



FLAHERTY & COLLINS
PROPERTIES

RESPONSE TO QUESTIONS
FOR THE
REQUEST FOR CONCEPT PROPOSALS (RFCP)
DOWNTOWN RIVERFRONT PROPERTY
FORMER POLICE STATION SITE AREA REDEVELOPMENT
CITY OF ST. CHARLES



PRESENTED TO:

CITY OF ST. CHARLES
COMMUNITY DEVELOPMENT DEPARTMENT
RUSSELL COLBY, DIRECTOR
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RESPONSES TO QUESTIONS

1. Staff has concerns regarding apartments and parking decks being horizontally adjacent from a fire/emergency perspective. Is this a concept Flaherty & Collins Properties has done before? How would safety be ensured for the residents or visitors of the building?

The building is podium construction, with a precast parking structure, and residential construction being of lighter weight systems. Building codes are very rigorous in the required construction assemblies to separate uses, the design of fire sprinkler systems, and all life safety requirements. The building design and construction will adhere to all building code and fire department requirements.

2. The Request For Proposal document identified the existence of a well on the subject site. The well is identified on Exhibit D. It appears the West Building in the concept plan would be located directly on top of the existing well. How would Flaherty & Collins Properties expect to achieve this (relocating the building, filling the well, other)?

The design intent is that the apartment building notches out around the existing well building. No structure is above the well, and new construction would be held back from the existing well building footprint. Our conceptual rendering suggests that the well house enclosure could be re-clad or replaced in a style and material that makes it blend into the overall new construction

3. The proposal is predominantly residential. Please explain why this is the best use for the property? Would Flaherty & Collins Properties be open to including additional commercial uses on the site?

Residential rental units are more predictable and economically feasible from a speculative standpoint. There is a national housing shortage for all types of housing at all income levels. Commercial space is less predictable economically.

We can certainly add more commercial space, but it will increase the economic gap. A working partnership with the local Chamber of Commerce and Economic Development organization would be helpful in filling that space. If we do build commercial as a part of the development, we try to keep the square footage to 5,000 sf or less. This would allow 1-2 restaurant operators to occupy the space. This amount of space would not hinder forward progress on the overall development; meaning we would not need to find a user for the space before securing financing, closing and beginning construction.

Another option if there is a desire on the part of the City to have more commercial/retail space would be to enter into a Master Lease with the City. The City would master lease the space and be responsible for filling the space with retail tenants.

4. The Request For Proposal details the River Corridor Open Space and the opportunity for shared public and private uses within the open space corridor. Can you please elaborate on how the proposed development would be inviting to visitors of the downtown?

The existing open space on the river is maintained and enlarged in this proposed development. The single-story portion of the existing police station is removed and its site area becomes part of the open space. The townhomes that line the western face of the riverwalk would have +/-20 ft of private yard with embellished landscaping. The vista of the project from across the river would be a compelling attraction, a blend of private activity and open public space and pathways. Well planned pedestrian and bike access points will occur at the south end, north end and middle of the building, allowing activity on Riverside Avenue to easily access the open space on the river.

5. The plan includes seven work/live apartments. Can you describe what would make these units work/live apartments? What amenities do these apartments include? Why are there seven included in this project?

These types of apartments typically include a first floor work space that is accessible to the public through a door at sidewalk level. We don't believe there will be a strong retail draw along Riverside at this location due to the lack of public/retail/amenity space to the north. Live/work units can be an attractive option for office or service providers who want a short commute. These users activate the sidewalk and allow for "commercial" uses where it may be difficult to attract commercial uses otherwise.

If we are chosen to move forward, we will do a formal assessment of the market to better understand this potential. This is not something we are tied to; if the City does not have a desire for these types of units, it will not impact the deal from our perspective.

6. How does the design of the building, both architecture and layout, fit the character of the downtown area?

The building's public and pedestrian levels will be clad in well-crafted masonry, stone and refined storefront detailing. The façade designs will complement both the historic buildings in town, as well as the newer buildings. Balconies in the apartments above will add activity and engagement on the street.

Parking both at grade and above grade is predominantly screened from view, either by residential uses or retail, lobby and live-work units on the ground floor.

7. The West Building in the conceptual plan runs the length of Riverside Ave blocking the river views from Riverside and State Avenue. Is this a necessity to the development? Is Flaherty & Collins open to adjustments which would provide more river views?

Yes, we are open to feedback and input from the city. We view this as a partnership and hope to go through multiple design iterations to ensure what is built is what is best for St. Charles' downtown.

The design incorporates a "gateway" aligned with State Street that is intended to provide strong visual alignment with the river and open space beyond. The design intent is that the project creates a strong and active street front along Riverside Avenue. The Gateway at the midpoint of the complex would be a passageway that celebrates an entry to the river. The gateway would be very pedestrian friendly in materials, lighting, vehicular movement, etc.

8. Would the proposed project be constructed in phases or all at once? If phased, in what order would the buildings be developed?

The proposed project will be built in one phase. This is a typical project size to complete in one phase. Many of the project examples included in the RFP response are the same size and were completed in one phase, with construction timelines from 18 to 24 months.

