



Item Cover Page

Subject	Motion to authorize the Village Manager to execute a contract with SB Friedman for consultant assistance in an amount not to exceed \$33,900.
Meeting	October 5, 2021 - REGULAR MEETING OF THE MOUNT PROSPECT VILLAGE BOARD -
Fiscal Impact	true
Dollar Amount	\$33,900
Budget Source	Admin Professional Services
Category	CONSENT AGENDA
Type	Consent

Information

SB Friedman Development Advisors (SBF) has been the Village's TIF and real estate development consultant since 2016. Retaining a highly experienced development consultant brings independence to TIF analysis related to feasibility, as well as evaluation of development pro-formas and requests for Village assistance.

In December 2020, the Village Board adopted an amendment to the 2009 South Mount Prospect sub-area plan, commonly referred to as the Connect South Mount Prospect: 2020 Sub-Area Plan Update. A key implementation recommendation in this plan is to consider economic development incentives which encourage development or redevelopment in the south Mount Prospect Area. In addition, the "Connect South Mount Prospect Plan: Implementation" is a High Priority in the Village's 2021-2022 Strategic Plan, with an Activity Milestone of "Identify and evaluate potential development incentives, including TIF". This milestone timeline was set for December 2021.

In order to accomplish the goals above, the Village is seeking to retain SB Friedman Development Advisors (SBF) to provide tax increment financing (TIF) consulting services, to assist the Village in evaluating the potential for a TIF district in the south Mount Prospect area. This study is the first step in determining if a TIF district is feasible; it would include significant data collection ("Eligibility Reconnaissance Study") to ensure that any parcel proposed to be included in a TIF boundary meet the legal criteria to be included. SBF will

also complete fieldwork, analyze EAV and other eligibility factors, and summarize their findings for staff and Board review. Should the report and analysis by SBF recommend TIF an appropriate economic development incentive in the study area, they will also continue to work with the Village on the next steps to creating the district, such as legal notification and public presentations.

A complete scope of work, which provides hourly rates for various SBF staff that would be involved in this review, as well as a fee schedule, is attached.

This support from SBF is necessary to have a thorough third-party analysis for this key economic development incentive. Their services protect the Village interests while moving this Strategic Plan item forward efficiently and effectively to completion. They have significant experience in representing communities throughout the country on similar projects and are well recommended. SBF completed the Prospect and Main TIF analysis for the Village in 2017.

Staff has reviewed the proposal and recommends entering into this contract with SB Friedman Development Advisors, to provide tax increment financing consulting services in an amount not to exceed \$33,900.

Alternatives

1. Allow the Village Manager to enter into a contract with SB Friedman Development Advisors, to provide tax increment financing consulting services in an amount not to exceed \$33,900.
2. Action at the discretion of the Village Board.

Staff Recommendation

Staff recommends entering into this contract with SB Friedman Development Advisors, to provide tax increment financing consulting services in an amount not to exceed \$33,900.

ATTACHMENTS:

SB Friedman Scope of Services South MP TIF Eval 9.28.2021

September 28, 2021

Mr. Michael Cassady
Village Manager
Village of Mount Prospect
50 S. Emerson Street
Mt. Prospect, IL 60056

Dear Mr. Cassady:

SB Friedman Development Advisors (“SB Friedman”) is pleased to present this proposal to the Village of Mount Prospect (the “Village”) to provide tax increment financing (TIF) consulting services for a potential TIF district covering a primarily industrial and office area along Mount Prospect’s southern edge roughly bounded by Dempster St., S. Busse Rd., Oakton St., and S. Elmhurst Rd., including some adjacent areas which are currently unincorporated.

This letter outlines our project understanding, proposed scope of services, timeframe and fees.

