City of Des Plaines Economic Development Initiative

Opportunities and Recommendations Summary and Report

Prepared for the City of Des Plaines
April 2014

THE TAMMEN GROUP

Residential Planning Partners

wohltgroup

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Executive Summary

This summary provides an overview of the existing economic development efforts and tools, overview of market conditions, and image and identity opportunities relevant to the City of Des Plaines. Opportunities and recommendations are outlined to help guide the City in addressing issues related to the overall business and development environment, commercial and residential development, and image and identity. This executive summary and report, including the analysis of each of the team members, THE TAMMEN GROUP, Residential Planning Partners LLC, and wohltgroup, is organized by the following sections:

1. Real Estate and Business Development Environment
2. Market Overview
3. Image and Identity
4. Recommended Work Program
5. Appendix

1. REAL ESTATE AND BUSINESS DEVELOPMENT ENVIRONMENT OVERVIEW: SUMMARY OF RECOMMENDATIONS

This summary represents THE TAMMEN GROUP's evaluation of the City's existing economic development efforts and tools. The recommended improvements and actions are intended to more effectively target users and create a mutually beneficial business and real estate development environment. A better environment will increase the likelihood of attracting and retaining business and investment within the City.

The following recommendations include initiatives that the City should consider as part of its overall approach to business and economic development. If the Consultant Team's outreach efforts to the business and real estate community are "talking the talk" then the implementation steps demonstrate that the City is "walking the walk".

RECOMMENDATIONS

- Establish Geographic Priority Areas for Recruitment Efforts
  - Five Corners
  - Downtown Des Plaines
  - Mannheim Road / Lee Street and Oakton Street intersection
  - Oakton Street Corridor
  - Mannheim Road / Touhy Avenue intersection

  Ancillary Corridor: Cumberland Station District

The following are key specific sites that are not tied to a particular subdistrict or corridor, yet offer significant redevelopment opportunities. These sites include:

- Former United Stationers Site - 2200 E. Golf Road (Northwest Corner of Golf and I-294)
- Former Littelfuse Site - 775-800 E. Northwest Highway
- O'Hare Lakes - 2200 E. Devon (Northwest Corner Devon and I-294)

These priority areas are evaluated and discussed in greater detail in the Development Priorities Matrix included in **Appendix 1**.

- Leverage Existing Incentives
- Pursue IEPA and U.S. EPA Grant Funding for Five-Corners Properties

Development Process and Tools

- Initiate and Promote a Streamlined Development Assistance Process
- Set Up Location One Information System (LOIS) Data Base of Available Properties
- Update Comprehensive Plan
- Adopt Unified Development Ordinance (UDO) and Zoning Map
- Amend Current Parking Regulations
- Adopt 2012 International Building Code (IBC)

New Business Development Outreach and Communication

- Participate in Real Estate Trade Shows and Conferences to Promote Des Plaines
- Establish an On-Going, City-Initiated Public Relations Effort

Local Business Outreach

- Develop a Comprehensive List of Local Businesses
- Establish Regular Connections with Business Community

These opportunities are summarized and discussed in greater detail in **Appendix 1**, "Real Estate and Business Development Opportunities and Recommendations".

2. MARKET OVERVIEW: SUMMARY OF CONCLUSIONS & RECOMMENDATIONS

The following bullet points summarize our analysis of the Des Plaines residential, retail, office, and industrial markets. A summary of the City's demographic and socioeconomic character is also provided for context. The guidance and recommendations offered represent development opportunities deemed to garner measurable market support based on current and forecast conditions within the City and wider Chicagoland Region.

Demographic & Socioeconomic Context

- Despite exhibiting a median household income that is lower than many surrounding municipalities, demographic support within Des Plaines is strong enough to support a variety of commercial and residential opportunities.
- Given the relative affordability of housing in many of its neighborhoods, Des Plaines has the opportunity to advance a position as a haven for first time home buyers, who often put down roots and become important additions to the economic vitality of a city.
- Des Plaines should take note of its growing diversity. Significant opportunities are to be found in addressing the unique needs of its diverse citizenry.

Residential Market

- Des Plaines' existing residential real estate market has entered a sustained period of recovery, and given the relative scarcity of available inventory, continued price stabilization is likely.
- Yet, despite tightness in the existing home market, little or no appetite appears to exist among builders for the development of new for sale units within the city in the near term.
- Opportunity for rental apartment development could be significant, however, provided land can be found for one or more apartment developments of the significant scale (approximately 150-200 units) required by most multifamily developers.
- Moreover, development of new rental housing may be essential to attracting Millennial Generation young professionals to the City.

Retail Market

- The city's retail market today consists almost entirely of community and neighborhood-serving stores, service businesses, and restaurants, with no significant concentrations of national retailers.
- Various challenges have resulted in new large-scale retail development largely passing Des Plaines by (the notable exception being Metropolitan Square).
- Despite recent retail successes throughout the city, little cohesion yet exists to create the kind of critical mass needed to turn Des Plaines' underutilized commercial corridors into vibrant retail destinations.
- Creating areas of retail density will be critical to the larger goal of driving retail traffic, bolstering leasing potentials, and thus making the redevelopment of outmoded retail facilities feasible.
- Near term opportunities lie with the recruitment of strong regional operators to bring businesses to Des Plaines, particularly in the specialty food, cosmetics/beauty supply, family clothing, boutique/specialty women's clothing, sporting goods, limited-service restaurant, and pub/tavern categories.
- A smaller near term opportunity exists for the recruitment of national retailers who are currently in expansion mode.

Office Market

- In terms of the overall health and vitality of the City of Des Plaines, initial efforts within the office market should focus on filling vacancies in and around downtown (including, first and foremost, the nearly 60,000 square feet currently available within the 701 Lee building).
- Outside of downtown, a redevelopment of the O'Hare Lakes Office Plaza (excluding the 2300 E. Devon building occupied by the FAA) should be seen a substantial opportunity for the city.
- While market conditions will likely preclude the wholesale redevelopment of O'Hare Lakes as an office park, a mixed-use development within property that includes a variety of commercial uses, if properly planned and phased, could achieve near to mid-term market support and constitute an enormous win for the city on what is one of the largest potential redevelopment sites within the O'Hare market.
- Additional longer term opportunities may arise as competition for the O'Hare submarket's limited Class A space strengthens and potentials for Des Plaines' Class B space increase.

Industrial Market

- Des Plaines' inventory of larger industrial facilities consists primarily of B and C class buildings, with many built in the 1960s for manufacturing use and now dated and/or outmoded.
- While market fundamentals within Des Plaines' industrial real estate sector are currently strong, its lack of newer facilities means that as companies expand and/or move into the area, they are increasingly likely to pass over Des Plaines in favor of better-suited facilities elsewhere.
- Nevertheless, Des Plaines' central location with proximity to O'Hare Airport and the regional transportation system remains an important draw for many industrial businesses.
- The primary areas of opportunity within the Des Plaines industrial sector remain the retention of existing businesses and promotion of the development of new facilities geared toward warehousing and distribution users.
- Des Plaines could also benefit from a near term strategy to promote the leasing of its older industrial properties and smaller spaces (i.e., those under 50,000), which can be difficult to fill and are generally appealing only to local or specialty warehousing or manufacturing operations. Such a strategy could target an industry sector—such as the merchandise closeout sector—that already has a substantial presence within the O'Hare market.

These opportunities are summarized and discussed in greater detail in **Appendix 2**, "Market Overview and Opportunity Analysis".

3. IMAGE AND IDENTITY OPPORTUNITIES

Stakeholders interviewed for this project, while recognizing Des Plaines' many strengths, also acknowledged that the City had issues regarding perceptions and overall image. Based on their comments, and the observations of THE TAMMEN GROUP Team during our analysis phase of the project, it appears that many of the community's negative perceptions can be connected to two principle sources – the City's roadways and the Des Plaines River. Despite these negatives, each also provides opportunities for signature improvements that could significantly enhance Des Plaines' image.

Des Plaines is both blessed and cursed by its many roadways that feature high volume traffic counts; Blessed because the exposure that the traffic counts provide is highly desirable for many businesses. Cursed because a large number of segments along these roadways are today visually unappealing and do not measure up to the attractiveness of the City's residential neighborhoods.

As noted by many stakeholders interviewed for this project, flooding has long been a principle source of many negative perceptions. Leveraging the Des Plaines River's positive attributes to help mitigate the negative ones could help to strengthen existing perceptions of the community in a highly visible manner.

These and other opportunities are summarized in **Appendix 3**, "Image and Identity Opportunity Analysis".

4. WORK PROGRAM

We share the City's goal to turn plans into action. To this end, we have prepared a summary matrix that captures the recommendations set forth in this report and assigns responsible parties and timeframes to implement each recommendation. This document should essentially serve as an overall work program. Specific work plans should be developed for the longer term recommendations in order to properly budget resources and coordinate with other City initiatives and priorities.

Attachments:

- Recommendations Summary & Implementation Matrix

5. APPENDIX

1. Real Estate and Business Development Opportunities and Recommendations
2. Market Overview and Opportunity Analysis
3. Image and Identity Opportunity Analysis
4. Key Stakeholder Meetings Summary
5. Real Estate Community Focus Group Summary
6. Other Industry Resources Meeting Summaries
7. Brand Position Report
8. Property Database Project Outline
9. Document Review List

City of Des Plaines
Economic Development Initiative
Recommendation Summary & Implementation Matrix

CC = City Council
CED = Community and Economic Development Staff
ED Consultant = Economic Development Consultant
EDC - Economic Development Commission
C = Chamber of Commerce
MS = Media Services
MO= Mayor's Office

	PRIORITY AREAS & SITES								IMPLEMENTATION				
							Ancillary Corridor	Other Key Sites		Timeframe (Years)			
	City wide	Five Corners	Downtown Des Plaines	Mannheim / Lee & Oakton Street Intersection	Mannheim Rd./ Touhy Ave. / TIF 6	Oakton Street Corridor	Cumberland Station District	-Former United Stationers -Former Littelfuse -O'Hare Lakes	Responsible Parties	0 - 1	1 - 3	4+	On-going
PRIORITY BY RECOMMENDATION TYPE [1]													
Real Estate and Business Development Policy													
1. Leverage Existing Incentives	■								CED/ ED Consultant				■
2. Pursue IEPA and U.S. EPA Grant Funding for Environmental Assessments and Clean Up		■							CED/ Environmental Consultant		■		
Development Processes and Tools													
3. Initiate and Promote a Streamlined Development Assistance Process	■								CED/ ED Consultant/ MS	■			
4. Set Up Location One Information System (LOIS) Data Base of Available Properties	■								ED Consultant (Set up), CED/ ED Consultant/ MS (Set up and Management)	■			■
5. Update Comprehensive Plan	■								CED / CC	■			
6. Adopt Unified Development Ordinance (UDO) and Zoning Map	■								CED / CC	■			
7. Amend Current Parking Regulations	■								CED / CC	■			
8. Adopt 2012 International Building Code (IBC)	■								CED / CC	■			
New Business Development Outreach and Communication													
9. Participate in Real Estate Trade Shows and Conferences to Promote Des Plaines	■								CED/ ED Consultant				■
10. Establish an On-Going, City-Initiated Public Relations Effort	■								CED / MS/ MO /intern	■			■
Local Business Outreach													
11. Develop a Comprehensive List of Local Businesses	■								CED/ C / MS	■			
12. Establish Regular Connections with Business Community	■								CC (Leadership)/EDC / C	■			■
Market Overview [2]													
1. Identify opportunities for rental apartment development (150-200 units per development)			■					■	CED/ ED Consultant		■		
2. Recruit strong regional operators in specialty food, cosmetics/beauty supply, family clothing, boutique/specialty women's clothing, sporting goods, limited service restaurant and pub/tavern categories.	■	■ Sporting Goods, Family Clothing, Cosmetics/ Beauty Supply	■ Sporting Goods, Family and Boutique/ Specialty Women's clothing	■ Specialty Food	■ Limited Service Restaurant, Pub/Tavern	■ Limited Service Restaurant, Pub/Tavern			CED / EDC/ ED Consultant		■		
3. Redevelopment of O'Hare Lakes as a mixed-use redevelopment with a variety of commercial uses								■	CED / ED Consultant		■		
4. Industrial business retention and promotion of new facilities	■								CED / EDC/ C				■
5. Promote leasing of older and smaller industrial properties (under 50k sf); target an industry sector such as the merchandise closeout sector	■								CED / C/ ED Consultant		■		■
Image and Identity													
1. Initiate and Promote a Signature "Project Curb Appeal" Public Improvement Program in Core Subdistricts	■	■	■	■	■	■			CED / MO / CC / ED Consultants		■		
2. Identify and Formally Name Key Sub-districts, Corridors	■	■	■	■	■	■	■		CED / CC		■		
3. Create a More Effective Visual Identity System	■								CED / ED Consultants		■		
4. Use Enhanced Gateway Signage to Elevate Awareness of Des Plaines' Name and Boundaries	■								CED / ED Consultants		■		
5. Coordinate Municipal and Subdistrict Identity and Signage	■								CED / ED Consultants		■		
6. Make Vibrant, High Quality Commercial Signage a Signature Feature of Downtown's Image			■						CED / ED Consultants		■		
7. Simplify/ Make Street Names Consistent	■								CED / MO / CC / ED Consultants		■		
8. Modify City Motto / Tagline to Connect to Chicago	■								CED / ED Consultants		■		
9. Strengthen the Visual and Physical Connections to the River and Forest Preserves			■						CED / ED Consultants			■	
10. Continue and Expand the Signature Public Improvement Program for Key Sub-districts and Roadway Corridors	■								CED / MO / CC / ED Consultants			■	
11. Remove One-way Pairs			■						CED / MO / CC / ED Consultants			■	
12. Redevelop Lee Street Between Prairie Avenue and Thacker Street Into a Classic, "Two-sided" Mainstreet Environment			■						CED / MO / CC / ED Consultants			■	
13. Define Themes or "Brand Promises" for Key Subdistricts That Can be Leveraged and Expanded Over Time	■								CED / MO / CC / ED Consultants			■	

[1] Implementation of any and all recommendations are subject to the required municipal approvals and available funding.
[2] The Responsible Parties will work to support the implementation of the recommendations understanding that the marketplace will ultimately determine whether to locate and invest in Des Plaines.

Source: THE TAMMEN GROUP, Revised 10.28.13

City of Des Plaines
Economic Development Initiative

Real Estate and Business Development Opportunities and Recommendations

Prepared by THE TAMMEN GROUP
August 2013

OVERVIEW

The City of Des Plaines recognizes the need for a focused effort to lead and take charge of its economic development future. The City has a great opportunity to build upon its current capital investments, new downtown businesses slated for opening later in 2013, and new political leadership. THE TAMMEN GROUP is excited about the opportunity to assist the City in realizing its economic development goals.

This analysis represents our observations in the initial phases of our engagement with the City and is by no means exhaustive. The recommendations set forth in this document are based upon THE TAMMEN GROUP's review of the City's resources as well as interviews and meetings with key stakeholders, the real estate development community and City staff. These discussions provided a good cross-section of perspectives with respect to the real estate development and business development environment in the City. While the feedback and observations indicate many positive current and new initiatives, the stakeholders and others interviewed indicated there are areas in which the City could improve with respect to its desirability as a place to do business.

It is clear from our observations and feedback from meetings and interviews that the Des Plaines' image as a place to do business could be significantly improved in several important ways. To enhance investors' perceptions of the City, must commit to these improvements, particularly with respect to the review and approval processes.

Implementing the recommendations identified in this analysis will help maximize the opportunities the City will have to successfully attract future investment. We believe that many of the recommendations could potentially be addressed by utilizing existing resources. Also, not all of the recommendations need to be implemented immediately; we have suggested recommendations that can be done in the near term, short term and over a longer period of time.

The key to increasing the likelihood of establishing a successful economic development program is getting City leadership's buy-in on these recommendations, to commit to an implementation plan, and to turn that plan into action.

The following recommendations include initiatives that the City should consider as part of its overall approach to business and economic development. If the Consultant Team's outreach efforts to the business and real estate community are "talking the talk" then the implementation steps demonstrate that the City is "walking the walk".

RECOMMENDATIONS

1. Establish Geographic Priority Areas

Among first observations THE TAMMEN GROUP Team made about Des Plaines and its resources was the breadth of City's geographic size (14.4 square miles). We also noted the fact that the character of commercial nodes and corridors varied quite a bit from location to location.

To better understand Des Plaines and identify priority areas of focus for business and development recruitment efforts, our team divided the City into 17 subdistricts centered on transportation and commercial nodes, or important crossroads. This was also done as a practical matter to focus the Consultant team's resources in order to enable the team to address other goals of the City's RFP over the course of our engagement.

After further evaluation, we determined that five subdistricts were especially important in regards to the City's existing vacancies, potential development sites and community image. These five districts include many of Des Plaines' historic core neighborhoods, and a number of its key commercial districts and corridors:

- Five Corners
- Downtown Des Plaines
- Mannheim Road / Lee Street and Oakton Street intersection

• Oakton Street Corridor
• Mannheim Road / Touhy Avenue / TIF 6

Each of the proposed priority areas was evaluated by a number of quantitative factors and existing attributes including zoning, land availability, visibility, existing planning documents, and available economic incentives. Qualitative factors include feedback from interviewees, community character, proximate development context, and emerging development and/or corridor themes. The priority areas are summarized in the attached matrix.

While we recommend focusing on the districts listed above, we also recognize the following as an important ancillary corridor:

- Cumberland Station District

We have identified key specific sites that are not tied to a particular subdistrict or corridor, yet offer significant redevelopment opportunities. We can assist the City in the promotion of these sites and evaluating potential future redevelopment proposals. These sites include:

- Former United Stationers Site - 2200 E. Golf Road (Northwest Corner of Golf and I-294)
- Former Littelfuse Site - 775-800 E. Northwest Highway
- O'Hare Lakes - 2200 E. Devon (Northwest Corner Devon and I-294)

2. Leverage Existing Incentives

Observations
We have reviewed the City's economic incentives and resources as well as tools currently available to guide development, with a focus on resources for businesses and developers interested in investing in the City. The existing economic incentives include those listed below. Des Plaines' "tool box" appears to include all of the major incentive programs typically employed by peer communities within the surrounding region. In addition, feedback from the real estate development community focus group did not reveal any issues with the types of incentives offered, nor were there recommendations for additional incentives to match what other communities are offering.

<u>Tax Increment Financing (TIF)</u>
TIF is a tool that leverages the incremental growth in valuation or tax revenue within a geographic boundary to provide public financing for infrastructure and other improvements that support community revitalization, economic development and elimination of blighting conditions. TIF is a method of financing public and private improvements through the sale of TIF-backed municipal bonds or privately placed TIF revenue notes.

There are currently 4 active TIF Districts within the City:
- TIF #1- Downtown
- TIF #4- Rand/River
- TIF #5- Lee/Perry
- TIF #6- Mannheim/Higgins

<u>Cook County Property Tax Incentives</u>
Under each of the following incentive classifications, if the property is found to qualify it will be assessed at 10% during the first 10 years, 15% during the 11th year and 20% during the 12th year. The incentives constitute a substantial reduction in the level of assessment and can result in significant tax savings. In the absence of this incentive, industrial and commercial real estate would normally be assessed at 25% of their market value.

- Cook County Class 6b: An incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. The goal of Class 6b is to attract new industry, stimulate expansion and retention of existing industry and increase employment opportunities. Where buildings or other structures qualify for the incentive as new construction or as abandoned property as defined

below, the reduced level of assessment under Class 6b will apply to those structures in their entirety as well as to the land upon which they are situated. Where there is substantial rehabilitation of an existing structure which has not been abandoned, the reduced incentive level of assessment is applicable to the additional market value attributable to the rehabilitation, including qualified land related to the rehabilitation.

- Cook County Class 7a: An incentive intended to encourage commercial projects with total development costs, exclusive of land, that do not exceed $2 million and would not be economically feasible without the incentive. The incentive applies to all newly constructed or rehabilitated buildings or other structures, including the land upon which they are situated; the reutilization of vacant structures abandoned for at least twenty-four (24) months, unless otherwise stipulated for a shorter period of time by the municipality.
- Cook County Class 7b: This incentive is intended to encourage commercial projects with total development costs, exclusive of land, over $2 million, which would not be economically feasible without the incentive. The application of the incentive is the same as is with the Class 7a.
- Cook County Class C: This incentive is intended for the remediation of contaminated industrial and commercial properties including abandoned property or vacant land. Industrial and commercial real estate would be eligible to apply for the Class C level of assessment from the date of receipt of a "No Further Remediation Letter (NFR)" confirming achievement of remediation objectives based on the industrial or commercial use. The incentive level of assessment of qualifying properties will extend to both the land and other structures in their entirety. To qualify, an application must be made within one year of the receipt of the NFR.

Downtown Business Assistance Program

The City offers assistance grants for awnings and façade improvements, and a business incentive program for tenant build out and interior improvements. The program was at one time available City-wide, but is now limited to properties located in TIF #1 due to funding limitations.

Sales Tax Sharing Agreements

While not expressly stated, we understand the City will consider sharing sales tax revenues as determined by evaluating projects on a case-by-case basis. Sales tax in Des Plaines is 9%, of which the city receives 2%. The City's share is comprised of the 1% Municipal Tax and the 1% Home Rule Sales Tax. Sales tax sharing agreements can be a great tool depending on the proposed use and overall benefits/impacts to the City; however, we do not recommend listing this in informational or recruitment materials as an available incentive, thereby giving the impression that it is a tool used regularly by the City. Sales tax revenue is a precious municipal funding source and any proposal to share sales taxes should be weighed carefully.

Rivers Casino Revenue

While it is not an economic incentive tool available for business and real estate development, the revenue from the Rivers Casino merits mention as it is a unique revenue source for infrastructure improvements that strengthen the City's long term ability to attract additional investment. The City Council passed a resolution restricting the possible uses of gaming tax revenue from Rivers Casino to either pay down debt or for capital improvements in the City. If presented appropriately, both "buckets" for potential expenditures demonstrate the City's commitment to creating a business-ready environment. The City's strategic use of this revenue can be viewed as a strong indicator of the City's economic strength, and targeted investments can further demonstrate in highly visible ways that Des Plaines is indeed "open for business."

The City receives two types of Gaming Taxes related to the casino. The first is a $1 admissions tax that is received for every person entering the casino while the second is a 5% tax on all wagering activities. In 2012 Des Plaines received about $24.8 million from the operations at Rivers Casino. After various contractual obligations associated with the Casino were fulfilled, it brought in approximately $8.9 million to the City in 2012.

Other Geography-Based Incentives Explored

- Des Plaines is not located within an Illinois Enterprise Zone. The state of Illinois is not currently accepting applications for new designations until 2014, at the earliest, while revised legislation is being reviewed by the Governor's Office.

- Des Plaines is not located within an eligible census tract(s) for New Markets Tax Credits.

Opportunities
The City can promote the successful use and application of these incentives and resources while meeting with prospective businesses and developers that are looking to locate or expand in the region. As noted in the observations, Des Plaines is on par with surrounding communities in terms of the incentives available. The key is for the City to demonstrate a sincere openness and desire to work with the development community with a "can do" attitude toward making the right deals work. This is what can make or break decisions businesses make regarding location assuming all other factors are equal (market potential, site/building suitability, etc.) One way to accomplish this is for City staff to take a regular and proactive role in outreach to and discussions with potential investors that facilitates prompt, forward movement of appropriate projects through the review and public approval process. An understanding and familiarity with these tools both regarding their past use and their potential future application for projects is critical to these discussions.

Resources Required: City Manager, CED Staff, Economic Development Consultant
Time Frame: On-going

3. Pursue IEPA and U.S. EPA Grant Funding for Five-Corners Properties

Observations
Multiple owners and properties with environmental issues are the two largest challenges with redevelopment of Subarea 5. While many interviewed agree that this area is attractive for commercial and retail development due to its high traffic counts and the visibility they provide, the area has not attracted a developer in part because of these challenges. Per the Five Corners Redevelopment Plan, the Illinois Environmental Protection Agency (IEPA) database, Subarea 5 contains approximately 13 leaking, underground storage tanks. IEPA provides grants that assist with the cost of evaluation and physical cleanup and remediation planning for redevelopment sites. A successful application for these funds and implementation of the required cleanup may be an invaluable tool in attracting a developer for Subarea 5. The City will need to invest in mitigating some of these issues in order to attract private investment into Subarea 5.