A typical process for this size development is to begin delivering units for lease up before the entire construction project is complete. First units might be available for lease up within 14 months of construction start; which units are available would depend on fire separation and local life/safety requirements.

9. Can Flaherty & Collins please provide a preliminary proforma?

A "quicksheet" is attached to this response. The left side of the sheet outlines income and expenses. The right side includes sources and uses. The bottom right outlines our needed return on cost, which was discussed in the RFP response. In this case, we are looking for a 7% return on cost.

FINANCIAL MODEL

Project: St Charles Riverfront
Location: St Charles, IL

Prepared By: JAC/CK
Date: May 24, 2022

Unit SF	Number of Units	Unit Mix	Rents	Monthly	Annual	Living Area SF	Rent/SF
MULTIFAMILY INCOME							
Studios	550	16	7%	1,500	24,000	8,800	2.73
One Bedroom / One Bath	800	106	49%	1,800	190,800	84,800	2.25
Two Bedroom / Two Bath	1,100	53	25%	1,995	105,735	58,300	1.81
Three Bedroom / Two Bath	1,300	8	4%	2,100	16,800	9,200	1.83
Three Bedroom / Two Bath TH	1,300	20	9%	2,900	58,000	26,000	2.23
Three Bedroom / Two Bath TH	1,350	6	3%	3,000	18,000	8,100	2.22
One Bedroom / One Bath Live Work	800	7	3%	1,650	11,550	5,600	2.06
TOTAL	930	216	100%	\$1,967	\$424,885	200,800	\$2.12
Vacancy					(829,742)		
EFFECTIVE MULTIFAMILY INCOME				\$395,143	\$4,741,717		

RETAIL INCOME	Area SF	Rent/SF	Monthly	Annual
Retail	3,800	\$ 16.00	5,067	60,800
Vacancy (Reflex N/N/N)	10.0%		(507)	(6,080)
TOTAL EFFECTIVE INCOME - RETAIL			\$4,560	\$54,720

OTHER INCOME	# of Units	Rents	Monthly	Annual
Garage Income	216	100.00	21,600	259,200
Miscellaneous	216	105.00	22,680	272,160
TOTAL			\$44,280	\$531,360
Vacancy		7.00%	(3,100)	(37,195)
EFFECTIVE OTHER INCOME			\$41,180	\$494,165
TOTAL EFFECTIVE INCOME - MULTIFAMILY			\$440,883.45	\$5,290,601

OPERATING EXPENSES - MULTIFAMILY	Unit/Year	Annual
Operating Expenses	4,500	972,000
Property Insurance	500	108,000
Property Taxes	5,100	1,101,600
TOTAL OPERATING EXPENSES	\$10,100	\$2,181,600
Replacement Reserves	250	54,000
TOTAL EXPENSES	\$10,350	\$2,235,600
<i>Percentage of Gross Income</i>	<i>42.26%</i>	
NET OPERATING INCOME - MULTIFAMILY		\$3,055,001
TOTAL NET OPERATING INCOME		\$3,055,001

USES OF FUNDS	Total \$	/Unit	/NSF
To Purchase Land	\$0	\$0.00	\$0.00
Residential	185,000	185,000	199,000
Podium	1,500,000	6,944	7,47
Garage	471 0	-	-
Retail Hard Costs	110	1,935	2.08
Total Hard Construction Cost	\$418,788,000	\$193,880	\$208.56
Architectural & Engineering			
Architectural and Engineering Fees	1,675,120	7,755	8.34
Architectural Services Fees	150,000	694	0.75
Construction Period Costs			
Real Estate Attorney	150,000	694	0.75
Construction Loan Legal	50,000	231	0.25
Title and Recording	75,000	347	0.37
Construction Interest	1,909,376	8,840	9.51
Financing Fee - F&C	95,469	442	0.48
Financing Fee - Mezzanine	-	-	-
Financing Fee - Construction	381,875	1,768	1.90
Furnishings and Equipment	550,000	2,546	2.74
Other Period Costs			
Taxes	200,000	926	1.00
Lease-up Incentive	64,800	300	0.32
Retail Leasing Commissions	36,480	169	0.18
Capitalized Lease-up Marketing	50,000	231	0.25
Working Capital / Travel	200,000	926	1.00
City Connection/Impact Fees/Permits	108,000	500	0.54
Tenant Improvements	380,000	1,759	1.89
Market Study	10,000	46	0.05
Appraisal	15,000	69	0.07
Insurance	293,146	1,357	1.46
Land Broker Fee	-	-	-
Organizational (e.g. Partnership)	10,000	46	0.05
Construction Management	418,780	1,939	2.09
Development Contingency	2,093,900	9,694	10.43
Total Development Cost	\$50,794,946	\$235,162	\$252.96
Developer Overhead	2,444,278	11,316	12.17
TOTAL USES	\$53,239,224	\$246,478	\$265.14

SOURCES OF FUNDS	Total	/Unit	/SF
Developer Contribution	43,642,877	202,050	217.35
Gap	9,596,347	44,428	47.79
TOTAL SOURCES	\$53,239,224	\$246,478	\$265.14

Required Yield/Return-on-Cost	7.00%
Maximum Development Cost	\$43,642,877
GAP	\$9,596,347



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