



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 4g

Title: Recommendation to approve an Inducement Resolution for Pheasant Run TIF District.

Presenter: Russell Colby

Meeting: Planning & Development Committee

Date: March 14, 2022

Proposed Cost: \$

Budgeted Amount: \$

Not Budgeted:

Background

In November 2021, P&D Committee recommended approval of a Zoning Map Amendment and Preliminary Plat of Subdivision for the Pheasant Run Industrial Park, a redevelopment of the former Pheasant Run Golf Course proposed by property owner Greco/DeRosa Investment Group. Following the Committee recommendation, Staff has been working with the developer to complete the engineering plan review prior to City Council approval.

During the engineering review, it was identified that the electric service demand anticipated for the industrial users in the development will exceed the system capacity available at the site. Significant system upgrades will be necessary to extend electric service from two City substations to the property. The total estimated cost is approximately \$6 million. Greco/DeRosa has determined that this is an extraordinary cost that would prevent the project from proceeding without some financial assistance. The City, as a municipal electric utility, requires all users to front fund the cost of providing service for a project, and does offer any type of utility incentive.

Financial Incentive Request

Staff believes that a Tax Increment Financing (TIF) district would be advantageous, both for the industrial development and the remaining resort property. Staff has engaged our TIF consultant, Kane McKenna, to prepare a report that documents the property’s eligibility for a TIF district under State statute.

In accordance with the City’s Incentive Policy, Greco/DeRosa has submitted a Part 1 Financial Incentive application, which is attached. This information is under review. Consistent with the City policy, Greco/DeRosa is proposing a “pay as you go” structure, where the developer would fund all improvements, and be reimbursed only through tax increment generated by the project. The preliminary list of TIF eligible items for reimbursement includes the electric service cost, incremental oversizing of other utilities, and interest, all totaling \$11.5 million. The exact amount and schedule for reimbursement will be negotiated and presented at a future date as a part of a Redevelopment Agreement.

Preliminary projections suggest that the TIF increment from the industrial development would be sufficient to reimburse the developer for these expenses, and generate significant additional increment that could contribute to funding other improvements in the TIF district, including redevelopment of the blighted resort buildings.

Inducement Resolution

The process to establish a TIF district and negotiate a Redevelopment Agreement (RDA) will take 5 to 6 months. In order to proceed further with the project, the developer is requesting the City approve an “Inducement Resolution.” An Inducement Resolution expresses the City’s intent to establish a TIF district and negotiate an RDA that may provide for reimbursement from TIF Revenues for TIF expenditures incurred by the developer.

As detailed in the resolution, this approval does not commit the City to create a TIF district nor enter a RDA for any specific terms. However, with this approval in place, the developer can, at their own risk, proceed with incurring TIF eligible expenditures that could, subject to a future RDA, be reimbursed from TIF revenues. This resolution will also enable the zoning/preliminary subdivision approval to be granted, so that the developer can proceed with the final engineering review. The attached Resolution has been reviewed by the City Attorney.

Attachments (please list):

Part 1 Incentive Application, Inducement Resolution

Recommendation/Suggested Action (briefly explain):

Recommendation to approve an Inducement Resolution for Pheasant Run TIF District.



GRECO | DEROSA
INVESTMENT GROUP

1307 Schiferl Rd.
Bartlett, IL 60103
Ph: 630.580.0750
Fax: 630.580.0749
www.gdinvestmentgroup.com

January 18, 2022

Economic Development Department
City of St. Charles
2 E Main St
St. Charles, IL 60174

Community & Economic Development Department:

This letter will outline the Financial Assistance Request for GSI Family Investments of Arizona, LLC. This request is to help facilitate the re-development of the former 84 Acres +/- Pheasant Run Golf Course ("Subject Site") into an industrial park.

DESCRIPTION OF SITE OR BUILDING

The Subject Site is a vacant, abandoned golf course that is fenced off to the public and is also adjacent to the vacant, and abandoned former Pheasant Run Resort that is also fenced off to the public and in a state of disrepair and ready for demolition. The Subject Site is also adjacent to the new, McGrath Honda of St. Charles that is presently under construction.

