



Olympia Fields Retail Business Assessment, Marketing Strategy & Site Development Action Plan

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Section 1: Executive Summary

This summary highlights key findings from Olympia Fields Retail Business Assessment, Marketing Strategy and Site Development Action Plan.

- Since 1999, Olympia Fields' revenue from sales tax has declined by \$485,000, nearly 40%.
- Restoring Olympia Fields' past sales tax revenue levels will involve finding ways to attract significant spending from outside the community.
- Olympia Fields has two key advantages in the competition to attract consumer spending:
 - High average daily traffic that can be intercepted off Lincoln Highway;
 - High household incomes relative to the surrounding area that can attract luxury businesses that bring "shopping-up" customers from surrounding areas.
- Olympia Fields has approved residential development that will add 350 new households and increase resident retail spending by \$12 million.
- The table below summarizes the existing and potential revenue from the targeted commercial areas.

Municipal Sales Tax		
Sites	Existing	Potential
Lincoln and Western	\$432,458	\$1,200,000
211th Street Station	\$0	\$218,000
Vollmer Road Corridor	\$123,000	\$420,000
203rd Street Station	\$0	\$34,367
TOTAL	\$555,458	\$1,872,367

- Although it is clear that a public/private financial partnership will be necessary to improve the Lincoln and Western cluster, other clusters appear to be developable with typical public improvement support.
- The table below summarizes the maximum financial incentives potential for the Lincoln and Western Cluster.

Incentive	Maximum Net Present Value
Class 8 Property Tax Relief	\$17,971,790
Tax Increment Financing (TIF)	\$25,651,999
Business District Sales Tax	\$6,260,424
Sales Tax Rebate	\$2,673,965

- These incentives cannot be totaled because they interact to change values. For example, Class 8 designation would lower TIF revenue. Competition from other sites, project phasing, and bond administration will variably decrease each tool's value as a specific redevelopment proposal occurs.
- With significant enhancement of the street, the Vollmer Road Corridor has the potential to become the place for regional upscale shopping. (Flossmoor must be engaged as a full partner in this effort)
- With two Metra Stations, Olympia Fields has an opportunity for transit oriented commercial development

Section 2: Land Use & Market Analysis

2.1 Background

Using funds from a DCEO Grant, the Village of Olympia Fields asked Business Districts, Inc. (BDI) to document the investor and consumer markets available to commercial properties designated by the Village, identify a strategy to maximize Village revenue, and recommend a web based recruiting program for those sites. Although there are 8 properties, site proximity makes analysis more efficient if the properties are grouped into these 4 clusters:

1. Lincoln and Western community shopping
 - Northwest corner of Lincoln Highway and Western Avenue
 - Southwest corner of Lincoln Highway and Western Avenue
2. 211th Street Station Gateway
 - Northwest corner of Lincoln Highway and Olympian Way
3. Vollmer Road Corridor
 - Southwest corner of Vollmer Road and Governors Highway
 - Southeast corner of Vollmer Road and Kedzie Avenue
 - Southwest corner of Vollmer Road and Kedzie Avenue
 - Governors Office Park
4. 203rd Street Metra Station
 - Northeast corner of Kedzie and 203rd street
5. Lincoln Highway and Governors Highway
 - Northeast corner of Lincoln Highway and Crawford Avenue

This report provides an overview of national and regional development trends and Village sales tax revenue. For each cluster it profiles existing property conditions, examines development possibilities, and projects economic benefits to Olympia Fields, business owners, and property owners at each site. Supplementary information provides design guidelines, reports the results of project focus groups, and recommends a process for analyzing development proposals.

2.2 Methodology

Because retail tenant location decisions by the high volume businesses that bring significant sales tax are made based on standard models and national databases, those sources were used for this report. The consultant team visited each center and applied the same principles that high volume site selection specialists use. This outsider perspective ignores the history, and focuses on preparing to make the best impression on future decision makers.

Although this study makes recommendations and reports conclusions, it cannot present the totality of options. Rather it filters the current situation through the experience of the project team to provide development direction. It should stimulate thinking and lead to policies rather than dictate direction. It reports the facts and intangible opinions of those who participated in the process, and recommends near term strategies which can be developed into action plans that support the strategy.

2.3 Market Basics

To understand the retail development market, it is important to recognize the underlying shopping behaviors that cause different types of development. With today's busy lifestyles, time is the key factor that determines where consumers shop. This chart illustrates how shopping travel time translates into development sizes and types. Note that it ignores certain life stages like the teenage years where shopping is a social experience not driven by need.

Table 1: Shopping Center Types

<i>Travel Time</i>	<i>Shopping Frequency</i>	<i>Site Size</i>	<i>Center Type/Anchor</i>	<i>Supporting Population</i>
Less than Five minutes	Three or more times per week	< one acre	Convenience Mini-mart/gas	5,000
Up to 5-minutes	One to three times per week	3-5 acres	Neighborhood Drugs/Small Grocery	10,000
Up to 10-minutes	Once per week	Up to 20 acres	Community Mass Merchandiser Large Supermarket	25,000
Up to 20-minutes in urban markets	3-5 times per year	Up to 100 acres	Regional Department Stores	250,000
Up to 2 hours	Once per year	Multiple large	City	1,000,000
Based on attraction power	Unique Vacation/Tourism	Varies	Food and lodging, unique merchandise	varies

When a community's residents have these shopping options available within these travel times, it is viewed by developers as adequately served by stores, and consequently, is unlikely to be chosen for shopping center development proposals. New centers are successfully developed as the population grows and when new competitors enter the market. The added population increases the buying power, and therefore increases the amount of retail space supported. New retail space for new competitors is built not to improve the overall delivery of service, but to capture market share from weaker operations. If executives of the new entrant believe that consumers will choose their product over the existing competitor's offering, they develop a new shopping center and go to battle. If the new competitor was correct, the result is a vacant anchor in an aging center. Nationwide, there are vacant K-Marts and thriving Targets; vacant Builder's Squares and thriving Home Depots. The planning challenge for communities is to determine how best to use their resources to keep existing centers vital in the face of this competitive business practice.

Implications for Olympia Fields: Although Olympia Fields is experiencing significant percentage population growth, that growth is unlikely to add more than 400 new households. Consequently, Olympia Fields' primary opportunity to attract high volume retailers is new market entrants and revitalization of existing businesses. As large format national chains adjust their regional strategies, it is important to monitor the implications for their Olympia Fields stores. If there is an existing Olympia Fields national chain business that announces a strategy change, the Village needs to make its willingness to collaborate to achieve that strategy's success known. For example, Jewel was recently purchased by SuperValue. The new owner plans to achieve a higher return on the stores by modernizing and better defining merchandise categories. It is also likely that they will evaluate location potential and close some stores. With an aging underinvested Jewel at Olympia Corners, the Village should contact the Jewel site's property owner and local SuperValue executives to show its support for the company's investment and provide ideas on public private partnerships to enhance store performance.

At the same time, it is important to stay abreast of new market entrants. In the grocery category, Woodman's has entered the market; an English grocer, Tesco, has announced plans to have 1,000 stores in the United States within three years. A later section of this report examines how stores like these or Target might view the Olympia Fields Market. Again, strong relationships with site owners who potentially could attract large format businesses prepare Olympia Fields better than other communities. Knowing Olympia Fields's appetite for public-private partnership to develop different sites is the foundation to successfully attract the best retail businesses.

2.4 Core Concepts

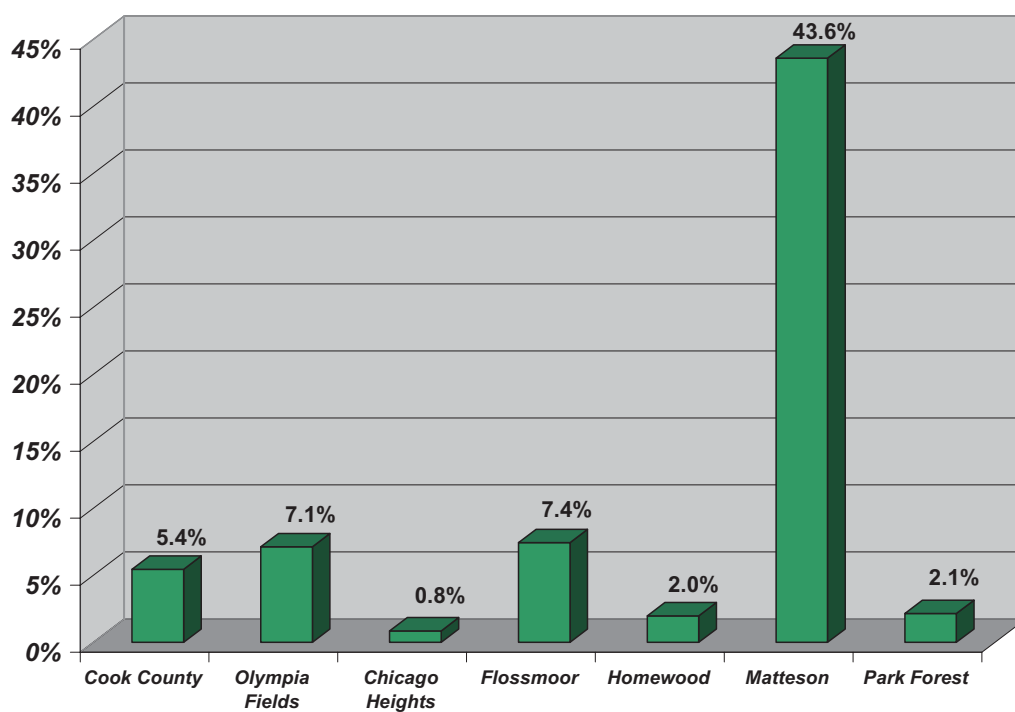
Regardless of whether the decision to develop a shopping center is to satisfy an underserved market or to gain a competitive foothold, there are core concepts that underlie the choice of a retail development site.

1. Retail Follows.

There must be a large enough, close enough residential base before the market will support construction of a shopping center. Although office workers are another important market that can convert a marginally successful retail district into a very successful one, local residents are the backbone of each community's commercial areas. The significance of office is its importance to a strong food and beverage offering. A significant concentration of offices adds a lunch seating and "cocktail hour" that can increase restaurant business by up to 1/3. The importance of this add-on market becomes apparent when one considers how negatively any business would be impacted by a 10% to 20% decline in sales. Although the residents are the rationale for the stores, the sales to office workers add profits that allow businesses to grow and owners to prosper.

Implications for Olympia Fields: With the charge of determining supportable retail development, it is important to understand the residential trends that are bringing new customers. Figure 1 documents the growth in housing from 2000 to 2007 in Olympia Fields and the surrounding communities.

Figure 1 Housing Growth: 2000-2007



Although Matteson 2,000 new units dwarfs the 900 units added in the other communities, both Flossmoor and Olympia Fields exceeded the Cook County average growth rate. New developments containing another 342 homes are approved and waiting to be built in Olympia Fields. If each household added to this area since 2000 had annual retail expenditures of \$25,000, this growth added \$72 million per year in retail sales. If the higher income households attracted to the new developments approved in Olympia Fields spend the same \$34,000 that Olympia Fields' current households spend, that development could add another \$10 million in retail sales.

2. Visibility is critical.

Stores must be visible to a large enough pedestrian and/or vehicular population. Although repeat customers are the lifeblood of any business, there also must be a steady flow of new customers. Those customers are much easier to attract when a large population sees the business every day. Studies by national restaurateurs and retailers suggest that about 20,000 vehicles and/or pedestrians per day pass the most vital retail businesses. As this Illinois Department of Transportation map of Olympia Fields traffic counts reveals, Lincoln Highway, Vollmer Road, and Western Avenue all approximate or exceed this traffic criteria.

Implications for Olympia Fields: Retail site selection specialists will consider Olympia Fields locations because their minimum traffic criteria are met.

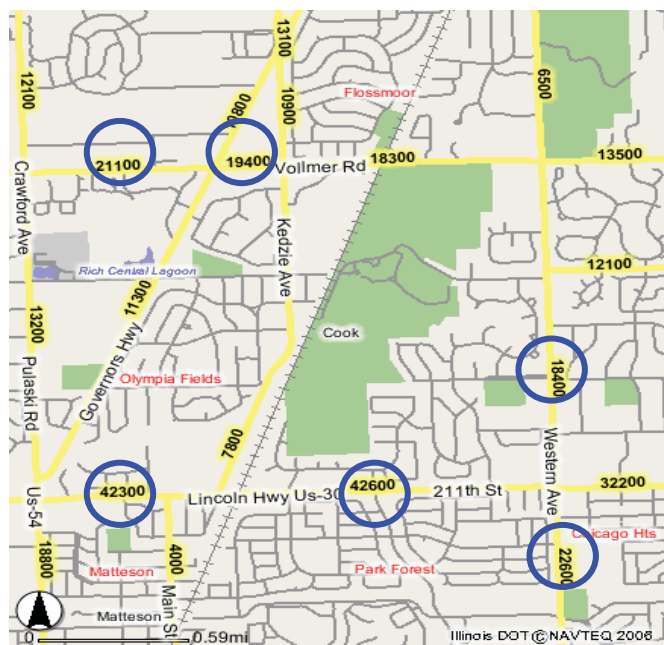


Figure2: Average Daily Traffic

Source: IDOT Website 2006

3. Visual and physical access must be easy.

Signalized intersections allow traffic to easily enter and exit parking lots. They also stop pedestrians and automobiles, causing people to see signs and advertising. For those reasons, properties at signalized intersections are the most desired locations for high traffic retail centers. At sites with the best access, customers see the business or its signage and then have sufficient time to safely maneuver through traffic to a full access signalized entrance. This usually requires at least two entrances along each major road, one entrance for those who planned to enter and an “oops” entrance for those making a quick decision, perhaps after seeing the first entrance.