Opportunities
The IEPA has a Revolving Loan Fund as well as grant funding for Environmental Site Investigations and certain clean-up activities. The U.S. EPA manages the Brownfields Clean-Up Grant program. There are other programs offered through these agencies that target clean-up of specific contaminants. The City may consider retaining an environmental consulting firm with experience in working with municipalities and the EPA to apply for funds to inventory and assess the properties within Subarea 5. The TTG team can assist in identifying firms with this expertise for the City's consideration.

Resources Required: City Manager, CED Staff, Environmental Consultant
Time Frame: 0 to 1 year

4. Consider Use of Special Service Areas (SSA) in Non-TIF Areas

Observations
The Mannheim Road / Lee Street and Oakton Street intersection, the Oakton Street Corridor, and the Cumberland Station District are identified as a priority areas and an ancillary area, respectively, as part of this report. The City sponsored planning studies for these areas; the Oakton Street/Elmhurst Road Corridor Study was completed in July 2009 and includes the Oakton intersection at Mannheim Road / Lee Street and Oakton Street between the Canadian National Rail Road and River Road; and the Cumberland Station Area TOD Plan was completed in November 2010. The recommendations included in these reports cannot be implemented at least in part due to a lack of funding. None of these areas are currently located in a TIF District.

Opportunities
Some of the improvements recommended in the studies referenced above could potentially be funded with monies generated by an SSA. An SSA is an economic development tool that enables an area's residents and business

owners to raise property taxes to fund services of mutual interest such as sidewalk maintenance, landscaping, security, and local business advertising provided by an appointed Service Provider Agency. These services have the potential to increase property values, customer traffic, and sales. An SSA, like any taxing district, annually requests a tax levy, expressed in dollars. The request is submitted to and must be approved through an ordinance passed by the City Council. The resulting levy is then filed with the Cook County Clerk. The Clerk determines the tax rate by factoring the requested levy against the district properties' Equalized Assessed Value (EAV) available for taxation by the SSA. The tax rates vary among SSAs, and vary from year to year as long as the rates do not exceed the SSA district's tax rate ceiling.

The City may consider requesting SSA designation(s) in certain non-TIF areas including the priority areas referenced in this report. The TTG team can assist in evaluating this tool and identifying steps to establish an SSA should the City wish to do so.

Resources Required: CED Staff, Economic Development/TIF Consultant
Time Frame: 1 to 3 years

Development Process and Tools

5. Initiate and Promote a Streamlined Development Assistance Process

Observations

Feedback received from the focus group as well as other interviews with real estate professionals strongly suggested that the protocols for reviewing and approving projects were not clearly understood by investors. This includes approvals for zoning entitlements and economic incentives. Those interviewed expressed frustration about not having a clear sense of the list of items, plans, data, etc. required for various submittals, unclear schedules for required hearings and the timeframe in which they could expect review, feedback and approval of their projects. These issues contribute to perceptions that Des Plaines is a difficult place to do business. Our interviews with the real estate development community indicated that a community's attitude toward development is as important as the clarity of the process. Developers and businesses want to invest where they believe the community shares the desire to work together and move a project forward to reality.

TTG's review of the City's website indicates that there are two primary locations that house information on Community and/or Economic Development.

Planning Process: For planning, there are forms and some guidance for new businesses as well as a list of required documents by building type. These items can be found from the home page under "City Services", "Community and Economic Development" and then by browsing "Forms" and "Project Procedures and Requirements". The information is not presented in a user-friendly format and is not easy to find. The existing forms are limited to zoning entitlements and permits.

A discussion with the CED staff indicated that the development review process is informal and begins with the applicant meeting with the Senior Planner, who guides them through the Technical Review Board (TRB) process. The TRB is comprised of representatives from police, fire, public works, and the CED and serves as a "one-stop shop" for early plan review. The applicant is required to submit documents including conceptual plans, which are distributed to the TRB members before meeting with the applicant and providing feedback on the plans. The CED then gives guidance on the specific amendment/entitlement process required for the proposed project. This process does not appear to be articulated on the City's website.

Economic Development: A second area is on the home page with its own heading: "Economic Development". With respect to economic incentives, we did not observe any information on available incentives on the City's website, other than general information on the City's TIF Districts. There is no application or established policy regarding the use of TIF and other programs in Des Plaines or a review process for those seeking economic incentives for projects.

There seems to be more information on the planning process – although this could be streamlined – and very little related to economic development. Finding information is confusing as one must look in multiple locations to find resources, and the site is lacks a user friendly interface.

Opportunities
The City should consider re-organizing its website to distinguish the planning process from economic development. The City may wish to include a section simply called "Business", which would include all information on licensing, permits, incentives, available sites, etc. The section should state the City's policy for consideration of economic development incentives, and include a development assistance intake form and checklist for all prospective projects. This would be a first step in establishing expectations in terms of information needed from the applicant and eliminates the impression that each project is a "one off" engagement without a clear set of requirements. The planning functions and requirements could be housed in their own sections. If there were a separate listing of City Services by Department, the Community (planning) and Economic Development sections could be linked under this heading. Including testimonials from businesses and developers as well as examples of the successful application of incentives are powerful ways to create positive perceptions of doing business with the City.

We have identified some of examples of websites from area municipalities and economic development agencies with components that could serve as templates for Des Plaines.
Village of Tinley Park, IL: http://www.tinleypark.org/index.aspx?NID=495
Village of Libertyville, IL http://www.libertyville.com/index.aspx?NID=35
Seize the Future: Aurora Illinois Economic Development Commission: http://www.investinaurora.org/about-us.php
Elgin Development Group, Elgin, IL: http://elgindevelopment.com/

Resources Required: CED, Economic Development Consultant, and Media Services
Time Frame: 0 to 1 year

6. Set Up Location One Information System (LOIS) Data Base

Observations
The City currently lacks a searchable database that houses all of the available properties for sale or lease within the City. It is critical to have this data available to CED staff and on the City's website so that prospective businesses and developers can access information on available properties. An accurate, well-maintained database is necessary for the City to assist prospective businesses that are interested in locating in the City and a great tool for local brokers and property owners to market their properties while promoting interaction with the CED. The set up and maintenance of a database of properties is critical to the success of the City's economic development initiative.

CED staff indicated that the prior source data utilized for updating the existing database is no longer available. Staff also indicated that this was not a comprehensive resource for all listings and available properties. The TTG team explored a number of data source options including traditional listing services such as CoStar, Zoom Prospector, Loop Net, the Multiple Listing Service (MLS) of the Chicago Association of Realtors, and others. However, each was found to include only a small portion of all currently available properties within the City. Furthermore, licensing fees for many of these services reached as high as several thousand dollars annually. Further research and discussions with other municipalities indicated that there is not a single, comprehensive database that is kept current with area listings. Municipalities that have developed robust property databases have done so on their own, with staff conducting regular field visits and reconnaissance and working closely with the brokerage community to encourage submittal of current listings.

Opportunities
Location One Information Systems (LOIS) is the database used by the State of Illinois Department of Commerce and Economic Opportunity (DCEO). DCEO makes this database service available free of charge to all municipalities. We have spoken with other area municipalities about their experience with the LOIS database. All claim the database is critical in their ability to be successful in economic development initiatives.

Des Plaines should consider using LOIS because:

- It is already used by 30 states
- It is proven effective and user friendly
- It is THE Database used by the State of Illinois DCEO
- It has all the advantages and features of Zoom Prospector, CoStar and other fee-based databases
- It is free of charge.

It is critical that City staff maintain contact with brokers, and encourage brokers to stay in contact with the staff in order to keep the listings current and complete. When brokers know the marketing is free of charge and that LOIS is the only way to have info publicized through the State of Illinois website and City database, brokers will likely be forthcoming with information and updates. More information about LOIS can be found at http://www.locationone.com/loislogin/illinois/

Resources Required – Economic Development Consultant (Set up), CED, Media Services (Set up and maintenance)
Time Frame: 0 to 1 year, on-going

Public Policy and Regulations

7. Update Comprehensive Plan

Observations
The existing Comprehensive Plan was completed in 2007 by HNTB. It is generally accepted by most planning professionals that master plan documents should be updated at least every five years. Given the unprecedented changes in the market since 2006, the need to update Des Plaines' 2007 Comprehensive Plan is even more pronounced. The need for a plan update was strongly reinforced by comments made in the June 2013 real estate development community focus group facilitated by Consultant team.

Opportunities
Linking the Comprehensive Plan to the Unified Development Ordinance (UDO) (discussed below) will create a powerful economic development tool. Ideally, the Comprehensive Plan should be updated prior to the adoption of UDO. Based upon conversations with CED staff, the Comprehensive Plan may only require updates to the land use and zoning maps and related sections of the narrative portion of the plan. It is possible that the information and feedback received in 2010-2011 during the UDO planning and public outreach process could inform an update to the Comprehensive Plan and minimize the need for additional outreach.

Resources Required – CED Staff and City Council
Time Frame: 1 to 3 years

8. Adopt Unified Development Ordinance (UDO) and Zoning Map, draft dated October 2011 by Farr Associates

Observations
Beginning in 2008, the City under the guidance of Farr Associates underwent an extensive process including public outreach and education with respect to drafting a UDO. The UDO includes form-based zoning regulations to preserve and enhance the City's unique character. The code, which combines zoning and subdivision regulations into one document, includes a variety of commercial and residential building types that mix well with existing neighborhood fabric. A strong downtown core with transit oriented development and a community-wide network of open spaces are promoted within the new regulations. All of the standards in the UDO contribute to a more walkable and sustainable community.

The formal process concluded with an open house in spring 2010. The draft UDO was reviewed by the Community Development Committee in April 2010 and in June 2010 the Plan Commission recommended approval. The process did not advance to City Council due to changes in CED leadership. The CED director wanted to bring it to Council in November 2011, after reviewing the document. To our knowledge, a review and formal City Council action has not been advanced to date.

Opportunities
The UDO process was thorough and has already been drafted and vetted to some degree. A majority of the current City Council were also in office during the UDO process, so there would be some continuity in carrying the document forward. It would be beneficial to review the document and the process with the current City Council and staff so that everyone has an opportunity to become familiar with the UDO and its intended role in the future of the City's built environment.

Resources Required –CED Staff and City Council
Time Frame: 1 to 3 years

9. Amend Current Parking Regulations
Observations
Comments from the focus group as well as interviews with other real estate professionals included concerns about the City's current parking requirements as archaic and overly burdensome for the market requirements. The City's current code states the requirement for residential parking on a per unit basis, rather than considering the number of bedrooms, proximity to public transportation, street parking, or public parking.

Opportunities
Adoption of the draft UDO would be a positive step in the direction of better aligning the requirements with market realities and development needs. The draft UDO includes relief from the existing parking requirements.

Resources Required: CED Staff
Time Frame: 1 to 3 years

10. Adopt 2012 International Building Code (IBC)
Observations
The City currently operates under the 2006 IBC. We asked the real estate development community to identify their perceptions of barriers to development in the City, specifically residential development. One repeated response was that the construction code was overly burdensome. The current code translates into expensive construction which is not supported in the local marketplace, thereby curtailing certain development projects in Des Plaines. The City should consider adopting the 2012 IBC, which is more in line with current construction practices and the marketplace.

Opportunities
Staff has already evaluated this issue and understands the value of adopting the 2012 IBC, thereby removing a significant development obstacle and encouraging new private investment. City Council approval is not required if adoption is implemented as an Administrative Change.

Resources Required: City Manager and CED Staff
Time Frame: 0 to 1 year

New Business Development Outreach and Communication

11. Participate in Real Estate Trade Shows and Conferences to Promote Des Plaines
Observations
The City has attended conferences and trade shows in the past. Our understanding is that the effort has not been consistently organized in such a manner to maximize the benefits of attendance, including a lack of meeting planning and appropriate marketing materials. In addition, Des Plaines has historically not been represented on panel presentations or in other forums that are typically sponsored by professional and trade organizations. The results are lost opportunities to promote the City and missed connections with potential investors.

Opportunities
Attending conferences and trade shows that attract retailers, brokers, and developers and related professionals is a great way for the City to meet with a number of potential contacts that are deal-focused in one place, over a short period of time. Preparing in advance of the event by setting up meetings and attending relevant presentations helps to establish Des Plaines as a player in the commercial and industrial real estate arena.

Another important way to connect with the business and development community is to participate in panel discussions or similar forums at local and regional real estate conferences. Serving as a volunteer speaker or moderator maximizes the benefits the City receives from its organization memberships. Many conferences will host discussions on topics including deal making, or making new or stalled projects work, and the panels typically include at least one municipality. This gives that municipality a venue in which they can showcase their involvement in the business world and promote examples of successful projects and initiatives in their communities to an audience of development and business professionals.

These are ways to help to create positive perceptions of the city as a professional entity that is focused on business development.

Resources Required: CED Staff, Membership and Registration as Required
Time Frame: ICSC Chicago Deal Making - October 2013, other conferences as appropriate, on-going

12. Establish an On-Going, City-Initiated Public Relations Effort
Observations
Discussions with City staff as well as observations from the Consultant team indicate that the relationship between the City and the local news publications could be improved. While recently there have been a number of positive news articles related to political outreach and initiatives from the new administration, the City overall does not seem to receive positive press on City initiatives, investments, or existing businesses. This could be due in part to the recent flooding episodes, which was a major news topic in local and national media.

Opportunities
The City should take a proactive role in drafting press briefs that showcase its initiatives, investments and successes. Examples include providing regular status reports on high visibility public improvement projects such as the new downtown streetscaping, securing grants for various studies to improve river connections, bicycle and pedestrian pathway improvements, and exploring the feasibility of a new Metra station at Lee and Oakton. These may seem like small endeavors, but they can be used to promote the City's image by informing residents, businesses, and potential investors of the initiatives that the City is working on to further improve Des Plaines as a great place to live, work, play and invest.

One municipality we spoke with does a good job with this type of promotion. It was originally handled by Community Development staff but soon became more time consuming than could be handled by existing staff, so the municipality hired a part-time employee to draft press briefs as well as grant applications. The City may wish to start this as an in-house effort and possibly bring on an intern as a cost-effective way to implement this recommendation.

It may be beneficial to invite the local press to a breakfast or other intimate event to discuss the City's desire to work proactively and in partnership with the press to share the City's initiatives, especially during the early study stages of a given endeavor.

Resources Required: CED Staff, Media Services, Mayor's office, intern
Time Frame: 0 to 1 Year (initiate), on-going

Local Business Outreach

13. Develop a Comprehensive List of Local Businesses

Observations

The City has indicated that it is interested in increasing its business retention efforts. The City does not currently have a comprehensive list of existing businesses and contacts, making it difficult to initiate communication and maintain regular outreach. The Chamber of Commerce has a list of members and contacts, which is included via web link on the City's website under "Economic Development" and "Chamber of Commerce". There does not appear to be a way for businesses to provide new or updated information to their listing. We assume that only businesses that are members of the Chamber of Commerce are included in the business directory.

Opportunities

The Economic Development Commission (EDC) has established a Business Retention sub-committee. During its August 14, 2013 meeting, the sub-committee recommended purchasing a list of Des Plaines' businesses with contact information from a resource such as Crain's or Hoovers. We believe this is a good start and should be pursued. In addition, the City could add a link to an update form for existing, new, or missing businesses, whether they are members of the Chamber or not. The City could promote this in its newsletter and website as well as through the Chamber and EDC as an effort to reach businesses. This effort would accomplish a couple of goals. First, it gives the City a reason to contact businesses and demonstrates the City's interest in promoting local businesses. Second, it helps the City establish a relationship with local businesses while developing a more comprehensive business list without a complete grassroots effort, which can be time and resource intensive.

Resources Required: EDC, Chamber of Commerce, Media Services
Time Frame: Next 6 months to 1 Year (Establish), on-going

14. Establish Regular Connections with Business Community

Observations

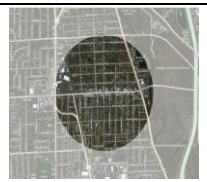
The existing businesses do not appear to have a regular forum for communication with City leaders and elected officials. The Chamber of Commerce's website advertises a number of monthly events geared toward networking and member education on topical issues and member benefits. Establishing a program that provides regular opportunities to connect with the business community will enhance the City's image as a business-friendly place and create opportunities for City officials to become more familiar with the accomplishments and needs of local businesses.

Opportunities

The Chamber holds Business Leaders Breakfasts which includes presentations on a variety of educational business topics. In addition, there is a "Coffee With Your Legislator" event and regular networking events. Elected officials and City leaders could plug into these established forums to connect with local businesses in an informal environment, share news on City initiatives that affect the business community, and give business owners an opportunity to interact personally with City leaders.

Resources Required- City Council/Leadership, EDC and Chamber of Commerce
Time Frame: 0 to 1 year (Establish), on-going

City of Des Plaines
Economic Development Initiative
Development Priority Areas Matrix

Sub-district / Node		Location / Traffic/Visibility	Existing / Previous Plan	Economic Incentives	Current Zoning	Development Context / Proximate Investments	Potential Themes	Key Sites / Land Availability	Identified as Priority Area by Key Stakeholders and / or Real Estate Community
Five Corners			• Five Corners (Rand Road / River Road) TIF RPA (2006: Kane, McKenna & Assoc.) • Five Corners Redevelopment Plan / Sub-area 5 Retail Market Study (2009, SB Friedman & Co. / Lakota / Gewalt Hamilton Associates)	• Five Corners TIF District (exp. 2029) • TIF #5 Lee / Perry (exp. 2024) • 6b / 7a / 7b / Class C Property Tax Incentive • (Potential) Leverage IEPA / USEPA grant and revolving loan funding to assess and clean up impacted properties	C-3 General Commercial	• Holy Family Medical Campus • Golf Tec • Pesche's	Sub Area 4: Lee Street Area – opportunity for streetscape improvements, expand McDonald's Museum presence Sub Area 5: • Power Center Area – anchor not currenlty in the marketplace • Garden center / home improvement destination (?)	Sub Area 4: Polo Inn property, McDonald's Museum Sub-area 5 – 35 acres irregular shaped SWC Gold and River connecting to Rand. 25+ land owners including Commonwealth Edison	Yes (Sub Area 5)
Downtown Des Plaines		• 25k cars / day at Miner and River	• TIF RPA	• TIF #1 (exp. 2021), 6b / 7a / 7b / Class C Property Tax Incentive • Downtown Assistance Programs (Awning / Façade/ Business Incentive)	• R-4 Central Core Residential • C-3 General Commercial • C-5 Central Business	• Metropolitan Square • Library Court • City Streetscape Improvements • Des Plaines Metra Station Rehab	• Dining / entertainment destination • Urban residential options • Transportation hub / crossroads • Government center • Urban trailhead / recreational destination • Signature cultural destinations	• Fomer Sims Bowl site (vacant land), one owner, for sale • Des Plaines Theatre: One owner, has had discussions with City about repairs, possible assistance to correct code issues • Former Olivetti's restaurant and Ellinwood Automotive, for sale • Attract additonal users to office buildings	Yes
Mannheim / Lee & Oakton Street Intersection		• 40k+ cars / day at Lee and Oakton	• Oakton / Elmhurst Subarea Plan • Oakton Retail District	• 6b / 7a / 7b / Class C Property Tax Incentive	• C-3 General Commercial • C-4 Regional Shopping-Ability to form PUD	• Over 300,000 sf of commercial and retail space including Oak Leaves and the Oaks Shopping Centers (both anchored with national grocers) • National chains along Oakton (fast food, financial institutions, auto, Caputo's Market, McDonald's)	• Regional grocery / speciality food destination • Range of dining options (especially national brands)	• Riviera / Oakton – Times sites available (4 properties) • 1.9 acres • 2.3 acres • 3.9 acres (former Grazie's restaurant and parking) • 2.0 acres	Yes
Mannheim Road / Touhy Avenue Intersection / TIF 6		• 45k to 70k cars / day at Mannheim and Touhy (depending on approach)	• TIF RPA (Mannheim/Higgins Area)	6b / 7a / 7b / Class C Property Tax Incentive	• C-3 General Commercial • M-2 General Manufacturing	• Radisson Hotel • Residence Inn Chicago-O'Hare • Target and associated retail • Allstate Arena	• Southern civic gateway • Lodging / dining • Professional services		Yes
Oakton Street Corridor		• 26k cars / day along Oakton between River and Lee •45k+ at River and Oakton	• Oakton / Elmhurst Subarea Plan • Oakton Mixed-use District	6b / 7a / 7b / Class C Property Tax Incentive	C-3 General Commercial	• American Wild Burger • Walgreen's	• "Main Street," locally owned businesses • Unique dining / entertainment destinations • Auto service / supply cluster	• Former Romano's restaurant (bank-owned) • Parking lot is owned by former restaurant owner	Yes

Ancillary Area
• Cumberland Station District

Other Key Sites
• Former United Stationers Site - 2200 E. Golf Road (Northwest Corner of Golf and I-294)
• Former Littelfuse Site - 775-800 E. Northwest Highway
• O'Hare Lakes - 2200 E. Devon (Northwest Corner Devon and I-294)

Sources: City of Des Plaines, Cook County Assessor's offices, THE TAMMEN GROUP

Appendix 2:
Market Overview and Opportunity Analysis

City of Des Plaines, Illinois
Economic Development Initiative

Market Overview & Opportunity Analysis

August, 2013

Prepared by Residential Planning Partners, LLC.
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I. Demographic and Socioeconomic Context and Key Findings

Typical for a mature, first ring suburban city, the population of Des Plaines—at an estimated 59,297—is largely stabilized, growing only modestly over the course of the last 20 years. Absent a significant new impetus drawing new residents to the city, the pattern of slow growth is expected to continue, with the city adding approximately 1,300 residents and 616 new households between 2013 and 2018. Much of this growth will be the result of "natural increase" (i.e., new births outnumbering deaths), particularly as members of the Millennial Generation already living in Des Plaines come of age, establish households of their own, and have children.

DEMOGRAPHIC COMPARISON
Des Plaines, IL and adjacent municipalities

Attribute	Des Plaines	Elk Grove Village	Glenview	Mount Prospect	Niles	Park Ridge	Rose-mont	Arlington Heights
Population (2013 Est.)	59,297	32,984	45,007	53,098	30,381	37,923	4,264	76,858
Households (2013 Est.)	23,191	8,892	16,841	20,373	12,165	14,231	1,687	31616
Avg. Household Size	2.53	2.46	2.64	2.60	2.40	2.63	2.53	2.41
Median Age	42.4	44.9	45.3	40.3	48.2	45.1	35.6	43.1
Median Household Income[(1)]	$63,528	$68,972	$103,080	$69,048	$47,495	$90,177	$39,196	$78,494
Employment by Occ. Class.								
Blue Collar (Percent)	21.06	18.29	9.12	18.68	19.93	11.25	21.87	13.00
White Collar (Percent)	61.91	67.83	81.78	66.3	62.88	74.43	50.28	76.02
Service & Farm (Percent)	17.03	13.87	9.10	15.01	17.19	14.32	27.85	10.98
Household Tenure								
Owner Occupied (Percent)	79.0	76.8	82.5	72.0	73.3	85.6	29.0	77.2
Renter Occupied (Percent)	21.0	23.2	17.5	28.0	26.7	14.4	71.0	22.8
Median Housing Value	$221,109	$231,431	$420,745	$259,286	$256,324	$348,506	$258,607	$275,985

[(1)]Five-year estimate from American Community Survey

Source: U.S. Census Bureau and Claritas, Inc.

The current median age within Des Plaines stands at 42.4 years. While this is significantly higher than that of Cook County as a whole (at 36.1 years), it is lower than most of the surrounding municipalities, with the exception of Mount Prospect (40.3 years) and Rosemont (35.6 years). Notably, the population distribution by age within Des Plaines is almost identical to that of Arlington Heights.

Median household income within Des Plaines stood at $63,628 as of the Census Bureau's 2011 American Community Survey (ACS), which is somewhat lower than many of the surrounding municipalities, but significantly higher than both Niles and Rosemont. However, median incomes in Des Plaines are approximately eight percent lower than those of Mount Prospect and Elk Grove Village and 19 percent lower than Arlington Heights.

Nevertheless, within Des Plaines, more than 13,500 households earn $50,000 or more annually, while 9,200 earn $75,000 or more, and nearly 6,000 earn $100,000 or more.