CURRENT AND PROPOSED USES

- **Current Use:** - The Subject Site is a vacant, abandoned golf course that is fenced off to the public and is also adjacent to the vacant, and abandoned former Pheasant Run Resort that is also fenced off to the public and in a state of disrepair and ready for demolition. The Subject Site is also adjacent to the new, McGrath Honda of St. Charles that is presently under construction.
- **Proposed Use:** - The re-development of the former 84 Acres +/- Pheasant Run Golf Course into a modern, Class A industrial park that will be to support up to 1.1 MM SF +/- over four (4) buildings.

DESCRIPTION OF END USERS

End Users will comply with City's M-2 Zoning. The most likely users will conduct businesses in light manufacturing and / or warehousing and distribution.

LIST OF ALL PARCEL IDENTIFICATION NUMBERS (PINS) THAT ENCOMPASS THE PROPERTY

01-30-300-049 TAX YEAR 2020 / 01-30-300-055 TAX YEAR 2021

PROJECTED PROJECT START AND END DATES

The projected start date for the Subject Site is late Spring 2022. The Subject Site will be developed in phases. The initial phase will include mass grading and all subgrade and utility work necessary in order to develop pad sites. The estimated completion of this phase would be late Fall 2022. The second phase will include the development of the buildings. The first building is projected to start at the completion of the initial phase or late Fall 2022. Each building will take approximately 9 – 12 months to complete. We anticipate having the entire industrial park built out by the end of 2024.

NAME OF DEVELOPER AND OWNER

GSI Family Investments of Arizona, LLC

TOTAL DEVELOPMENT COSTS

<u>Line Item</u>	<u>Amount</u>
Land Acquisition	\$ 11,000,000
Land Infrastructure Costs (excl Electric)	\$ 11,000,000
Electric Infrastructure and Concrete Encasement	\$ 6,800,000
Watermain Adds	\$ 325,000
Hard Costs Buildings	\$ 52,000,000
Soft Costs	\$ 16,000,000
Estimated Total Project Costs	\$ 97,125,000

OVERVIEW OF PRIVATE-SECTOR FINANCING

- Financing Institution - Bank of America
- Loan to Value % - 70%
- Term – 7 Years
- Rate – Floating BSBY + 1.85%
- Amortization – Interest Only for 24 Months; then 25 Year Amortization thereafter for 60 Months

AMOUNT OF ASSISTANCE REQUESTED

TIF Assistance is required for all hard, soft, and interest carry costs associated with bringing the required power to the Subject Site and all costs associated with the formation of the TIF. The estimated amount for these costs is \$11.475MM.

<u>Line Item</u>	<u>Amount</u>
Electric Infrastructure and Concrete Encasement	\$ 6,800,000
Watermain Upgrades	\$ 325,000
Estimated Soft/Other Costs	\$ 1,000,000
TIF Interest	\$ 3,350,000
Estimated Total Cost	\$ 11,475,000

STATEMENT REGARDING WHY ASSISTANCE IS NECESSARY

The existing electrical power to the Subject Site is insufficient to support the redevelopment of the site into an industrial park. It is typical for the development of in-fill sites to have nearby access to the required power or for the electrical provider to pay for the costs and be reimbursed by selling the power to end users. The Subject Site

does not have nearby access to the required power nor is the City as the electrical provide willing to pay for the upfront costs needed to bring the power to the Subject Site. Without financial assistance to bring the power to the Subject Site, the Subject Site is undevelopable.

SUMMARY OF TIF INCREMENT PROJECTIONS

See Exhibit B

DESCRIPTION OF PUBLIC BENEFITS

Creation of New Permanent Jobs – It is estimated that Pheasant Run Industrial Park may create up to 1,000 – 2,000 new jobs.

Catalyst for New Private Investment – The TIF and bringing the required power to the Subject Site will spur the re-development of the abandoned Pheasant Run Resort and also supply the necessary power for the redevelopment of the resort.

Elimination of Blight – The re-development of the former Pheasant Run Golf Course that is under-utilized, in-fill site that is an eye sore to the gateway of the St. Charles community. Without the TIF, the Subject Site would likely stay blighted as deed restrictions restrict uses of the Subject Site to commercial and industrial uses. Without the required and necessary electric power, the site would remain undeveloped and blighted.

Incorporation of Environmentally Friendly Features – The re-development of the Subject Site will include environmentally friendly dry bottom ponds with native grasses.