Implications for Olympia Fields: Because access points slow traffic and are the cause of accidents, Illinois Department of Transportation policy restricts access on strategic regional arterials like Lincoln Highway. As the later site-by-site analysis will discuss, many Olympia Fields locations suffer from poor access due to these restrictions.

4. Anchors hold the position.

The concept of modern shopping centers is that consumers are attracted by a high volume business, the anchor, and then notice and purchase the offering of adjacent smaller stores. Today that pattern has been modified by the concept of Lifestyle Centers where a cluster of well known smaller stores combine to fulfill the anchor function. Each type of shopping center fits a specific anchor:

Table 2: Shopping Center Anchors

<i>Convenience Center</i>	Gas Station or Convenience Store
<i>Neighborhood Center</i>	National Drug Store or Small Grocer
<i>Community Center</i>	Multiple Grocers or Mass Merchandiser
<i>Regional Center</i>	2 or more Department Stores
<i>Lifestyle/Fashion Center</i>	Apparel Cluster

When centers are anchorless, often due to the closing of a business, the property is less stable because tenants are constantly seeking anchored locations where they can achieve higher volume from adjacent anchors.

Implications for Olympia Fields: Table 3 defines Olympia Fields Retail Cluster by their anchors:

Table 3 Cluster Anchors

Cluster	Anchor(s)	Category
Lincoln and Western	Jewel, New on North Parcel	Community Center
211 th Street Station Gateway	Drug Store	Neighborhood Center
Vollmer Road Corridor	Drug Store, Bizio's Market	Neighborhood Center
203 rd Street Metra Station	Restaurants	TOD Neighborhood

With anchorless clusters a nation-wide problem for aging centers like those studied for this report, Olympia Fields is fortunate to have anchors in its clusters. The challenge is protecting those anchors as high volume tenants seek to modernize their appeal to this market. Matteson has numerous properties where Olympia Field's anchors could rebuild rather than remodel which disrupts sales. Anchors require concessions because they are so important to a developer's success. In the absence of a public private partnership, the developer concession is lower rent, generally no more than \$11 per square foot. The tenants who rely on the anchor's draw pay double or triple the anchor's rate, and the shopping center owner makes an acceptable return from the average of anchor and non-anchor rent. Developers have difficulty financially justifying retrofitting for a new or replacement anchor both because there can be substantial construction costs and because the surrounding rents often are too low to create the average necessary for a reasonable investment return. Rather than take the risk of adding an anchor, property owners lower rents and accept tenants that add little to a center's drawing power.

5. Development is tenant driven.

The best retail and restaurant concepts have achieved their exemplary results by tightly controlling execution of a well-crafted concept. That concept usually requires a building specifically designed to meet the retailer's needs; and therefore, it is critical that top tenants be consulted before a site development concept is created. They often have location options, but cannot compromise on the design of their structure. This need for design control leads to the development process depicted in Figure 3.

Retail Development Process

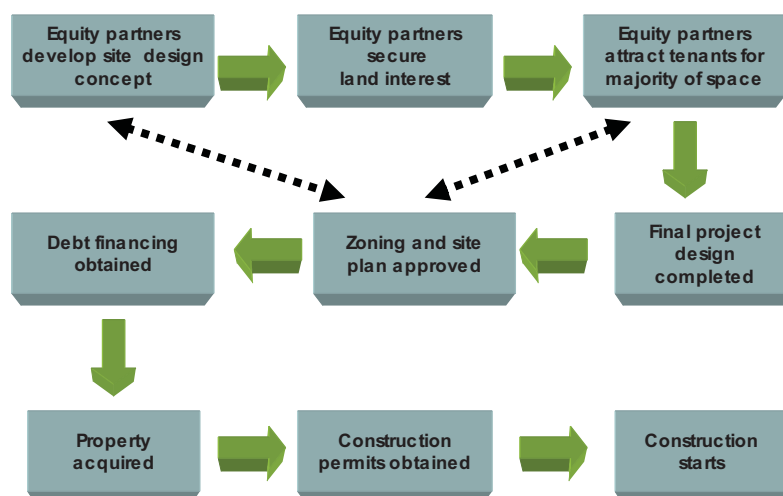


Figure 1: Development Process

Every municipality must balance community design standards and retailers' demand for structures and signs that match a "brand concept" that may deviate from those standards. The key to achieving a successful balance is flexibility from the developer, the retailer, and the community. Unfortunately, that flexibility is pressured by the "speed to market" demands of retailers. A concept that appeals to the existing market must be executed before that market changes. Fear that negotiated approvals will delay building can make one site less desirable than one where approval is expected to be routine. The dotted lines in figure 2 show how communication between a community's staff and a developer can minimize time delays and encourage the development of strong, anchored centers

Implications for Olympia Fields: Research associated with this project suggests that there is frequent contact between Olympia Fields staff, elected officials and a few of the City's commercial property owners; however, other property owners are rarely contacted by the village. More frequent contact with property owners will be necessary to establish the strong public private partnerships necessary for long-term maintenance of strong retail clusters.

6. Co-tenancy drives long-term success.

There must be enough similar tenants to allow consumers to comparison shop. In the abstract, it makes sense that the ideal retail development is a broad mix of businesses satisfying the "cradle to grave" needs of local residents. But that concept defies the very term "shopping" because there never could be enough space for enough business of all types for all residents to feel that they had visited sufficient stores to be confident in their selection. Today's auto-oriented retailing assumes that customers will travel for selection. Consequently, while today all successful shopping districts offer convenience shopping, for example a drug store, different shopping districts have evolved to satisfy varying niches for other items. Strong retailers like to cluster near complementary and competitive businesses; the trade calls these "co-tenants," because they know that an area with that mix gets a reputation as "the place to go to shop...."

Implications for Olympia Fields: The opening of Bizio's fresh market in Olympia Square with James & Sons Jewelry, and Burgundy Bistro begins to create a "luxury" cluster with the potential to add additional co-tenants seeking to serve the South Suburbs most prosperous communities. Later sections of this report examine additional clustering options.

7. Operating results trump development costs.

With rents, the ongoing measurement of a location's development cost, typically targeted to be at most 10% of sales, it is apparent that other operating costs have more impact on a store's or restaurant's success. As the table below reveals, the profit of a retail business is much more sensitive to higher sales than higher rent.

Table 4: Operating Results Projection

	Actual Weak	Expected	Actual Strong	High Rent Location
Sales	\$400,000	\$500,000	\$600,000	\$600,000
Merchandise Cost	\$200,000	\$250,000	\$300,000	\$300,000
Gross Margin	\$200,000	\$250,000	\$300,000	\$300,000
Rent	\$50,000	\$50,000	\$50,000	\$75,000
Salaries	\$100,000	\$100,000	\$100,000	\$100,000
Supplies	\$20,000	\$25,000	\$30,000	\$30,000
Reserve for repair	\$12,500	\$12,500	\$12,500	\$12,500
Advertising	\$25,000	\$25,000	\$25,000	\$25,000
ROI, Taxes & Profit	-\$7,500	\$37,500	\$82,500	\$57,500

A 20% decline in business, the impact that can occur from the closing of an anchor or a bad buying decision, results in a loss. A 20% sales increase, often the result of better co-tenants joining a center or smart buying, causes the return to more than double. The high rent location column shows that, if that sales increase comes from moving the business to a location that charges 50% higher rent—representing a better development—there is a significant improvement in profitability. This analysis reveals the rationale for “moving boxes” when new development occurs. It also illustrates why it is so important for retail development to occur at superior locations.

Implications for Olympia Fields: As vacancies occurred in properties like Olympia Square, it was apparent that lowering rents was not the key to filling the center. The key to filling those vacancies is the much more difficult task of attracting an anchor and attractive co-tenants that enhance the opportunity for sales.

8. Multiple owners complicate development.

As centers age and redevelopment requires parcels of larger size to accommodate today's larger formats, multiple owners complicate property assembly. As new centers are built, the practice of subdividing makes it more difficult to control co-tenanting and promises to complicate future redevelopment. This practice was appropriate when the real estate values were increasing rapidly and retailers wanted to profit from their real estates' appreciation. As the full impact of the housing slow down impacts all real estate, it is likely that retailers will be less interested in owning property and the Village can encourage developers to maintain centralized property ownership.

Implications for Olympia Fields: As the various centers in Olympia Fields were analyzed it became apparent that there are multiple owners at most sites. Consistent with the market changes, it may be possible for staff to discourage this practice in future development.

9. A few retailers provide the majority of sales taxes.

With successful auto dealerships, large format grocery stores, mass merchandisers, and home centers each producing over \$50 million in sales and \$500,000 in sales taxes, it is important to recognize their fiscal significance compared to convenience centers, fashion centers, downtown, or drug store anchored centers where sales are \$10 million to \$20 million for the whole center.

Implications for Olympia Fields: Olympia Fields has limited staff time. It is important that the community determine how that time should be prioritized because restaurants and unique boutiques desired by residents often take as long to recruit as the high volume retailers that bring significant sales tax.

In the review that follows, these concepts will be applied to Olympia Fields centers to identify opportunities to strengthen various sites.

2.5 Existing Village-Wide Conditions

The best measure of Village-wide retail conditions is municipal sales tax revenue trends. The Illinois Department of Revenue reports sales taxes in ten categories: General Merchandise, Food (Groceries), Eating and Drinking Places (Restaurants), Apparel, Automotive & Filling Stations, Furniture, Hardware, Drugs & Miscellaneous Retail, Agriculture & All Others, and Manufacturing. Since 1999, Olympia Fields' revenue from sales tax has declined by \$485,000, nearly 40%.

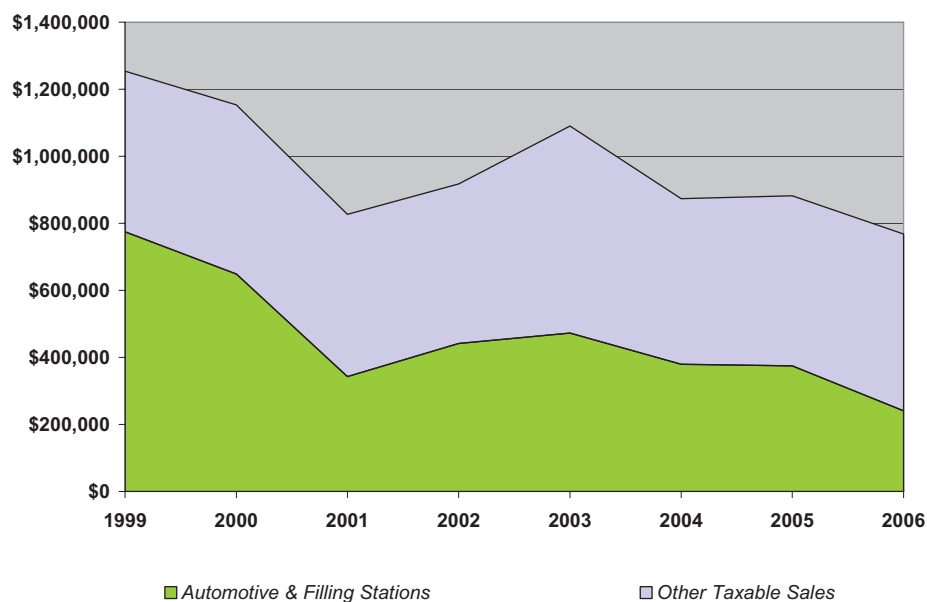


Figure 4: Sales Tax Trend

As Figure 4 illustrates, the sales tax revenue decline's primary cause is decreasing Automotive & Filling Station sales tax associated with the loss of auto dealerships. Those dealerships formerly were located on property at the northwest corner of Lincoln and Western.

2.5 Existing Village-Wide Conditions

Figure 5 looks at categories other than automotive and filling stations to confirm that those categories are experiencing growth from inflation rather than business expansion. (The U.S. Open caused an “other merchandise” increase in 2003)

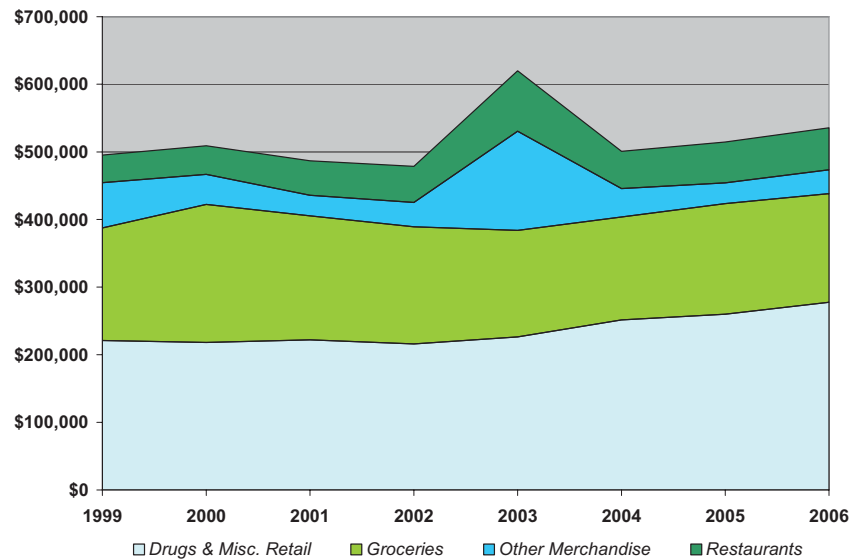


Figure 5: Sales Tax Trend by Category

It is important to note that despite this decline in revenue, Olympia Fields continues to be a net importer of sales from other communities. Table 1 reports the surrounding communities’ sales as a percent of their residents spending, also known as their capture rate. Any amount higher than 100% identifies a community receiving more sales tax than its residents pay.