HOUSEHOLDS BY INCOME
Des Plaines, IL

Annual Household Income	House-holds	Percent of Total
Less than $10,000	736	3.4
10,000 - 14,999	738	3.4
15,000 - 24,999	1,811	8.3
25,000 - 34,999	2,352	10.7
35,000 - 49,999	2,689	12.3
50,000 - 74,999	4,357	19.9
75,000 - 99,999	3,238	14.8
100,000 - 149,999	3,720	17.0
150,000 - 199,999	1,422	6.5
$200,000 or more	820	3.7
Total	**21,883**	**100.0**

Source: U.S. Census, 2007-2011 ACS

Wealth is distributed unevenly around the city, with neighborhoods north of the Oakton Street corridor generally more affluent than those south of Oakton as shown in the following table. (Note that census tracts are drawn by regional U.S. Census officials based on relative homogeneity of population in terms of demographic and socioeconomic characteristics and can be generally thought of as neighborhood equivalents. For a map of Des Plaines census tracts, see **Maps 1 & 2**.)

DEMOGRAPHIC & SOCIOECONOMIC SUMMARY
Des Plaines, Illinois census tracts[1]

Census Tract	Approximate Location	Pop-ulation	House-holds	Average Household Size	Median Age	Median Household Income	Housing Tenure (Percent) Own	Rent
7706.01	Central	3,204	1,015	3.2	42.6	$90,481	95.8	4.2
7706.02	South Central	5,139	1,548	3.3	34.4	48,468	48.2	51.8
8027.02	Far North	4,830	1,656	2.9	42.9	84,709	81.3	18.7
8049.02	Northwest	5,050	1,853	2.7	43.3	93,125	91.3	8.7
8051.11	West Central	7,951	2,948	2.7	34.4	54,837	47.0	53.0
8051.12	Southwest	2,977	1,235	2.4	47.8	49,493	69.8	30.2
8059.01	East Central	3,959	1,724	2.3	46.4	71,894	87.9	12.1
8060.02	Northeast	7,872	2,893	2.7	36.6	45,455	71.6	28.4
8061.02	North Central	3,863	1,525	2.5	43.3	70,313	86.2	13.8
8061.03	Far Northwest	5,106	1,838	2.8	44.6	76,476	90.8	9.2
8062.01	Downtown North	4,030	2,080	1.9	38.9	52,681	73.3	26.7
8062.02	Downtown South	4,961	2,544	2.0	45.5	54,007	69.5	30.5
8063.00	West of Downtown	4,551	1,673	2.7	40.0	77,686	89.4	10.6
8064.00	South of Downtown	2,169	744	2.9	43.1	76,250	89.9	10.1
8065.01	South Central	2,561	775	3.3	32.2	46,250	70.2	29.8
8065.02	Southeast	4,191	1,434	2.9	38.5	59,351	90.2	9.8
8066.00	Far Southeast	3,374	1,207	2.8	39.8	65,795	89.4	10.6
Total/Average		**75,788**	**28,692**	**2.6**	**40.8**	**$65,722**	**78.9**	**21.1**

[1]Includes all designated census tracts with a majority location in Des Plaines.
[2]Column totals may not equate to citywide totals due to disalignment of some census tracts with city boundaries.

Source: U.S. Census Bureau, 2007-2011 American Community Survey and Residential Planning Partners, LLC.

Notably, the two neighborhoods that comprise Downtown Des Plaines are home to nearly 2,500 households earning more than $50,000 annually and nearly 1,600 earning more than $75,000. Moreover, downtown is ringed with neighborhoods of relative affluence, with median household incomes in the five neighborhoods surrounding downtown ranging from $70,313 to $90,481. Together (excluding downtown), these neighborhoods represent a consumer base of more than 15,500 people and nearly 6,000 households.

Des Plaines' workforce is distributed as approximately 20 percent blue collar, 17 percent service workers, and 62 percent white collar—belying, to a certain extent, Des Plaines' reputation as a primarily "blue collar town". Of Des Plaines' roughly 2,750 business establishments, more than 16.5 percent fall within the healthcare and social assistance sector, with the second most prevalent sector, professional, scientific, and technical services, representing another 11.4 percent. In terms of total employment, however, manufacturing is by far the largest sector, representing more than 18.5 percent of all business employment within the city. And in terms of annual sales, the wholesale trade sector dwarfs all others, with nearly $4.2 billion in annual sales volumes, representing nearly half of total revenues for all businesses in the city.

DES PLAINES BUSINESS ESTABLISHMENTS
by industrial sector

Business Description	Total Est.	Percent of Total	Total Emp.	Sales (mil.)
Agriculture, Forestry, Fishing and Hunting	1	0.04	13	$3.0
Mining, Quarrying, and Oil and Gas Extraction	1	0.04	8	0.4
Utilities	2	0.07	15	19.2
Construction	185	6.72	1,269	335.5
Manufacturing	165	5.99	7,480	1,166.7
Wholesale Trade	170	6.18	4,282	4,176.4
Retail Trade	272	9.88	3,813	1,201.6
Transportation and Warehousing	143	5.19	1,824	195.4
Information	58	2.11	841	182.6
Finance and Insurance	198	7.19	1,534	378.5
Real Estate and Rental and Leasing	92	3.34	573	140.1
Professional, Scientific, and Technical Services	313	11.37	3,361	548.4
Management of Companies and Enterprises	1	0.04	4	3.7
Admin and Support and Waste Mgmt and Reme Services	109	3.96	1,233	134.5
Educational Services	48	1.74	3,089	0.9
Healthcare and Social Assistance	456	16.56	4,350	430.4
Arts, Entertainment, and Recreation	37	1.34	323	22.0
Accommodation and Food Services	156	5.67	3,498	151.1
Other Services (except Public Administration)	292	10.61	1,805	96.3
Public Administration	54	1.96	920	--
Total	**2,753**	**100.00**	**40,235**	**$9,186.7**

Source: Claritas, Inc.

Twenty-three businesses within Des Plaines employ 250 people or more. The single largest employer within the City is Rivers Casino, with a total employment of just over 1,400 people. Rivers is followed by UOP, a division of Honeywell and a leading supplier of products and services to the petroleum processing and refining industry, which employs 1,300 people. Rounding out the top five employers are World Food Service and Oakton Community College, each employing 1,200 people, and Alcon Laboratories, with 800 employees. As demonstrated in the following table, Des Plaines' top employers include a wide variety of businesses, schools, and other organizations, showcasing the City's diverse labor market.

TOP EMPLOYERS
Des Plaines, Illinois

Name	Address	SIC Code	SIC Description	Location Employees
Rivers Casino	3000 S River Rd	799302	Casinos	1,424
Uop Llc	PO Box 5017	353398	Oil & Gas-Field Machinery/Equip (Mfrs)	1,300
World Food Svc	25 E Algonquin Rd	701101	Hotels & Motels	1,200
Oakton Community College	1600 E Golf Rd	821103	Schools	1,200
Alcon Laboratories	333 Howard Ave	384104	Physicians & Surgeons Equip & Supls-Mfrs	800
Sysco Chicago Inc	250 Wieboldt Dr	514101	Food Products (Whls)	729
Juno Lighting Group	PO Box 5065	364103	Electric Lamp Bulbs & Tubes-Mfrs	701
Hart Schaffner & Marx	1680 E Touhy Ave	231198	Mens & Boys Suits Coats/Overcoats (Mfrs)	650
Maryville Academy	1150 N River Rd	821103	Schools	650
Abbott Molecular Inc	1300 E Touhy Ave	359917	Testing Equipment-Mfrs	500
Alcon Laboratories	2000 Clearwater Dr	385104	Optical Laboratories-Manufacturers	500
Omnicare Inc	2313 S Mount Prospect R	591205	Pharmacies	400
Pace	900 E Northwest Hwy	413101	Bus Lines	300
Enloe Drugs Inc	2313 S Mount Prospect R	591205	Pharmacies	300
Hilton Garden Inn-O'Hare Arprt	2930 S River Rd	701101	Hotels & Motels	300
DHL Global Mail	100 Howard Ave	733101	Mailing & Shipping Services	300
Maine West High School	1755 S Wolf Rd	821103	Schools	300
Nu-Way Industries Inc	555 Howard Ave	344403	Sheet Metal Fabricators (Mfrs)	250
United Displaycraft	333 E Touhy Ave	399903	Manufacturers	250
Jewel Osco	819 Elmhurst Rd	541105	Grocers-Retail	250
United Feather & Down Inc	414 E Golf Rd	571906	Bedspreads	250
Oakton Pavillion	1660 Oakton Pl	805101	Nursing & Convalescent Homes	250
Salvation Army	10 W Algonquin Rd	832218	Social Service & Welfare Organizations	250

Source: InfoUSA, 2013

Nearly 80 percent of householders within Des Plaines own their homes, which is a higher ownership rate than that of most surrounding municipalities. The uncommonly high home ownership rate within Des Plaines is partially explained by the median housing value, which, at $221,109, is lower than that of any other surrounding municipality—meaning that home ownership is more approachable for many families in Des Plaines than in other cities and villages in northern Cook County. However, it is likely also due to gaps in Des Plaines' rental housing stock that may discourage renters from living in the city, as discussed in the residential market section below.

Des Plaines has become significantly more diverse over the course of the last two-plus decades. While residents classifying themselves as "white only" comprised 84.4 percent of the city's population in 2000, this figure had fallen to 77.3 percent by 2010 and is estimated at 76.2 percent currently. During this same period, people classifying themselves as Asian grew from 7.6 percent of the population to 11.8 percent. In addition, Hispanic or Latino residents made up 14.0 percent of the city's population in 2000 and 18.2 percent today.

POPULATION BY RACE/CLASSIFICATION
Des Plaines, Illinois

Classification	2000 Census (Percent)	2010 Census (Percent)	2013 Estimate (Percent)
Race			
One Race Only	98.0	97.6	97.5
White	84.4	77.3	76.2
Black or African American	1.0	1.8	1.9
Am. Indian or Alaskan Native	0.3	0.6	0.7
Asian	7.6	11.4	11.8
Native Hawaiian/Other Pacific	0.0	0.0	0.0
Some other race	4.6	6.4	7.0
Two or more races	2.0	2.4	2.5
Hispanic or Latino			
Hispanic or Lantino (any race)	14.0	17.2	18.2
Not Hispanic or Latino	86.0	82.8	81.8

Source: U.S. Census Bureau and Claritas, Inc.

Conclusions & Opportunities:

Though Des Plaines is one of the largest municipalities in northern Cook County, absent a significant impetus drawing "new lifeblood" into the city, patterns of slow growth are expected to continue into the future.

Despite exhibiting a median household income that is lower than many surrounding municipalities, demographic support within Des Plaines is strong enough to support a variety of commercial and residential opportunities.

Though median housing values are lower in Des Plaines than in surrounding communities, this does not necessarily constitute a negative for the city. Des Plaines has the opportunity to advance a position as a haven for first time home buyers, who often put down roots and become important additions to the economic vitality of a city.

Meanwhile, Des Plaines should take note of its growing diversity. Significant opportunities are to be found in addressing the unique needs of its diverse citizenry. Moreover, the diversity of the population

is a draw for many newcomers—and, in particular, young people who crave rich cultural environments, and many of whom wish to raise their children in such environments.

II. Residential Market Assessment and Key Findings

Like most areas around the Chicago region, Des Plaines saw a bottoming out in the residential real estate market in 2011, with significant recovery in overall sales volumes in 2012 and continued growth in 2013. Namely, sales of existing homes in Des Plaines rose more than 39 percent from 2011 to 2012, while average market time shrank. However, pricing remained volatile, with the median sale price of detached homes falling from $195,000 to $190,000 year-over-year. Year-to-date in 2013, however, shows not only continued gains in sales volumes, but also price stabilization and strengthening. For example, the median price of detached homes sold through mid-June rose 5.5 percent compared to the same period in 2012, while that of attached homes (inclusive of townhomes, row homes, duplexes, and condominiums) rose 19.2 percent.

TRENDS IN DETACHED HOME SALES
Des Plaines, Illinois

	2010		2011		2012		2012 YTD[1]		2013 YTD[1]	
	Sales	Avg. DOM	Sales	Avg. DOM	Sales	Avg. DOM	Sales	Avg. DOM	Sales	Avg. DOM
Less than $49,999	--	--	1	258	--	--	--	--	1	184
$50,000 - $99,999	12	214	14	204	18	122	14	149	10	93
$100,000 - $149,999	32	165	59	203	80	125	31	180	32	141
$150,000 - $199,999	91	186	99	169	135	174	48	220	61	152
$200,000 - $249,999	94	179	87	185	101	121	42	115	56	92
$250,000 - $299,999	69	175	36	138	57	160	22	155	22	85
$300,000 - $349,999	17	155	15	136	15	129	3	211	12	79
$350,000 - $399,999	9	151	6	121	12	133	5	154	10	120
$400,000 - $449,999	4	358	6	318	11	188	4	185	8	74
$450,000 - $499,999	10	170	8	181	7	117	4	85	2	138
$500,000 - $549,999	5	262	3	131	1	82	--	--	2	201
$550,000 - $599,999	2	96	1	110	1	695	--	--	2	341
$600,000 - $699,999	3	672	3	95	1	41	1	41	--	--
Total/Average	**348**	**185**	**338**	**177**	**439**	**146**	**174**	**166**	**218**	**119**
Median Sale Price	**--$219,500--**		**--$195,000--**		**--$190,000--**		**--$190,000---**		**--$200,500--**	

[1]Through June 14.

Source: Multiple Listing Service of Northern Illinois and Residential Planning Partners, LLC.

TRENDS IN ATTACHED HOME SALES
Des Plaines, Illinois

	2010		2011		2012		2012 YTD[1]		2013 YTD[1]	
	Sales	Avg. DOM	Sales	Avg. DOM	Sales	Avg. DOM	Sales	Avg. DOM	Sales	Avg. DOM
Less than $49,999	65	125	89	130	132	149	59	114	37	153
$50,000 - $99,999	121	129	188	189	263	163	102	211	117	148
$100,000 - $149,999	94	226	87	194	144	198	58	185	74	121
$150,000 - $199,999	69	242	42	163	68	209	26	228	40	164
$200,000 - $249,999	33	202	24	332	19	243	5	263	8	253
$250,000 - $299,999	7	207	8	160	13	136	4	108	1	22
$300,000 - $349,999	2	4	--	--	1	1	--	--	1	117
Total/Average	**391**	**179**	**438**	**183**	**640**	**174**	**254**	**184**	**278**	**146**
Median Sale Price	**--$105,000--**		**--$78,075--**		**--$80,250--**		**--$77,200--**		**--$92,050--**	

[1]Through June 14.

Source: Multiple Listing Service of Northern Illinois and Residential Planning Partners, LLC.

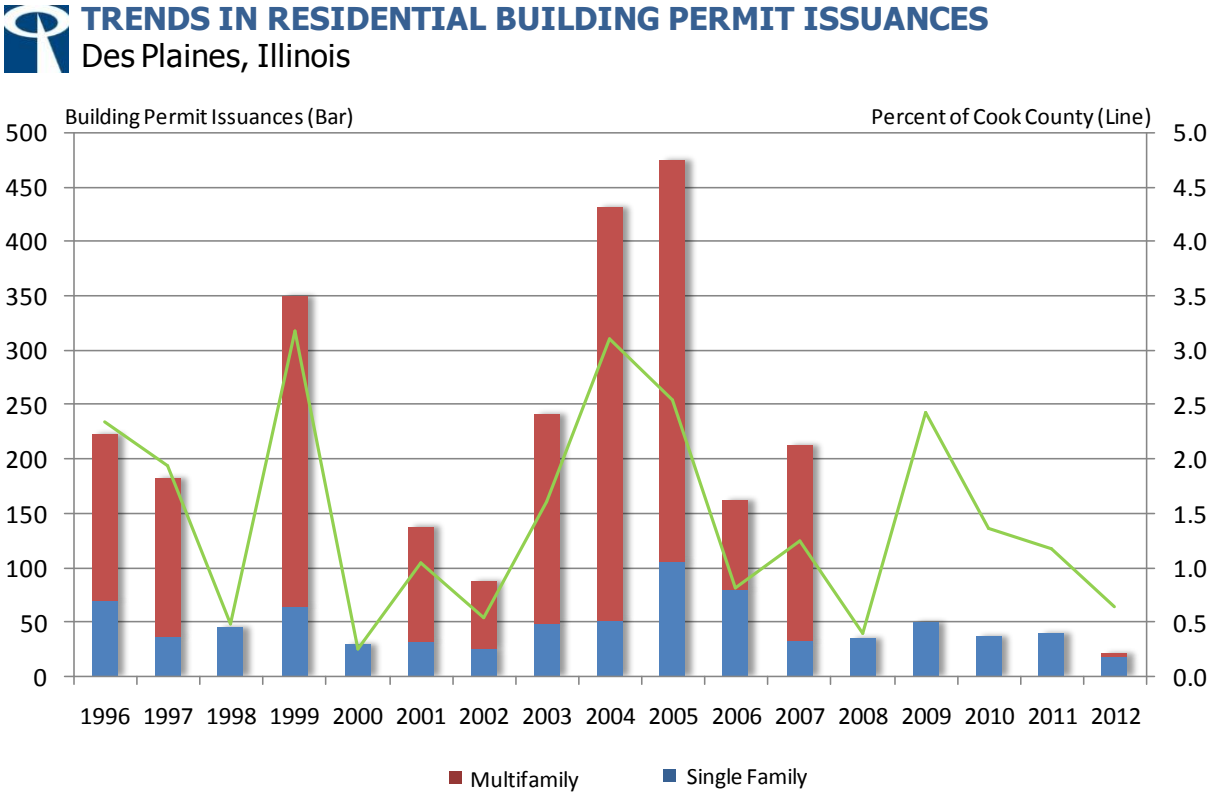
Currently, 262 detached homes are listed for sale at a median list price of $239,900, while 269 attached units are listed for sale at a median list price of $104,500. At year-to-date sales volumes, these represent inventories of 6.6 months and 5.3 months respectively, which is considered tight by most standards and one indication of a seller's market.

New Construction Market

After a period of rapid growth during the late 90s and early 2000s in which thousands of new homes (primarily in the form of mid-rise condominiums and, to a lesser extent, townhomes) were added to the city's housing inventory, the new home sector in Des Plaines has remained essentially dormant since the housing crash and recession.

As measured by the issuance of residential building permits (and shown in the graph below), construction of single and multifamily homes in the city peaked in 2005, when approximately 475 new units were permitted. After 2005, however, multifamily construction suffered a severe drop-off from which is has yet to recover. Single family construction (which, for the purposes of Census Bureau tracking, also includes "single address" attached forms such as townhomes, rowhomes, and duplexes), also fell after 2005, but has shown less volatility than the multifamily sector, as is generally expected.

Also demonstrated in the graph is the sharp rise and fall of residential construction activity within Des Plaines as a percentage of Cook County overall. At the peak of the building boom, the city accounted for more than three percent of all permits issued within the county. Since that time, however, and excluding 2009 (when county-wide volumes were at their lowest point), Des Plaines' share of the overall residential construction market within the county has fallen to just over 0.5 percent—the result of the fact that while construction in Cook County as a whole (and in particular the City of Chicago) has entered its recovery phase, volumes within Des Plaines remain at their lowest point.



Source: U.S. Bureau of the Census and Residential Planning Partners, LLC.

In fact, the only significant new home development currently operating within the city is Lexington Park, the 150-unit courtyard style townhome community being developed by Lexington Homes at Harding Avenue and Laurel Avenue, west of downtown. Opened in 2008 and now in Phase II, Lexington Park will soon enter its close-out phase with homes ranging from $242,900 to $279,990 in base price. Lexington currently has no plans for additional phases.

Moreover, as with most locations across suburban Chicago, market support for new condominium development in Des Plaines largely evaporated with the housing bust and onset of the recession. This sector will remain extremely weak in the near term as developers (and more importantly investors) gravitate toward the safer investment calculus of apartment homes. Even as the regional single family market reaches full stabilization in the next two to three years, condominium development will remain suppressed compared to historic norms as price potentials in this sector will remain too weak to offset the cost of vertical construction.

Rental Apartment Market

The rental market in Des Plaines is severely bifurcated, consisting of several lower-end class B and C apartment developments located throughout the city and, in particular, to the east of I-294 in unincorporated areas, as well as two higher-end mid-rise programs located downtown, both of which were originally planned as condominiums.

While the entire rental market was investigated for this analysis, eight representative developments were fully profiled. Excluding, for the moment, the two higher-end developments located downtown, the remaining communities represent a total inventory 1,749 units. The weighted average base monthly rental rate among the programs stands at $1,016 for 811 square feet of living space, or $1.25 per square foot. Many of the developments are older, lacking in the features and amenities typically associated with newer Class A apartments, and several were observed to be in need of maintenance and repair. Despite this, occupancy rates are very tight, ranging from 97.2 percent to 100 percent with waitlist. (Normally, a vacancy rate of five to six percent is required for unit filtering.)

REPRESENTATIVE RENTAL APARTMENT PROGRAMS
Des Plaines, Illinois

Classification/ Development	Average Plan Size (Sq. Ft.)	Average Base Mo. Rent	Rent/ Sq. Ft.	No. of Units Total	No. of Units Avail.	Current Occupancy (Percent)
Class B & C						
Glen Oaks Commons	1,075	$1,235	$1.15	504	14	97.2
Park Ridge Commons	740	985	1.33	752	2	99.7
Clayton Court	698	904	1.30	148	2	98.6
Bainbridge Apartments	668	837	1.25	101	1	99.0
Colonial Park	750	835	1.11	120	1	99.2
Courts of the Fountains	478	767	1.60	124	0	100.0
Total/Weighted Avg.	**811**	**$1,016**	**$1.25**	**1,749**	**20**	**98.9**
Class A						
River 595	1,389	$1,999	$1.44	60	0	100.0
Kingston Pointe	975	1,699	1.74	144	7	95.1
Total/Weighted Avg.	**1,097**	**$1,787**	**$1.63**	**204**	**7**	**96.6**

Source: Residential Planning Partners, LLC.

As mentioned, the two downtown mid-rise apartment developments—Kingston Pointe and River 595—were originally planned as condominium developments but were converted to apartments when the housing market failed. Both offer fully amenitized, condominium-style apartments with a very high level of included features. Average base monthly rental rates stand at $2,279 for 1,660 square feet of living space at River 595 and $1,699 for 975 square feet at Kingston Point. Currently, Kingston Point is 95 percent occupied (considered balanced), while River 595 is 100 percent occupied (though leasing agents expect occupancy to fall to around 95 percent during the course of the summer through normal seasonal filtering).

Planned Development

According to city planning officials, no new residential developments of any kind (for sale or for rent) are currently making their way through the city's planning and entitlements process.

Conclusions & Opportunities

Happily, Des Plaines' existing residential real estate market has entered a sustained period of recovery, and given the relative scarcity of available inventory, continued price stabilization is likely. Yet, despite tightness in the existing home market, little or no appetite appears to exist among builders for the development of new for sale units within the city in the near term.

Given extreme tightness in the rental market, however, together with 1) the older condition of a large portion of the rental apartment stock and 2) the examples of attractive rental rates commanded by both River 595 and Kingston Pointe, opportunity for rental apartment development could be significant, provided land can be found for one or more apartment developments of the significant scale (approximately 150-200 units) required by most multifamily developers.

Development of new rental housing may not only be an area of opportunity for Des Plaines, it may prove essential if the city wishes to attract Millennial Generation young professionals who, research has amply demonstrated, desire highly amenitized rental options in walkable spaces with access to public transportation and lifestyle amenities. Des Plaines currently lacks adequate rental options for this important group that could bring disposable dollars, support the existing retail structure, and help lure new stores, restaurants, bars, and entertainment options to the city.

As the regional new home market continues to stabilize, the resumption of a limited volume of townhome development within the city could become feasible within a 1-2 year timeframe. However, further mid-rise condominium development will likely not be feasible until well after full market normalization has occurred.

III. Retail Market Assessment and Key Findings

While Des Plaines is home to many thriving local business, the city's retail market today consists almost entirely of community and neighborhood-serving stores, service businesses, and restaurants. Though a number of national retailers are scattered throughout the city, no significant concentrations of chain retail stores currently exist. Further, Des Plaines has been frustrated in its attempts to create destination-oriented shopping areas like those found along primary regional thoroughfares to the east, west, and south. Additional factors add to recent difficulties in drawing new retail businesses to the city, including a scarcity of development-ready land, aging and inadequate retail infrastructure along many of its principal retail corridors, and the lingering perception among many brokers, developers, and business owners that doing business in Des Plaines can be difficult.

Downtown Des Plaines, the city's core retail district, is further challenged by its inability to draw traffic off the city's busier roadways, visibility and accessibility issues, and the lingering legacy of business failure on the heels of unrealistic market expectations and lease rates associated with the previous owner of Metropolitan Square.