Creation of Public Infrastructure or Facilities – The re-development of the TIF will also provide the necessary power for the re-development of the abandoned Pheasant Run Resort that is in sever disrepair.

Increased Property Tax Revenue – Upon completion of the development of the Subject Site is anticipated to raise property tax revenue by approximately \$1.5 - \$2.0 MM over the existing tax paid as a former golf course.

Best Regards,

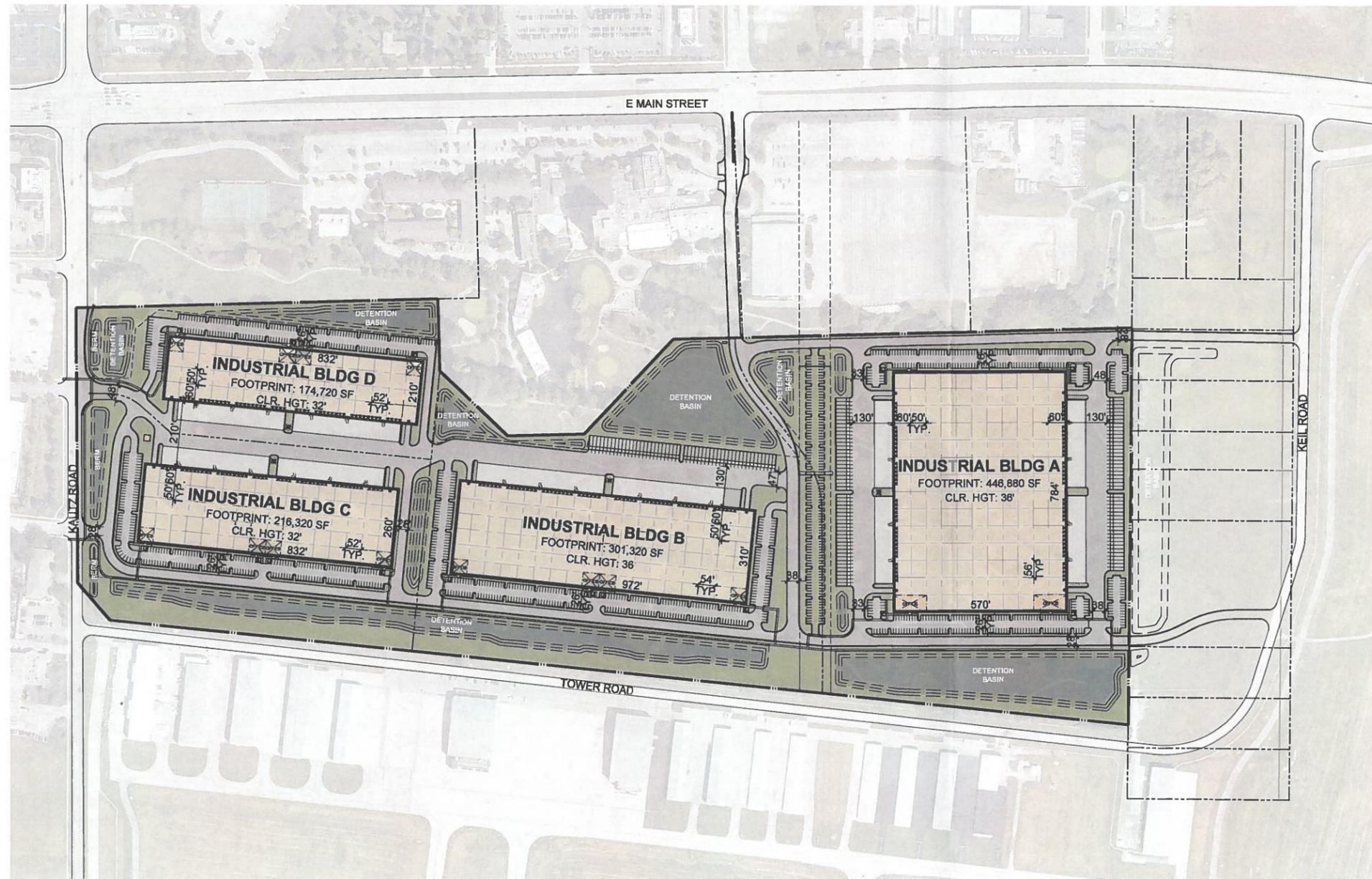


Ron DeRosa

Authorized Agent

GSI Family Investments of Arizona, LLC

Encl: Exhibit A – Site Plan; Exhibit B - TIF Increment Projections



PROJECT DATA:	
SITE AREA:	84.74 AC
GROSS: (INDUSTRIAL PARCEL ONLY)	3,691,425 SF
DETECTION: @ 20%	739,626 SF
NET:	67.76 AC
	2,951,799 SF
BUILDING AREA:	
BUILDING A	446,880 SF
BUILDING B	301,320 SF
BUILDING C	216,320 SF
BUILDING D	174,720 SF
TOTAL:	1,139,240 SF
FAR:	
GROSS:	0.31
NET:	0.39
COVERAGE:	
GROSS:	31%
NET:	39%
BUILDING A	
DOCK-HIGH DOORS	76
GRADE-LEVEL DOORS	4
PARKING REQUIRED: (WITH CITY COUNCIL APPROVAL)	
WAREHOUSE	446,880 SF 447 STALLS
PARKING PROVIDED:	
DAY 1 PARKING	75% OF REQD 359 STALLS
FUTURE PARKING	178 STALLS
TOTAL POTENTIAL	537 STALLS
	@1.2/1000 SF
	1 STALLS
	96 STALLS
REQ. ACCESSIBLE TRAILER STALLS	
BUILDING B	
DOCK-HIGH DOORS	55
GRADE-LEVEL DOORS	2
PARKING REQUIRED:	
WAREHOUSE	301,320 SF 301 STALLS
PARKING PROVIDED:	
DAY 1 PARKING	330 STALLS
	@1.1/1000 SF
	8 STALLS
	50 STALLS
REQ. ACCESSIBLE TRAILER STALLS	
BUILDING C	
DOCK-HIGH DOORS	48
GRADE-LEVEL DOORS	2
PARKING REQUIRED:	
WAREHOUSE	216,320 SF 220 STALLS
PARKING PROVIDED:	