As this table clarifies, restoring Olympia Fields’ past sales tax revenue levels is not as simple as identifying better ways to serve Olympia Fields residents. It will involve finding ways to attract significant spending from outside the community.

Because current and future residents cross municipal boundaries when purchasing goods and services, residential growth offers Olympia Fields the opportunity to attract significant additional spending. Fortunately, Olympia Fields has two key advantages in the competition to attract consumer spending:

1. High average daily traffic that can be intercepted off Lincoln Highway;
2. High household incomes relative to the surrounding area that can attract luxury businesses that bring “shoppingup” customers from surrounding areas.

The information that follows examines existing conditions and recommends strategies to use these key advantages to increase Olympia Fields’ municipal sales tax revenue by improving the functionality and quality of development in the study areas.

Table 5: Capture Rate Comparison

Community	Capture Rate
Matteson	660.9%
Homewood	212.5%
Olympia Fields	113.6%
Chicago Heights	74.8%
Park Forest	18.4%
Flossmoor	11.1%
Source: Illinois Department Of Revenue; BDI.	

Section 3: Development Strategies

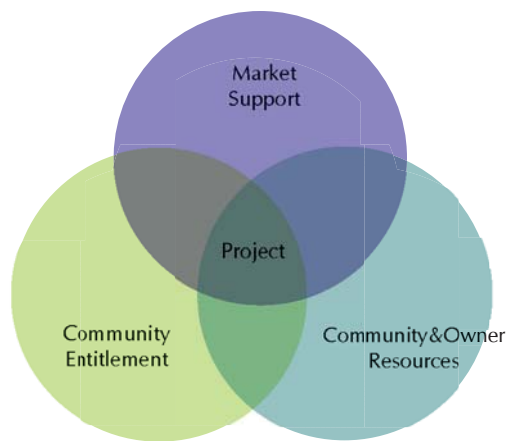


Figure6: Implementation

The cluster analysis sections that follow detail recommendations for each commercial cluster. Consideration of this report begins the community entitlement process. Before that process proceeds, market support will be verified or if necessary developed through residential growth or fuller realization of national and regional trends. Partnerships to expand community and owner resources may be necessary. Ownership may change to engage investors with more resources. Before the development process is complete, specific designs and tenants will be proposed and Olympia Fields staff and committees will make numerous adjustments to the site diagrams included in this report. Table 6 summarizes the revenue potential by area if the market, resources, and entitlement for each area align.

Table 6: Municipal Sales Tax

	Municipal Sales Tax Revenue		
	existing	potential	change
Lincoln and Western	\$432,458	\$1,200,000	\$767,542
211th Street Station	\$0	\$218,000	\$218,000
Vollmer Road Corridor	\$123,000	\$420,000	\$297,000
203rd Street Station	\$0	\$34,367	\$34,367
	\$555,458	\$1,872,367	\$1,316,909

Although it is unlikely that all of the development projects proposed in this report will occur, completing any of the higher value opportunities could significantly improve Olympia Fields municipal sales tax revenue and regional image. High standards, strong public/private partnerships, perseverance, and flexibility are the foundation for realizing Olympia Field's commercial development potential.

SITE 1: Western Avenue & Lincoln Highway Strategic Approach

Table 7: Lincoln & Western Strategy Summary

Development Goal: Invest public funds as incentives for superior development with a high return on investment	
Attraction Strategy	
Market Position	Community Shopping Cluster serving residents within a 7 minute drive time
Target Square Feet	350,000 to 400,000 Square Feet
Existing Square Feet	225,600 Square Feet
Expansion Potential	174,400 Square Feet
Anchor Strategy	
Target Tenants	Reinvigorated Jewel, mid-sized box to anchor northern sector, convenience oriented specialty stores and dining
Identity elements	Clean, modernized landscaping that meets Olympia Fields standards
Key Success Factors	Long-term tenants and parcel owners commitment and clearly communicated Village expectations

Existing Conditions at Western Avenue & Lincoln Highway

Olympia Fields' largest existing commercial cluster occupies approximately 40 acres west of Western Avenue and is split nearly evenly by Lincoln Highway. To the east in Chicago Heights is another approximately 20-acre parcel that contains a vacant 100,000 square foot building and a successful Ultra Foods Grocery store north of Lincoln Highway. Directly to the south, also in Chicago Heights, are Walgreens and individual auto oriented businesses fronting onto Lincoln and Western. As Figure 8 reveals, Lincoln Highway carries 42,600 average daily traffic and Western Avenue carries 22,000 trips south of Lincoln Highway and 18,400 to the north. With traffic signals on Lincoln at both Brookwood and Western, traffic volumes and access into these Olympia Fields properties supports commercial development.

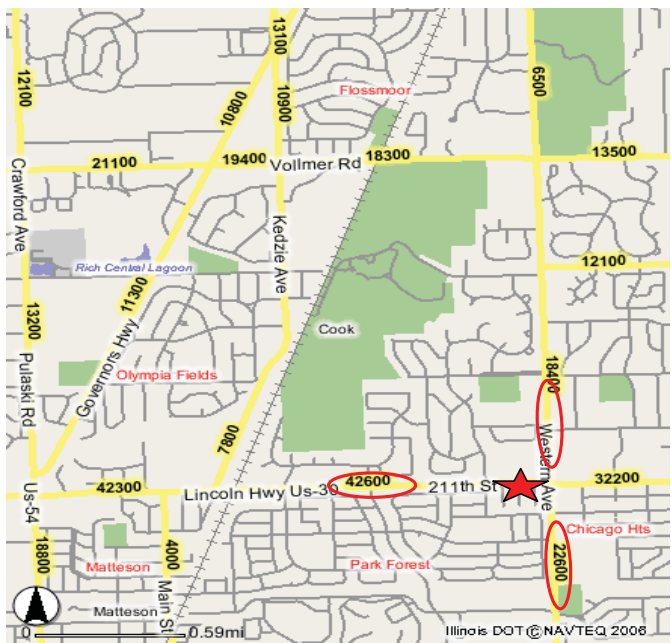


Figure 8 : 2006 IDOT Traffic Counts

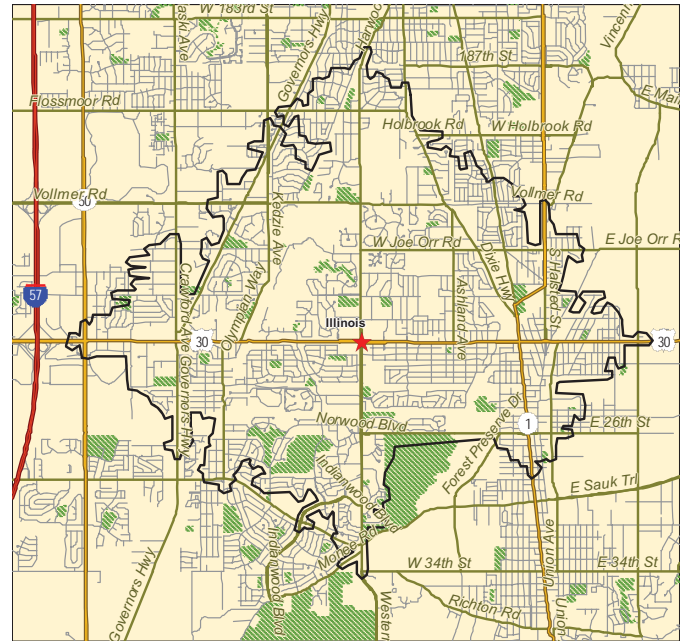
The high traffic volumes associated with both Lincoln Highway and Western Avenue offer access to substantial markets. Table 9 reports key characteristics of a 7-minute drive time market and Figure 8 maps the extent of that market.

insert jodi's map

Table 9: 2006 Demographic Character

	7 Minute Drive Time
Population	58,853
Households	20,828
Average Household Size	2.8
Total Population Median Age	37.2
% College Educated (Pop 25 Plus)	61.3%
Household Average Income	\$70,035
Median Household Income	\$54,567
Total Employees	24,629
Total Retail Expenditure	\$496,300,350
Restaurants	\$59,143,641
Grocery Stores	\$87,384,218
Pharmacy and Drug Stores	\$13,228,006
Demographic data © 2006 by Experian/Applied Geographic Solutions.	

Recently approved Olympia Fields residential development could add 5% more high-income households to this population.


Figure 8 – 7 Minute Drive Time

Cook County Assessor records indicate that building at this intersection began about 35 years ago and experienced significant additions (Jewel and McDonalds) 16 years ago. Although there has been sporadic new development since then, the majority of the site contains aging, obsolete commercial buildings. Table 10 documents the existing buildings and their size.

Table 10: Current Property Configuration

South of Lincoln Highway		North of Lincoln Highway	
Tenant	sf	Tenant	sf
Multi-tenant Center	11,000	Currie Dealership	46,500
Jewel	70,000	Gas Station	5,000
Multi tenant Olympia Corners	47,000	Blockbuster	12,000
Daycare	11,000	Vacant Building	5,500
Bank	11,000	Vacant Building	21,000
Insurance	2,000	Vacant Building	21,000
McDonalds	6,000	Vacant building	16,000
New 5 th /3 rd Bank	4,100	2-story Office	32,000
Total	162,100	total	159,000

Table 11 offers an estimate of the annual municipal sales tax revenue that these properties provide to Olympia Fields. Note that despite the condition of the sites' buildings and declining quality of their businesses, they appear to generate over half of the Village's 2006 sales tax revenue.

Table 11: 2006 Sales Tax Estimates

	2006 Village Sales Taxes	Olympia Corner/Currie/Harold		
		% Village Sales	Sales Tax	Sales
Automotive & Filling Stations	\$240,885	75%	\$180,664	\$18,066,351
Drugs & Misc. Retail	\$277,556	20%	\$55,511	\$5,551,122
Groceries	\$160,689	95%	\$152,655	\$15,265,473
Restaurants	\$62,088	65%	\$40,357	\$4,035,702
Apparel	\$3,635	90%	\$3,271	\$327,143
Total	\$768,897	56%	\$432,458	\$43,245,791

Source: Illinois Department of Revenue; BDI.

By agreement, the Village rebates a portion of Currie Motors' sales taxes somewhat reducing this impact.

A comparison of sales volumes in the existing Jewel Osco anchored south west quadrant as estimated in Table 12 and Urban Land Institute's national averages for sales in grocery store anchored shopping centers 20 or more years old reveals lower than expected volumes in businesses currently occupying the Olympia Fields' location.

Table 12: National Standards Comparison

	National Average 20+ Years Old Open Air Shopping Centers	Olympia Corners
Gross Leasable Area	178,551	162,100
Estimated Center Sales	\$50,756,693	\$22,695,931
Center Sales/Sf	\$284.27	\$140.01
Municipal Sales Taxes	\$507,567	\$226,959

Source: ULI, *Dollars & Cents of Shopping Centers*, 2006; BDI.

This low volume is caused by businesses with sales per square foot below national norms and numerous businesses that generate no taxable sales.

The Table 13 estimate of sales in Olympia Fields' commercial development at Lincoln Highway and Western Avenue, \$43.2 million, is 8.7% of the nearly \$500 million spent by residents of this market. (Table 2) In the key convenience categories of groceries and restaurants, the market shares vary greatly.

Table 13: Market Share

Category	Estimated Site Sales	7-minute Drive time Sales	Market share
Groceries	\$15,265,473	\$87,384,218	17.5%
Restaurants	\$4,035,702	\$59,143,641	6.8%

Demographic data © 2006 by Experian/Applied Geographic Solutions; BDI.

If Olympia Fields seeks to recover sales tax revenue equal to its 1999 peak from this commercial area, an additional \$50 million in sales must be found. That \$90 million in sales from the 7-minute drive time would be an 18% market share. (\$40 million + \$50 million / \$500 million = a market share estimate of 18%)

Although an 18% market share seems attainable, it is important to recognize that it is more than double the current economic activity at this site. The sections that follow examine the tenant changes and financial investment necessary to seek that higher level of economic activity.

This property also generates property taxes for the Village. Table 14 uses information from the Cook County Assessor's office to estimate those Village revenues and other taxing bodies' revenue.

Table 14: Property Tax

	2007 Assessed Value	2006 Total Property Tax Revenue	2006 Village Revenue
North of Lincoln	\$2,427,742	\$249,064	\$8,721
South of Lincoln	\$4,173,351	\$428,148	\$14,991
Total	\$6,601,093	\$677,213	\$23,711
Source: www.CookCountyAssessor.com			
Note: Taxes from the recently passed referendum are not included in this calculation.			

The high revenue impact of these properties to Olympia Fields and other taxing bodies makes protecting those revenues during redevelopment very important. The analysis that follows looks at strategies for protecting existing revenue as higher revenue generating uses are sought.