Together, these challenges have left the city largely a "hole in the doughnut" between major retail destinations in Niles to the east, Mount Prospect and Arlington Heights to the west, and Rosemont to the south. With the exception of downtown's Metropolitan Square, major retail development in recent years has largely passed Des Plaines by.

Recent Market Developments

Yet, on a more positive note, with new ownership of Metropolitan Square and a new marketing strategy for the property, the situation in Des Plaines' retail core is beginning to change. The impending opening of Tap House Grill and Elite Fitness within Metropolitan Square will bring its occupancy up to 87 percent—the highest seen since the development's opening. While 13 spaces remain vacant, encompassing more than 23,500 square feet, expectations are that the excitement and new traffic associated with these high profile openings (slated for September-October, 2013) will bring renewed interest in the development. Current asking lease rates within the development are in the low $20s per square foot per year.

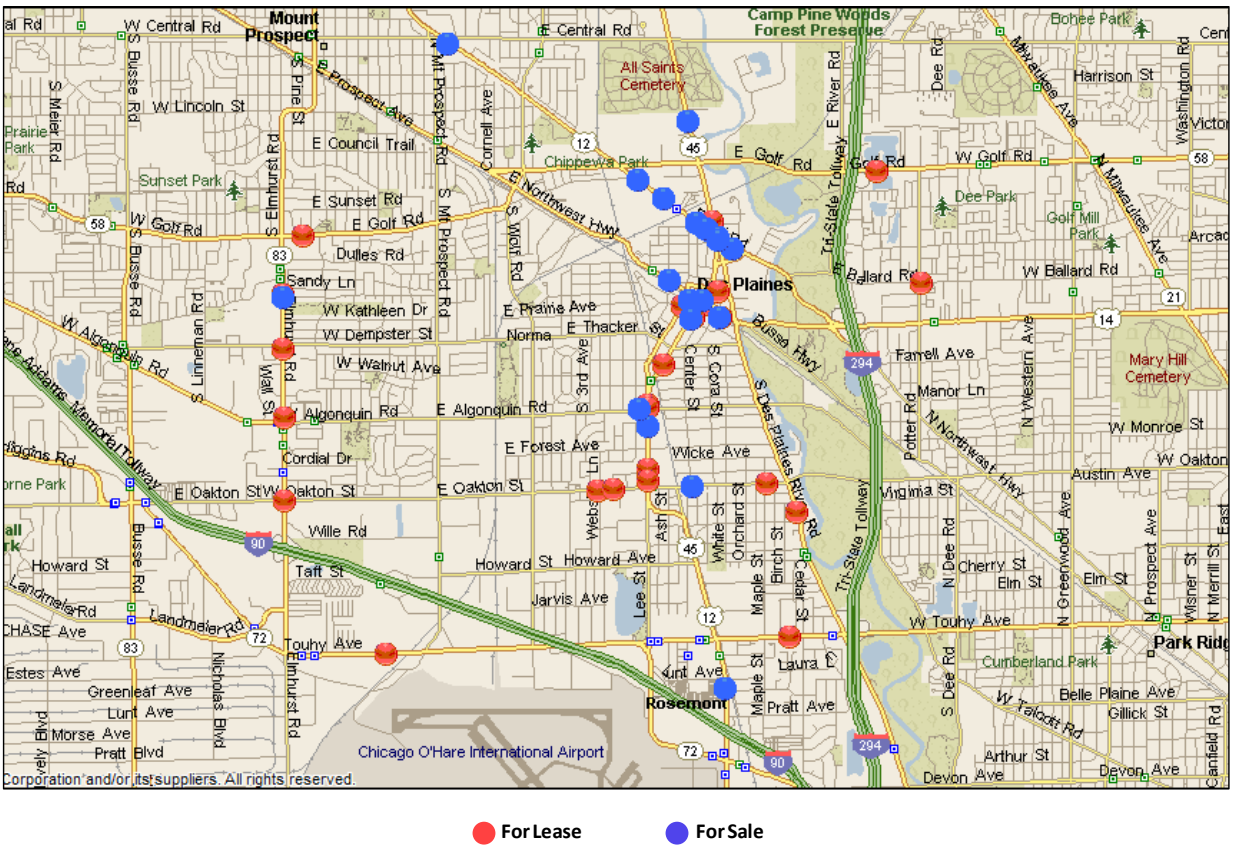
Other positive developments around the city include the scheduled move of Joe Caputo & Sons Fruit Market into The Oaks shopping center and the space currently occupied by Dominicks grocery store. This should help to fill the eight spaces currently vacant within this center. In addition, Walmart has recently signed a lease to open a 39,000 square foot Neighborhood Market within Market Place Shopping Center located at Elmhurst Road and Golf Road, bringing this 155,000 square foot center to nearly full occupancy.

Finally, Illinois' Secretary of State will soon begin construction of a new driver service facility within the currently vacant ancillary retail space of the Jewel-Osco anchored plaza near Oakton and Lee streets. The roughly 9,000 square foot facility will take up most of the vacant storefronts within this center, and it is expected that this new occupancy and increased traffic levels will spur interest in the remaining vacant spaces.

Available Retail Space

As part of our market overview, we performed a comparative analysis of retail properties currently for lease and for sale within the city. This analysis included 51 representative properties for lease and 23 properties for sale, as delineated in the following map.

REPRESENTATIVE RETAIL PROPERTIES FOR LEASE OR SALE
Des Plaines, Illinois



Source: Loopnet, Inc., Cityfeet.com, Microsoft Streets & Trips, and Residential Planning Partners, LLC.

Among the 46 for lease properties for which published lease rates were available, the current weighted average asking rate stands at $15.20 per square foot (per year). This is 6.6 percent higher than that of the O'Hare retail submarket as a whole, at $14.26 (as reported by Costar in its mid-year 2013 Chicago Retail Market Report) and reflects the dominance of Metropolitan Square, with its higher rates. Excluding Metropolitan Square, the average falls to $13.47 per square foot, which is 5.5 percent below the market as a whole.

Generally speaking, asking rents for retail spaces within the city's shopping centers (again, excluding Metropolitan Square) and more heavily trafficked retail corridors range from $12.00 to $16.00, which is seen as supportable for local serving businesses in today's market environment. As noted previously, while major shopping centers, including Metropolitan Square, The Oaks, the Jewel-Osco plaza at Lee and Oakton, and Market Place Shopping Center have had vacancy challenges in the past, all four centers now face much more promising futures.

REPRESENTATIVE RETAIL SPACE FOR LEASE
Des Plaines, Illlinois

Address	Spaces Available	Size (Sq. Ft.)	Rate/ Sq. Ft./Yr.
1037 E Oakton	1	10,000	$8.00
1143 Lee St.	1	1,100	17.45
1143 Lee St.	1	2,485	18.00
1187 Elmhurst Rd.	1	3,300	10.00
1277 S Elmhurst Rd.	2	3,900	12.00
1401 E Prairie Ave.	1	950	12.00
1515 Lee St.	7	9,765	16.00
1515 Lee St.	1	2,000	18.00
1585 Ellinwood St.	1	3,500	12.00
1744 S River Rd.	1	6,600	12.55
1805 E Oakton	1	2,340	12.00
1926 Touhy Ave.	1	920	15.60
249 S River Rd.	1	1,000	20.40
409 W Touhy	1	6,865	7.34
676 N Wolf Rd.	1	4,420	7.00
677 Graceland Ave.	2	5,451	16.00
734 Lee St.	1	5,685	15.50
820 Elmhurst Rd.	1	1,107	8.50
820 Elmhurst Rd.	2	6,172	12.00
931 E Oakton St.	1	1,250	16.00
9390 W Ballard Rd.	1	6,475	20.00
9660 Golf Rd.	2	3,200	30.00
984 Lee St.	1	3,600	11.00
Metropolitan Square	13	23,512	22.00 (1)
Total/Weighted Avg.	**46**	**115,597**	**$15.20**
w/o Metro. Square	**33**	**92,085**	**$13.47**

(1)Estimated average for all available space.

Source: Loopnet, Inc., Cityfeet.com, and RPP.

As a group, the for sale properties average roughly $1.6 million in asking price for 11,486 square feet of retail space on 0.76 acres of land. In terms of location, Rand Road is by far the most represented corridor, with nearly 40 percent of the properties located along this one roadway. Also notable is the fact that six of the properties (nearly 30 percent) are auto-oriented, including several repair shops, a showroom with garage, and a newer car wash.

REPRESENTATIVE RETAIL PROPERTIES FOR SALE
Des Plaines, Illinois

Address	Bldg. Size (Sq. Ft.)	Lot Size (Acres)	Sale Price
1157 E Algonquin Rd.	2,040	0.20	$169,999
1449 Rand Rd.	3,000	0.19	289,000
1300 Miner St.	9,780	0.35	379,900
1255 Lee St.	3,722	0.98	550,000
734 Lee St.	5,685	0.15	742,500
1414 E Oakton St.	8,000	1.12	749,900
1575 Ellinwood St.	15,000	0.43	897,000
1411 Ellinwood St.	13,530	0.35	999,000
1507 Rand Rd.	8,412	0.61	1,200,000
1215 Rand Rd.	7,991	0.62	1,250,000
1275 Lee St.	7,007	0.93	1,295,000
485 River Rd.	5,600	0.37	1,300,000
1628 Rand Rd.	14,000	0.95	1,500,000
1460 Miner St.	28,400	0.27	1,999,999
1552 Rand Rd.	17,144	0.94	2,000,000
2655 S Mannheim Rd.	6,902	1.27	3,575,000
845 S Elmhurst Rd.	4,323	0.65	4,700,000
1313 Rand Rd.	51,192	3.57	5,887,080
1529 Rand Rd.	6,500	0.50	N/A [1]
Average	**11,486**	**0.76**	**$1,638,021**

[1]Property scheduled for auction.

Source: Loopnet, Inc., Cityfeet.com, and RPP.

Finally, our analysis included three significant land parcels currently being marketed as vacant and available for retail development, as shown in the following table.

RETAIL REDEVELOPMENT PARCELS
Des Plaines, Illinois

Address	Acres	Sale Price
435 S River Rd.	3.12	$3,850,000
77 Rand Rd.	8.19	4,990,000
1275 Lee St.	1.99	1,400,000
Average	**4.43**	**$3,413,333**

Source: Loopnet, Inc., Cityfeet.com, and RPP.

In addition to these, it should be noted that the 20.7-acre site located at 750-800 Northwest Highway (the site of the former Littelfuse manufacturing facility) is currently being marketed as available for retail, industrial, or mixed-use development. One of the largest parcels of available land within the O'Hare market, the site was purchased in February of 2013, with the new owner offering build-to-suit opportunities of 20,000-300,000 square feet for sale or lease.

Conclusions & Opportunities:

Despite recent retail successes throughout the city, little cohesion yet exists to create the kind of critical mass needed to turn Des Plaines' underutilized commercial corridors into vibrant retail destinations. Successes like the opening of the American Wildburger restaurant on Oakton Street east of Lee are encouraging, yet much of the Oakton Corridor remains underutilized, and little support in terms of complimentary, traffic-driving businesses is available to such lone outposts. Creating areas of retail density will be critical to the larger goal of driving retail traffic, bolstering leasing potentials, and thus making the redevelopment of outmoded retail facilities feasible.

Fortunately, there are many opportunities to do so within the city. First and foremost, with the high density of housing located in the downtown area, the relative levels of affluence in neighborhoods surrounding downtown, and its relative dearth of high profile retail, central Des Plaines could easily and convincingly be positioned as "the best underserved market in northern Cook County." In addition, traffic volumes along Oakton Street and at the critical Lee-Oakton and Mannheim-Touhy intersections are more than sufficient to draw retail and restaurant interest, provided that the city continues to engage in and encourage retail infrastructure (and image) upgrades, and that efforts are made to mitigate real or perceived barriers to doing business in Des Plaines.

On a more cautious note, given the hesitation with which many larger national retailers continue to view untested expansion markets, and noting that many have cut or severely curtailed expansion plans in recent years, the best near term retail opportunities for Des Plaines lie with local and regional business entities—particularly those led by experienced operators who are knowledgeable about the local market, are well capitalized, and who have realistic expectations about the revenue potentials of new businesses in Des Plaines.

Moreover, national retailers are seldom trailblazers, and almost never precede local entities into an untested area. Nationals normally want to see evidence of a robust and vibrant retail environment that is able to drive traffic and convert that traffic into sales success before they will consider an area. Thus, the normal progression is for local, "mom and pop" stores to first prove area retail potentials by establishing successful shops, to be followed by regional and finally national entities of increasing profile. One example of the progression of complimentary apparel stores into a "new" market may be as follows: 1) locally operated dress/women's clothing shop; 2) Dots (an operator of 5,000 square foot value-priced women's clothing stores in the eastern half of the U.S.); 3) Ross Dress for Less (a national operator of 30,000 square foot big box off-price clothing for the whole family).

While plans for the wholesale redevelopment of the Five Corners area—including the power center detailed in the 2009 Five Corners Redevelopment Plan—should be maintained as a long term goal, it is unlikely, given current market conditions along with challenges associated with the site (including multiple ownership, needed infrastructure upgrades, and potential soil contamination) that sufficient developer or retailer interest could be mustered for the development of a shopping center with such scale there within any near-term scenario. As an alternative, and to prepare the site for future development, the city should consider a plan for acquiring underutilized parcels and completing infrastructure upgrades and remediation (if needed) to create larger development-ready parcels within the overall redevelopment area.

Significant *near term* retail opportunities that are supported by current market dynamics include the following:

- Downtown: specialty shops and eating and drinking establishments to complement existing businesses in Metropolitan Square. Filling in of vacant and/or underutilized spaces along Miner Street and adjacent to the Metra Station.
- Oakton Corridor (River to Lee): community-serving goods and service compliments, eating and drinking establishments, and retail infrastructure upgrades.
- Lee Corridor, Elmhurst Corridor, or elsewhere: work with one or more landlords in underperforming centers to establish a fourth quarter "Holiday Market"—essentially a collection of pop-up or temporary stores—to take advantage of dramatically increased revenue and sales potentials that occur October through December. Such a market, which could consist of stores offering virtually any category of goods appropriate for holiday gift-giving (plus ancillary categories such as holiday decorations), would help fill storefronts at a critical time of year, generate incremental sales tax dollars for the city, increase the profile of the Des Plaines retail environment overall, and could have year-round benefits, as 10-20 percent of tenants would likely be interested in turning a successful holiday store into a permanent location.

For a more detailed view of potential near term retail opportunities, we analyzed the Des Plaines market in terms of retail opportunity gap. This analysis measures retail demand (or census-derived consumer expenditure levels) against current supply (current market sales levels) in specific retail categories in order to measure the depth of opportunity or surplus in the current marketplace. As summarized in the following table, the analysis revealed that categories offering significant opportunity include specialty food stores (particularly ethnic, healthy, and/or gourmet), cosmetics and beauty supplies, family clothing stores, sporting goods stores (or potentially an outfitter), and limited-service restaurants/cafés. Based on our field survey of the local retail environment, together with interviews from retail brokers and other market experts, we would augment this list with two additional categories: boutique or specialty women's apparel and pubs/taverns (particularly those serving food).

SIGNIFICANT RETAIL OPPORTUNITIES

Des Plaines, Illinois Trade Area[1]

Retail Category	2013 Estimated Demand	2013 Estimated Supply	Opportunity Gap
Specialty Food Stores	$20,056,619	$7,161,221	$12,895,398
Cosmetics & Beauty Supply Stores	9,405,445	1,976,048	7,429,397
Family Clothing Stores	39,923,680	18,349,333	21,574,347
Sporting Goods Stores	16,936,057	2,833,957	14,102,100
Limited-Service Eating Places	95,505,904	87,502,367	8,003,537
Total	**$181,827,705**	**$117,822,926**	**$64,004,779**

[1]Extends in a three mile radius from the intersection of Lee and Miner streets.

Source: Claritas, Inc.

Note that this analysis should be taken as a starting point and not a comprehensive or definitive list of all retail opportunities within Des Plaines. Equally important as measures of retail demand in successfully recruiting new businesses to an area are, among other factors, the character and proximity of competitors or potential competitors, the demographic and socioeconomic makeup of the localized consumer base, vehicular and pedestrian traffic levels, and the availability of adequate land and/or buildings.

While, as discussed above, near term potentials for the recruitment of higher profile national retailers are limited, a few notable exceptions are indicated through our analysis. These include those listed below. Also included in the list, where available, are 2013 store expansion plans from Chainlinks Retail Advisors and Mid-America Real Estate Group.

- Dots (discount women's clothing; plans to open 40 new stores in 2013);
- Five Below (trend oriented discount merchandise for the "tween" population; plans 60 new stores in 2013);
- Sally Beauty Supply (a leading international retailer of beauty supplies; plans 110 new stores in 2013);
- National juice/smoothie franchise (such as Jamba Juice or Smoothie King, which plans 100 new stores in 2013);
- National fast food or fast casual restaurant (particularly Mexican, such as Qdoba, Chipotle, or Moe's Southwest Grill, which is now entering the Chicagoland market and plans 65 stores nationwide in 2013);
- National specialty sandwich/sub shop (such as Jimmie Johns, Firehouse Subs, or Jersey Mike's, which plans 100 new stores in 2013).

In addition, Trader Joe's, as a national operator of specialty food stores, should be enthusiastically recruited. The chain plans to expand at a rate of 25-30 new stores annually for the foreseeable future. While Trader Joe's has existing stores in Park Ridge, Glenview, and Arlington Heights, a strong argument

could be made that a central location within Des Plaines would constitute a separate market altogether. Trader Joe's prefers to build and own its stores rather than lease existing facilities, and requires a land parcel of three acres or less. A strong location within Des Plaines would be the 3.9 acre parcel at 1050 E. Oakton Street, where the vacant Grazie restaurant and banquet hall currently stands.

In terms of additional near term priorities, the city should provide support for the rehab and/or repurposing of vacant or obsolete auto-oriented buildings and other properties located along Rand Road and elsewhere. These efforts could perhaps include a strategy to encourage new kinds of specialty auto uses (such as restoration) or even to grow a unique base of businesses not generally represented in nearby municipalities—such as industrial art studios or microbrewery operations—that have need of inexpensive, quasi-industrial facilities and have place-making potentials. Not only would these efforts help to diversify the city's commercial base, they would also provide a much-needed image boost by updating vacant or blighted corridors. It is suggested that the city view these areas as "entrepreneurial incubators" and perhaps establish a program to assist new entrepreneurs or small businesses in creating business plans matched to these sites.

Finally, throughout its neighborhoods and retail corridors, the city should actively engage its increasingly diverse population by exploring opportunities to encourage the proliferation of ethnic markets, restaurants, and specialty shops. New ventures of this type can build on existing core businesses to create needed retail density and reinforce a growing perception of Des Plaines as a diverse and vibrant place to live, work, and play.

IV. Office Market Assessment and Key Findings

In general, the Suburban Chicago office market remains tepid, with vacancy rates among many of its submarkets well in excess of 20 percent and little to no new office construction occurring now or planned for the immediate future. According to Colliers International's Chicago Office Market Overview for the first quarter of 2013, the vacancy rate among all suburban submarkets and office property types decreased only modestly—from 20.4 to 20.3—from the fourth quarter of 2012, while new lease transactions for users of 50,000 or more square feet were minimal and average market rents declined from $19.90 to $19.74 per square foot per year.

Within the O'Hare Submarket (in which Des Plaines is located) overall office vacancies stood at 21.6 percent, up from 21.2 percent year-over-year, while rents remained essentially flat at $21.66. Net absorption was negative 56,267 square feet—a sign that the market is struggling to replace tenants who are exiting the market or who may be consolidating operations into smaller spaces. Moreover, among Class B properties (the classification that includes the majority of Des Plaines' primary multitenant office buildings) vacancy rates reached 30.7 percent for the quarter.

The City of Des Plaines does not occupy a leading role in the O'Hare office submarket due to its lack of Class A facilities, which generally attract the highest profile tenants, command the highest lease rates,

and experience the highest occupancies. Nevertheless, as noted in the city's 2005 Market Assessment (addendum to the Comprehensive Plan), several B and C class multitenant office properties are located within the city and encompass nearly 2.5 million square feet of space.

Among these properties the overall occupancy rate stands at 61.9 percent, but this figure is heavily influenced by large vacancies at the city's two largest multi-building office parks—O'Hare Lakes Office Plaza on Devon Avenue and the Commerce Center at O'Hare on Touhy Avenue—both of which currently have large amounts of available space. Excluding these two developments, the overall occupancy rate among the remaining properties stands at 71.0 percent, which is comparable to the submarket average for Class B properties. While occupancy rates have fallen precipitously since the 2005 Market Assessment, this is not surprising given the turmoil faced by the office market throughout the Chicago region during and post-recession.

PRIMARY MULTITENANT OFFICE BUILDINGS
Des Plaines, Illinois

Property Name/Designation	Address	Build-ings	Size (Sq. Ft.)	Available Sq. Ft.	Occupied (%) Q2 2005	Occupied (%) Q2 2013
Continental Office Plaza	2340 DP River Rd.	1	126,276	46,771	74.2	63.0
O'Hare Lakes Office Plaza	2200 E. Devon Ave.	5	736,000	368,000 (1)	78.1	50.0 (1)
1700 Higgins Centre	1700 Higgins Rd.	1	133,867	35,960	93.5	73.1
Howard O'Hare Business Ctr.	200 E. Howard St.	3	150,000	41,089	100	72.6
701 Lee Building	701 Lee St.	1	173,000	58,285	85.5	66.3
Rand Center	960 Range Rd	4	136,533	10,429	90.4	92.4
Regency Office Plaza	2700 River Rd.	1	125,970	37,237	92.4	70.4
2800 River Rd. Building	2800 River Rd.	1	99,732	41,498	86.4	58.4
Commerce Center at O'Hare	999 E. Touhy Ave.	3	450,000	202,500 (2)	69.0	55.0
Cahners Plaza(3)	1350 E. Touhy Ave.	1	223,000	71,376	92.4	68.0
Touhy Office Plaza at O'Hare	1400 E. Touhy Ave.	1	126,088	32,793	62.4	74.0
Total/Average	**---**	**22**	**2,480,466**	**945,938**	**81.2**	**61.9**

(1)Estimate.
(2)Approximate.
(3)Renovations currently under way.
Source: Metro-Chicago Office Guide, Q2 2005, Cityfeet.com, Loopnet, Inc., and RPP.

Conclusions & Opportunities:

In terms of the overall health and vitality of the City of Des Plaines, initial efforts within the office market should focus on filling vacancies in and around downtown (including, first and foremost, the nearly 60,000 square feet currently available within the 701 Lee building.) Filling these spaces will add to the daytime population downtown, will help support additional commercial activities within the city's core, and eventually will drive demand for new residential space downtown and in adjacent neighborhoods.

Outside of downtown, a partial redevelopment of the O'Hare Lakes Office Plaza should be seen a substantial opportunity for the city. Occupancies within this outdated office park stand at approximately 50 percent (apart from 2300 E. Devon building recently purchased by Saban Capital Group and occupied primarily by the FAA) with one of the five buildings in the complex standing vacant and scheduled for demolition. While it is unlikely, given conditions within the regional office market (as well as the physical configuration of the land parcel) that large scale redevelopment of new office space would be viable within the property except under the most long-range scenario, a mixed-use development, if properly planned and phased, could achieve near to mid-term market support and constitute an enormous win for the city on what is one of the largest potential redevelopment sites within the O'Hare market.

Additional opportunities may arise as the competition for the O'Hare submarket's limited Class A space strengthens and potentials for Des Plaines' Class B space increase. Immediate opportunities are limited in this regard, however, particularly given high vacancy rates among Class B spaces throughout the O'Hare submarket and trends among major users towards more efficient space planning and decreased footprints. A careful watch should be kept on the market, however, and movements of larger businesses around the O'Hare submarket should be monitored to identify future opportunities. Des Plaines' central location is its obvious advantage, and efforts should be made to improve Des Plaines' image as a gateway between O'Hare and the City of Chicago.

IV. Industrial Market Assessment and Key Findings

According to recent market data as well as stakeholders interviewed for our market assessment, the Chicago area industrial market has entered a period of relative strength, with overall vacancies at approximately nine percent and 18 million square feet of positive absorption over the last 12 months, matching pre-recession levels. Moreover, anecdotal reports indicate that due in part to the current low interest rate environment investment in Class A properties is extremely strong at the present, though B and C class properties continue to struggle since the recession.