DAY 1 PARKING	220 STALLS
	@1.2/1000 SF
	7 STALLS
REQ. ACCESSIBLE TRAILER STALLS	
BUILDING D	
DOCK-HIGH DOORS	48
GRADE-LEVEL DOORS	2
PARKING REQUIRED:	
WAREHOUSE	174,720 SF 175 STALLS
PARKING PROVIDED:	
DAY 1 PARKING	192 STALLS
	@1.1/1000 SF
	6 STALLS
REQ. ACCESSIBLE TRAILER STALLS	

EXISTING DEVELOPMENT STANDARDS:	
ZONING:	BR - REGIONAL BUSINESS
MAX. COVERAGE:	30%
MAX. BLDG HT:	40 FT
BUILDING SETBACKS:	
FRONT:	20 FT
SIDE:	20 FT
REAR:	30 FT
LANDSCAPE SETBACKS:	
ALL:	
LANDSCAPE REQ.:	
ALL:	
OFF-STREET PARKING:	
STANDARD:	9X18
DRIVE AISLE:	24 FT
OVERHANG:	2 FT
REQ. PARKING RATIO BY USE:	
WAREHOUSE:	1/1000 SF

NOTES:
 1. SPECIAL USE OVERLAY DISTRICT #2 (1945-46 GOLF COURSE)
 2. Confirm with City

POTENTIAL ZONING DEV. STANDARDS:

ZONING:	M-2
MIN. LOT AREA:	NONE
MIN. LOT WIDTH:	NONE
MAX. COVERAGE:	60%
MAX. BLDG HT:	60 FT

BUILDING SETBACKS:

FRONT:	40 FT
INT. SIDE:	20 FT
EXT. SIDE:	40 FT
REAR:	20 FT

LANDSCAPE SETBACKS:

ALL:

LANDSCAPE REQ.: 20% MIN

OFF-STREET PARKING:

STANDARD:	9X18
DRIVE AISLE:	24 FT
OVERHANG:	2 FT

REQ. PARKING RATIO BY USE:

WAREHOUSE: 1/1000 SF

NOTES:
 1. 100 ft adjacent to residential uses
 2. May be reduced to 10 ft when abutting a rail road ROW
 3. Foundation Landscaping @ wide minimum, parking lot @ wide min. islands 100 SF min.
 4. Can be reduced by up to 33% by City Council, 25% can be landscaped/curved

This conceptual design is based upon a preliminary review of entitlement requirements and on unverified and possibly incomplete site and/or building information, and is intended merely to assist in exploring how the project might be developed.