The examined strategies include:

- partial redevelopment north of Lincoln Highway and appearance enhancements to the south properties that require minimal Village financial support;
- complete redevelopment north of Lincoln Highway and enhancement of existing properties south of Lincoln Highway with Village financial involvement;
- very complex total redevelopment of all 40 acres with a significant Village partnership role.

SHOPPING CENTER DEVELOPMENT OPPORTUNITIES

SITE 1: Option 1: Owner Lead Appearance Enhancement & Partial North Redevelopment

As explained in the existing conditions analysis, the current tenants south of Lincoln Highway appear to be operating significantly below national averages for their business categories. If the property could be enhanced and the operating improvements brought existing tenants' sales up to national medians for their business category, Table 15 estimates the sales volumes that would result. This sales volume is still far short of national standards for grocery-anchored shopping centers because so many tenants are service, non-sales tax producing businesses.

Appearance enhancements to the properties north of Lincoln Highway would include demolition of vacant buildings. It is also likely that out lots would be created to provide sites for at least two quick service restaurants with drive-thru access. That development would probably increase sales from this parcel by approximately \$4 million adding \$40,000 to Village sales tax revenue.

To accomplish this combined revenue increase estimated at \$60,000 per year, the Village would need to increase its building code enforcement. It may also need to create stricter codes governing vacant properties. The property owner would be expected to increase spending to avoid fines and may need to increase rents to cover higher maintenance costs.

Table 15: Sales Volume Potential

Business	Expected Volume
East Outlots	
Yale Auto Insurance	
Bank & ATM	
McDonald's	\$2,000,000
5/3rd Bank	
West Strip Center	
Baskin Robbins/ Dunkin Donuts	\$500,000
US Cellular	\$250,000
Game Stop	\$500,000
Captain Hooks (Restaurant)	\$800,000
Dentist	
Main Strip Center	
Jewel Food Store	\$20,000,000
Daycare	
LA Weight Loss	\$300,000
Washington Mutual	
LA Nails	
Chiro One Wellness Center	
Physical Therapy	
Dollar Store	\$500,000
China Buffet	\$800,000
Beauty Supply	\$500,000
Subway Sandwich Shop	\$500,000
Spa	
Simply Fashions	\$500,000
Cash Advance	
Total Sales	\$27,150,000
Estimated Municipal Sales Taxes	\$271,500
Estimated Current Sales Taxes	\$251,794
Estimated Revenue increase	\$19,706
Source: Urban Land Institute; BDI	

SITE 1: Option 2: Full North Redevelopment and Appearance Enhancement South

Under this development option, the changes to properties south of Lincoln Highway would be the same as the previous example and provide the same revenue increase of approximately \$19,706.

If the approximately 20 acre northwest quadrant of Lincoln Highway and Western Avenue were redeveloped, it could be a multi-tenant anchored center, a modern version of the properties south of Lincoln or a single large format retailer like WalMart, Target, or Lowes. Figure 7 illustrates how the site might be configured to accommodate either scenario.

A single large format tenant would have sales ranging from \$60 million to \$150 million and generate municipal sales taxes of \$600,000 to \$1.5 Million. As Table 16 illustrates, redevelopment for a single user requires a subsidy of approximately \$11 million.

The other costs are primarily a development fee and relocation of existing tenants. This development would not be phased like a multi-tenant build out so the Village would receive the \$600,000 to \$1.5 million in expected sales tax revenue the year after construction is complete.

Table 16: Option 2a Investment Assessment

Single user Sf	200,000
Net Rent/ sf	\$6.00
Annual Income	\$1,200,000
Investment @ 7.5%	\$16,000,000
Net Investment/sf	\$80.00
Cost/sf	\$105.00
Construction Gap/sf	(\$25.00)
Total Construction Gap	(\$5,000,000)
Land Cost	(\$5,000,000)
Other Costs	(\$1,000,000)
Total Gap	(\$11,000,000)

Table 17 estimates the sales and rents that a multi-tenant development north of Lincoln Highway could generate:

Table 17: Multi-unit Tenanting Plan

	Square Feet	Sales/sf	Taxable Sales	Net Rent	Property Owner Net Income
anchor 1 (Fresh Market)	30,000	\$660.00	\$19,800,000	\$7.00	\$210,000
anchor 2 (Mid-Box)	30,000	\$300.00	\$9,000,000	\$11.00	\$330,000
Gas Station	8,000		\$3,000,000		\$240,000
Multi Tenant w Drive thru	13,000	\$400.00	\$5,200,000	\$18.00	\$234,000
Multi Tenant w Drive thru	20,000	\$400.00	\$8,000,000	\$15.00	\$300,000
Multi Tenant w Drive thru	16,000	\$400.00	\$6,400,000	\$15.00	\$240,000
Multi Tenant w Drive thru	18,000	\$400.00	\$0	\$18.00	\$324,000
Multi Tenant w Drive thru	20,000	\$400.00	\$8,000,000	\$15.00	\$300,000
Multi Tenant w Drive thru	14,000		\$0	\$15.00	\$210,000
Building	6,000		\$0	\$14.00	\$84,000
Building (Restaurant)	7,000	\$500.00	\$3,500,000	\$14.00	\$98,000
Building (Restaurant)	7,000	\$500.00	\$3,500,000	\$14.00	\$98,000
Total			\$66,400,000		\$2,668,000
	189,000				
Municipal Sales Tax			\$664,000		
Source: Urban Land Institute; BDI					

SITE 1: Option 2: Full North Redevelopment and Appearance Enhancement South

This tenanting plan reserves only 20% of the space for non-sales tax producing uses. It would provide approximately \$664,000 to replace the existing \$180,700 in sales taxes produced on this site. (Automotive & Filling Stations entry in Table 4)

This site would be a pioneering and therefore higher risk project that should lead to development across Lincoln Highway. That higher risk justifies more than the typical market rate, 7.5%, return on investment. The initial project is unlikely to be comprehensive and consequently development would be phased over as much as five years. That phased development will be a series of small projects without economies of scale leading to higher costs and tenants initially paying lower than market rents for a location without strong co-tenancies. A development fee, lease buyouts, relocation expenses, and land preparation could add over \$1 million to costs for this quadrant. Table 18 calculates the expected project financing for development of the northwest quadrant.

Table 18 – Option 2b Investment Assessment

Net Rent after Redevelopment	\$2,668,000
Existing Net Rent	\$250,000
Annual Change	\$2,418,000
Investment @ 9.5% Return	\$25,452,632
Net Investment/sf	\$134.67
Cost/sf	\$150.00
Construction Gap/sf	(\$15.33)
Total Construction Gap	(\$2,897,368)
Land Cost Estimate	(\$5,000,000)
Other Costs	(\$1,000,000)
Total Gap	(\$8,897,368)

This gap between the value to the investor and development cost suggests that comprehensive, significant enhancement of commercial properties north of Lincoln Highway will require subsidies of at least \$8.9 million.

Option3: Total Redevelopment

Under this development option, the changes to properties north of Lincoln Highway would be either the single large format option or the multi-tenant redevelopment that provides a municipal sales tax increase of \$400,000 to \$1.3 million.

A significant increase in the sales taxes generated by properties south of Lincoln will require retenanting. Top volume tenants need space designed to match their operations and consequently, a substantial investment in remodeling or new construction will be necessary to obtain significant additional sales from this site. Using Urban Land Institutes' list of most common tenants in grocery-anchored centers generates this target tenant list.

Table 19: Total Redevelopment Tenanting Plan

	<i>Median Size</i>	<i>Expected Sales/SF</i>	<i>Expected Sales</i>	<i>Expected Rent/sf</i>	<i>Expected Annual Owner Income</i>
Supermarket	52,419	\$526.41	\$27,593,886	\$9.89	\$518,162
Mixed Apparel	12,000	\$358.98	\$4,307,760	\$13.33	\$159,900
Restaurant with Liquor	4,500	\$493.06	\$2,218,748	\$22.57	\$101,565
Women's Ready to Wear	4,200	\$405.55	\$1,703,310	\$12.94	\$54,327
Bank	3,800		\$0	\$21.35	\$81,130
Family Shoes	3,388	\$247.39	\$838,157	\$15.56	\$52,717
Medical and Dental Offices	1,652		\$0	\$18.69	\$30,868
Unisex Hair	1,278	\$263.50	\$0	\$20.88	\$26,678
Nail Salon	1,200	\$187.76	\$0	\$18.50	\$22,200
Sub-Total	84,437		\$36,661,861		\$1,047,547
Other uses	100,000	\$373.35	\$18,667,500	\$13.51	\$1,351,000
Total	184,437		\$55,329,361		\$2,398,547
<i>Municipal Sales Tax</i>			<i>\$553,294</i>		
Source: Urban Land Institute; BDI					

Sales in this hypothetical center are higher than the sales cited in Table 15 because redevelopment must attract high volume national chains to support redevelopment costs. There is also an additional 20,000 square feet. Although logic would suggest that higher volume tenants pay a higher rent that often is not the case because those tenants are so sought after that centers compete for them driving down their rent. Redevelopment of a shopping center is very complicated and requires careful phasing to protect existing revenue as uses are relocated to rebuild their space or provide space for new tenants. A development fee, lease buyouts, relocation expenses, and land preparation costs like demolition could easily add \$2 million to project costs. Table 19 uses general market information and the existing and potential configuration of Lincoln Highway and Western Avenue's southwest quadrant to examine the financial implications to the property owner of investing in redevelopment.

Table 20 – Option 3 Investment Assessment

Net Rent after Redevelopment	\$2,400,000
Existing Net Rent	\$1,400,000
Annual Change	\$1,000,000
Investment @ 7.5% Return	\$13,300,000
Net Investment/sf	\$72.00
Construction Cost/sf	\$105.00
Construction Gap/sf	(\$33.00)
Total Construction Gap	(\$6,105,000)
Other Costs	(\$2,000,000)
Total Gap	(\$8,105,000)

Table 20 projects that an incentive of over \$8 million will be necessary to cause redevelopment of the southwest quadrant at Lincoln and Western Avenue. To calculate the cost of total redevelopment, that cost must be added to the costs for either the single user or the multi user north side redevelopment, generating total costs of approximately \$19 million or \$17 million.

Summary

Although this section examined a range of development possibilities, it is important to note that there are numerous additional options. The Village will make many decisions as it considers specific proposals. Table 21 summarizes the redevelopment options outlined in this section and shows their relative Investment and sales tax revenue.

Table 21: Investment Assessment Comparison

Option	Developer Investment	Gap Estimate NPV (Public Investment)	Estimated Annual Village Sales Tax Revenue
<i>Owner Lead Appearance Enhancement & Partial North Redevelopment</i>	\$2,000,000	none	\$492,200
<i>North Single-user Redevelopment and Appearance Enhancement South</i>	\$16,000,000	\$11,000,000	\$1.1 million to \$2 Million
<i>North Multi-user Redevelopment and Appearance Enhancement South</i>	\$25,400,000	\$9,000,000	\$1.2 million
<i>Total Redevelopment</i>	\$29 million to \$38 million	\$17 million to \$19 million	\$1.6 Million to \$2.5 Million

As this table verifies, these properties have the potential to provide significant revenue to the Village. This report's financial alternatives section examines how the Village might use various revenue sources to fill the gaps that currently prevent market rate development of this area.

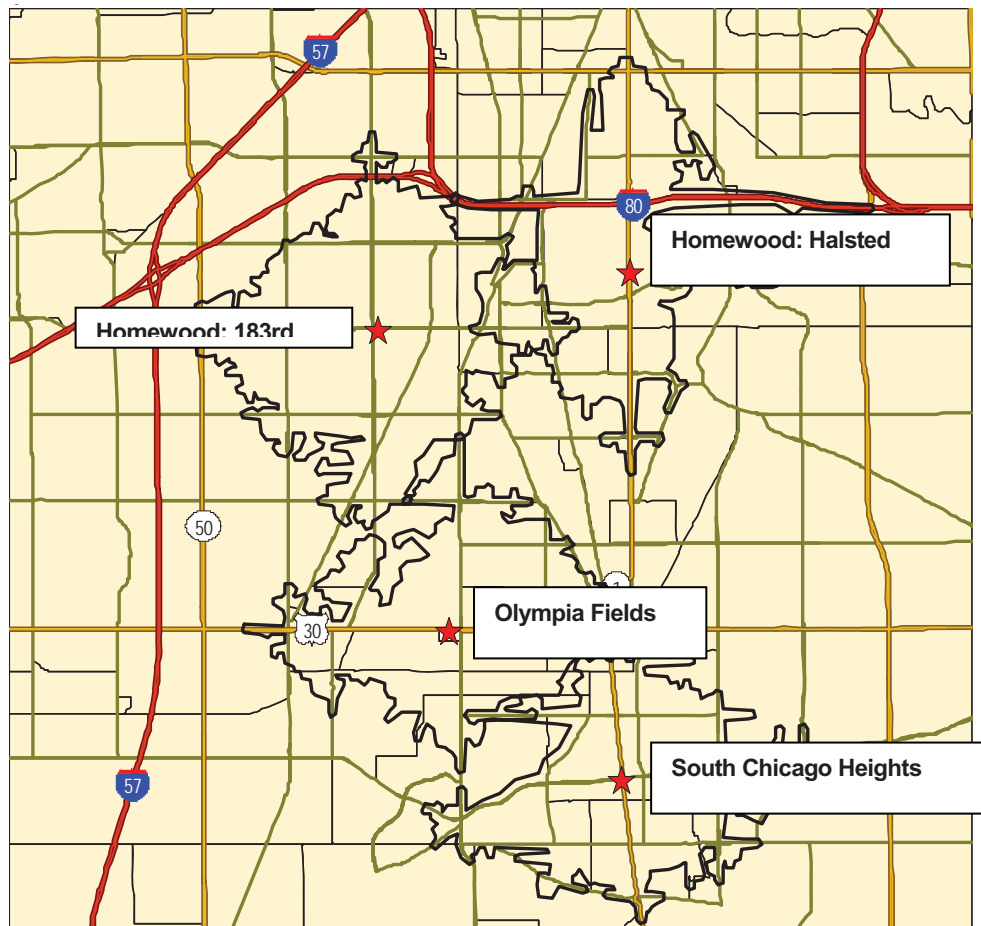


Figure 9: Jewel Location

Table 22: Market Comparison: 5-Minute Drive Time

	Homewood : Halsted	Homewood: 183rd	South Chicago Heights	Olympia Fields
Population	18,154	35,672	24,277	27,187
Average Household Size	2.66	2.77	2.8	2.88
Household Average Income	\$62,861	\$76,869	\$45,779	\$64,700
Total Employees	14,725	13,620	10,307	12,421
Total Retail Expenditure	\$145,830,005	\$316,348,944	\$150,590,296	\$200,723,010
Grocery Stores	\$26,138,245	\$55,547,975	\$27,829,692	\$35,858,074
Pharmacy and Drug Stores	\$3,985,662	\$8,597,655	\$4,151,472	\$5,478,860

Demographic data © 2007 by Experian/Applied Geographic Solutions.