Background and Understanding

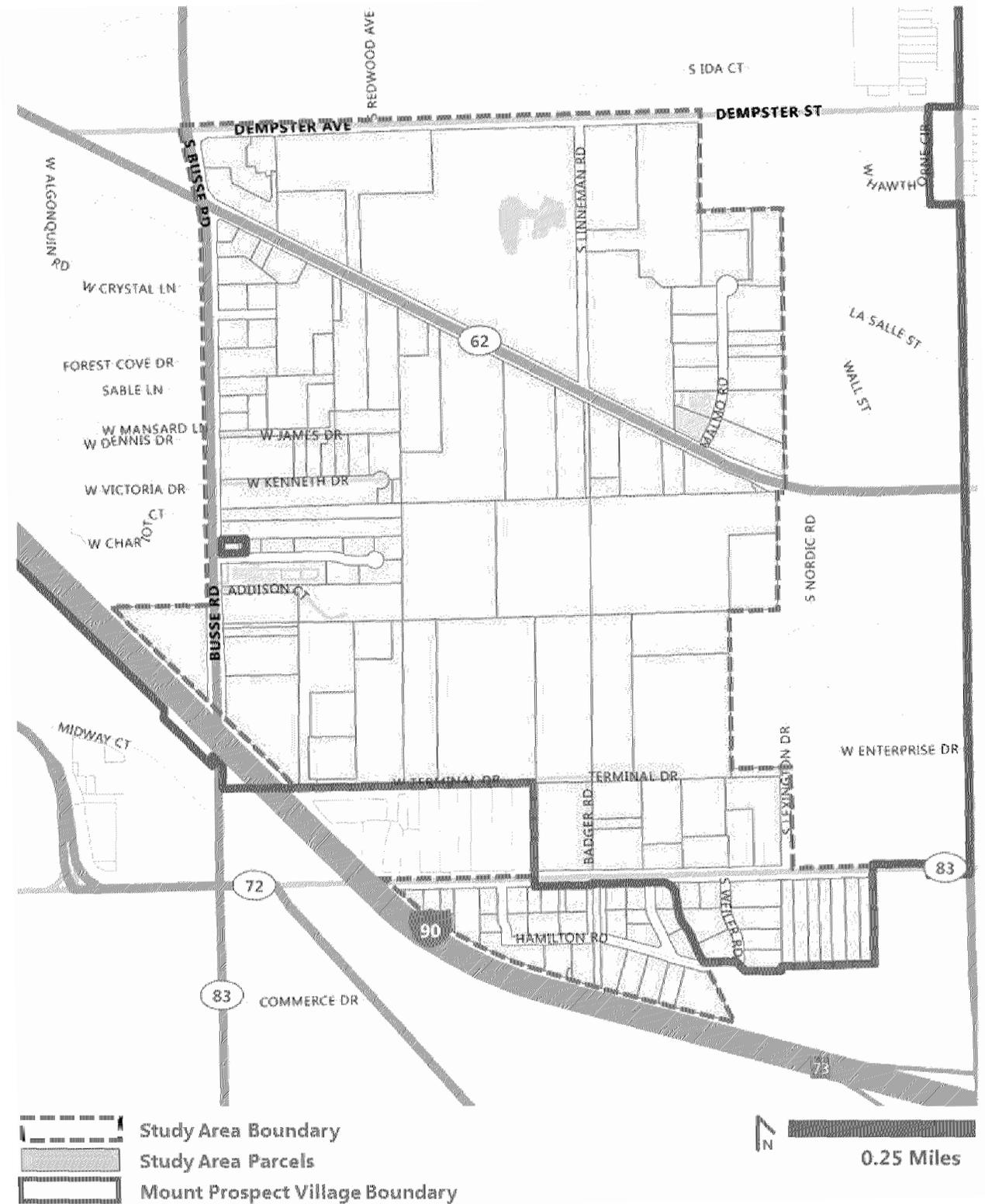
The Village is seeking assistance in evaluating the eligibility of and identifying an optimal boundary for a potential TIF district covering a primarily industrial and office area along Mount Prospect’s southern edge roughly bounded by Dempster St., S. Busse Rd., Oakton St., and S. Elmhurst Rd., including some adjacent areas which are currently unincorporated (the “Study Area”), as shown in **Map 1** on the following page. Based on initial information, it appears that the Study Area includes approximately 160 parcels of land. There does not appear to be any residential land use within the Study Area. SB Friedman assumes that any annexation issues will be handled separately by the Village and that all parcels will be incorporated into the Village by the time of potential TIF district adoption.