Stormwater Management Design: AVERAGE REGIONAL REQUIRED PROVIDED

Boundary Source: GIS MAP & AERIAL IMAGE



scheme: 19

Conceptual Site Plan

4051 E Main St
 St. Charles, IL 60174

WARE MALCOMB

CH20-0272-00
 11.18.2021

SHEET
 1

City of St. Charles
Resolution No. _____

A Resolution of Inducement and to Express Official Intent Regarding Certain Expenditures to be Reimbursed from a Special Tax Allocation Fund the City of St. Charles May Establish for a Proposed Tax Increment Financing District to be Commonly Described as the Pheasant Run Redevelopment Project Area

**Presented & Passed by the
City Council on March _____, 2022**

WHEREAS, the City of St. Charles, Counties of Kane and DuPage, Illinois (the “City”) is a duly organized and existing home rule municipality created under the laws of the State of Illinois; and

WHEREAS, the City is authorized to take certain actions pertaining to redevelopment activities for properties within the City; and

WHEREAS, the City is contemplating the formation of a tax increment financing district pursuant to the provisions of the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the “TIF Act”), generally in the area of the real property depicted in Exhibit A attached hereto and made a part hereof, tentatively described as the “Pheasant Run Redevelopment Project Area” (the “TIF District”); and

WHEREAS, the City is authorized, under the provisions of the TIF Act, to finance redevelopment project costs, as defined in Section 3(q) of the TIF Act, 65 ILCS 5/11-74.4-3(q) (“TIF Project Costs”), in connection with redevelopment project areas established in accordance with the requirements of the TIF Act; and

WHEREAS, the feasibility of the TIF District has not yet been determined and the exact boundaries of the TIF District are not precisely defined at this time and the contents of a “Redevelopment Plan” which is to be approved pursuant to the TIF Act are not yet finalized; and

WHEREAS, the City desires to have the TIF District redeveloped and rehabilitated through investment by private enterprise which may not be economically feasible to do without providing economic incentives under the TIF Act to the owners of a certain property within the TIF District (“Owner”), pursuant to the terms and provisions of a redevelopment agreement the City may enter into with said Owner; and

WHEREAS, Owner has incurred and paid certain expenditures relating to a project it seeks to undertake in the TIF District (the “Project”) within the period of time that is sixty (60) days prior to the passage of this Resolution and Owner is considering incurring and paying

certain additional expenditures relating to the Project after the date of passage of this Resolution, many of which expenditures (collectively, the “TIF Expenditures”) would constitute eligible “Redevelopment Project Costs” under and pursuant to the TIF Act, which TIF Expenditures Owner would not incur but for the adoption of this Resolution; and

WHEREAS, the City reasonably expects to reimburse itself from incremental property tax revenues generated by properties within the TIF District (“TIF Revenues”) for TIF Project Costs it incurs in establishing and administering the TIF District, should the City elect to establish it; and

WHEREAS, Owner may request that the City pay for certain of the TIF Expenditures it incurs in implementing the Project from TIF Revenues if the City establishes the TIF District; and

WHEREAS, if the TIF District is established, Owner will endeavor to negotiate a redevelopment agreement that contains such agreed upon terms that will assist Owner in the completion of the Project (“Redevelopment Agreement”); and

WHEREAS, if the Redevelopment Agreement is approved by the City, the City expects to pay or reimburse Owner from TIF Revenues, for a portion of the Project costs it incurs which qualify as TIF Expenditures; and

WHEREAS, Owner has stated that, without the City’s contribution of TIF Revenues to the Project, it cannot undertake and complete the Project in an economically feasible manner; and

WHEREAS, Owner reasonably expects that it: (i) will pay or incur TIF Expenditures in connection with the construction of the Project prior to formal approval and execution of the Redevelopment Agreement; (ii) will use funds from sources other than TIF Revenues which are or will be available up front to pay for such TIF Expenditures prior to the approval of a Redevelopment Agreement; and (iii) desires to be reimbursed for the use of some of its capital expenses; and