Jewel is well suited to this property

- The market does not duplicate the markets of other nearby stores
- The spending power is sufficient to meet Jewel's sales expectations
- The store fits within the current footprint

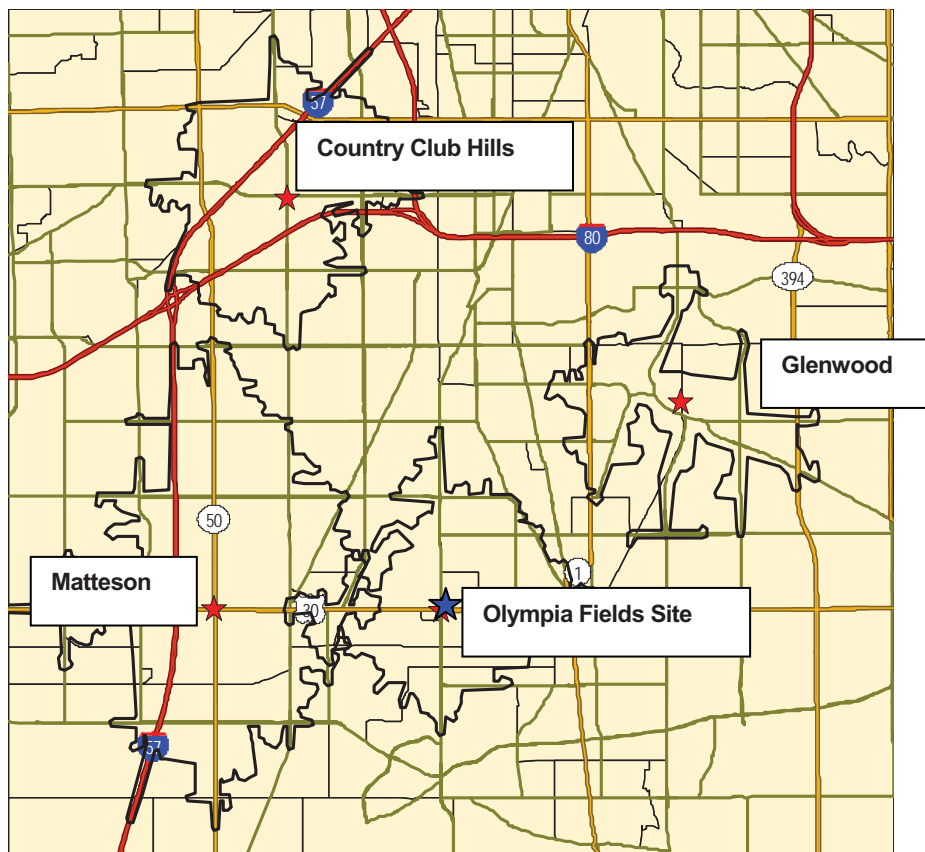


Figure 10 WalMart Location

Table 23 Market Comparison: 5-Minute Drive Time

	Olympia Fields	Matteson	Glenwood	Country Club Hills
Population	26,722	25,521	10,031	18,004
Average Household Size	2.91	2.85	2.81	3.24
Total Population Median Age	36.63	38.87	38.91	36.01
Household Average Income	\$62,645	\$71,296	\$63,423	\$60,651
Total Employees	10,446	14,943	4,333	5,873
Total Establishments	786	968	269	470
Total Retail Expenditure	\$191,320,210	\$206,633,421	\$77,156,635	\$113,831,479
Grocery Stores	\$34,271,987	\$36,629,042	\$13,782,887	\$20,600,214
Pharmacy and Drug Stores	\$5,225,647	\$5,634,458	\$2,105,554	\$3,118,679

Demographic data © 2007 by Experian/Applied Geographic Solutions.

WalMart is well suited to this property

- The market does not duplicate the markets of other nearby stores
- The spending power is sufficient to meet WalMart's sales expectations
- The store would need at least half of the commercial property north of Lincoln

SITE 1: Option 3: Total Redevelopment: COSTCO LOCATIONS



Figure 11: Costco Locations

Table 24 Market Comparison: 15-Minute Drive Time

	Olympia Fields	Orland Park	Bedford Park	Merrillville
Population	218,923	269,393	460,763	176,578
Average Household Size	2.82	2.96	3.11	2.69
Total Population Median Age	37.24	38.8	34.82	37.28
Household Average Income	\$64,810	\$84,581	\$53,787	\$63,131
Total Employees	88,664	98,060	145,459	78,765
Total Retail Expenditure	\$1,682,759,44	\$2,376,358,81	\$2,858,316,74	\$1,395,028,54
Demographic data © 2007 by Experian/Applied Geographic Solutions.	6	0	0	0

Costco is marginally suited to this property

- Although the Market is not duplicated at the 15-minute drive time, it would be duplicated at the 20-minute drive time by Orland Park and Merrillville
- The spending power is slightly less than Costco's sales expectations
- The store would need at least 15 acres of the commercial property north of Lincoln

SITE 1: Option 3: Total Redevelopment: STARBUCKS LOCATIONS

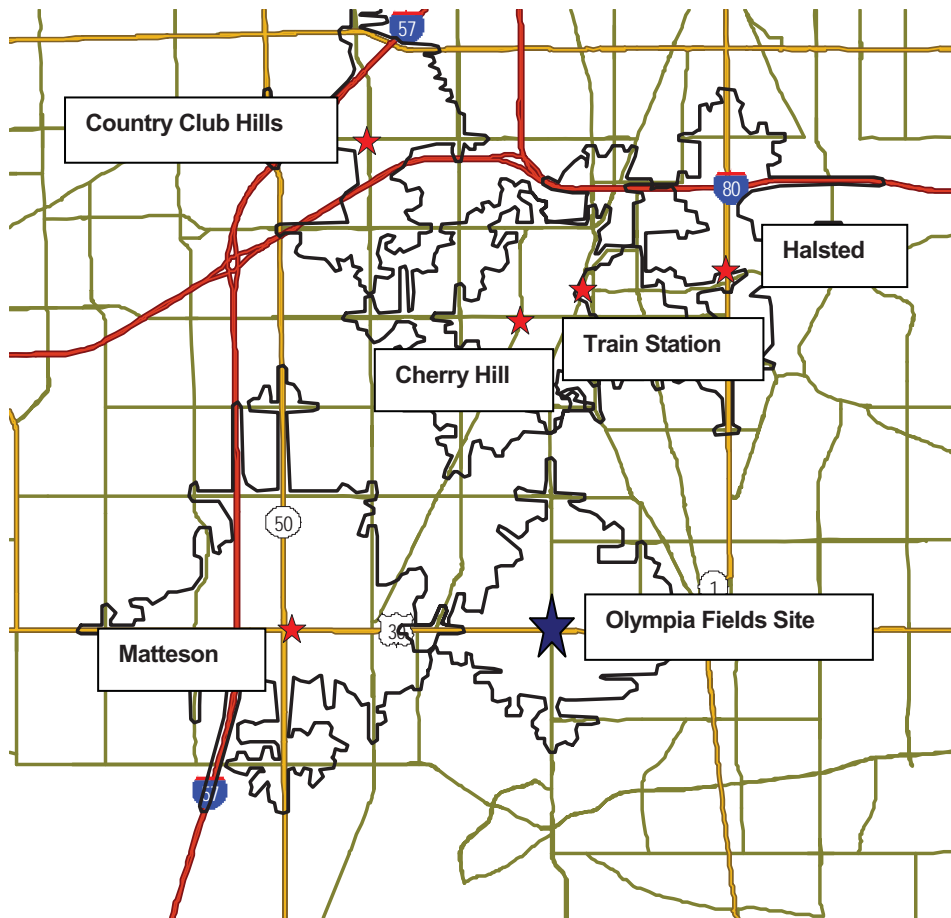


Figure 12 Starbucks Locations

Table 25 Market Comparison: 4-Minute Drive Time

	Olympia Fields Site	Matteson	Cherry Hill	Homewood Train Station	Country Club Hills	Homewood Halsted
Population	17,046	11,887	20,849	18,583	8,121	12,712
Average Household Size	2.9	2.91	2.65	2.64	3.28	2.56
Household Average Income	\$64,058	\$74,546	\$81,768	\$72,091	\$60,370	\$63,777
Total Employees	5,024	10,153	9,570	8,819	2,884	10,171
Limited Service Restaurants	\$7,405,304	\$5,790,767	\$11,889,167	\$9,735,735	\$3,038,800	<u>\$6,320,751</u>

Demographic data © 2007 by Experian/Applied Geographic Solutions.

Starbucks is well suited to this property

- The market does not duplicate the markets of other nearby stores
- The spending power is sufficient to meet Starbucks's sales expectations
- Traffic counts support a successful drive thru

SITE 2: 211th Street Gateway Strategic Approach

Table 3 211th Street Gateway Strategy Summary

Development Goal: Provide convenience goods for commuters and nearby neighborhood in addition to capitalizing on Lincoln Highway visibility to attract full service restaurants	
Attraction Strategy	
Market Position	Hybrid Convenience Shopping Cluster serving residents within a 5 minute drive time and specialty cluster
Target Square Feet	40,000
Existing Square Feet	0
Expansion Potential	40,000
Anchor Strategy	
Target Tenants	CVS, to anchor with transit oriented convenience businesses and dining
Identity elements	New environmentally sensitive development that meets Olympia Fields standards
Key Success Factors	Good visibility and strong transit oriented development in the area

Existing Conditions at 211th Street Station Gateway

Located across Olympian Way from the 211th Street Metra Station with two signalized access points off Route 30 (Lincoln Highway), this vacant parcel is a gateway to Olympia Fields. To the west is a Speedway gas station and a Matteson fire station is to the South. Property to the north was originally part this parcel but previously was sold for a park. Although the whole parcel is nearly 14 acres, it is expected that all but 4.5 acres will be used for residential development or wetlands mitigation.

The market for convenience uses is a five-minute drive time population. The natural setting and opportunity for build to suit development may offer an opportunity to attract a destination restaurant or specialty retailer that draws from a larger, 15-minute or greater drive time. This table documents important demographic characteristics of these potential markets.

Both 1,200 daily Metra users and Lincoln Highway's average daily traffic count of over 42,000 vehicles enhance this property's market.

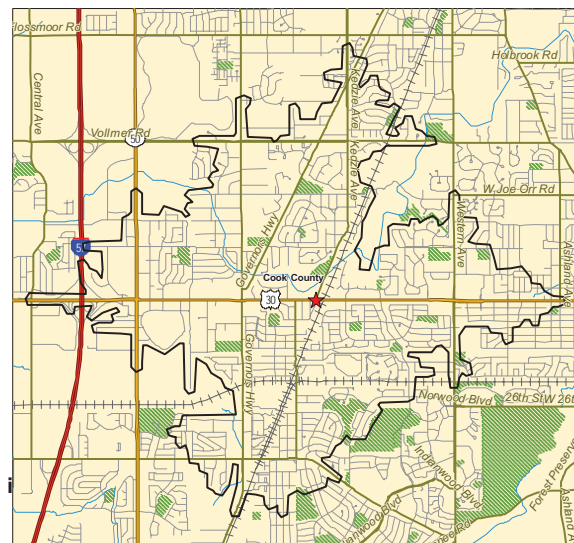


Figure 14 5-Minute Drive Time: Lincoln & Olympia Way

Table 27: Demographic Characteristics

	5 Minutes LINCOLN HWY & OLYMPIAN WAY	15 Minutes LINCOLN HWY & OLYMPIAN WAY
Population	23,985	226,914
Average Household Size	2.73	2.84
Households	8,795	79,831
Total Population Median Age	39.4	37.1
In Current Residence 5 Plus Years	44.9%	43.7%
College Educated	69.4%	62.9%
Household Average Income	\$77,124	\$66,268
Income \$75,000 Plus Households	4,043	32,935
Total Employees	15,654	92,787
Total Retail Expenditure	\$217,438,801	\$1,778,021,913
Food & Beverage	\$26,574,133	\$216,336,975
Pharmacy and Drug Stores	\$5,912,733	\$48,518,747
Demographic data © 2007 by Experian/Applied Geographic Solutions.		