According to data tabulated by Colliers International, within the O'Hare submarket, which is the largest of the Chicagoland industrial submarkets and host to the City of Des Plaines, the overall industrial vacancy rate through the second quarter of 2013 stood at 8.52 percent, with a positive 908,223 square feet net absorption achieved during the first half of the year.

INDUSTRIAL MARKET CONDITIONS
2013 (first six months)

Market Area	Total Inventory (Sq. Ft.)	Available Space (Sq. Ft.)	Vacancy Rate (Percent)	Net Absorption (Sq. Ft.)
Chicago Region	1,316,302,590	118,929,391	9.04	6,159,927
O'Hare Submarket	139,122,663	11,855,806	8.52	908,223
City of Des Plaines	21,150,993	1,330,520	6.29	406,624

Source: Colliers International

Likewise, 2013 has been a relatively strong year for the Des Plaines industrial market. Des Plaines' industrial facilities encompass approximately 21.2 million square feet, making it the third largest municipality in the O'Hare market (behind Elk Grove and Bensenville) in terms of industrial space inventory. As of the end of the second quarter of 2013, 1.3 million square feet were available, for a vacancy rate of 6.29 percent—the lowest among all municipalities in the submarket. Net absorption for the first half of the year equated to positive 406,624 square feet—the second highest level in the submarket (behind Itasca, with 432,388 square feet absorbed).

For this assessment we analyzed a representative sample of 49 currently available (or in a few cases recently available) industrial properties for lease ranging in size from 1,551 to 125,760 square feet and together totaling just over 1.0 million square feet. As of our survey, the weighted average lease rate for the properties stood at $5.29 per square foot per year, some 30 percent higher than that of the Chicago region as a whole (at $4.09), with this disparity generally reflective of the inclusion in our survey of many smaller "boutique" industrial spaces and mixed-use spaces (e.g., those with showrooms or other retail components) that, while not generally included in major market statistics, are yet important to the overall health of the city.

REP. INDUSTRIAL SPACE FOR LEASE
Des Plaines, Illinois

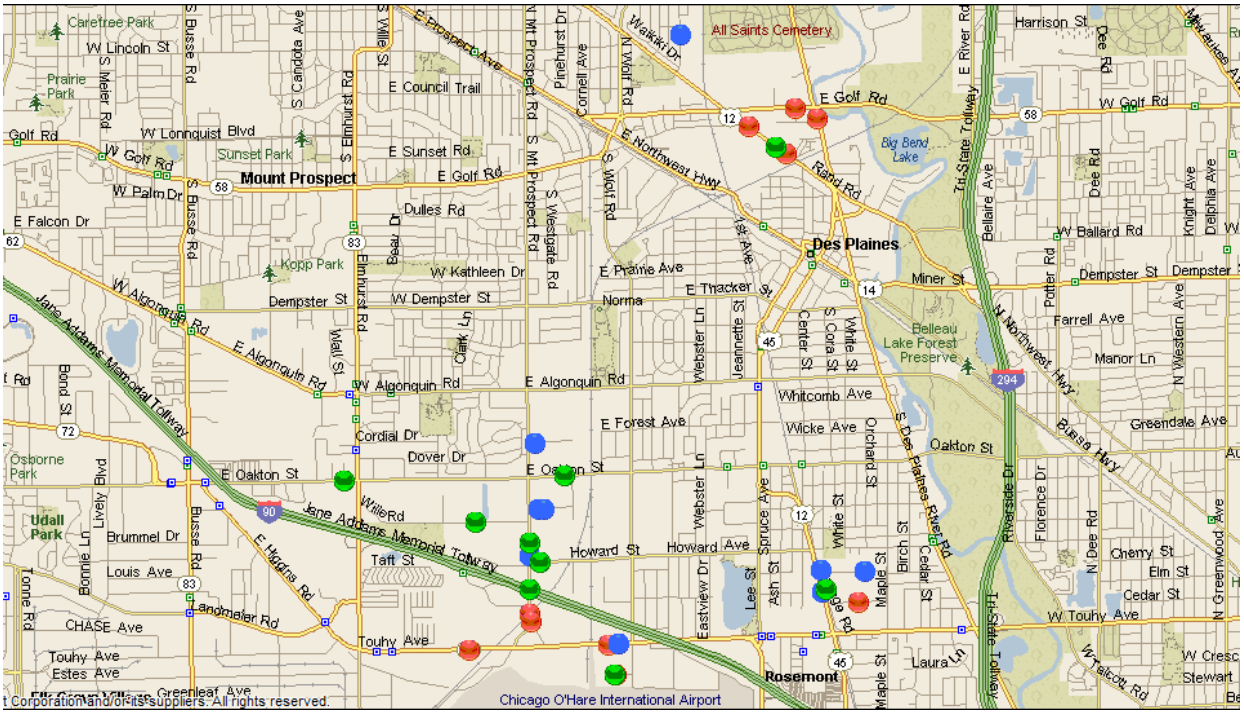
Address	Spaces Avail.	Total Sq. Ft.	Rate (Sq. Ft./Yr.)
1221 Rand Rd.	1	2,734	9.85
1221 Rand Rd.	1	2,067	9.20
1221 Rand Rd.	1	2,688	9.10
1313 Rand Rd.	1	51,192	9.00
1700 Sherwin Ave.	1	15,000	9.00
1221 Rand Rd.	1	2,067	8.95
1345 E Golf Rd.	1	12,500	8.95
1221 Rand Rd.	1	3,205	8.85
1221 Rand Rd.	1	1,551	8.70
1221 Rand Rd.	8	24,981	8.50
6 N River Rd.	1	2,550	8.00
409 Touhy Ave.	1	6,865	7.34
45 Bradrock Dr.	1	20,522	7.00
500 E Touy Ave.	5	39,830	6.95
530 Santa Rosa. Dr.	1	18,623	6.95
2050 S Mt. Prospect Rd.	2	46,141	6.50
100 Touhy Ct.	6	12,678	5.95
2200 S Mt. Prospect Rd.	2	135,583	5.95
521 Santa Rosa Dr.	1	50,248	5.50
520 Santa Rosa Dr.	1	39,833	5.50
2063 Frontage Rd.	1	20,000	5.25
545 E Touhy Ave.	1	21,648	5.25
2287 S Mt. Prospect Rd.	1	6,235	4.95
461 N Third Ave.	3	66,154	4.75
1701 Birchwood Ave.	1	48,790	4.50
55 E Howard Ave.	1	79,617	4.00
1905 S Mt. Prospect Rd.	1	125,760	3.75
901 Oakton St.	1	70,000	3.65
2150 Frontage Rd.	1	114,000	2.95
Total/Weighted Avg.	**49**	**1,043,062**	**$5.29**

Source: Loopnet, Inc., Cityfeet.com, and RPP.

Generally speaking, the available industrial properties are spread throughout Des Plaines' primary industrial areas, with significant concentrations in the Five Corners area, along Mt. Prospect Road, and in the vicinity of Mannheim and Touhy. Larger spaces (of 50,000 square feet or more) are generally clustered within the city's primary industrial zone north of O'Hare Airport along Touhy Avenue and Mt.

Prospect Road. A smaller cluster of available properties is found within the area north of Touhy between Mannheim Road and Maple Street.

REPRESENTATIVE INDUSTRIAL PROPERTIES FOR LEASE
Des Plaines, Illinois



Source: Loopnet, Inc., Cityfeet.com, Microsoft Streets & Trips, and Residential Planning Partners, LLC.

Conclusions and Opportunities

Market fundamentals within the Des Plaines industrial sector appear strong at the moment; however, they belie to a certain extent a growing challenge for the city addressed to some degree in the 2005 Market Assessment. Namely, much like its office properties, Des Plaines' inventory of larger industrial facilities consists primarily of B and C class buildings, with many built in the 1960s for manufacturing use. Many of these are now outmoded and lack attributes—such as exterior docks and 30-foot clear ceilings—demanded by today's users. As companies expand and/or move into the area, they are likely to pass over these properties in favor of newer facilities elsewhere. And as the current stock continues to age the threat of obsolescence will grow.

Nevertheless, Des Plaines' central location with proximity to O'Hare Airport and the regional transportation system remains an important draw for many industrial sector businesses. In addition, the breadth of the O'Hare submarket provides easy access to a variety of vendors and suppliers, which many businesses find desirable. As such, Des Plaines remains a vital player in the Chicagoland industrial market.

Thus, primary areas of opportunity within the Des Plaines industrial sector remain the two goals outlined in the 2005 Market Assessment, namely:

- Retain existing manufacturing (and other industrial) firms by continuing to upgrade infrastructure and encouraging the redevelopment of obsolete facilities.
- Promote the development of new facilities, primarily geared toward warehousing and distribution users, which will continue to drive demand for new industrial space within the O'Hare market for the foreseeable future.

In terms of current trends, information provided by local industrial brokers suggests that users most likely to move into (or expand within) the O'Hare submarket (and thus, those segments that warrant targeting with recruitment efforts) include warehousing, third party logistics providers, and food related businesses. A secondary group includes consumer products companies and, to a lesser extent, automotive-related businesses.

Finally, Des Plaines could benefit from a near term strategy to promote the leasing of its older industrial properties and smaller spaces (i.e., those under 50,000), which can be difficult to fill and are generally appealing only to local or specialty warehousing or manufacturing operations. Such a strategy could include targeting a new industry sector that is readily available within the O'Hare market.

One prime example is the merchandise closeout sector, which has a substantial presence around O'Hare Airport, centered primarily on two business to business marketplace facilities: The Merchandise Center (TMC), located in Schiller Park, and the showroom facilities at Regent Products Corp., located in River Grove. The TMC bills itself as "the largest permanent collection of closeout and extreme value merchandise in the country," with approximately 90 vendors and seven shows each year. Regent Products Corp. hosts as many shows per year and has showroom space for 50+ major closeout vendors. The permanent showrooms at both facilities are home to some of the country's top closeout vendors, servicing a wide variety of national and regional retail customers, including Big Lots, Dollar General, Goodwill Industries, JC Penny, and Walgreens.

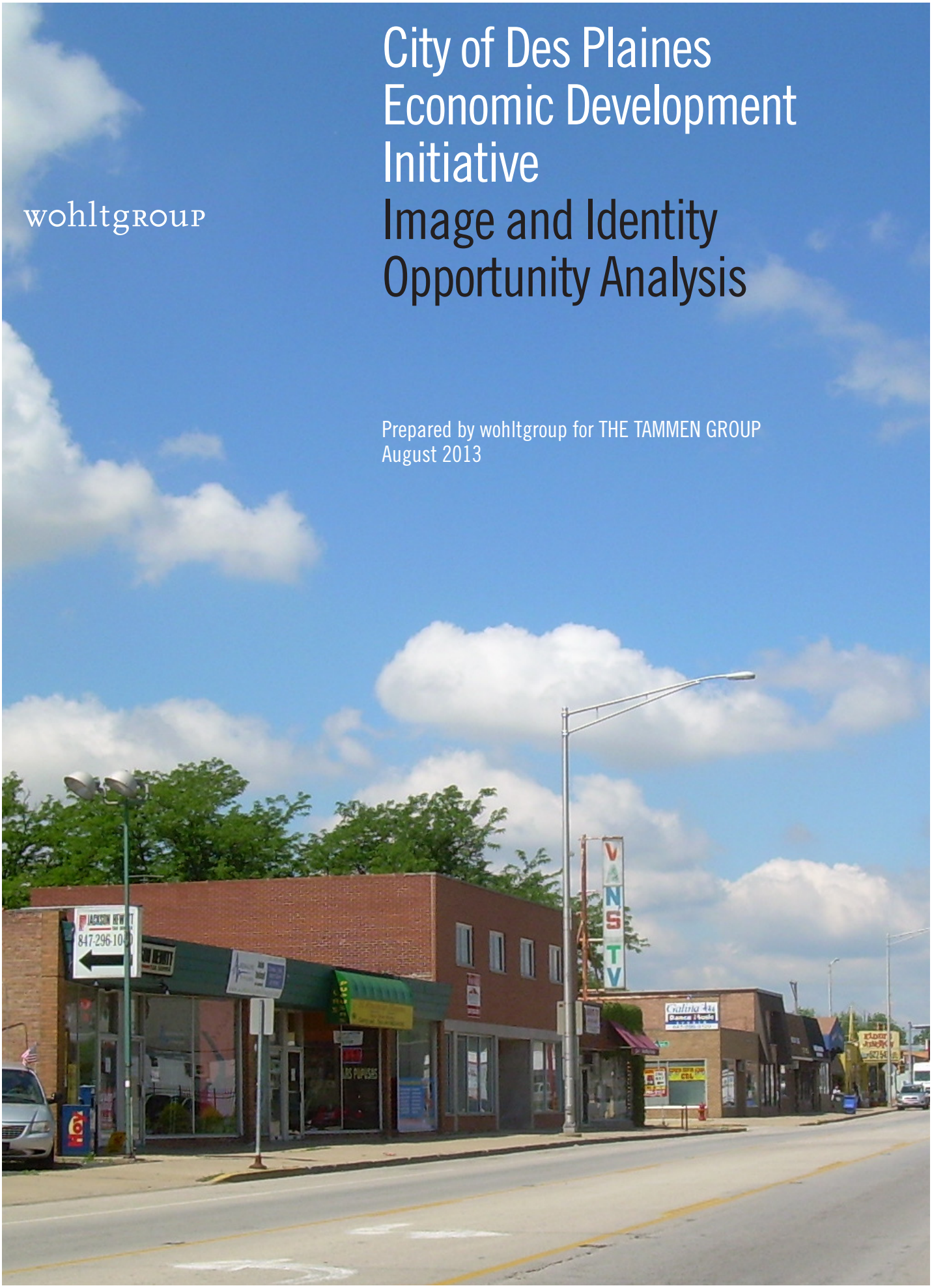
The two facilities, together with a network of vendors headquartered around the region, make Chicagoland one of the top destinations in the country for the wholesale merchandise closeout sector. Des Plaines, with its wide variety of available industrial spaces, stands to take advantage of this prominence. Given the amount of buying and selling activity that goes on year-round in the area, many of the vendors and/or retailers who attend these shows could potentially be interested in warehouse space, particularly in the 20,000 to 30,000 square foot range, for their operations. Generally, closeout vendors have more relaxed requirements for warehousing (or ad-hoc warehousing) than their regular retail counterparts, and many have warehousing needs that arise quickly and unpredictably. A recruitment effort aimed at connecting property owners with players in this sector could potentially help fill vacancies among Des Plaines' B and C class industrial buildings.

Appendix 3:
Image and Identity Opportunity Analysis

wohltgroup

City of Des Plaines Economic Development Initiative
Image and Identity Opportunity Analysis

Prepared by wohltgroup for THE TAMMEN GROUP
August 2013



The contrast between the appearances of Des Plaines' many appealing residential neighborhoods and its highly trafficked roadway corridors can often be jarring.

Executive Summary

Over the past decade, many Midwestern cities like Des Plaines have become increasingly cognizant that they are competing not merely in local and regional markets, but national and international ones as well. Des Plaines echoes this trend. For example, among the City's largest employers, Sysco Corporation is headquartered in Houston, Texas, while Juno lighting is headquartered in Rueil-Malmaison, France and China Airlines headquarters are located in CAL Park, Taoyuan, Republic of China (Taiwan). Another indicator that Des Plaines is becoming a more international city are reflected in 2000 – 2010 demographic changes that show population increases for almost all non white populations. From an image and identity standpoint, Des Plaines evolution into a more international city is something that can potentially be leveraged in the long term to strengthen its ability to compete in the global marketplace.

That Des Plaines is a desirable location for both aspiring and long standing American populations is no surprise. It's proximity to Chicago O'Hare International Airport and the City of Chicago itself – the capital of the Midwest and the heartland's principle global portal – underscores the City's geographic advantages. However, it's the community's considerable quality of life amenities, including a variety housing options, excellent transportation options, good schools, quality parks and along with a strong sense of community that make it such an especially appealing place to live and raise a family.

Stakeholders interviewed for this project, while recognizing the City's many strengths, also acknowledged that the City had issues regarding perceptions and overall image. Based on their comments, and observations of THE TAMMEN GROUP Team during our analysis phase of the project, it appears that many of the community's negative perceptions can be connected to principle two sources – the City's roadways and the Des Plaines River. Despite the negatives, each also provides opportunities for signature improvements that could significantly enhance Des Plaines' image.

Roadway Opportunities

The perceptions of Des Plaines residents who spend considerable amounts of time at home in one the City's many attractive neighborhoods can understandably vary quite differently from those of daily commuters or occasional visitors who experience the City via one its many highly trafficked roadway corridors. The lack of curb appeal along many of these corridor segments is likely one of major sources of negative perceptions about the City as a whole. While the City has devoted considerable energy to strengthen its Downtown – the community's figurative and literal heart – the many roadway arteries that feed it have aged poorly in many locations. And, while Downtown may be the community's heart, Des Plaines' roadways are in many respects its "face" because of the large numbers of commuters who use them experience the City on a daily basis. In short, while residents and knowledgeable stakeholders understand Des Plaines a great place to live, work and play, it is understandable that outsiders unfamiliar with the City's many high quality residential neighborhoods might think it less so.

This condition is not unique to Des Plaines, and is in fact common throughout the United States. Despite the recent economic downturn and the longer term demise of manufacturing, the residential neighborhoods of many American cities remain their most attractive physical feature from an image standpoint. Commercial corridors, however, have largely been given over to market forces and private sector development, and the results have not been kind to many communities in terms of image and marketplace appeal. The public realm – consisting largely of publicly owned roadway right-of-ways – has not been strengthened by significant public investment to the extent that other quality of life amenities have such as schools, parks and library facilities. Even as towns and cities continue improve their overall competitiveness in key areas, their image continue to suffer because of the negative perceptions formed and perpetuated by those who regularly traverse its highest volume roadway corridors.

This is the story of Des Plaines in many respects. The city is both blessed and cursed with high volume traffic corridors. Most cities would love to have a single roadway with an average daily traffic count (ADT) of 20,000 vehicles per day, the number that attracts retailers because of the exposure it provides. Des Plaines has no fewer than eight roads that match or exceed this magic number (not including the two nearby tollways). Many segments along these roadways fall far below the image standards for Des Plaines established by the streets within the City's residential neighborhoods.

The good news is that this is a problem over which the City has a great deal of control. We believe there is a major opportunity for the City to organize and formally initiate a "project curb appeal" type of program of continuous and incremental roadway improvements. The challenge is that the relatively large size of the community – and the number of roadway segment miles involved – means that mitigating the perception problem could take many years to resolve if not approached strategically. Our analysis suggests there are priority locations where public improvements to roadways can be leveraged more quickly than others to strengthen the City's overall curb appeal and support other economic development initiatives.

Among first observations THE TAMMEN GROUP Team made about Des Plaines and its resources was the breadth of City's geographic size (14.4 square miles). Among Des Plaines' nearby peers, only Arlington Heights encompasses more square miles. We also noted the fact that the character of commercial and nodes corridors varied quite a bit form location to location.

To better understand Des Plaines identify priority areas of focus, our team divided the City into 17 subdistricts center on transportation and commercial nodes, or important crossroads (as illustrated in the map on the facing page). After further evaluation, we determined that five subdistricts were especially important in regards to the City's existing vacancies, potential development sites and community image. These five districts include many of Des Plaines' historic core neighborhoods, and a number of its key commercial districts and corridors:

- Five Corners
- Downtown Des Plaines
- Mannheim Road / Lee Street and Oakton Street intersection
- Oakton Street corridor
- Mannheim Road / Touhy Avenue intersection

While Downtown Des Plaines, Five Corners and Oakton Street are already recognized as distinct areas, all of the core subdistricts present opportunities for the City to formally name and market them as individual "sub-brand" destinations over time.

The generic graphics below illustrate how subdistrict "sub-brands" can be marketed as a featured brand with "City of Des Plaines" as the endorsing "masterbrand."

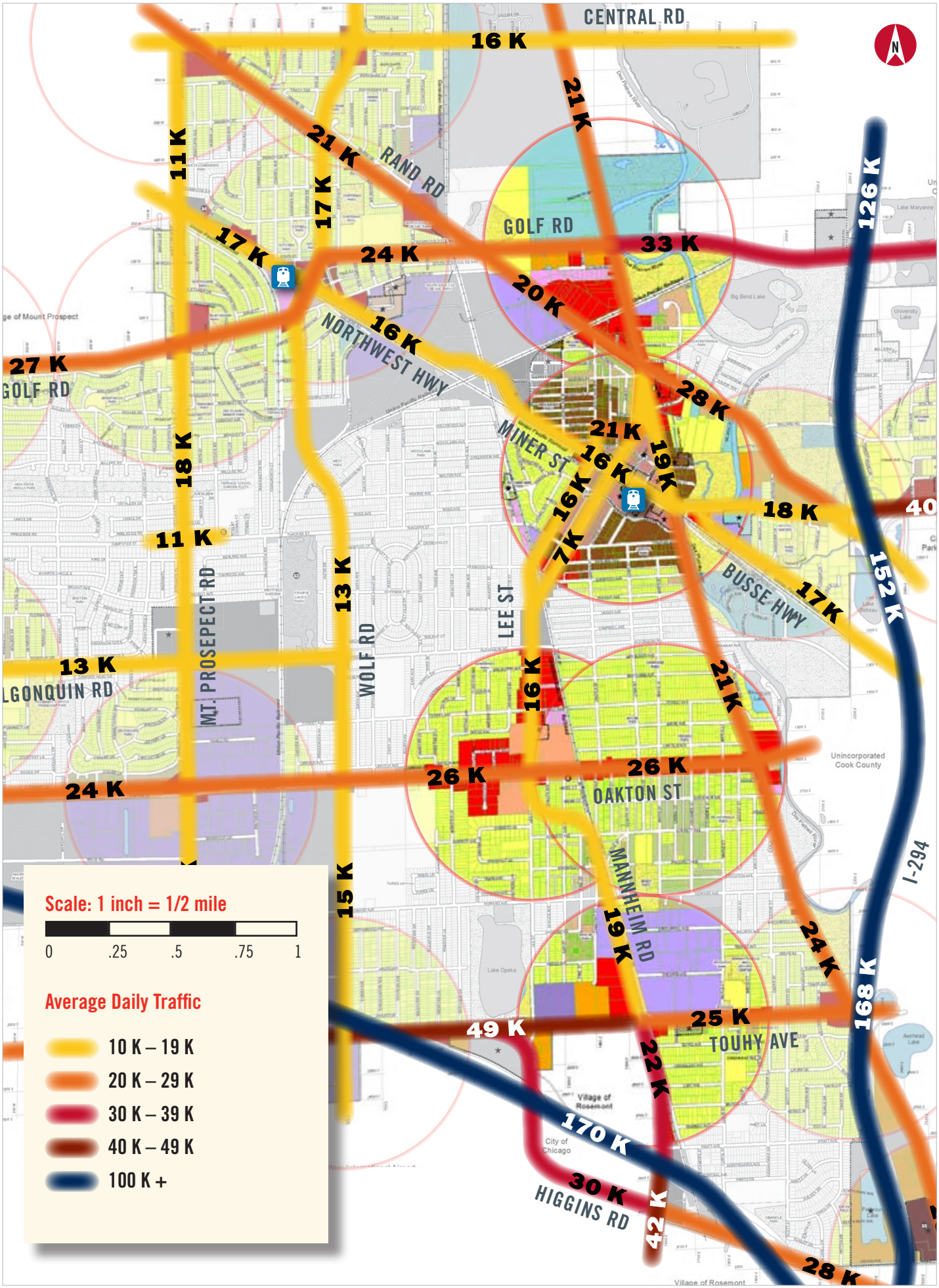
Downtown Des Plaines
CITY OF DES PLAINES

Oakton Street
CITY OF DES PLAINES

The subdistricts also include some of the City's most highly trafficked roadways:

- Des Plaines River Road
- Golf Road
- Mannheim Road / Lee Street
- Rand Road
- Oakton Street
- Northwest Highway / Miner Street
- Busse Highway
- Touhy Avenue

Collectively, the five core subdistricts and the segments of the roadways with high ADTs that are located within or immediately adjacent to the subdistricts provide the City with a literal roadmap of potential priority locations for highly visible, "project curb appeal" type public improvements that can be leveraged to strengthen perceptions of the subdistricts and attract the attention and interest of investors.