WHEREAS, the City reasonably anticipates the expenditures of TIF Project Costs in connection with the establishment and administration of the TIF District and the approval and construction of the Project and desires to be reimbursed for such expenditures; and

WHEREAS, the purpose of this Resolution is to induce Owner to pay or incur certain TIF Expenditures in furtherance of the construction of the Project prior to the establishment of the TIF District and prior to formal approval and execution of the Redevelopment Agreement, thereby advancing the purposes of the TIF Act.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of St. Charles, Kane and DuPage Counties, Illinois, in the exercise of its home rule powers, as follows:

Section 1. The foregoing recital clauses to this Resolution are adopted as the findings of the corporate authorities of the City and are incorporated herein by specific reference.

Section 2. City staff have examined the TIF District and its condition and circumstances and, at this time, the corporate authorities of the City conclude that it is reasonable to believe that a TIF District, pursuant to the Act, can be adopted and TIF Expenditures of eligible Redevelopment Project Costs under the Act, in furtherance of the potential development by Owner of a portion of the property in the TIF District should be allowable "Redevelopment Project Costs, provided, however, that this Resolution is not a guarantee that any such TIF District will be adopted, but, rather, is an expression of the intent of the City at this time.

Section 3. The City hereby declares its intention to negotiate and enter into a Redevelopment Agreement with Owner which may provide for, *inter alia*, reimbursement from TIF Revenues of certain TIF Expenditures paid or incurred by Owner and the City. The City acknowledges that, in order to keep the Project moving forward on an acceptable schedule, it will be necessary for Owner and the City to incur some eligible Redevelopment Project Costs prior to negotiation, approval and execution of the Redevelopment Agreement.

Section 4. That neither Owner nor any other party is entitled to rely on this Resolution as a commitment by the City to enter into the Redevelopment Agreement, and the City reserves the right, in its sole and absolute discretion, to not enter into the Redevelopment Agreement, and in such event, the City shall not be subject to any liability or damages of any nature. Neither Owner nor anyone claiming by or through Owner shall have any claim against the City as a result of any decision by the city not to enter into the Redevelopment Agreement. In the event that no TIF District is created over some or all of the property, the City shall in no way be obligated to reimburse Owner of the property, or successor in interest, for any of its costs or expenses.

Section 5. The City hereby declares its intention to use TIF Revenues to pay or reimburse Owner for TIF Expenditures pursuant to the terms of the Redevelopment Agreement, and to pay or reimburse itself for TIF Expenditures it incurs in establishing the TIF District.

Section 6. The City expects to reimburse itself, or Owner, under the terms of the Redevelopment Agreement, from the TIF Revenues for TIF Expenditures paid prior to the City's receipt of TIF Revenues.

Section 7. Officials, officers and employees of the City are hereby authorized to take such further actions as are necessary to carry out the intent and purpose of this Resolution.

Section 8. This Resolution and every provision thereof shall be considered severable, and the invalidity of any section, clause, paragraph, sentence or provision of this Resolution shall not affect the validity of any other portion of this Resolution.

Section 9. All resolutions, ordinances or parts of resolutions conflicting with any portion of this Resolution are hereby repealed.

Section 10. This Resolution shall be in full force and effect immediately upon its passage in the manner provided by law.

PRESENTED to the City Council of the City of St. Charles, Illinois, this _____ day of March, 2022.

PASSED by the City Council of the City of St. Charles, Illinois, this _____ day of March, 2022.

APPROVED by the Mayor of the City of St. Charles, Illinois, this _____ day of March, 2022.