SB Friedman proposes to support the Village’s effort to establish a TIF district for the Study Area. Under this proposed scope of services, SB Friedman will work with Village staff to support a full TIF designation process for the proposed TIF district. We have organized our scope of services for this assignment into four primary tasks:

- 1) Conduct a TIF Eligibility Reconnaissance Study
- 2) Prepare Redevelopment Plan and Project Document
- 3) Prepare Mailing Lists and Support Notice and Approval Process
- 4) Support Public Approval Process

SB Friedman has broad and deep experience in all aspects of TIF, such as: TIF district designation and amendment, including housing impact studies; developing property tax increment projections for TIF assistance requests and underwriting of various financing obligations; negotiating term sheets and redevelopment agreements; and documenting and supporting TIF compliance activities. We are noted for our rigorous analyses of TIF eligibility, feasibility, and the market, fiscal, economic and related aspects of public-private development projects.

Map 1: Study Area



Sources: Esri; SB Friedman; Village of Mount Prospect

Scope of Services

Our proposed scope of services and work steps for each task are as follows:

TASK 1: CONDUCT ELIGIBILITY RECONNAISSANCE STUDY

1) Conduct Project Kickoff Call

We will conduct a kickoff call with the Village and Village attorney to:

- Discuss the project scope and timeframe;
- Confirm the initial Study Area boundary;
- Discuss if any land in the Study Area could be considered vacant;
 - If so, additional authorization may be needed to conduct research regarding potentially vacant parcels;
- Confirm presence or absence of any residential properties within the Study Area;
- Identify key sources of data that we will need for our analysis.

2) Obtain and Examine Necessary Data

We will pursue key data to determine whether the Study Area qualifies for TIF designation, based on the criteria outlined in the TIF Act. To complete our Eligibility Reconnaissance Study, we will:

- Obtain current GIS parcel shape files and/or existing base maps from the Village, and prepare internal base maps;
- Obtain and review building age data from Cook County;
- Obtain and review five-year history of building permit data for parcels within the Study Area;
- Obtain information about infrastructure age and condition from Village staff and others, as available;
- Prepare PIN list, and order and enter taxpayer and six-year history of equalized assessed values (EAV) for the Study Area; and
- Enter, proof and map eligibility criteria, as required.

3) Conduct Fieldwork

We will conduct field research for the Study Area as a whole, and generally, the surrounding context of the Study Area, to document field-observable eligibility factors. Current scope and budget assume we will not need special access from and coordination with tank farm ownership to determine eligibility of parcels within the tank farm. If extraordinary coordination with tank farm ownership is required, additional authorization may be required.

4) Analyze EAV Growth

We will analyze the growth in EAV over the past six years (five year-to-year periods) and compare Study Area growth to Village growth and Consumer Price Index growth over those periods.

5) Analyze Additional Eligibility Factors/Required Findings and Tests

Data will be analyzed to assess the presence and distribution of factors to establish eligibility and to meet the “but for...” and “lack of growth through private investment” requirements, as outlined in the Act. If for any reason the Study Area does not qualify for a TIF designation, we will meet with you to discuss potential strategies at that point.

6) Prepare Eligibility Reconnaissance Study Summary

An Eligibility Reconnaissance Study summary PowerPoint presentation documenting the findings of our eligibility research will be prepared.

7) Conduct Call with Village

We will conduct a call with the Village and Village attorney to discuss our findings and recommendations, and to finalize the TIF boundary. During this call, we will also confirm the assumptions to be used in developing the TIF budget, goals and objectives, and the projections of future incremental property taxes.