MAP

SHOPPING CENTER DEVELOPMENT OPPORTUNITIES

SITE 2: Option 1: Owner Lead Appearance Enhancement & Partial North Redevelopment

Although currently vacant and owned by two developers, the challenges of those conditions have been overcome and the Village has been collaborating with the property owners for over 18 months to create a site plan that remediates wetlands associated with Butterfield Creek, provides transit oriented residential development, and promises to offer quality retail development. The Village Board and Planning Commission approved design guidelines and a flexible site concept. The development proposal under consideration for the subject property provide for a drug store anchor, a 12,000 square foot multi-tenant commercial building, two 6,000 square foot outlot buildings designed for restaurants, and a 5,000 square foot outlot designed to accommodate a bank. Two residential condominium buildings would face the adjacent park area and contain 28 to 36 units each. Mitigation and access issues continue to delay development but are expected to be resolved shortly.

Sales Projections

Table 28 below lists the tenants that are common in Metra's station areas and a range of sales expected from each tenant. The sales range is the median and top 10% sales per square foot at neighborhood shopping centers throughout the United States. Sales in the newly built space associated with this development would exceed national averages because the Chicago market tenants must achieve higher sales to cover higher expenses and because the space would be designed to suit its first tenants. The top 10% estimate may be higher than actual results since this market is developing as new residents arrive and Metra use expands.

Table 28: Gateway Development Tenanting Plan

Possible User	S.F.	Sales per S.F.		Annual Sales	
		Average	Top 10%	Average	Top 10%
Drug Store	12,000	\$513.07	\$922.80	\$6,156,840	\$11,073,600
Coffee Shop	1,473	\$285.81	\$576.86	\$420,998	\$849,715
Dry Cleaner	1,450	\$129.69	\$272.91	\$188,051	\$395,720
Hair Care	1,260	\$204.65	\$333.72	\$257,859	\$420,487
Sandwich Shop	1,400	\$276.00	\$499.47	\$386,400	\$699,258
Dentist	1,575			\$0	\$0
Insurance	1,200			\$0	\$0
Wine/Liquor Store	2,400	\$363.50	\$582.15	\$872,400	\$1,397,160
Broker	1,242				
Bank	4,500				0
Restaurant with Liquor	6000	\$253.20	\$584.11	\$1,519,200	\$3,504,660
Restaurant with Liquor	6000	\$253.20	\$584.11	\$1,519,200	\$3,504,660
Total				\$11,320,948	\$21,845,259

If this retail cluster were tenanted as this table proposes, it would provide between \$113,000 and \$218,000 in additional annual, municipal sales revenues, an increase of between 15% and 28% over Olympia Field's total 2006 municipal sales tax revenue. Municipal incentives are not expected to be necessary to support this development.

1. Metra, Local Economic Impacts in Commuter Rail Station Areas, December 1994
2. Urban Land Institute, Dollars & Cents of Shopping Centers: 2006

SITE 2: Option 2: Total Redevelopment: CVS LOCATIONS

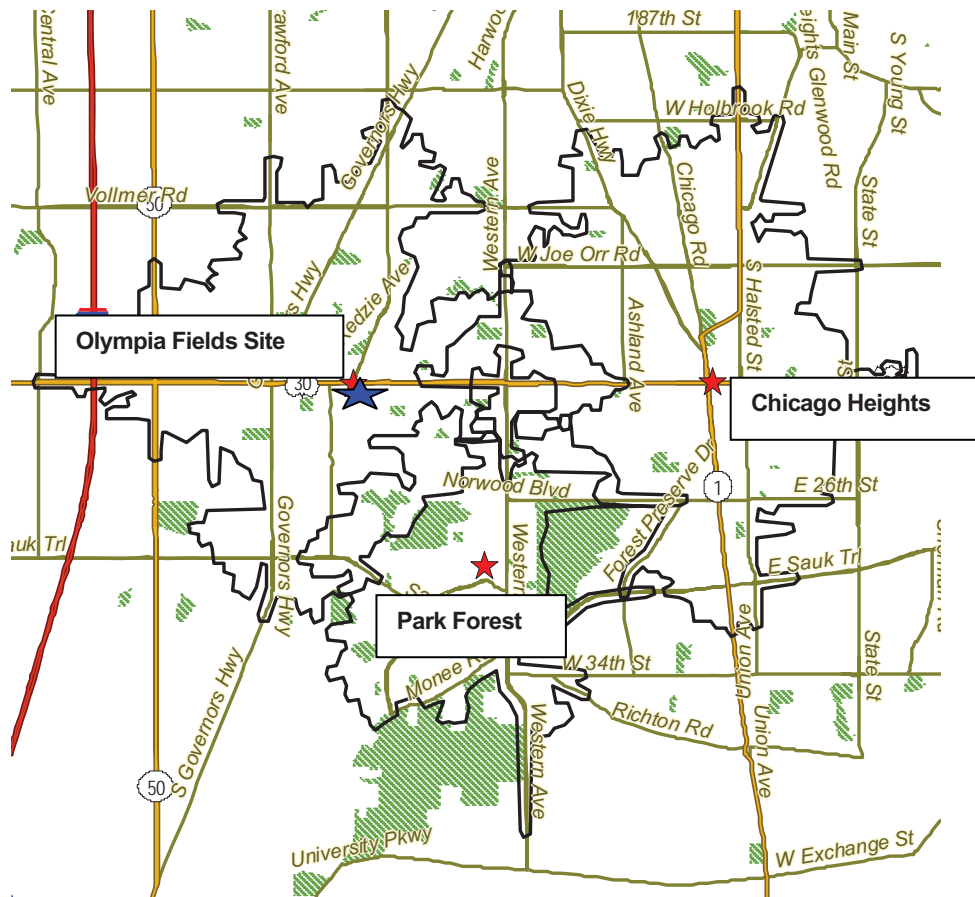


Figure 15 CVS Locations

Table 29 Market Comparison: 5-Minute Drive Time

	Olympia Fields Site	Park Forest	Chicago Heights
Population	24,574	21,470	35,045
Average Household Size	2.73	2.59	2.96
Household Average Income	\$77,124	\$51,654	\$49,613
Total Employees	15,654	4,241	15,955
Total Retail Expenditure	\$217,438,801	\$154,523,233	\$212,597,886
Pharmacy and Drug Stores	\$5,912,733	\$4,249,485	\$5,837,653

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Geographic Solutions.

CVS is well suited to this property

- Although there is some market duplication, it is not greater than the duplication of other nearby stores
- The spending power is sufficient to meet CVS's sales expectations
- Traffic counts support a successful drive thru

SITE 2: Option 2: Total Redevelopment: STARBUCKS LOCATIONS

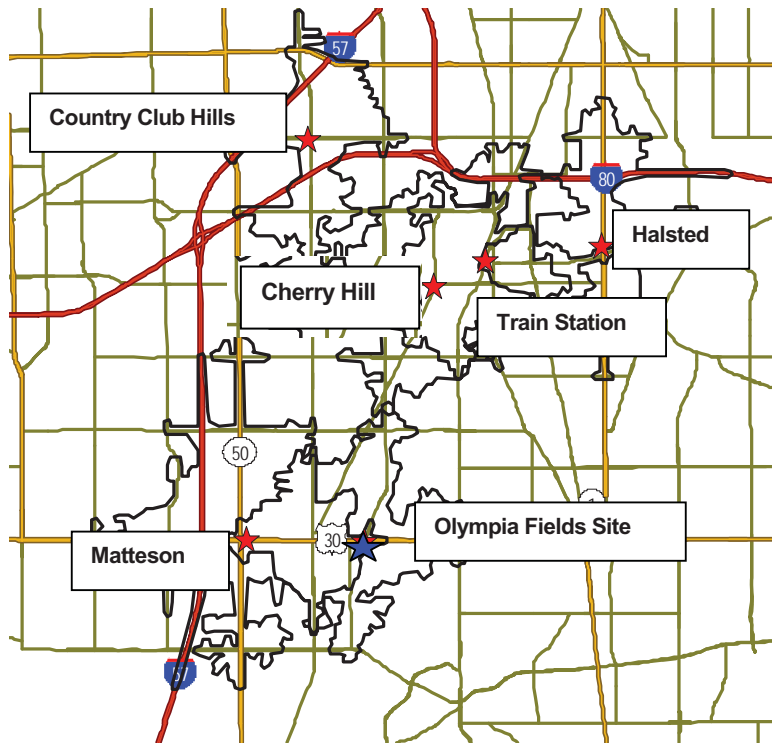


Figure 16 Starbucks Locations

	Olympia Fields Site	Matteson	Cherry Hill	Homewood Train Station	Country Club Hills	Homewood Halsted
Population	13,368	12,089	20,924	18,731	8,218	12,870
Average Household Size	2.79	2.91	2.65	2.64	3.28	2.56
Household Average Income	\$84,819	\$74,546	\$81,768	\$72,091	\$60,370	\$63,777
Total Employees	11,353	10,153	9,570	8,819	2,884	10,171
Total Retail Expenditure Limited Service Restaurants	\$124,220,164 \$7,272,069	\$99,063,580 \$5,790,767	\$203,286,170 \$11,889,167	\$166,910,665 \$9,735,735	\$51,918,941 \$3,038,800	\$108,591,420 \$6,320,751

Demographic data © 2007 by Experian/Applied Geographic Solutions.

Table 30 Market Comparison: 4-Minute Drive Time

Starbucks is well suited to this property

- Although the market for this site significantly duplicates Matteson, the ability to offer a drive thru and proximity to the train station minimizes the impact of that duplication
- The spending power is sufficient to meet Starbuck's sales expectations
- Traffic counts support a successful drive thru

Table 31 Vollmer Road Corridor Strategic Summary

Development Goal: Create a luxury shopping and dining corridor that satisfies the specialty needs of prosperous Olympia fields and Flossmoor residents close to home.	
Attraction Strategy	
Market Position	Specialty Shopping Cluster serving luxury needs of Olympia Fields and Flossmoor residents and other similar income families within a 15-minute drive
Target Square Feet	141,000 in Olympia Fields 93,000 in Flossmoor
Existing Square Feet	110,000 in Olympia Fields 93,000 in Flossmoor
Expansion Potential	31,000
Anchor Strategy	
Target Tenants	Full service and gourmet quick service restaurants, luxury specialty stores that sell through multiple channels
Identity elements	Significantly improved street appearance and environmentally sensitive development that meets Olympia Fields standards
Key Success Factors	Recognition that this is a long term strategy that will require cooperation with Flossmoor and significant municipal investment

Existing Conditions at the Vollmer Road Corridor

Vollmer Road is Olympia Fields' northern boundary. With its quick access to I-57, it is the key connection between home and work and divides two of Chicago's most prosperous suburbs, Olympia Fields and Flossmoor. From Governor's Highway to Kedzie Avenue, 203,000 square feet of commercial development lines both sides of this street. In Olympia Fields, there are seven acres of vacant land east of Kedzie reserved for commercial development and additional opportunities to add stores and restaurants in the Governor's Office Park west of Governor's Highway. Vollmer Road's average daily traffic is 21,100 west of Governor's Highway and declines gradually to 18,300 at the railroad underpass. In 2006, Olympia Field's Municipal Center moved to a site in this cluster and in the summer of 2007, the Village began sponsoring a farmer's market in a cluster parking lot.

Uses currently occupying commercial space in the Vollmer Road Corridor appeal to convenience, 5-minute drive time, and destination, 15-minute drive time markets. With extensive renovation and redevelopment, this corridor could build on proximity to the Municipal Center and the festival nature of activities like the farmer's market to attract specialty shopping targeted to region's most prosperous household, residents of Olympia Fields and Flossmoor. Table 32 details important characteristics of these markets.

Figure 7 Vollmer Road Corridor Development Concept

Table 32: Vollmer Corridor Demographic Character

	5 Minutes GOVERNORS HWY & VOLLMER RD	15 Minutes GOVERNORS HWY & VOLLMER RD	Flossmoor, Olympia Fields
Population	23,161	261,399	14,232
Average Household Size	2.74	2.86	2.82
Households	8,459	91,294	5,046
Population Density	2,163	2,130	2,234
Total Population Median Age	42.0	36.7	43.7
% In Current Residence 5 Plus Years	47.1	43.7	51.5
% College Educated	75.6%	61.8%	81.8%
Household Average Income	\$97,479	\$64,782	\$123,040
Income \$75,000 Plus Households	4,708	37,121	3,373
Total Employees	14,498	116,590	8,352
Total Retail Expenditure	\$247,019,972	\$2,003,361,462	\$174,855,651
Food & Beverage	\$30,292,649	\$243,620,919	\$21,542,890
Pharmacy and Drug Stores	\$6,666,658	\$54,707,657	\$4,686,995

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Building at this cluster began approximately 20 years ago and continues today with recent addition of a Chase Bank and pending proposal for infill development in the Governor's Office Park. Current Development between Governor's Highway and Kedzie Avenue includes:

Table 33 Olympia Fields' Vollmer Road Development

Walgreens	14,500
Butterfield Plaza	23,000
Chase Bank	6,000
Cardinal Fitness	9,500
Olympia Square	57,000
Total	110,000

Table 34 estimates the annual taxable sales occurring at these properties.