Lora A. Vitek, Mayor

ATTEST:

Nancy Garrison, City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Absent:

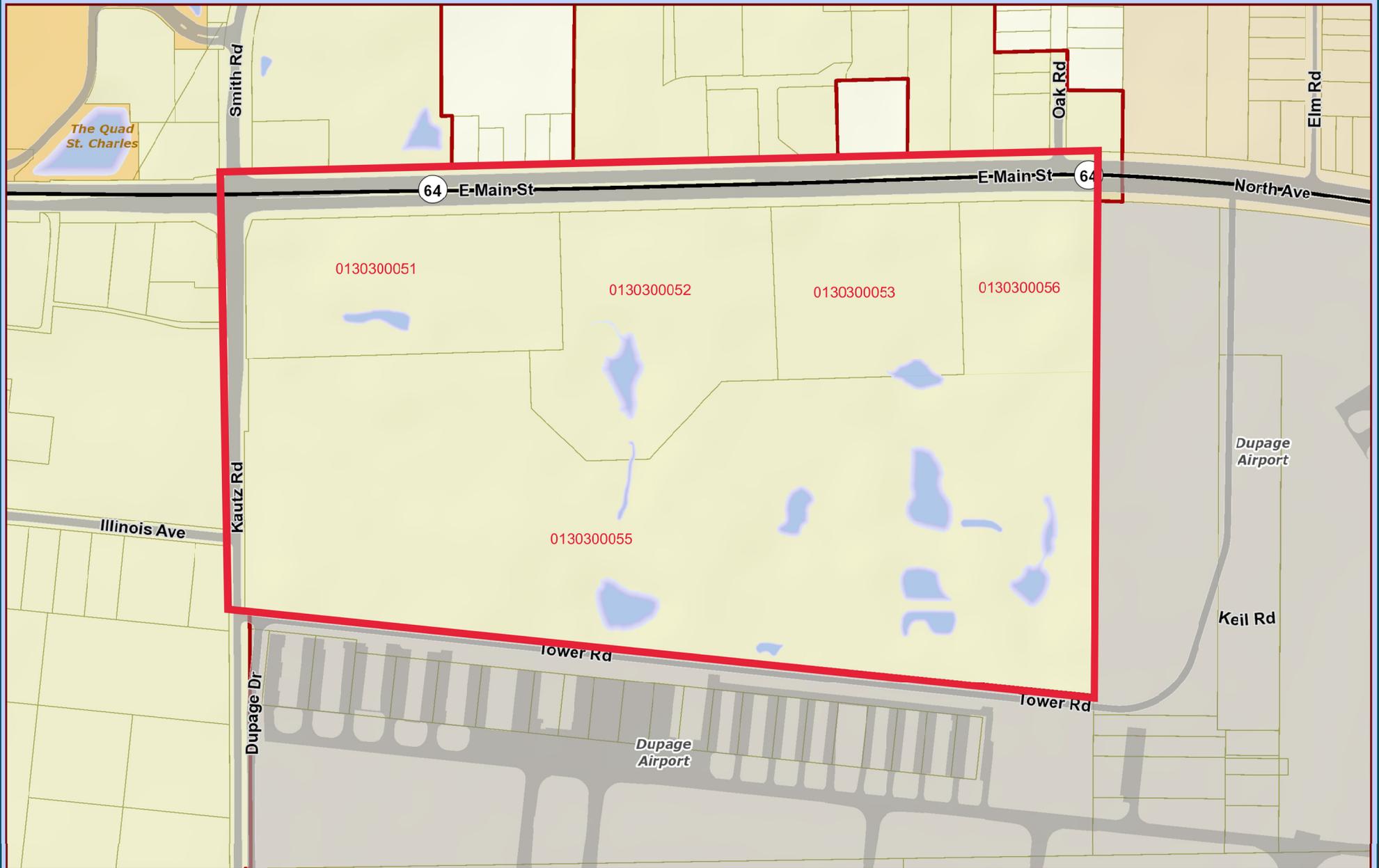
Abstain:

EXHIBIT "A"

Pheasant Run Redevelopment Project Area



Proposed Pheasant Run TIF Redevelopment Project Area



Data Source:
 City of St. Charles, Illinois
 Kane County, Illinois
 DuPage County, Illinois
 Projection: Transverse Mercator
 Coordinate System: Illinois State Plane East
 North American Datum 1983
 Printed on: March 10, 2022 12:45 PM



This work was created for planning purposes only and is provided as is, without warranty of any kind, either expressed or implied. The information represented may contain proprietary and confidential property of the City of St. Charles, Illinois. Under United States Copyright protection laws you may not use, reproduce, or distribute any part of this document without prior written permission. To obtain written permission please contact the City of St. Charles at Two East Main Street, St. Charles, IL 60174.
 Prepared by Invision GIS