TASK 2: FINALIZE ELIGIBILITY RESEARCH AND PREPARE REDEVELOPMENT PLAN AND PROJECT DOCUMENT

1) Finalize Eligibility Research and Analyses

We will gather additional data as required to finalize our eligibility research. If it is determined that vacant parcels are present, we may need to engage a professional engineer to conduct a flooding study for vacant parcels in the Study Area.

2) Prepare Maps of the Proposed TIF District

A series of maps of the proposed TIF district will be prepared for inclusion in the Redevelopment Plan and Project document. These maps will include: the proposed boundary, vacant and improved land split (if applicable), documented distribution of eligibility factors, existing land use, future land use, and acquisition parcels (if applicable).

3) Obtain Boundary Legal Description

We will engage and manage a licensed surveyor on the Village’s behalf to draft a boundary legal description for the proposed TIF district. To ensure accuracy of the boundary legal description, we will conduct a careful proof of it. We will work with Cook County to ensure that they are comfortable with the legal description prior to filing the TIF plan with the Village Clerk.

4) Prepare Draft of the Redevelopment Plan and Project (Redevelopment Plan) Document

We will prepare a Redevelopment Plan document for the proposed TIF district. We assume this will represent the second half of the combined Eligibility Study and Redevelopment Plan document. As required by the Act, the Eligibility Study and Redevelopment Plan document will include:

- Redevelopment Project Area (RPA) Description
- Formal Legal Description of the RPA Boundary

- Summary of Blight/Conservation Area Conditions and Analysis of Eligibility Factors
- Redevelopment Plan Goals and Project Objectives
- Redevelopment Strategies and Activities
- Existing and Proposed Land Use
- Most Recent EAV and Estimated Future EAV
- Estimated Redevelopment Project Costs (Line Item Budget)
- Assessment of Impacts on Other Taxing Districts
- Affirmative Action Plan
- Statement of Conformance with Other Community Plans

Preliminary projections of incremental property taxes from the TIF district will be prepared to confirm the supportable budget for the TIF plan and estimating the future EAV of the RPA, as required by the Act.

The Act requires that a Housing Impact Study (HIS) be completed if the plan would result in the displacement of 10 or more occupied residential units, or if the area contains 75 or more occupied residential units and the Village does not certify that no residential displacement will occur. If required, we will conduct the HIS as an additional service.

We will prepare a final Redevelopment Plan document combining the Eligibility Study, RPA project plan and budget, legal description, appropriate maps, and other required documentation. We anticipate first preparing draft documents to be distributed to and reviewed by the Village and the Village attorney. Any revisions to the draft Plan documents will be incorporated into the final Redevelopment Plan document, which will be filed with the Village Clerk 10 days prior to introduction to the Village Board.

TASK 3: PREPARE MAILING LISTS AND SUPPORT NOTICE AND APPROVAL PROCESS

1) Create Mailing Lists for Noticing

The Act requires that municipalities make a good faith effort to provide notice of the availability of the eligibility study and Redevelopment Plan document and how to obtain the report by mail to all residential addresses within 750 feet of the boundaries of any proposed TIF district. We will prepare a map identifying this buffer area. We will conduct fieldwork to gather the addresses in this area. Additionally, we will prepare other mailing lists for noticing, as required by the Act.

Our scope includes preparation of the following mailing lists:

- Taxing Agencies and DCEO
- Taxpayers within the Proposed TIF Area
- Taxpayers of Properties within the Proposed TIF Area for Which Taxes Were Not Paid in the Prior Year
- Residential Addresses within 750 Feet of the TIF Boundary

The Village may elect to engage a mailing company for preparation and distribution of the mailings or to prepare the mailings using Village staff resources.

2) Support Notice and Approval Process

We assume that the Village will print and prepare the mailings and publish required notices in local newspapers. We will coordinate with the Village to ensure all mailing addresses are provided in a timely fashion.