CENTRAL RD
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RAND RD
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GOLF RD
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NORTHWEST HWY
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GOLF RD
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11 K
13 K
MT. PROSPECT RD
WOLF RD
LEE ST
BUSSE HWY
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152 K
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ALGONQUIN RD
16 K
21 K
26 K
26 K
24 K
OAKTON ST
Unincorporated Cook County
I-294
15 K
MANNHEIM RD
19 K
24 K
168 K
49 K
25 K
TOUHY AVE
22 K
170 K
30 K
HIGGINS RD
42 K
28 K
Scale: 1 inch = 1/2 mile
0
.25
.5
.75
1
Average Daily Traffic
10 K – 19 K
20 K – 29 K
30 K – 39 K
40 K – 49 K
100 K +

The Des Plaines River is largely hidden from view and, along with the adjacent forest preserves, not an integral part of Downtown Des Plaines image today.

Like the Des Plaines River, the Du Page River periodically floods parts of Naperville's downtown district. However, because of the exposure and access provided by the City's riverwalk throughout the year, the riverwalk is today perceived to be the City's crown jewel and the "postcard image" of the community.

Des Plaines may not be able to create a riverwalk similar to the one in Naperville, but pursuing strategies that help to increase exposure of and access to the Des Plaines River throughout the year will help to mitigate the negative perceptions the river creates when it floods.

River Opportunities

Stakeholders interviewed for this project were nearly unanimous in expressing their belief that flooding – both recent and past – contributes to negative perceptions of the City in a significant way. It is likely true that newsworthy events such as flooding covered by local, regional and even national media weaken the City's overall image. However, the river and the adjacent forest preserves also present an important opportunity to strengthen the image of both Downtown and the community overall.

Des Plaines' downtown is the only one in Chicago's north and northwest suburbs located immediately adjacent to a forest preserve. Awareness of this fact has been greatly diminished because the visual and physical connections between Downtown and the river / forest preserves are weak if not altogether invisible. The Miner Street bridge has a highly utilitarian appearance that belies its potential to serve as a celebratory gateway into Downtown. In fact, the quarter mile approach to Downtown along the Miner Street corridor east of the bridge is unremarkable, and provides few visual cues regarding the proximity of the river and forest preserves.

Downtown's eastern gateway area provides the Des Plaines with another opportunity to initiate a highly visible program of short and long term public improvements that would significantly enhance the image of its commercial heart, and by extension the City as whole. To maximize the opportunity the project has to strengthen marketplace perceptions, the improvements should planned and designed as unified work of civic art, similar to the way many bridge / roadway projects were developed during the America's "City Beautiful" era. By exposing the Des Plaines River as much as possible during the majority of times that it does not flood, and by strengthening pedestrian / bicycle connections to attract more visitors to nearby recreational amenities, Des Plaines can leverage the river's positive attributes to help mitigate the negative ones. In many ways, this is what Naperville has done with their downtown and its relationship to the Du Page River. The Du Page River continues to flood on occasion, but the majority of times serves as an signature asset that enhances the image of the entire community.

These and other short and long term opportunities are summarize on the following pages. The list is not intended to be exhaustive, but it is strategic in the sense that it identifies opportunities that have the potential to yield the biggest "bang for the buck" in terms of image enhancing projects, locations and priorities.

It should be noted in closing that Des Plaines – the "City of Destiny" – does in fact have a great deal of control over its destiny in terms of image and identity. This especially true of its roadway rights-of-ways, the appearance of which it has tremendous ability to influence if not always control completely. Improvements that strengthen the City's overall curb appeal in the locations that most frequently represent its public "face" will be highly visible, noted by prospective investors and effectively transformative in terms of community's image and identity.

Image and Identity
Short-term Opportunities (1–3 Years)

Initiate and Promote a Signature "Project Curb Appeal" Public Improvement Program in Core Subdistricts

Observations

Visitors who travel through Des Plaines using only residential side streets will likely have a much more positive image of the City than those who travel its high volume roadway corridors. Most of the high volume roadways outside of Downtown have not had significant streetscape upgrades over the years.

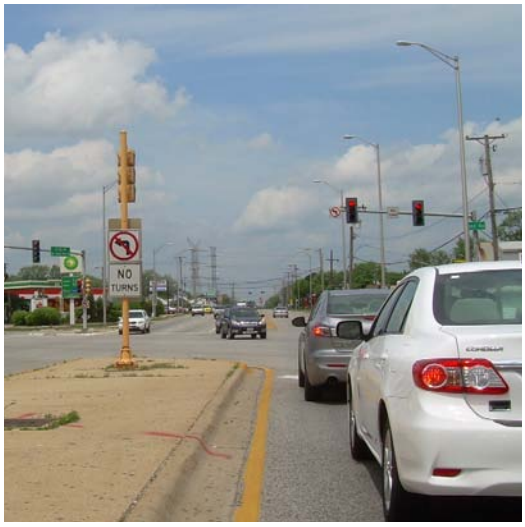
THE TAMMEN GROUP Team has identified five core subdistricts on a roughly north-south axis that include the Touhy Avenue, Mannheim Road, Lee Street, Des Plaines River Road, Miner Street, Northwest Highway, Rand Road and Golf Road roadway corridors. These sub-districts and roadways are especially important in regards to the City's image because the high Average Daily Traffic (ADT) volumes, and the activities and uses located there that attract high numbers of visitors on a daily basis.

Opportunities

A program of incremental and continuous public improvements over time for the core sub-districts and their high volume roadway corridors will significantly enhance Des Plaines' image in the marketplace.

Such a program – including community consensus building, design, permitting, inter-governmental coordination and cooperation, and final construction – will likely be in development over many years and even decades given the breadth of geographic locations involved.

However, the mere act of initiating and publicizing such a program – with the strong support of community leaders and stakeholders – can bolster investor confidence and business recruiting efforts in the short term.



Identify and Formally Name Key Sub-districts, Corridors

Observations

The City has a number of potential sub-districts such as Five Corners and Oakton Street that can be marketed and promoted as featured "sub-brands" (in conjunction with the "City of Des Plaines" or "Des Plaines" masterbrand) once a critical mass of public or privates sector improvements begin to resonate in the marketplace.

Opportunities

While public and private sector improvements are in development, the process of establishing boundaries, identifying subdistrict names and formally adopting them can be completed.

Create a More Effective Visual Identity System

Observations
The City's existing seal is not an effective identifier in many important applications such as signage.

Opportunities
Des Plaines should retain the seal for ceremonial uses but develop a new "marketing identity" system – including standards for logo/signature, names, colors and typography – that can be used on a wide variety of applications ranging in scale from water towers to business cards.

Note:
The visual identity system now in development for business recruiting materials will be designed so that it can be more widely applied by the City over time.

Use Enhanced Gateway Signage to Elevate Awareness of Des Plaines' Name and Boundaries

Observations
A number stakeholders commented on the difficulty they had in understanding exactly where the City's boundaries are. Des Plaines has a gateway signage program, but some are very hard to locate, especially in heavy traffic. In addition, the overall signage style is similar to the traditional look and feel employed by many other municipalities, and do not convey a distinctive Des Plaines image and identity.

Opportunities
A more highly visible and distinctive primary gateway signage program will elevate awareness of the Des Plaines name and overall image. Because of the City's geographic size and number of important gateway locations that require signs, the system has to be designed to maximize visual impact and cost efficiency.

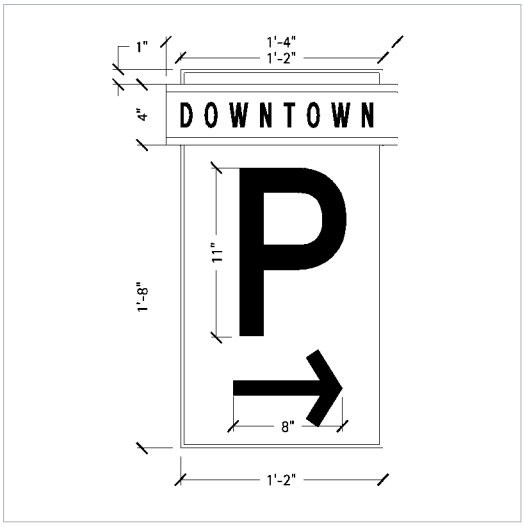
Note: Secondary gateway signs identifying key subdistricts should be added only after a critical mass of public and private sector improvements begin to resonate in the marketplace.

Coordinate Municipal and Subdistrict Identity and Signage

Observations
A new signage and wayfinding program for Downtown Des Plaines is now in development.

Opportunities
The City of Des Plaines should utilize every opportunity to elevate awareness of its name on highly visible applications such as signage. Subdistrict names that appear on signs and other marketing materials should always include "Des Plaines" and / or a signature / logotype that clearly identifies Des Plaines or the City of Des Plaines.

Recommendations for a coordinated identity system that includes the City of Des Plaines and its sub-district will be provided with the new marketing identity now in development.



Make Vibrant, High Quality Commercial Signage a Signature Feature of Downtown's Image

Observations

Newer commercial signs for projects such as Library Plaza and Metropolitan Square are of high quality, but also unremarkable and similar to standards used by competing communities.

Opportunities

Downtown Des Plaines has a number of high quality vintage signs such as Sugar Bowl Restaurant and Dad's Slot Cars that are much more lively and interesting than most contemporary commercial signage. The City should consider ramping up its commercial signage incentive program along Miner Street and Metropolitan Way as way to add excitement to Downtown (especially during the gloomy winter months), and to differentiate Downtown Des Plaines from other nearby competitors.

One of the more appealing aspects of this strategy is that it's a timely and relatively cost effective way to transform Downtown's image, especially in comparison to major redevelopment initiatives such as Metropolitan Square that can take years to realize.

Note: While high quality, vintage style commercial signs are a key image element of several Midwestern commercial districts (The Power and Light District in Kansas City and Delmar Loop in University City / St. Louis, Missouri are good examples), to our knowledge no other Chicago suburban community has utilized this strategy to differentiate themselves in the marketplace.

City Motto / Tagline

Observations

Des Plaines' existing tagline "City of Destiny" does not reference the City's connection to Chicago.

Opportunities

By simply changing the tagline to read, "Chicagoland's City of Destiny," Des Plaines can leverage Chicago's status as the premier Midwestern placebrand, and help prospects in regional, national and global markets understand more intuitively the benefits of a Des Plaines address.

CITY OF DES PLAINES
CHICAGOLAND'S CITY OF DESTINY

O'Hare's "Downtown?"

Observations

Downtown Des Plaines appears to be the commercial district closest to Chicago O'Hare International Airport that meets the criteria of a classic downtown in terms of urban design, walkability and overall character.

Opportunities

In terms of future branding and positioning, this is something worth discussing with a broad range of Downtown stakeholders to determine its potential and marketplace viability. No one interviewed to date has mentioned this, but it seems like an excellent candidate for inclusion in an "elevator speech" quality description of Downtown that helps to establish its image and long range potential, especially to businesses that want to feature a pedestrian friendly, transit oriented urban environment as part of their identity.

Image and Identity
Long-term Opportunities (4-plus Years)

Strengthen the Visual and Physical Connections to the River and Forest Preserves

Observations

One of the compelling features of Downtown Des Plaines is its close proximity to the Des Plaines River and adjacent Cook County Forest Preserves. In fact, it appears that Des Plaines is the only North and Northwest Chicago suburban community that enjoys such a distinction.

Today, the visual and physical connections between Downtown and river / forest preserves are weak, and the overall character of their common edge is unremarkable. For example, the Jersey barriers along the east side of Des Plaines River Road are unattractive and block views of the river. Similarly, the visual connections to the river / forest preserves along the Miner Street east of the bridge are limited, and the overall streetscape appears relatively barren. The bridge itself retains a mostly utilitarian appearance, while the vast expanse of concrete at the Des Plaines River Road / Miner Street provide few visual cues regarding the presence of the significant natural features a short distance away.

Opportunities

From and image and identity standpoint, this is one of Des Plaines' the most important geographic locations – especially when considering that Miner Street is Downtown's most direct connection to the I-294.

Existing conditions suggest that the design challenges of improving safety, mobility and appearance will be daunting. However, conceiving a plan that encompasses the entire eastern approach and bridge as a signature work of public art can help to ensure that individual components present a unified appearance even if they are implemented over period of many years.

Continue and Expand the Signature Public Improvement Program for Key Sub-districts and Roadway Corridors

Observations

As noted previously, it is anticipated that a program of incremental and continuous public improvements for key sub-districts and roadway corridors will continue over many years.

Opportunities

As improvements to the core sub-districts and roadway corridors come online, other roadway corridors with high traffic volumes such remaining segments of Touhy Avenue, Elmhurst Road and Golf Road can be addressed.

The initiation and completion of each improved segment provides highly visible opportunities for community leaders and staff to promote the City's committment to residents' quality of life and overall business development.

Remove One-way Pairs

Observations
Downtown's system of one way pairs that includes Lee Street, Jefferson Street and Graceland Avenue can generate negative perceptions in several ways. For example, one-way pairs can promote higher traffic speeds in the heart of what should be a highly pedestrian friendly environment. For infrequent visitors, missing a street connection can require a series of frustrating looping maneuvers to reach desired destinations. In addition, retailers generally prefer sites located on two way streets.

Opportunities
Removing one-way pairs are generally considered to be difficult projects to initiate affecting as they do a wide range of City stakeholders. Still, their removal should remain an ongoing part of the discussion regarding long term Downtown improvements. Reducing traffic speeds even by a few mph can significantly improvement pedestrians' perceptions of safety and comfort, an especially important consideration for children and seniors.

Redevelop Lee Street Between Prairie Avenue and Thacker Street Into a Classic, "Two-sided" Mainstreet Environment

Observations
The image of downtowns – and especially in the Midwest – often revolved around the presence of a classic, two-sided mainstreet with a compelling sense of place, which Downtown Des Plaines does not have. Many other Chicago area communities whose downtowns are cleaved by railroad tracks have similar issues – the relatively wide open spaces created by the railroad tracks greatly diminishes the feeling of enclosure and sense of place.

Opportunities
Some communities with downtown railroads such as La Grange have classic mainstreets that run perpendicular to the tracks, and thus are able to project a strong overall image. Under utilized properties and / or those with obsolete structures on Lee Street between Prairie and Thacker may provide the City with an opportunity to reintroduce a classic mainstreet environment that could become the signature element of Downtown's identity south of the railroad tracks.

Define Themes or "Brand Promises" for Key Subdistricts That Can be Leveraged and Expanded Over Time

Observations
Commercial sub-districts and corridors in Des Plaines do not currently have clearly targeted, and market / community supported themes or brand promises.

Opportunities
Commercial districts with clearly discernible themes such as the one established in Chicago's Andersonville Neighborhood (focussed on locally and regionally owned business) are generally better able to maintain, promote and leverage identities that resonate in the marketplace. The best time to establish a brand promise is during a master planning process where resources, stakeholder aspirations and marketplace opportunities can be thoroughly evaluated and aligned. THE TAMMEN GROUP Team will pursue opportunities to identify subdistrict brands / themes on a short-term, ad hoc basis under the guidance from the Project Steering Committee, City leaders and staff, and other key stakeholders.

Appendix 4:
Key Stakeholder/Aldermanic Meetings Summary

DES PLAINES- EOCNOMIC DEVELOPMENT INITIATIVE
Key Stakeholder Meeting Notes
Issue date: July 21, 2013

Date: Tuesday, June 25, 2013
Location: City Hall, Conference Room 301
Purpose: Key Stakeholder Meetings with Aldermen

Meeting Participants:

City of Des Plaines
11:00-11:45a: Alderman Sayad, Ward 4
3:15-4:00p: Alderman Haugeberg, Ward 1 & Alderman Rodd, Ward 3
4:15-5:00p: Alderman Charewicz, Ward 8 & Alderman Robinson, Ward 2
5:15-6p: Alderman Sojka, Ward 7

Consultant Team
Jennifer Tammen, THE TAMMEN GROUP (TTG)
Zach Lowe, Residential Planning Partners (RPP)
Carl Wohlt, wohltgroup (WG)

The meeting followed the agenda and is summarized as follows:

1. Discussion Questions and Summary of Responses

What does economic development mean to you?
- Having the kinds of businesses that attract new residents
- 3rd Ward places high value on downtown

What do you see as the biggest challenge to economic development in Des Plaines?
- Arlington Hts image is impressive – fun, unique, new condos, young population
- DP doesn't have an "elevator speech"
- Schaumburg has no downtown; DP has a lot of what Evanston has
- Schaumburg has clear gateways and identity
- Perceptions of DP are a problem – Met Square is an example
- Flooding also hurts perceptions
- Brand image – other towns come to mind, but not DP
- Met Square needs more visibility
- Floods at Rand Rd/Five Corners is problem
- Other nearby towns have stronger overall identities
- Need to clean up Five Corners
- There is a lack of control over zoning all over the place (zoning has changed, but needs changing again)
- Oakton needs center turn lane
- Rand Rd needs a major re-do
- People in downtown condos don't spend money
- DP has not been aggressive enough in pursuing new business
- Mt. Prospect is bringing new businesses to their downtown
- Demographics are the biggest challenge
- DP needs to do their job properly; need hungry people for recruiting
- Theater is problem; owner is not motivated, not moving fast enough
- There are problems with Shop & Save (shopping cart management)
- Need to limit auto uses on Rand Rd, Oakton St

- Need to speed up development approval process – not easy to do business in DP (better than before but improvements still needed)
- DP has to overcome past reputation as a terrible place to do business
- Industry backs up to residential
- Mt. Prospect is perceived to be better
- Events are important but scattered; need to do better job of promoting
- Mannheim/ Lee and Oakton becoming just banks and auto retailers
- DP has lost a lot of industry
- River Road floods frequently
- Downtown has commanded focus over past couple of decades, but hasn't been well done
- Recession has hurt DP
- Oakton St needs parking
- Elmhurst Rd has become stagnant thanks in part to demise of Elk Grove industrial park
- Need a plan for economic development – biggest challenge has been lack of a plan and a clumsy approval process
- DP has not been consistent about improvements but has distinctive character
- Biggest challenge is how to create quality "institutional infrastructure" (match benchmark zoning, development approval processes)

What do you see as the biggest opportunity for economic development in Des Plaines

- DP is more affordable
- Schaumburg has no downtown; DP has a lot of what Evanston has
- DP has a lot of potential – could see it exploding in 6-7 years
- See lots of potential for new shops on daily walk to the train from residence
- Want more neighborhood oriented development at Cumberland Station
- Bus routes and connections are good but not well known
- DP is very walkable
- Key priorities include 1) making downtown the City's postcard image, 2) Improving look / uses along Mannheim corridor, 3) Higgins Rd, 4) Golf/Elmhurst (need grocery)
- DP is major transit hub / terminal
- Need to figure what to do with old Caputo's property (moving to Dominick's site); suggest meeting with them asap
- Oakton is a priority; need to address Romano's property (City should consider buying)
- Change theater (save façade and redevelop structure)
- Demographics have changed in last 15-20 years, more diversity
- Need to strengthen Oakton St image
- Casino dollars are for infrastructure only; uses for money needs to be expanded
- Would like to see a quality Cajun restaurant, tapas place
- Need to talk to successful business owners and investors – get the right prospect and let their team to the work
- Bring in a winner – Melman restaurant, Mariano's
- Women want clothing shopping options in downtown
- Lincoln Square, Rosemont are examples of successful development
- Major assets are 1) location, 2) family oriented community, 3) schools, 4) excellent transit options
- Downtown has a great pool of people to draw from in nearby condos
- Prefers restaurants/retail for downtown
- Average age is 35-55

- People are attracted to DP because of its vitality, proximity to tollways, established neighborhoods
- Met Square now has good management – TTG Team shouldn't have to focus there
- Biggest opportunity is location and diversity – economic mix is important
- Railroads are important; DP has a legacy as a "railroad town"
- Methodist Camp is razing some homes
- Howard St west of Elmhurst is underutilized
- New corporate Shell coming to Oakton / River Road intersection
- Need to focus/leverage on airport related businesses
- Oakton St could be really great
- Need to use TIFs to recruit businesses with good paying jobs (DP has recently lost two businesses that employ 200 people each)

ATTACHMENTS:

- Agenda and Key Nodes, Subdistricts and Traffic Counts map

cc: Attendees

Economic Development Initiative - City of Des Plaines
Key Stakeholder Meetings

Date of Issue:	June 25, 2013	**Meeting Subject:**	Key Stakeholder Meetings
Meeting Date:	June 25, 2013		

Meeting Participants:

City of Des Plaines
11:00-11:45a: Alderman Sayad, Ward 4
3:15-4:00p: Alderman Haugeberg, Ward 1 & Alderman Rodd, Ward 3
4:15-5:00p: Alderman Charewicz, Ward 8 & Alderman Robinson, Ward 2
5:15-6p: Alderman Sojka, Ward 7

Consultant Team
Jennifer Tammen, THE TAMMEN GROUP (TTG)
Zach Lowe, Residential Planning Partners (RPP)
Carl Wohlt, wohltgroup (WG)

Meeting Location: City Hall, CED Conference Room 301

Meeting Facilitator: Jennifer Tammen

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1. Introductions & Overview of Current Project Phase

2. Discussion Questions (please complete)
   a. What does economic development mean to you?

   b. What do you see as the biggest challenge to economic development in Des Plaines?

   c. What do you see at the biggest opportunity for economic development in Des Plaines?

Adjourn

City of Des Plaines

Key Nodes, Subdistricts and Traffic Counts
Preliminary Analysis

Appendix 5:
Real Estate Community Focus Group Summary

DES PLAINES- ECONOMIC DEVELOPMENT INITIATIVE
Real Estate Development Community Focus Group Meeting Notes
Issue date: July 31, 2013

Time and Date: 8:30 AM, Friday, June 28, 2013
Location: City Hall, Conference Room 101
Purpose: Discussion and Feedback on Des Plaines Business and Development Environment

ATTENDEES

Name	Organization	E-Mail
Spero Adamis	Cornerstone Commercial Partners	spero@ccptwo.com
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Scott Mangum	City of Des Plaines	smangum@desplaines.org
Chan Yu	City of Des Plaines	cyu@desplaines.org
Consultants		
Jennifer Tammen	THE TAMMEN GROUP	Jennifer@thetammengroup.com
Zach Lowe	Residential Planning Partners, LLC	zach@resplanning.com
Carl Wohlt	wohltgroup	cwohlt@gmail.com

The meeting began at 8:30a.

City Manager Mike Bartholomew welcomed the attendees and thanked them for their time and participation in the focus group. He provided background on Des Plaines in terms of new businesses and economic development initiative. He turned the meeting over to Jennifer Tammen, who provided the group with background on the Consultant team's engagement and the City's goals for the economic development initiative, which is ultimately to attract new business and investment into the City. She provided an overview of the agenda for the focus group and presented a brief slide presentation with maps and background information on the City and the team's approach to identifying geographic areas of focus as well as identifying where the City's opportunities lie. The goal of the meeting with the focus group is to understand their impressions of Des Plaines from real estate development and business perspectives and learn about the types of projects and deals they see as viable in their business lines and for Des Plaines in particular. This information will inform the consultant team in terms of issues for the City to address and recommendations on how to improve perceptions and realities with respect to approaching real estate development and doing business with the City.

