to assist in the transition of the subject properties into productive successor uses. **The opportunity to act on those recommendations involving outside parties will be subject to the cooperation and participation of those outside parties.**

General

Building and Site Goals and Objectives:

- Maintain contact and relationships with property owners and their real estate representatives, including regular communications.
 - 1) Establish formal schedule of periodic communications, such as monthly calls and meetings.
 - 2) Request corporate/ownership plans for each location, as they are available.
 - 3) Identify timeframes for building review and ultimate marketing schedule.
- Schedule and coordinate site visits and building tours with property owners.
 - 1) Identify all building and site characteristics, including size, special features and unique characteristics of facilities. For General Mills, provide particular attention to building cleanliness due to food production history.
 - 2) Offer and conduct (subject to property owners' approval) courtesy occupancy inspections to provide necessary information on building conditions as they relate to City Code requirements.
- Identify and evaluate building and site challenges.
 - 1) Work with owners to develop strategies and schedule to address challenges, based on owner intentions, whether through repair, renovation or other means.
 - 2) Evaluate challenges as part of property marketing strategies, including possible impact on price and/or marketability.
 - 3) Assemble all information into recommendations for owners and City.
- Work with property owners and City officials to evaluate options for buildings/tenant space, as well as overall sites, and City interaction.
 - 1) Evaluate various scenarios for each location, including: partial or total demolition/redevelopment, alternative land uses, multi-tenancy/ownership, and other options.

- 2) Review possible code or zoning amendments with Plan Commission and Development Committee for short-term and/or long-term implementation, and develop schedule for possible preparation and implementation.
- 3) City review should include evaluation of current zoning and other regulations, possible ordinance changes or rezoning options, building code requirements, utilities, engineering and related issues.

Site Marketing and Reuse Goals and Objectives:

- Prepare for Optimal Site and Building Marketing Efforts
 - 1) Pursue cooperative marketing effort with owners.
 - Determine preliminary marketing plans for each location from property owners/representatives.
 - Analyze marketing plan to determine how City can assist, and present to each property owner.
 - Utilize information developed from Building and Site review.
 - 2) Work with owners to determine target markets to reach.
 - 3) Emphasize creativity and flexibility in marketing efforts for property. As an example, for the Fox Valley VW site, this would include: used car dealerships, alternative vehicle sales, snowmobile, watercraft and motorcycle dealerships.
- Determine potential incentive package options
 - 1) Review existing City financial components, including property taxes (City and school districts), utility tax charges, and water and sewer rates.
 - 2) Review existing City financial agreements to determine possible application with future users for subject properties.
 - 3) Coordinate existing and possible new incentives offered by State of Illinois, with ILDCO (Illinois Department of Commerce and Economic Opportunity).
 - 4) Prepare possible incentive option packages, depending on type of user (identified from target markets), including sales tax sharing opportunities for potential high sales tax-generating businesses.
- Implement Marketing Efforts
 - 1) Coordinate attendance at trade shows and other events with owners/representatives to promote sites and facilities.

- 2) Work with owners/representatives to schedule events such as tours, lunches, etc. to promote the locations.
 - 3) For General Mills:
 - Establish contact with local large industries to determine level of interest in expansion and/or relocation to this site/facility.
 - Work with General Mills Real Estate to pursue potential Gen. Mills corporate partners that may have interest.
- Establish regular schedule of plan review, evaluation and follow up
 - 1) Establish and conduct in-depth periodic meetings (such as quarterly) with owners and representatives of each property to review all aspects associated with transition of facility. This could include teleconference, conference calls, or similar meeting methods.
 - 2) Utilize meetings to review this Plan to determine efficacy of each component, possible changes to ensure success (i.e. productive re-use of facility and/or site), and recommend changes where necessary.
 - 3) For Gen. Mills, review progress with Lodi, CA property and integrate recommendations and actions from that location if pertinent and beneficial to the West Chicago facility.
 - 4) Coordinate recommended Plan changes, as needed, with City officials, including City Administrator, Plan Commission/ZBA and City Council.

Action Steps

The following information identifies specific recommendations for each of the three sites that are part of this Strategic Action Plan.

General Mills

The following action steps are recommended for the General Mills buildings and site:

- Conduct targeted key person interviews or roundtable sessions with surrounding property owners and similar businesses to:
 - Identify specific issues with the property and environs, such as site size, building conditions, roads, and existing surrounding uses (especially residential to the east).
 - Identify specific issues with business operations, such as noise, smell, traffic and potential environmental matters.
 - Identify general recommendations for the property and business, including feasibility of splitting property (separate east and west portions) for individual sale/use/redevelopment.

Potential participants could include: Ball Horticultural, Jel Sert, Kramer Tree Specialists and Northwestern Flavors.

- Create an as-is 'Building Assets and Conditions' report for the General Mills site to disclose known information to real estate agents and developers.
- Identify specific actions to be followed including business leads, zoning changes, incentives (from owner and community), and update Strategic Action Plan accordingly. Begin acting on recommendations.
- Work with City staff and consultants to create a customized 'fast track' review and permitting process for the General Mills site.
- In coordination with the property owner, conduct a real estate open house at the site, targeted to the industrial broker community. Event should include guided tours of facility, short presentations (from General Mills and City), and incentives for attendees (such as gift cards to the first 20 attendees).

Hobby Lobby

The following action steps are recommended for the Hobby Lobby space:

- Conduct targeted key person interviews or roundtable sessions with surrounding businesses and property owners to:
 - Identify specific issues with the property and environs, such as center layout, building conditions, roads, and surrounding uses.

- Identify general recommendations for the property and business, including feasibility of different, non-retail uses for the space and the center.

Potential participants could include: Old Time Pottery, Dollar Tree, outlot owners and Menards.

- Create an as-is 'Space Assets and Conditions' report for the Hobby Lobby space to disclose known information to real estate agents and developers.
- Identify specific actions to be followed including business leads, zoning changes, incentives (from owner and community), and update Strategic Action Plan accordingly. Begin acting on recommendations.
- Work with City staff and consultants to create a customized 'fast track' review and permitting process for the Hobby Lobby space.
- In coordination with the property owner, conduct a real estate open house at the space, targeted to the commercial and retail broker community. Event should include guided tours of facility, short presentations (from property owner and City), and incentives for attendees (such as gift cards to the first 20 attendees).

Fox Valley VW

The following action steps are recommended for the Fox Valley VW site:

- Conduct targeted key person interviews or roundtable sessions with surrounding businesses and property owners to:
 - Identify specific issues with the property and environs, such as center layout, building conditions, roads, and surrounding uses.
 - Identify general recommendations for the property and business, including feasibility of different, non-auto sales uses for the space.

Potential participants could include: Menards, Mike Massarelli, Haggerty Ford, and outlot business owners (such as Augustino's).

- Create an as-is 'Space Assets and Conditions' report for the Fox Valley VW building and site to disclose known information to real estate agents and developers.
- Identify specific actions to be followed including business leads, zoning changes, incentives (from owner and community), and update Strategic Action Plan accordingly. Begin acting on recommendations.
- Work with City staff and consultants to create a customized 'fast track' review and permitting process, if needed, for new users of this property.
- In coordination with the property owner, conduct a real estate open house at the space, targeted to the commercial and retail broker community. Event should include guided tours of facility, short presentations (from property owner and City), and incentives for attendees (such as gift cards to the first 20 attendees).