We will provide a draft notice and adoption schedule but assume that the Village attorney will finalize that schedule and manage a timeline for mailings, meetings and noticing, based on state law, the overall project timeline, newspaper publishing dates, and the Village Board meeting schedule.

If desired, we can provide the Village and the Village attorney with sample notices for mailings, public notices to be published in newspapers of general circulation, and ordinances for the adoption of the TIF district.

TASK 4: COMPLETE PUBLIC APPROVAL PROCESS

We will attend and, as appropriate, make presentations at the two key meetings that are part of the review process as provided in the Act. These meetings include the Joint Review Board Meeting and the Public Hearing. We are available for additional meetings or public presentations, as described in the section below.

Additional Services

The scope above outlines places where additional authorization may be required beyond the base scope outlined:

- ***Vacant land determination.*** If additional analysis is required to determine if/which parcels are considered vacant, there may be additional authorization required.
- ***Coordination with tank farm ownership.*** If extraordinary coordination is required with tank farm ownership to ascertain eligibility of parcels within the tank farm, additional authorization may be required.

If additional meetings are required, we can attend and present our findings at the billing rates provided below. We are also available to provide other TIF-related services, such as tax increment projections or financial deal reviews for projects requesting TIF assistance.

Timeframe and Fees

Based on the scope of the work outlined herein and our experience with similar projects, we estimate it will take approximately 45 to 60 days to complete the TIF Eligibility Reconnaissance Study, 30 to 60 days to complete the Redevelopment Plan and Project, and 90 to 120 days to complete the public approval process. However, we will work with you to meet any specific deadlines, where possible.

Professional fees for our services will be based on the time required at the billing rates of the SB Friedman personnel assigned to the project. The scope of the engagement and our experience with similar services indicate that our professional fees and expenses will total **\$33,900**, as detailed in the budget chart on page 10 of this letter.

Task 1: Conduct Project Initiation & Eligibility Reconnaissance Study	\$13,825
Task 2: Prepare Redevelopment Plan and Project Document	\$8,860
Task 3: Prepare Notices and Mailing Lists	\$6,585
Task 4: Complete Public Approval Process	\$3,880
<u>General Expenses</u>	<u>\$750</u>
TOTAL SB FRIEDMAN FEES AND EXPENSES	\$33,900

Potential third-party costs not included in this estimate:

Surveyor – TIF district boundary legal description
Engineer – Vacant land flooding study

This fee estimate is based upon the detailed work steps and time budgets shown in the attached budget table. Actual billings will be based on time expended at the special project rates that are currently as follows:

Senior Vice President	\$255	Vice President	\$230
Project Manager	\$225	Associate Project Manager	\$190
Associate	\$160	Research Associate	\$140

Travel, publications, maps, outside data, report reproduction, and other out-of-pocket expenses will be billed as incurred without mark-up. We anticipate that the Village will publish notices in the local paper and have not included an allowance for these costs.

This fee estimate is subject to revision if the engagement entails more time than estimated due to problems that are encountered that could not reasonably have been foreseen at the commencement of the engagement or if the scope is changed. In this event, we will discuss the matter with you so that a mutually acceptable revision may be made. If the time spent on this engagement is substantially less than we have estimated, we will bill you a lesser amount.

This estimate contemplates our attendance at the following meetings:

- Joint Review Board Meeting
- Public Hearing

Additional meeting time and additional services, beyond what has been included in the budget, will be billed at the project rates outlined above.

Invoices will be rendered not more frequently than monthly as our work progresses for services and costs incurred. These invoices are payable within 30 days. If at any point the decision is made to discontinue our services, our fee will be based upon the actual time expended and out-of-pocket costs incurred to that date.

The attached "Limitations of Engagement" apply to this assignment.

Acceptance Procedures

We appreciate the opportunity to continue to assist the Village. To indicate your acceptance of this proposal, please sign and return it to us as authorization for us to proceed.