Table 34 Vollmer Corridor Sales

Olympia Square Shopping Center

Lifeworks Wellness Center	?
Quizno's Subs	\$450,000
Dentist	?
Nationwide Insurance	0
Eyecare Center	\$200,000
Tuesday Morning	\$750,000
Midwest Palliative & Hospice Care Center	?
James & Sons, Ltd.	\$1,000,000
Podiatry Dermatology	?
Karama Realty	0
Bizzio Market	TBD
Burgundy Bistro	\$700,000
Flowers II	\$300,000
New Horizon	0

SW Corner of Vollmer Road and Kedzie Avenue

Walgreens	\$8,000,000
-----------	-------------

Butterfield Plaza

Open MRI	?
State Farm	0
Great Clips	\$100,000
T&T Healthcare	?
Baird & Warner	0
Dentist	?
Cleaners	0
Sharks	\$400,000
Dunkin Donuts/ Baskin Robbins	\$400,000
Cardinal Fitness	?
Chase Bank	0
Total	\$12,300,000

With these sales, estimated municipal sales tax revenue from this cluster is \$123,000, which is 16% of total Village sales tax revenue. If Bizio Market, scheduled to open spring of 2008, achieves national median per square foot grocery stores sales, \$350, it should add \$5.6 million in sales and \$56,000 in municipal sales tax revenue. If the market achieves sales per square foot in the top 10% of neighborhood supermarkets, its sales would be \$9 million and the municipal sales tax addition would be \$90,000. A successful market with those sales volumes would add vitality to Olympia Square and increase the exposure and sales of existing tenants.

Although there are few vacancies in this cluster, only 11 of the 26 active uses sell taxable merchandise. Consequently, the Vollmer Road Corridor cluster falls short of its potential to generate sales tax. Although, a few service tenants may sell merchandise as an add-on to medical or personal treatment, that volume is unlikely to be significant. Although personal services like dry cleaners, hair care, banking, medical, and dental often add significant customer visits to commercial clusters, the Vollmer Road Corridor needs more stores to provide the balanced co-tenancy that maximizes retail sales and therefore retail sales tax revenue.

Vollmer Road Corridor properties generate property taxes for the Village. Table 35 uses information from the Cook County Assessor's office to estimate Village revenues and other taxing bodies' revenue.

Table 35 Vollmer Corridor Property Tax Revenue

	Total Property Tax	Village Revenue
Olympia Square	\$126,029	\$4,413
Walgreens	\$44,096	\$1,544
Butterfield Plaza	\$64,948	\$2,274
Other Properties	\$78,260	\$2,740
Total	\$313,333	\$10,971

Like Olympia Corners, the Vollmer Road Corridor provides significant revenue to Olympia Fields and other taxing bodies making protecting those revenues very important. The analysis that follows looks at two options for protecting existing revenue as higher municipal sales tax generating uses are sought;

- Adding destination retail and restaurant businesses on the vacant parcels east and west of current development and appearance enhancements to the existing properties that require minimal Village financial support;
- Cooperating with Flossmoor in a Vollmer Road Corridor Plan that seeks to a long-term tenant and property upgrade that brings the South Suburbs premier specialty shopping to this cluster

SHOPPING CENTER DEVELOPMENT OPPORTUNITIES

SITE 3: Option 1: Property Re-tenanting and Vacant Land Development

As the existing conditions analysis documents, the Vollmer Road Corridor has a weak retail offering. Although recent improvements including the coffee shop and bank proposed in Governor's Office Park and Bizio Market are promising, an additional 10 service uses should be replaced with stores or restaurants. There also is an opportunity to add a destination specialty retail cluster on the seven acres east of Kedzie. Example of specialty clusters exist in Lincolnshire on Milwaukee Road where is furniture cluster including Toms Price, Thomasville, John M Smithe and Plunketts and a restaurant cluster that includes Wildfire, Red Robin, Pot Belly, Jamba Juice, Champps, and Big Bowl. These clusters offer customers the expanded selection that increases sales for all cluster businesses. If a similar specialty cluster were added to the Vollmer Road Corridor and the service tenant replacement occurred, the Corridor's sales would expand to:

Table 36 Vollmer Road Corridor Sales Projection

	Square Feet	Estimated Sales	Sales/SQFT
Existing Stores and Restaurants	31,500	\$11,800,000	\$374.60
Bizio Market	16,000	\$5,000,000	\$312.50
Planned Coffee Shop	2,000	\$772,000	\$386.00
New Stores and Restaurants	25,000	\$6,250,000	\$250.00
Specialty Cluster	40,000	\$10,400,000	\$260.00
		\$34,222,000	

With today's sales estimated at \$11.8 million this option adds nearly \$23 million in annual sales and would bring and additional \$230,000 in municipal sales tax. Much of that new revenue depends on development of the 40,000 square foot destination cluster. That development depends on mitigating site conditions like wetlands and will only happen after success retenanting Olympia Square and if the property owner aggressively promotes the property. Without the destination parcel and the pending market and coffee shop additions, the new annual sales are \$6 million and the sales tax increase is \$60,000. That development will occur in existing buildings and will come as cotenants seek to locate near the successful businesses. The catalyst projects are underway and this option relies on their success and property owner interest.

SHOPPING CENTER DEVELOPMENT OPPORTUNITIES

SITE 3: Option 2: Cooperative, Strategic Redevelopment that Offers Premier Shopping

Interviews associated with this project revealed frustration with the distance that prosperous residents must travel to purchase luxury goods. As the 15-minute drive map illustrates, figure 18, resident frustration is justified; luxury shopping is very distant.



Figure 18 Luxury Shopping Destinations

A successful Bizio Market's gourmet offering could begin the attraction of higher quality purveyors to the Vollmer Road Corridor, but that trend will not reach its full potential unless there is systematic improvement to the appearance of corridor properties, enhanced public landscaping and additional quality businesses are recruited to Olympia Fields and Flossmoor. This challenge requires a shared Olympia Fields and Flossmoor vision because neither community can achieve this ambitious repositioning alone. Because the potential municipal investment is interdependent, this transformational vision may require an intergovernmental structure and revenue sharing that is rare in the Chicagoland region. The Barrington Area Council of Governments is the closest existing model. It has been working for 37 years and has one revenue-sharing plan adopted but never implemented because the underlying development is yet to occur.

SITE 3: Option 3: Total Redevelopment: FULL SERVICE RESTAURANT LOCATIONS

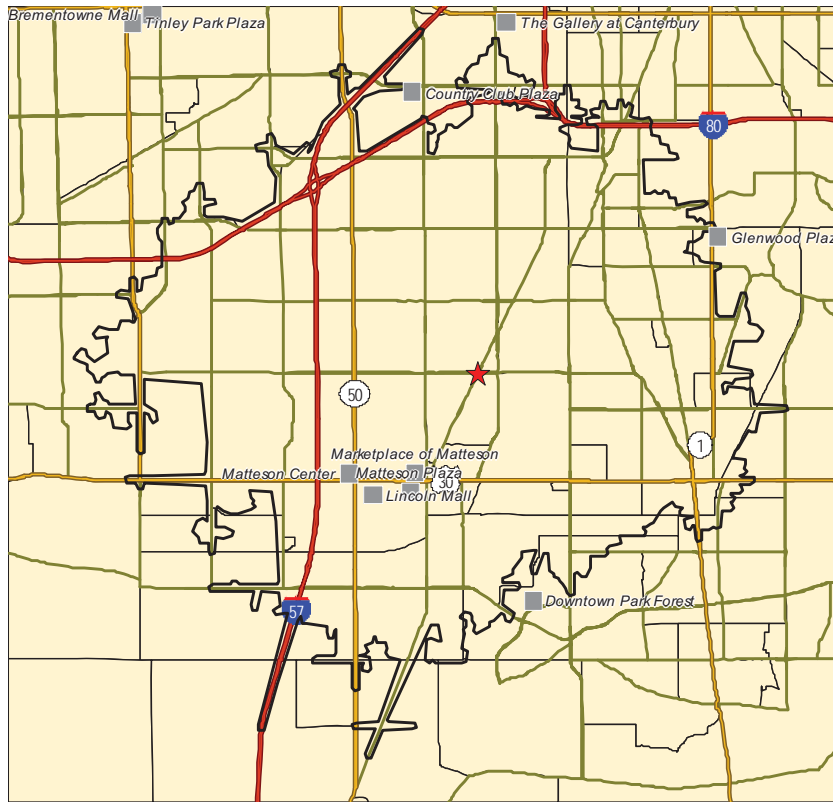


Figure 19 Full Service Restaurant Market
10 Minute Drive Time

		Wildfire			Tin Fish		Pappadeaux	
	Olympia Fields Site	Glenview	Lincolnshire	Hoffman Estates	Oak Brook	Tinley Park	Arlington Heights	Westmont
Population	127,807	102,193	76,188	152,601	108,004	126,836	133,177	96,306
Average Household Size	2.82	2.69	2.92	2.55	2.67	2.94	2.48	2.59
Total Population								
Median Age	38.25	42.27	38.76	37.51	39.58	37.1	38.11	42.66
% College Educated	66.76%	75.57%	80.07%	68.05%	66.08%	63.30%	68.06%	76.60%
Average Income	\$70,284	\$118,048	\$141,184	\$77,433	\$90,811	\$74,465	\$75,092	\$133,518
Income \$75,000 Plus	19,855	21,337	17,040	29,510	20,065	23,071	25,041	21,586
Total Employees	51,774	87,726	93,230	145,921	99,000	43,366	150,436	111,221
Total Retail	\$1,050,155,8	\$1,260,469,5	\$991,227,0	\$1,482,755,9	\$1,124,717,0	\$1,045,252,6	\$1,303,151,3	\$1,357,234,4
Expenditure	78	78	30	17	24	62	58	70
Full Service Restaurants	\$61,557,458	\$74,488,812	\$58,789,96	\$87,291,025	\$66,148,270	\$61,554,146	\$76,567,408	\$80,167,310

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Although this Olympia Fields site falls short of the market conditions in these comparisons, recent population and spending power growth promises to bring necessary growth.

- Population is sufficient to support restaurants
- Full service restaurant spending is slightly lower than comparison communities
- Employment is well below most other sites

SITE 4: 203rd Street Metra Station Strategic Approach

Table 38 203rd Street Strategy Summary

Development Goal: Provide convenience goods for commuters and nearby neighborhood in addition to offering uses that can share Metra parking on the weekends and evening.	
Attraction Strategy	
Market Position	Modest Convenience Shopping Cluster serving residents within a 5 minute drive time and Metra commuters
Target Square Feet	20,000
Existing Square Feet	0
Expansion Potential	20,000
Anchor Strategy	
Target Tenants	Breakfast and evening targeted restaurants, services oriented to commuters, and office uses
Identity elements	Access to transit users and environmentally sensitive development that meets Olympia Fields standards
Key Success Factors	Flexibility to change uses as market grows, tenants recruited prior to building design

Existing Conditions at 203rd Street Metra Station

Once a quiet underutilized access point for the Olympia Fields Country Club, Metra's 203rd Street Station has been transformed by the addition of 500 parking spaces, a new post office, and construction of 80 mid-rise condominiums. A 1.75-acre parcel at Kedzie and 203rd is reserved for commercial development. Although the character of that development remains flexible, it is expected to have a footprint of approximately 20,000 square feet. A second story office use would be possible if the two-story building had uses that could rely on off peak use of Metra parking. Examples of off peak parking users include a health club, dinner oriented restaurants, and real estate offices. Today's traffic counts are approximately 10,000 trips per day but expected to grow as the new homes are completed.

The market for convenience uses is a five-minute drive time population. The connection to transit, ample off peak parking and opportunity for build to suit development may attract a destination restaurant or specialty retailer that draws from a larger drive time. This table documents important demographic characteristics of potential markets.

Table 39 Demographic Character: 203rd Street Metra Station

	5 Minutes KEDZIE AVE & 203RD ST	10 Minutes KEDZIE AVE & 203RD ST	Olympia Fields
Population	17,686	120,304	4,988
Average Household Size	2.66	2.81	2.79
Households	6,641	42,804	1,787
Population Density	2,266	2,817	1,776
Total Population Median Age	42.0	38.2	45.4
% In Current Residence 5 Plus Years	47.6	46.0	47.2
% College Educated	76.0%	67.4%	81.5%
Household Average Income	\$95,903	\$69,973	\$120,133
Income \$75,000 Plus Households	3,625	18,628	1,174
Total Employees	12,095	48,747	5,418
Total Retail Expenditure	\$191,515,030	\$989,473,266	\$61,017,680
Food & Beverage	\$23,482,877	\$120,633,794	\$7,522,006
Pharmacy and Drug Stores	\$5,175,005	\$26,956,205	\$1,638,345

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SHOPPING CENTER DEVELOPMENT OPPORTUNITIES

SITE 4: 203rd Street Metra Station Strategic Approach

The 203rd Street Metra Station opportunity is to create 20,000 square feet of ground floor commercial space and possibly a 2nd floor with another 20,000 square foot of office space. The low traffic counts suggest destination uses like well-known restaurants attracted by the option of build to suit space. A similar, slightly larger development at the North Glen Metra Station contains a breakfast restaurant, gourmet deli, pizza restaurant, Curves, insurance agency, bicycle shop, dry cleaner, chiropractor, and a real estate office on the upper floor over a portion of the development. If the 203rd Street Station commercial site were similarly developed, it could have these uses and sales.