Jennifer led the discussion with a series of questions. The following is a summary of the questions and the group's responses:

1. **What are your impressions of Des Plaines?**

    - Dead town (old perceptions); plain
    - Flooding is a problem
    - No major retail to attract visitors

- As a brand, DP is old, mediocre
- Hard to understand City edges, hard to imagine / visualize DP; chopped apart
- DP "fills in the empty spaces between other places"
- Hard to tell when you have arrived here
- Downtown is like many others (not differentiated)
- Downtown looks good; other commercial areas are not dynamic
- Gateways are hard to find; some are very unattractive
- Old office buildings by I-294, pancake house (east) not dynamic looking
- "Windshield views" unattractive
- Outsiders (potential investors) don't understand rules
- Difficulty and uncertainty regarding rules for new businesses; get a lot of "maybe's" from the City
- Staff churn on the review, lack of consistency in review are problems
- New mayor brings energy, not certain how he will work with Council
- Approval process needs more predictability; process takes over in DP; need to start with end results, not processes
- Revamp process by starting with desired end result, then work back from there
- Rules – what are occupancy costs?
- No one knows rules; 30-40 years old; City didn't know if inspection had been done on a particular project
- Industrial space access good, features good mix of options
- Industrial properties are better than Elk Grove and Bensenville – a step up from cookie cutter
- 6b problem – stopped doing them; DP will restart process
- No one knows that DP is doing 6bs again; some developers won't even go through the process of dealing with the City since they think they won't get a 6b
- Optimistic about retail prospects
- Northwest Highway is an asset; but traffic is a double-edged sword
- Once a retailer learns about traffic [congestion] and flooding issues, all bets are off
- Flooding is highly visible; commuters avoid DP's flooding traffic problem
- Rand Road corridor could be great retail location
- McDonald's museum should be famous
- DP doesn't talk about the McDonald's museum, Choo Choo, or other [historic] assets
- Branding is needed a la Berwyn (likes Berwyn's marketing efforts)
- Can't label DP with an idea or "thing" that it is known for – thinks there could be a good story here
- There is lots of great investment that people don't know about
- Comp plan needs updating; some of the recommendations have been attempted, but economic times have changed so much
- Fix one way streets (very annoying for commuters)
- It's hard to bring clients (investors) to DP and then get shot down by politics – based on a Comprehensive Plan that doesn't make economic sense
- Downtown is very walkable
- Roadway corridors need enhancement (improved curb cuts, aesthetics)
- Last Metra stats were from 2006; info is too outdated – hard to use as a marketing tool
- Cities need to think about development in terms of what is feasible today: infill, adaptive reuse, TOD, mixed-use; they need better infrastructure and access to corridor areas
- No project should be turned down because of outdated comprehensive plan. For example, in Northbrook, individual projects are judged on their own merit; the comprehensive plan is updated based on new uses as they are adopted

2. **What types of deals are currently viable in your respective areas of the real estate business?**
   - Bus repair company is closing (highway access)
   - Northwest Highway / Tollway access is appealing
   - DP has affordable residential – looks good
   - Limited ground level retail opportunities
   - Developers looking for TOD environments
   - 150 units @ Greenview (Trammel Crow)
   - Multifamily projects need at least 150 units
   - Affordable housing often gets a sideways look [from municipalities]
   - Mixed-use (3-rental apartment levels over retail); retail should not be allowed to drive the bus; 8-10k square feet is sufficient
   - Mount Prospect is getting a 39-unit supportive housing development
   - Some commercial has more restrictive codes
   - Want space; need help assembling properties
   - Ground level retail requirements can be burden
   - International codes different in Chicago communities
   - City staff wants to adopt international standards with as few changes as possible
   - Can't do stick built over 3 stories in DP
   - Chance for property assembly on Ellinwood: up to 170 units if an additional parcel can be obtained; project would include a 20% set aside for affordable units

3. **What types of economic incentives do you/ your clients need to make deals work?**
4. **Are there incentives available in other municipalities that Des Plaines doesn't have or that you don't believe are available in Des Plaines?**
5. **What are your perceptions of opportunities in Des Plaines?**

   - Perception that Des Plaines is not doing 6b deals. Doing 6b deals in Elk Grove Village. Mike Bartholomew verified that Des Plaines is absolutely doing 6b deals and provided examples of projects.
   - Elk Grove Village is very aggressive with 6b; they will allow it on buildings that have only been vacant for six months if the potential benefits justify it
   - Commercial property owners bought at peak
   - City needs to be aggressive in selling idle land pieces to developers; needs to go ahead and take the hit
   - Is there a way to make deals (wants City to be flexible regarding deals)?
   - Four acres @ Higgins / Mannheim (TIF #6) – Four proposals submitted, not sure who will be selected; the TIF is currently operating at a deficit. City is looking for highest and best use for the site to attempt to close the deficit.
   - RFP process hurts DP's credibility (costs to submit, then nothing happens)
   - Cook County property tax is burden; developers seek help, DP tries to help – but, O'Hare is O'Hare (in terms of market appeal and associated costs)
   - Retailers don't really care about O'Hare access; for residential development the main draw is I-294 access, with O'Hare a consideration for only some product types
   - Most TIF right now is limited to pay-as-you-go; there is not a lot of money for up-front assistance (this is common in many municipalities)
   - New Tap House Grill in Metropolitan Square – City retrofit/façade grant = $80k

6. **Are there specific areas or sites that are of interest to you?**

   - Touhy / Mannheim; a quasi-industrial/retail area; could it be more retail focused?
   - Five Corners; approximately 40 acres of property assembly needed

- Big box and power center developments were pre-downturn; don't see them now; now the opportunity [in shopping center development] is for grocery-anchored community centers
- Big box in Downtown; Mariano's would be okay
- Grazie! site auction – church use denied
- One way pairs through downtown are a problem

The participants were asked to mark priority areas on City maps provided at the meeting. The following locations were identified:

- Downtown DP
- Touhy/Mannheim
- Oakton Street Corridor
- Littelfuse
- Rand/River

Next steps: The consultant team will summarize the comments and feedback from the focus group meetings as well as those gathered in other stakeholder and real estate community meetings and interviews. That information, combined with our analysis will be used to produce a report to the City that outlines our recommendations for priority areas and opportunities to enhance the City's economic development approach. We will begin business and development recruitment efforts in the coming months. We will invite participants of outreach events for development and business recruitment as well as follow up on specific opportunities.

Jennifer thanked the group for sharing their time and expertise.

The meeting adjourned at 10:05a

Attachments:

- Focus Group Meeting Agenda
- Sign In Sheet

Items provided to attendees:

- Commercial Sub-Districts Map with Traffic Counts
- TIF Map
- Commercial Nodes Map
- Web links to the following:
    - Comprehensive Plan
    - Oakton/Elmhurst Subarea Plan
    - Five Corners Redevelopment Plan - Volume 1- Preferred Concept (Sub-Area 5/Power Center)
    - Five Corners Redevelopment Plan- Volume 2 - Existing Conditions

Cc: Attendees

Economic Development Initiative - City of Des Plaines
Real Estate Development Community Focus Group
AGENDA

Meeting Date: June 28, 2013

Meeting Time: 8:30 AM to 10:00 AM

Meeting Location: City Hall, Conference Room 101

Meeting Facilitator: THE TAMMEN GROUP

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1. Introductions

2. Project Overview

3. Preliminary Focus Areas

4. Discussion

Adjourn

Des Plaines Economic Development Initiative: Real Estate Community Focus Group
Meeting Sign-In Sheet

Meeting Date: 6.28.13

Meeting Time: 8:30a – 10a

Meeting Location: Des Plaines City Hall, Conference Room 101

Meeting Facilitator: THE TAMMEN GROUP

Name	Company	Role/Title	Phone	Mobile	Email Address	Have you done business in Des Plaines? (Y/N)
Lisa Nowogurski	Prudential Starck Realtors	Broker Associate	847-858-5399	Same	Lnowogurski1@gmail.com	Y
Dan Benassi	Entre Commercial Realty	Broker	847-310-4298	Same	dbenassi@entrecommercial.com	Y
Eric Fischer	NAI Hiffman	Broker	630-693-0677	773.725.9818	efischer@hiffman.com	Y
Spero Adamis	Cornerstone Commercial Partners	Broker	312-348-1000	312 446-3173	spero@ccpfund.com	Y
Jim Durkin	Jim Durkin & Assoc	Owner	847-533-6100	—	JimDRoc@gmail	Y

Des Plaines Economic Development Initiative: Real Estate Community Focus Group
Meeting Sign-In Sheet

Name	Company	Role/Title	Phone	Mobile	Email Address	Have you done business in Des Plaines? (Y/N)
Bernard Citron	Thompson Coburn LLP	Partner	312 580 2209		BCitron@ThompsonCoburn.com	Y
Mike Breclaw	OKW Architects	Director of Design Principal	312 798 2700		MBreclaw@OKWArchitects.com	
Joe Musa	EPI		(708) 225-1115		Jmusa@environmentalepi.com	
Greg Terwilliger	McShane	Vice President	847. 692.8616	630. 301.2782	gterwilliger@mcshane.com	
Chan Yu	City of Des Plaines	Planner				

Des Plaines Economic Development Initiative: Real Estate Community Focus Group
Meeting Sign-In Sheet

Name	Company	Role/Title	Phone	Mobile	Email Address	Have you done business in Des Plaines? (Y/N)
Scott Mangum	City of Des Plaines	Senior Planner				
Mike Bartholomew	City of Des Plaines	City Manager				
Jennifer Tammen	TTG	Principal/PM		773.505.7248		
Carl Wohlt	WG					
Zach Zowe	RPP					

Appendix 6:
Other Industry Resources Meeting Summaries

DES PLAINES- EOCNOMIC DEVELOPMENT INITIATIVE
Real Estate Interview: Meeting Notes
Issue date: July 29, 2013

Date: Friday, June 14, 2013
Location: Teleconference
Purpose/Perspective: Commercial Asset Manager
Interviewee: Peter Caruso, Vice President, Mid America Real Estate Group (Metropolitan Square)
Interviewer(s): Zach Lowe

Metropolitan Square has been a tough project. One of the primary challenges is that the site has no frontage along Miner Street/Northwest Highway. It is literally tucked into a low visibility site behind the busiest street in the area. River Road is ok, but at end of day does not provide much visibility. Traffic counts along the Lee spine in the area of Oakton do not extend up into downtown; neither does Rivers Casino traffic make it to the downtown area.

To combat this, Peter and his team have been trying to work with City on signage and other means of enhancing visibility. They walked the streets with city officials and with their clients and tried to come up with new ideas to enhance visibility, etc. One problem is that the city does not own any property along Miner St, so little can be done there. Furthermore, even with increased signage, the downtown area will likely remain divorced to a certain extent from other, higher-traffic areas of the city.

As such, the downtown area retail is limited in terms of potential uses and is likely to remain largely mom-and-pop.

That being said, the Shop and Save does well. And due in part to the traffic that it generates, Peter's team was able to get Panera and Potbelly to extend their leases. While both restaurants are great for the area, one challenge remains that customers come in off of River Road, visit these establishments, and then leave without even making the complete circle of the property.

Peter equates the site to a similarly challenging location in Evanston, where they have had to put a lot of money in to get any deals done. Even then, they and their clients are rolling the dice. Furthermore, everyone wants to test the market before committing long term; no tenant wants to sign a deal for more than three years, which is not financeable. Peter's team have tried to get creative to encourage lenders and owners to become comfortable with these locations, but this still remains a challenge.

Challenges aside, the new Tap House Grill and Elite Gym leases have given Peter a lot of renewed optimism.
The Tap House will bring both a big lunch crowd from the surrounding area and decent nighttime traffic to the site. It will become a primary hangout for downtown and is a great use for the site. Furthermore, the owner is a smaller operator with only six locations, which makes him easier to work with. And he is realistic in terms of sales potentials for the site.

The Elite Gym is also a smaller operator – a former Marine with a personal-training focus. The landlord provide substantial incentives to the operator to make the deal work and needs the gym to stick around for at least five years to make this investment back; however, Peter has confidence in his business model and expertise.

Between them, these two new tenants will give new life to the development; after years of looking barren, there will be a great deal of new activity around it and a lot of new traffic. Peter is hopeful that this will spur interest in the other available spaces.

Key to making Metropolitan Square work is getting the right uses for the development. This requires operators who know their business, who can relate to the area, and who can hit advantageous price points.

Future categories that Peter's team will be pursuing for the site are a coffee shop/café, smoothie/juice shop, an additional restaurant (such as Asian, Mexican, or burgers), and possibly a new spa. In addition, the property has

built-out spaces that once housed a wine shop, florist, and dry cleaner. These would be ready for new tenants in the same categories. Overall, the goal is to replace the former ill-suited, under-performing businesses with new, better-suited, stronger uses.

Elsewhere along the Lee/Manheim spine, the future of the Dominick's is in question, as it is underperforming. Jewel owns its space along the corridor, but is having trouble leasing its additional spaces, as the access and everything else about the site is funky.

Kmart has the best position in the market, and Peter has heard that it is a pretty solid performer. Nevertheless, it will be interesting to see if Sears Corp. decides to market the property. If so, it will be a big test to see what the market can hold. Could it support a Mariano's, Ross, or TJX store? Peter is not optimistic that it can. The location is probably too close to existing retail concentrations in surrounding areas.

Thus the primary challenge for Des Plaines in attracting large national retailers is that the city is caught between a number of more robust regional markets, including Niles and Schaumburg, where densities are better and incomes are higher. The market doesn't really lend itself to the type of retailers (i.e., power center clients) that Des Plaines may want. It is better suited to community-serving, grocery anchored centers.

DES PLAINES- EOCNOMIC DEVELOPMENT INITIATIVE
Real Estate Interview: Meeting Notes
Issue date: July 29, 2013

Date: Friday, June 21, 2013
Location: Telecon
Purpose/Perspective: Commercial Asset Manager
Interviewee: Bill Combs, Asset Manager, Colliers (Metropolitan Square)
Interviewer(s): Zach Lowe and Jennifer Tammen

For Metropolitan Square, timing was an issue. The center opened right before the economic downtown. Its poor performance has been a sore point for the city and the people of Des Plaines. However, the two new tenants opening this September (Tap House and Elite Fitness) promise to boost confidence and traffic and attract national and regional tenants for the smaller spaces.

The opening of the two new tenants will generate renewed interest. Some will come from national retailers, but a variety of smaller, regional businesses may also be interested. Expect smaller food service business, such as Chinese, pizza, or yogurt. Service businesses such as day care or yoga. Other small specialty retailers like a vitamin store.

Metropolitan Square can be a high quality A-class location. Even though confidence is slowly coming back to the retail sector, B-class properties will remain harder to fill. They will see a variety of non-traditional uses, such as medical offices.

The biggest challenge at Metropolitan Square has <u>not</u> been lease rates. The owner is not going to shut down a deal based on dollars. A lot of challenge is simply how it was built. "It looks in on itself." From River Street there is some visibility to Panera and Potbelly, but you don't see the rest of the center going down River or from Miner at all. Bill's team is currently working on ways to update the monument signs. Some sort of signage needs to be placed on Miner to create visibility. (The city is working on something in this regard.)

Bill's team is working with a design firm to come up with ideas. They are looking to update the monument signage with black and white, neon tube LED light – a retro look to mimic the Sugar Bowl, McDonalds, etc.

The banners on the garage are ineffective. They used to be on three sides; now only on Lee. The brown color is terrible and blends into the garage. A brighter color and tenant logos would be a much better usage.

Jennifer noted that there may be new opportunities to boost visibility coming with work on the Metra Station. The city is looking to revamp the commercial space and create new tenancy opportunities.

There is a significant drop off in traffic from the Lee/Oakton intersection to downtown.

Accessibility and traffic circulation are issues for Metropolitan Square. You can't enter the center from north. The one way pairs are a problem.

Des Plaines battles a stale image. People picture the Des Plaines of 30 years ago. Recent commercial development has been more about staples for the community rather than draws for people outside the area. Businesses want to know where all the people are who live in the downtown condos. That traffic just isn't there. A lot of this has to do with the vacancies that have plagued the center. The Tap House could change this by creating a draw. Bill's team hopes to build off of that.

Prospective tenants don't really need additional economic incentives. Bill hasn't come across a situation where a tenant had to be incentivized to make a deal. *(Note that this is inconsistent with what Peter Caruso told us – that Elite Fitness required substantial incentivizing to make their deal.)* Des Plaines is doing a lot more than many other communities in this regard. Bill doesn't see a need to roll out the red carpet to a greater degree for tenants.

DES PLAINES- EOCNOMIC DEVELOPMENT INITIATIVE
Real Estate Interview: Meeting Notes
Issue date: July 29, 2013

Date: Monday, July 19, 2013
Location: Email
Purpose/Perspective: Residential/Multifamily Developer
Interviewee: Moises Cukierman, President, Lexington Homes

1. What is your recent involvement with the DP market?

Finished entitlements for the last phase of Lexington Park, a townhouse development. Last phase is 29 units. First phase was 116 townhouses.

2. Do you know of any plans for future residential development there? It is our understanding from the City that nothing is in the entitlements process right now.

I am not aware of a single residential development proposed for DP. On behalf of Lexington Homes, LLC I plan to approach the City very soon in connection with a 300+ units high-end apartment development at 2200 E. Golf Road (at I-294). This property once had final PUD approvals for a mid-rise condominium building (102 units) and 121 townhouses but these have become unfeasible in light of the new economic realities.

3. What, in your opinion, would be viable residential development in DP and within what time horizon?

Luxury rental apartments, within the next five years or so. While for-sale housing is recovering, there is a large segment of the population that will, for a long time, prefer quick mobility over home-ownership advantages. An apartment development with high-end and well-equipped amenities will be the choice of many. The Great Recession left an indelible notion that for-sale housing is not nearly the risk-free investment it once was thought to be, and the many uncertainties about the future will contribute to a lower home-ownership index for many years to come.

4. What are the current barriers to residential development, and what, if anything, would need to occur to set the stage for successful new projects there?

The construction code. Currently, it requires non-combustible horizontal and vertical separations between units. This is extremely expensive and has curtailed development in the City. Another important obstacle is the required 2:1 parking ratio. This is unnecessary in many locations of the City, because Des Plaines is well served by METRA. Additionally, the parking ratios should be adapted to the type of development: there is no reason why two parking spaces should be allocated for a 1-bedroom, 700 sq ft apartment, by way of example.

5. What is/are the primary target market(s) that any new residential development in DP should target.

In the case of LH, LLC's proposal for apartments, we are targeting the employees of many corporations north and south of the site along the I-294 corridor, residents of Rosemont and Park Ridge (both of which lack high quality apartments), those who travel frequently through O'Hare, and others. It is conceivable that this development could attract a number of Chicago renters, because these units would rent for up to $600-$700 less per month, and DP is an easy commute from Chicago. In connection with (4): we think the City will take the initiative to change the construction code and that it will adopt it by the time we finish the entitlements, if they are obtainable. The plan is to construct 3-story buildings with intrinsic garages and surface parking, using ordinary wood construction with fire suppression systems.

DES PLAINES- EOCNOMIC DEVELOPMENT INITIATIVE
Real Estate Interview: Meeting Notes
Issue date: July 29, 2013

Date: Tuesday, July 9, 2013
Location: Teleconference
Purpose/Perspective: Neighborhood Retail/Commercial Developer
Interviewee: Michael Nemlich, JanMar Realty
Interviewer(s): Jennifer Tammen

Mr. Nemlich has not developed in Des Plaines, but has looked at various sites in and near downtown and Five Corners.

The following are comments related to impressions of the City and thoughts on development-friendly municipal environments.

- In past few years parts of City has been redone but it really is a hodge podge of different bldg.
- Difficult traffic flow areas- i.e. railroad tracks; parts of the City are difficult to navigate
- Impression of City is a white, middle-class community next to airport that now has a casino but other than it's unremarkable.
- Looked at corner of River and Rand across from BP station for retail development. Has good visibility but difficult because of railroads and no turns. Passed on the property for these reasons as it won't work for retail.
- Currently working on renovations, not much ground up work
- Would consider Des Plaines for redeveloping a strip center
- Heard years ago from a real estate developer that the City is hard to work with
- Recently completing a commercial redevelopment in another community that held up reviews and was not responsive. He wouldn't do another project there.
- A municipality's ability to listen to project propsals and ideas and respond promptly is important. People that say "no, we can't do that because of the Code" before understanding the full proposal is frustrating.
- Municipalities need to express a can-do attitude.
- On rehabilitation projects, some of what building inspectors say needs be done is not always accurate. Misinformation can impact the project budget and financing.
- Municipalities need adequate in-house staff to process reviews and requests. Outside engineering firms to review are frustrating because they are paid to find mistakes and the developer is charged another fee.
- Incentives- TIF is not worth pursuing on small projects

DES PLAINES- EOCNOMIC DEVELOPMENT INITIATIVE
Real Estate Interview: Meeting Notes
Issue date: August 8, 2013

Date: Tuesday, July 2, 2013
Location: Teleconference
Purpose/Perspective: Multifamily Residential developer
Interviewee: Justin Pelig, Focus Development
Interviewer(s): Zach Lowe and Jennifer Tammen

Focus has not done any work in Des Plaines. The closest project they have worked on is a Palatine condo TOD that didn't move forward due to the recession. They are currently looking at a multifamily deal in Arlington Heights but the deal is unlikely to move forward.

Currently, the development imperative is the need to do projects that can be financed (in a skittish marketplace). Putting together a viable capital stack for multifamily development requires density (150-200 units), access to transit, and jobs that attract young professionals and families.

Focus is currently working in Evanston, West Loop, Glenview, and Naperville (on Metra lines). Evanston and downtown rents are well into $2.00/foot. Naperville is less. In places like Palatine rents start to erode pretty quickly outside of the central business district. The majority of investors/financiers Focus works with are from out of town; they fly into Chicago and, when given the choice between a site in Arlington Heights or Evanston, they are more excited about Evanston. They see the university, jobs, and excitement that attract jobs and young professionals.

For a lot of people, when they think of Des Plaines, they think "Can I get through, or is it flooded?" Des Plaines' challenge is to illustrate to developers that people want to live there for convenience, jobs, entertainment, schools, and other amenities. With that said (at least to Justin), if a project works in Park Ridge, then it should work in Des Plaines as well, even though Park Ridge may have somewhat higher home values. [Note: in truth, they are more than 57 percent higher.] Des Plaines has better access to transit.

Justin likes the La Grange corridor (i.e., the BNSF line) because you have one bedroom community after another. On the line that goes through Des Plaines, the municipalities are more spread out and don't really bleed into one another due to interstates, forest preserves, and industrial/commercial uses near the train.

Jobs do not need to be within walking distance, but they do need to be within close driving distance. The out-of-town investors that Focus works with seem to think that all people want to be within 10 minutes of where they work—even though most people in Chicago commute about 40 minutes to work.

The minimum viable rental rate for a new apartment project depends largely on the land price. Recently, a lot of developments have been successfully financed and built on land purchased out of foreclosure. The end result is that the reduced land costs can drive rents down to meet market conditions.. For example, they tried to entitle a foreclosed parcel of land in Aurora where rents were around $1.40 per square foot. Without the benefit of the less expensive land, the deal wouldn't have made sense and the developer would need to look at TIFs and other incentives to make the deal work. (Though Justin hasn't seen TIF in a long time.) The Aurora deal ended up not moving forward because the municipality wanted more indoor parking then the project could support. Focus' Evanston project was a foreclosure; the West Loop project was not foreclosure, but the land basis was relatevely low coming out of the recession; they are building apartments for Lennar in Naperville which was another foreclosed land sale. Eventually, however, the economy will completely rebound and banks will be able to sell their foreclosed assets at more or less market rates. (there is continuing demand by developers for foreclosure property)

Many municipalities continue to have problems with apartments. There is a stigma associated with apartments. Municipalities tend to think condos are better.

Cities need programs to help landlords improve rundown or neglected apartments. They can help with capital improvement by providing tax incentives. Or they can help owners get into a situation where they can sell the properties to someone who will make improvements.

If Des Plaines could get a good catalyst development downtown (such as a Mariano's or Whole Foods) with some high quality ancillary retail (not the usual cleaners and nail salons), and pair that with apartments, they could have a winner. [Note: Justin was not aware of the Metropolitan Square development and the Shop-and-Save supermarket.]

Metropolitan Square will be a drag on downtown revitalization until it is fully stabilized with A and B quality tenants. Until it fills up and starts generating traffic and excitement, it represents a stiff competitor to any new development.

Since Des Plaines has this big new development downtown—with the supermarket, parking deck, and ancillary retail—they need to focus now on specialty retail to fill up Metropolitan Square as well as upgrading the lesser quality retail (e.g., the currency exchange along Miner Street, etc.) and bolstering more historic retail areas.

Appendix 7:
Brand Position Report

wohltgroup

City of Des Plaines Economic Development Initiative

Brand Positioning Statement and Brand Promise Brief

Prepared by wohltgroup for THE TAMMEN GROUP
August 2013

Executive Summary

In late May 2013, the City of Des Plaines engaged THE TAMMEN GROUP (TTG) to work with the Community and Economic Development Department to provide economic development consulting services. A key element of this engagement is to help Des Plaines establish a brand position and supporting visual identity that resonates with prospective investors for use on initiative related marketing materials.

Operating within a highly accelerated time frame, TTG began preparing an Opportunity Analysis that included an assessment of available resources, marketplace opportunities and stakeholder aspirations. At the same time, TTG also launched its first outreach to the investment community and began developing the branding element.

While the branding element's primary focus is on the marketing collateral directly related to the Economic Development Initiative, the supporting visual identity has been developed to accommodate broader City wide applications over time.

Three identity concepts were presented to the Project Steering Committee. A preferred alternative concept was selected for additional development and refinement. A modified version of the original preferred alternative concept and two additional concepts were presented and discussed at a second Project Steering Committee meeting. The modified version of the original preferred alternative concept was again selected for continued refinement.