Sincerely,



Geoffrey Dickinson, AICP
Senior Vice President

Accepted: _____
Signature Date

Name Title

LIMITATIONS OF ENGAGEMENT

Our report will be based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we will obtain certain information. The sources of information and bases of the estimates and assumptions will be stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the report to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include, without limitation, economic growth trends, governmental actions, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study will not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits, and licenses. No effort will be made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Furthermore, we will neither evaluate management's effectiveness, nor will we be responsible for future marketing efforts and other management actions upon which actual results will depend.

Preliminary TIF projections are anticipated to be prepared under this engagement for the purpose of estimating the approximate level of increment that could be generated by proposed projects and other properties within the proposed TIF district boundary and from inflationary increases in value. These projections are intended to provide an estimate of the final equalized assessed value (EAV) of the TIF district for inclusion in the final report and to provide a level of assurance that the increment to be generated would be sufficient to cover estimated project costs.

As such, our report and the preliminary projections prepared under this engagement are intended solely for your information, for the purpose of establishing a Tax Increment Financing district, and may be reviewed by private institutional lenders in support of potential debt obligations. These projections should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the report nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors, without prior approval.

DETAILED BUDGET

	Senior Vice President	Associate Project Manager	Associate
Special TIF Project Rates	Person: Rate: \$ 255	\$ 190	\$ 160
Task 1: Conduct TIF Eligibility Reconnaissance Study			
Conduct Project Kickoff Meeting	2	2	
Obtain/Create Composite Base Maps, PIN List, Assessment Data and Files			2
Obtain/Examine Existing Reports/Data		1	4
Conduct Fieldwork		16	16
Analyze EAV Growth	1	2	4
Analyze Additional Eligibility Items	1	2	4
Draft Eligibility Reconnaissance Slides	2	4	12
Conduct Call to Discuss Eligibility Findings	1	1	
Subtotal Hours for TASK 1-Conduct Eligibility Recon Study	77	7	42
Subtotal Dollars for TASK 1-Conduct Eligibility Recon Study	\$ 13,825	\$ 1,785	\$ 6,720
Task 2: Prepare Redevelopment Plan and Project Document			
Prepare Maps and Graphics		2	8
Obtain and Proof Boundary Survey/Legal Description	1	2	2
Write First Draft of Plan & Project Document	2	10	16
Make Revisions/Finalize Report	1	2	4
Subtotal Hours for TASK 2-Prepare Redevelopment Plan	50	4	30
Subtotal Dollars for TASK 2-Prepare Redevelopment Plan	\$ 8,860	\$ 1,020	\$ 4,800
Task 3: Prepare Notices and Mailing Lists			
Meet 750 Feet Requirement/Prepare Other Mailing Lists			
A. Prepare Buffer Map			4
B. Conduct Fieldwork and Collect Addresses			20
C. Enter Addresses/Obtain Postal Information			4
D. Compile/Proof List for Mailing			4
Provide Draft Notices and Ordinances	1	1	
Coordinate Mailing and Noticing Process		2	4
Print/Package/Mail All Applicable Notices			
		Assumed Completed by Village	
Subtotal Hours for TASK 3-Prepare Notices and Mailing Lists	40	1	36
Subtotal Dollars for TASK 3-Prepare Notices and Mailing Lists	\$ 6,585	\$ 255	\$ 5,760
Task 4: Complete Public Approval Process			
Attend/Present at Joint Review Board	4	4	2
Attend/Present at Public Hearing	4	4	
Subtotal Hours for TASK 4-Complete Public Approval Process	18	8	2
Subtotal Dollars for TASK 4-Complete Public Approval Process	\$ 3,880	\$ 2,040	\$ 320
Total Hours	185	20	110
Total Dollars	\$ 33,150	\$ 5,100	\$ 17,600
General Expenses	\$ 750		
TOTAL BUDGET FOR TASKS 1 Through 4	\$ 33,900		
Allowance for Boundary Legal	Assumed Billed Direct to Village		
Mailing Costs and Title Company Tax Delinquency Research	None Assumed		
TOTAL ESTIMATED PROJECT BUDGET	\$ 33,900		