A key issue at this point in the process is whether or not an identity developed to support the Economic Development Initiative can also serve as an identifier for future City applications.

The goal of this brief is to define a branding strategy that can potentially support both the Economic Development Initiative and broader City of Des Plaines branding endeavors.

Dimensions of a Placebrand

At its most basic, a "brand" is a promise, the gut feeling one has about the quality of an entity when they see it graphically or physically represented in an application such as a logo, package, website, sign or building. Branding, by extension, is simply the act of managing the promise.

Defining a brand promise for Des Plaines to support the Economic Development Initiative is ideally the starting point of a management practice that evolves as conditions change over time. In short, the branding element of this project should not be viewed as static or etched in stone. One of the basic rules of brand management is to never promise something that cannot be delivered. As the variables that define the Des Plaines product and experience change, so must the brand promise change to remain valid.

Like all good brands, the core promise for Des Plaines should be simple, direct, easy to understand and easy to communicate. The brand promise should also differentiate the City from marketplace competitors by incorporating and leveraging assets that make the community truly unique.

Perhaps most importantly, the Des Plaines product and experience must be perceived as authentic by the various audiences who interact with the brand. Internal audiences such residents and other community stakeholders are especially critical because they are among those who experience the brand most directly and frequently on a daily basis.

Brands for communities emerge where resources, marketplace opportunities and stakeholder aspirations align. Each has a key role in developing and positioning an authentic Des Plaines brand. For example, stakeholders may express a desire to incorporate certain qualities or features into the City's product and experience – however, if those aspirations cannot be supported by available resources or marketplace opportunities, then the brand will likely fail to deliver on its promise.

That said, a placebrand promise can include aspirational elements – but those managing the brand must clearly and consistently demonstrate that the aspirational element of the promise is being supported on a continuing basis.

MARKETPLACE OPPORTUNITIES
PLACE BRAND PROMISE
RESOURCES
STAKEHOLDER ASPIRATIONS

Key Differentiators

An important element of effective branding is the concept of "differentiation" – the degree to which a brand's key attributes are seen to be distinctly different from those of competitors.

One way to differentiate Des Plaines from regional, national and even international competitors is to identify and evaluate the City's historical, geographic and cultural assets. In so doing, a collective community profile begins to emerge that helps define what makes the Des Plaines product and experience truly unique.

The following is a list of assets identified in the Opportunity Analysis phase of this project:

Historical

- Des Plaines' legacy as a transportation hub
- Des Plaines' legacy as a regional recreational destination
- Des Plaines' legacy as regional industrial center
- Des Plaines' legacy as a northwest suburban retail destination

Geographic

- Relative centrality within the greater Chicago metropolitan area and proximity to regional assets
- Community's proximity to Des Plaines River / Cook County Forest Preserve recreational amenities
- Downtown's location next to the river and forest preserves is unique among peer communities

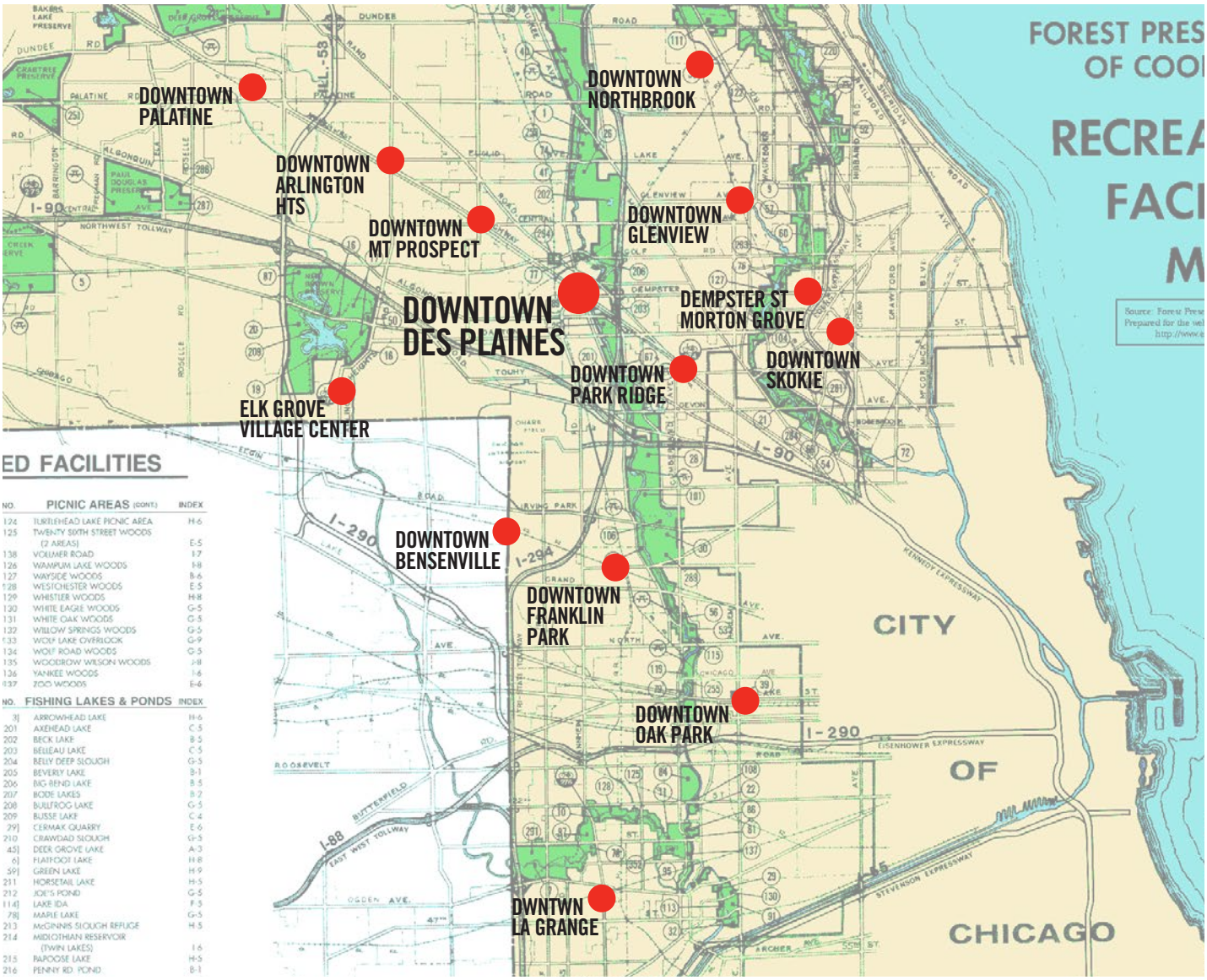
Cultural

- Relative centrality within the greater Chicago metropolitan area and proximity to regional assets such as Chicago O'Hare International Airport, Downtown Chicago, Lake Michigan's lakefront and variety of nearby suburban shopping/dining entertainment options
- Proximity to a growing number of recreational amenities that includes two park districts, Cook County Forest Preserve and the Des Plaines River, as well as being home to Rivers Casino
- Downtown's proximity to the Des Plaines River and Cook County Forest Preserve is unique among peer communities

Two of the key differentiators identified in the list above – Des Plaines' historical legacy as both a transportation hub and a regional recreational destination – have proven to be enduring assets that continue to serve as distinctive elements of the community's image and identity.

The key feature common to both is the Des Plaines River. The City was founded on the west bank of the river that serves as its namesake. The Des Plaines River was the first of several important transportation modes – including key regional roadways, railroads, and Chicago O'Hare International Airport – that helped define Des Plaines as a major transportation hub from its earliest days. The river was also the reason Des Plaines became one of Chicago's earliest recreational destinations, a legacy revived in part by development of Rivers Casino.

The Des Plaines River has the potential to serve as an authentic and highly visible metaphor for the City's story – its past, its present and its future potential. The river provides a touchstone for a compelling narrative that describes the City's legacy as a regional transportation hub and the continuing importance of its centralized geographic location to prospective investors. The river also symbolizes the City's legacy as a recreational destination, and the increasing importance that recreational amenities have to residents who value an active lifestyle. Finally, efforts to strengthen and expand the river's amenities can be leveraged to create excitement about and enthusiasm for the enhanced quality of life the City will offer residents and investors in the days ahead.



Downtown Des Plaines' close proximity to the Des Plaines River and adjacent forest preserves differentiates the City from peer communities in Chicago's north and northwest suburbs.

Defining a Brand Position for Des Plaines

The principle challenge of preparing this brief is finding a unifying theme or element that will resonate with both prospective investors and the broader Des Plaines community. The preferred alternative concept selected by the Project Steering Committee – which features the river as the signature visual element – has the potential to do that.

Stakeholders interviewed for this project, including members of the investment community, have consistently referenced the importance of the City's geographic location and multi-modal transportation amenities. The river provides an excellent literal and metaphorical link between Des Plaines' historic legacy as a transportation hub, and the value that transportation continues to play in the City's allure as a desirable business address.

The role the Des Plaines River played in the City's legacy as a regional recreational destination is featured prominently in historical narratives. The river continues to serve as a signature recreational amenity for the community. Future efforts to strengthen access and the range of amenities it provides align well with broader national trends towards healthier and more active lifestyles.

Leveraging the river for brand positioning and visual identity is representational, aspirational and, perhaps most importantly, highly authentic. The potential upside of the aspirational element is particularly appealing for the potential it has to help guide future development strategies that further differentiate Des Plaines from peer communities.

The draft brand positioning statement on the facing page unifies the transportation hub, centralized geographic location and recreational destination themes. The key sentence, however, is the last one in which Des Plaines is positioned to become regarded as a top tier community among its peers in the northwest suburbs – a goal that helps support the aspirational tone of the "City of Destiny" motto now in use.

The Des Plaines River provides a metaphor for a compelling community narrative that appeals to both prospective investors and those who value an active lifestyle.

The Des Plaines' enduring legacy as a transportation hub began with its founding along the banks of the river that serves as its namesake. The City's ongoing market allure as a business address is reinforced by its multi-modal transportation resources, its overall geographic centrality within the Chicago metro area, and the close proximity of signature regional destinations.

The Des Plaines River's legacy as a regional recreational destination also endures. Combined with the natural features of the adjacent forest preserves, residents and visitors today have easy access to a variety of high quality recreational amenities that also include other attractive municipal parks and lakes located throughout the City.

As the image of the community, the Des Plaines River symbolically captures the City's past, present and future in a manner that is both authentic and aspirational. Continuing improvements that enhance the river's visibility, access and amenities will provide tangible evidence that Des Plaines is working diligently to become the unchallenged "City of Destiny" in Chicago's northwestern suburbs – one of the region's most desirable places to live, work, play and invest.

Defining a Brand Promise for Des Plaines

The draft brand promise for Des Plaines is essentially a more succinct way of stating the targeted brand position. The promise defines three key elements against which the Des Plaines product and experience can be continuously evaluated for effectiveness and authenticity.

The targeted position ("what").

The targeted marketplace geography ("where").

The targeted date the promise intends to become fully active ("when").

The proposed language below suggests a one decade time frame to transform the Des Plaines brand into a product and experience that the marketplace acknowledges as truly authentic.

By 2024, Des Plaines will be a top tier, northwest suburban business address, recreational destination and residential choice for those who value an active lifestyle.

Top Tier Business Address

Top Tier Recreational Destination

Top Tier Residential Choice

Preferred Alternative Identity Concept

The preferred alternative has three key features – a condensed, sans serif typeface, the bright green color and the stylized blue "S" symbol at the end of the logotype that references the Des Plaines River.

The logotype is a graphically modified version of the typeface Bodega Sans. Bodega Sans is a contemporary interpretation of classic, Art Deco era typefaces. A condensed typeface was selected because it reduces the space required for the name / logotype on communications while at the same time providing a strong visual presence due to the extended letterforms heights, especially when reproduced in smaller sizes.

The bright green color references the City's close proximity to the forest preserves, its high quality parks and its verdant residential neighborhoods. The color was also selected because of the ability it has to enhance the visibility of future potential applications such as signage and banners in a variety of weather conditions.

The stylized blue "S" is the signature feature of the logotype and provides a memorable visual accent. The "S" symbol can also be used as a graphic motif in a variety of ways on future applications.

VISUAL IDENTITY
CONCEPT 1

VISUAL IDENTITY
CONCEPT 1a

Summary

Civic brands must evolve with ever changing marketplace dynamics, stakeholder aspirations and available resources or they will fail to maintain their authenticity and relevance. It's important to remember that the proposed brand positioning outlined in this brief is just the beginning of what will ultimately prove to be a successful, long term City brand management practice.

The proposed positioning revolves around three key civic qualities – Des Plaines as a top tier business address, a top tier recreational destination and a top tier residential choice for those who value an active lifestyle – that are based on enduring legacy assets that are unique to the City.

Once brand equity begins to accumulate over time, the goodwill associated with that equity can be leveraged to expand the Des Plaines product and brand experience in a variety of ways that enhance the City's marketplace appeal.

This "position / brand / leverage / expand" strategy is illustrated on the facing page. The key is to establish a foundation – with the foreknowledge that Des Plaines as a brand will inevitably change and grow.

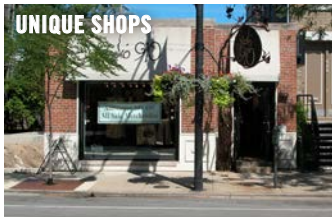
It should be noted that in the end, the City's various markets ultimately "own" the Des Plaines brand. The market gets to decide whether or not the Des Plaines brand is indeed authentic and delivering on its core promises.

However, by actively managing the civic brand as a product in the marketplace, Des Plaines can strengthen and enhance perceptions of the City – and maximize opportunities to demonstrate on a continuing basis that it is in fact a highly appealing community in which to live, work, play and invest.

Short-term
Brand Rollout

Intermediate-term
Brand Rollout

Long-term
Brand Rollout



This graphic illustrates how the "position / brand / leverage / expand" concept works over time:

- Establish a clearly differentiated civic "brand" experience based on existing assets
- Begin building brand equity based on the goodwill associated with the brand experience
- Leverage the accumulated goodwill to introduce new features and amenities that extend the community's brand experience, and that enhance its overall appeal in the marketplace

(Note: The example above is NOT specific to Des Plaines and is for illustrative purposes only)

Appendix 8:
Property Database Project Outline

TO: JENNIFER TAMMEN
THE TAMMEN GROUP

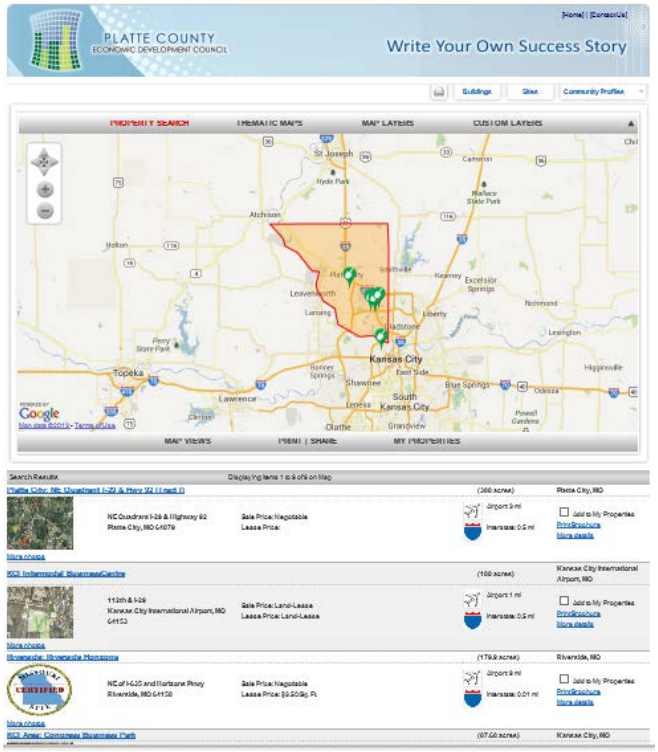
FROM: ZACH LOWE

SUBJECT: PROPERTY DATABASE PROJECT OUTLINE

DATE: AUGUST 23, 2013

Background

LocationOne Information System (LOIS) is a web-based database tool through which communities, property owners and managers, and brokers can market available sites and buildings. The system provides in-depth location and listing information on each property, along with broker contacts and property-related information on utilities, transportation, and other site and area attributes. Additionally, the system provides complete community profiles compliant with International Economic Development Council National Data Standards. In ten years, LOIS has grown to serve more than 8,800 communities in 30 states and has become the nation's primary commercial property selection database.



RESIDENTIAL PLANNING PARTNERS, LLC
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CHICAGO, IL 60657
P: 312.906.7537 F: 773.661.1597
WWW.RESPLANNING.COM

The Illinois Department of Commerce and Economic Opportunity (DCEO) makes LOIS available free of charge to communities throughout Illinois to assist with their economic development efforts. Maintained in partnership with communities across the state, LOIS is designed to address the specific site selection data requirements of businesses and their consultants.

Examples of how communities use LOIS and how it can be integrated into an existing city/organization website can be found here:

www.thinklibertymo.com (click "business opportunities/locations", then "site selectors data")

www.tinleypark.org (click "business", then "available sites" or "available buildings")

www.plattecountyedc.com (click "site location center")

Implementation

As LOIS is a web-based solution with extensive out-of-the-box functionality and is fully maintained and hosted by Location One Information Systems, the only community-level programming necessary will be the limited amount required to integrate the service into the city's website. For Des Plaines, full implementation of the LOIS system will be a relatively straightforward process requiring, at root, just five steps:

1. Request log-in credentials from the DCEO.
2. Attend a DCEO-led training session (mandatory).
3. Enter community-level profile and contact information into database.
4. Populate database with Des Plaines property information.
5. Integrate database within the Des Plaines website.

Steps one and two have been completed by THE TAMMEN GROUP team (though additional training will be necessary for City staff).

Ongoing Operation and Management

In order to be effective, the database must be updated regularly with new listing information, changes to active listings, and deactivation of listings for properties no longer available. City staff (or an outside party hired by the City) will be required to perform these regular updates, as brokers and property owners cannot enter information directly into the system. We recommend that such updates be undertaken monthly.

Outreach and Marketing

Outreach and marketing to the area broker community as well as the wider audience of businesses looking for new sites or buildings within the Chicagoland Region is essential for LOIS to succeed as an effective business recruitment tool.

First, following implementation, the City must promote the new system to area brokers as THE place to market their available properties. Emphasis should be placed on the robustness of the system, the zero cost associated with this powerful new marketing tool, and the fact that the City itself will be actively promoting the system in its business retention and recruitment efforts. The goal here is to encourage brokers to become familiar with the system and to provide regular updates of their available properties to the City for listing.

Second, the system should be marketed to the business community in all recruitment efforts as a tool to help them efficiently gather information on Des Plaines and its available properties. At minimum, information on the property database should be distributed through the following channels: 1) The City website; 2) Marketing materials geared toward business recruitment; 3) Conversations with individual businesses at ICSC deal-making conferences and elsewhere.

Appendix 9:
Document Review List

Des Plaines Economic Development Initiative - Background Documents

Upcoming Development-Supportive Infrastructure Projects

ID	Project Name	Area of Influence	Status	Est Completion Year	Agency Lead	Notes
1	**Miner Street Streetscaping and Ped Refuge Median**	**Downtown**	**In Construction**	**2013**	**City**	**-----**
2	High Ridge Knolls Trail Alignment and Ped Refuge Median	Other	In Design	2013	City	-----
3	Central Rd Bicycle Shoulders	Other	In Design	2014	City	-----
4	**River Rd Reconstruction Project - River/Rand Intersection Improvements**	**Downtown/Five Corners+**	**In Design**	**2015**	**IDOT**	**River/Rand area reconfiguration. Redev potential**
5	**NW Hwy/Broadway/Seegers Traffic Signal**	**Cumberland**	**In Design**	**2015**	**IDOT**	**-----**
6	Rand Rd Bridge Replacement Project - New Sidepath	Downtown/Five Corners	In Design	2015	IDOT	New regional sidepath connection
7	Ballard Rd - New Sidepath/Sidewalk	Other	In Design	2015	City	Bike/Ped connection to Downtown
8	IDNR Des Plaines River Dam Removal - Recreational Opportunities	Downtown	In Design	2013-2015	IDNR	New kayak/canoe potential on this stretch of river
9	Des Plaines River Trail - New Canoe/Kayak Launch	Downtown	Proposed	2013	Forest Preserve	New kayak/canoe potential on this stretch of river
10	Elmhurst Interchange Completion (Jane Addams)	Other	In Design	2015	ISTHA	-----
11	New Lee Street EB Off-Ramp (Jane Addams)	Other	In Design	2015	ISTHA	-----
12	Touhy Ave at UPRR Grade Separation (EOWA)	Other	In Design	2016	ISTHA	-----
13	Rand Road - New Sidepath	Downtown/Five Corners	Proposed	--	City	Regional bike facility through Downtown/Five Corners
14	**S-Curve - Culvert and Sidepath**	**Downtown/Cumberland**	**Proposed**	**--**	**City**	**Regional bike connection. Local bike/ped connection.**
15	Seegers Road - Culvert Underpass	Downtown/Cumberland	Proposed	--	City	Regional bike facility through Cumberland, connect to downtown.
16	Transit Proposals - Potential Fixed Stations (Jane Addams)	Other	Proposed	--	ISTHA/PACE	-----
17	PACE Bus Rapid Transit Proposal - Route 250 (Evanston to O'Hare)	Downtown	Proposed	--	PACE	Improved service and facilities in Downtown.
18	Des Plaines Civic Center Parking Garage Proposal	Downtown	Proposed	--	City	Potential additional parking supply for downtown patrons/commuters
19	Lee-Forest Traffic Signal	Other	Proposed	--	City	-----
20	Elgin O'Hare Western Access Project	Other	In Design	2023	ISTHA	Loss of Tollway Oasis.

Relevant Studies/Documents

ID	Project Name	Area of Influence	Status	Est Completion Year	Agency Lead	Notes
1	Business District Design Guidelines	Downtown	Complete	2005	City	-----
2	Metra STAR Line - Study documents	Other	Complete	--	RTA	Relevant for station area economic development scenarios
3	**Downtown Parking and Traffic Study**	**Downtown**	**Complete**	**2007**	**City**	**Important for parking impact upon user experience**
4	Bike-to-Metra Guide	Downtown	Complete	2009	City/LIB	-----
5	**Oakton St and Elmhurst Rd Corridor Studies**	**Other**	**Complete**	**2009**	**City**	**-----**
6	Algonquin Rd at UPRR Grade Separation Feasibility Study	Other	Complete	2009	City	-----
7	**Cumberland Transit-Oriented Development (TOD) Study**	**Cumberland**	**Complete**	**2010**	**City/RTA**	**-----**
8	**Unified Development Ordinance**	**Downtown+**	**Complete-Pending**	**2010**	**City**	**-----**
9	NW Hwy Bicycle Corridor Feasibility Study (Barrington - Park Ridge)	Downtown/Cumberland	Complete	2011	NWMC	-----
10	**Active Transportation Plan**	**Other**	**Complete**	**2012**	**City**	**-----**
11	Complete Streets Policy	Other	Complete	2012	City	-----
12	**Model Communities Grant - Downtown Farmers Market**	**Downtown**	**Shelved**	**2012**	**City**	**Idea investigated and supported. But no City staff to manage it.**
13	**Downtown Streetscaping Master Plan**	**Downtown**	**Complete**	**2013**	**City**	**-----**
14	**Metra UP-Northwest Line Expansion**	**Downtown**	**In Progress**	**--**	**Metra**	**Increased frequency and reverse commute options (+11 trains/day)**
15	NWMC - Des Plaines River Trail Corridor Study	Downtown+	In Progress	--	NWMC	Access from Des Plaines nhoods and commercial areas to the trail
16	**Oakton St - New Metra Station Feasibility Study**	**Oakton**	**Proposed**	**--**	**City**	**Oakton at Metra North-Central Service Line**
17	Sustainability Report	Citywide	Complete	2011	City	--------
18	TIF #4 - Five Corners	Five Corners	Complete	2009	City	-------
19	Comprehensive Plan	Citywide	Complete	2007	City	HNTB
20	City of Des Plaines- Popular Annual Financial Report for Year Ending 12.31.12	Citywide	Comlplete	2012	City	--------
21	City of Des Plaines Website	Citywide	Complete	-----	City	DT assistance programs, Community and Economic Development sections

Source: City of Des Plaines and THE TAMMEN GROUP