Table 40 203rd Street Metra Station Sales Projection

	Square Feet	Sales per square foot	Annual Sales
Breakfast Restaurant	5,000	\$285.00	\$1,425,000
Pizza Restaurant	5,000	\$252.33	\$1,261,650
Dry cleaner	1,500		
Specialty Retailer	3,000	\$250.00	\$750,000
Office	5,500		
Total	20,000		\$3,436,650

Annual municipal sales tax revenue would be \$34,367.

insert map

SITE 4: AURELIOS LOCATIONS

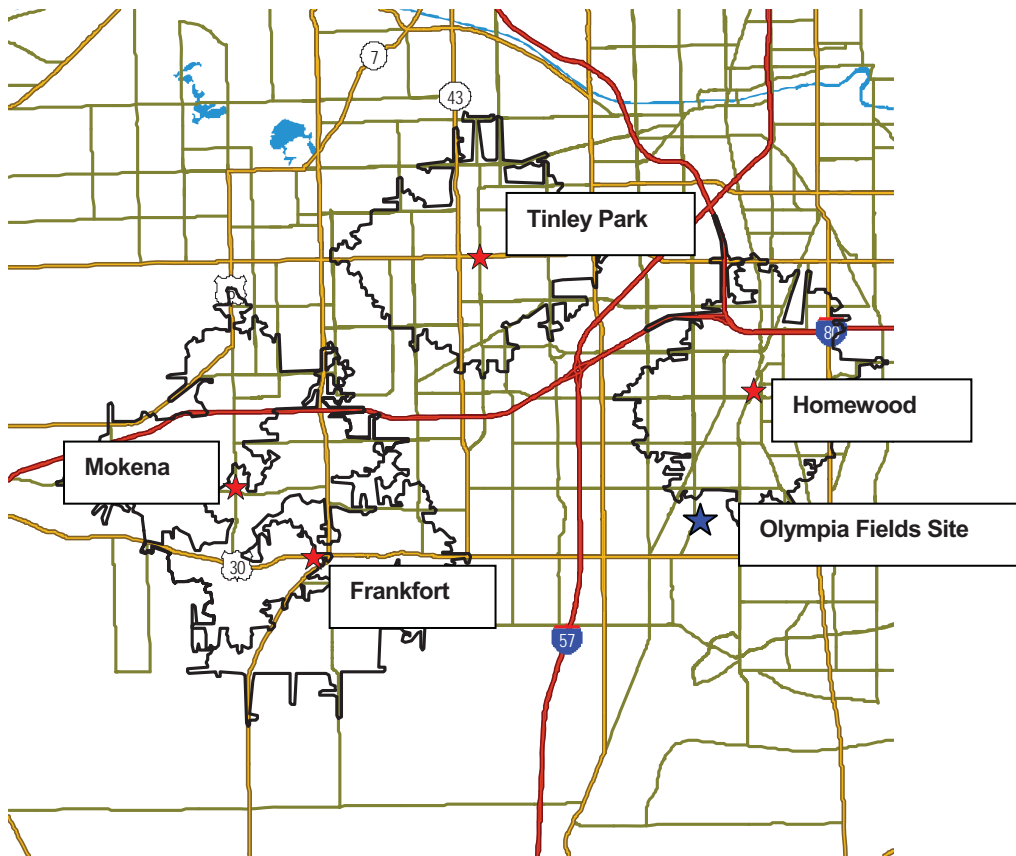


Figure 21 Aurelios Locations

Table 41 Market comparison 7-Minute Drive Time

	Olympia Fields Site	Mokena	Frankfort	Homewood	Tinley Park
Population	49,627	48,118	39,549	57,449	65,162
Average Household Size	2.74	3.21	3.35	2.79	2.69
Households	17,933	14,954	11,740	20,402	23,908
Total Population Median Age	40.33	37.43	36.73	39.43	38.9
Household Average Income	\$83,410	\$96,458	\$100,816	\$76,010	\$69,078
Median Household Income	\$74,208	\$94,932	\$96,707	\$70,104	\$72,288
Total Employees	25,055	15,693	16,903	23,242	26,090
Total Retail Expenditure	\$467,887,410	\$429,162,352	\$346,194,652	\$499,547,522	\$550,211,903
Limited Service Restaurants	\$27,361,471	\$25,269,252	\$20,376,203	\$29,174,038	\$32,195,157

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Aurelios is well suited to this property

- Although the market for this site significantly duplicates Homewood, the significant parking offers the opportunity to add needed capacity in this market. It also is similar to the overlap in Mokena and Frankfort.
- The spending power is sufficient to meet Aurelios sales expectations
- Train customers are a bonus market

SITE 4: LEPEEP & EGG & I LOCATIONS

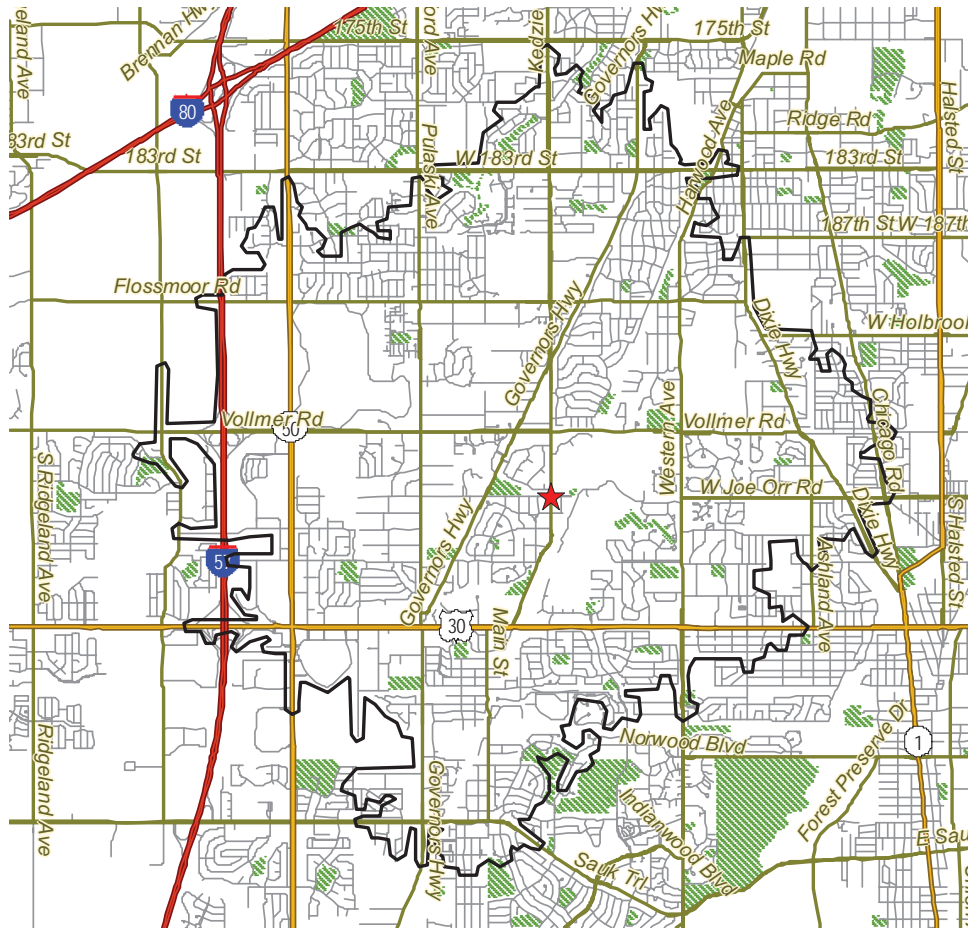


Figure 22 Limited Service Restaurant Market

Table 42 Comparison Market 7-Minute Drive Time

	Olympia Fields site	Le Peep			Egg & I Chicago Heights
		Evanston	Park Ridge	Mount Prospect	
Population	49,627	63,031	72,979	66,766	57,698
Average Household Size	2.74	2.26	2.52	2.58	2.88
Total Population Median Age	40.33	34	44.18	41.21	37.87
Household Average Income	\$83,410	\$86,617	\$85,810	\$75,863	\$72,483
Total Employees	25,055	46,444	40,723	36,172	26,408
Full Service Restaurants	\$27,554,597	\$38,880,984	\$44,259,288	\$37,195,849	\$27,134,607

Demographic data © 2007 by Experian/Applied Geographic Solutions.

Breakfast restaurants need population and employee growth to succeed in this market

- Nearby condominium development promises to add a frequent user market and significant week-end parking offers the opportunity to attract brunch business.
- Train customers are a bonus market

Olympia Fields has these revenue generating tools available to collaborate with private investors willing to undertake projects in this area. The analysis that follows calculates the maximum revenue potential of each tool if it is used to stimulate development at Lincoln and Western Avenue. That site was chosen as an example because there is an immediate development opportunity that can clearly illustrate the impact of these development tools. By seeking to determine the highest potential contribution from each tool, this analysis verifies whether there is enough municipal incentive available to cause redevelopment in this area. It also provides the community with a clear picture of where they can reduce their investment to match market support.

1. **Class 8 Property Tax Relief.** As the explanation in the Appendix reveals, properties designated as Class 8 are assessed at 16% of fair cash value for the first ten years, 23% of market value in year 11 and 30% of market value in year 12. After that time, the assessment returns to the standard commercial rate of 38% unless the property is granted an extension. Table 12 summarizes the value of this incentive to the public and private partners. For properties in Rich Township the County automatically grants this classification upon a Village's request. To examine the maximum potential, this table assumes full redevelopment of 200,000 square feet on each opportunity and that the assessor values the new development at \$110 per square foot.

Table 43: Class 8 Designation's Value

	North of Lincoln	South of Lincoln
Existing Conditions		
Assessed Value	\$2,427,742	\$4,173,351
Total Property Tax	\$249,064	\$428,148
Village Revenue	\$8,721	\$14,991
Total Redevelopment		
New Property Assessed Value	\$22,000,000	\$22,000,000
<i>Without Class 8 Designation</i>		
Total Property Tax	\$2,257,001	\$2,257,001
Village Revenue	\$79,025	\$79,025
<i>With Class 8 Designation</i>		
Total Property Tax	\$950,316	\$950,316
Village Revenue	\$33,274	\$33,274
Annual Years 1-10 Investor Savings	\$1,306,685	\$1,306,685
Annual New Village Revenue	\$24,553	\$18,283
Net Present Value as an Incentive	\$8,985,895	\$8,985,895

Unfortunately, developers are unlikely to place a high value on Class 8 as an isolated incentive because, not only do all nearby Cook County communities offer this incentive, this site is close to Will County where the tax assessment rate is 16%. This tool does not combine with tax increment financing because it significantly reduces the increment amount.

2. Tax Increment Financing (TIF). For up to 23 years, any additional property taxes paid on land within the district can fund eligible development costs within the district. Table 16 uses the existing and potential property tax calculated in Table 43 to determine the maximum annual TIF revenue potential if Olympia Fields' commercial land at this site were completely redeveloped.

Table 44: TIF Revenue Potential

	Total	Schools	Net
Annual Incremental Revenue	\$3,836,790	\$959,198	\$2,877,593

A common TIF revenue contribution to a development partnership is retiring bonds that pay development costs like land acquisition, building demolition, and tenant relocation. Table 17 shows the maximum bonded investment assuming that underwriters will only support bonding an amount that can be repaid by 50% of projected revenue. This high coverage ratio is to avoid a Village general obligation guarantee. Another potential partnership contribution from TIF funds is the repayment of developer expenses as revenue exceeds coverage ratios. That partnership opportunity places developer investment at risk because the payment is secondary to bond repayment. If revenues are lower than expected the developer forgoes repayment. Table 45 also shows that bond potential.

Table 45 TIF Incentive's Value

	Incremental Property Tax Revenue	50% to pay TIF Revenue Bonds	Maximum Developer Note
Total	\$61,233,355	\$30,616,678	\$30,616,678
NPV@ 6.5%		\$14,366,952	
NPV@ 9%			\$11,285,047
Maximum Partnership \$	\$25,651,999		

This incentive has high value to developers because it can reduce both development costs and annual operating costs. The challenge to TIF financing is growing public concern over its impact on school financing. Although the key criteria for establishing TIF districts is that development would not happen "but for" the TIF funds, schools often lobby against these districts as a taking of funds that rightly belong to schools. This argument is particularly compelling in projects, unlike this potential redevelopment, that include residential components likely to bring additional students without associated property tax. Recent state legislation required that tuition for those students be paid before any TIF funds are released for project expenses. For this estimate, Table 44 assumes that 25% of the TIF revenue would be declared surplus and returned to the schools. Generally, that voluntary contribution to the schools satisfies public support for school funding.

3. **Business District Sales Tax.** This municipal partnership tool allows a municipality to require businesses within a defined district to charge up to 1% in additional sales taxes. Like the home rule sales tax, this tax would not apply to medicine and food or goods like automobiles and boats that must be registered with the State of Illinois. The collected revenue must be spent on eligible projects to improve conditions within the business district. Table 46 shows the maximum revenue from a 1% business district sales tax on eligible sales from businesses occupying fully redeveloped Olympia Field's commercial land at this site.

Table 46: Business District Sales Tax Revenue Potential

Full Development SQFT	400,000
% BD Sales Tax Producing	50%
Sales Tax SQFT	200,000
Sales/SQFT	\$250.00
BD Sales	\$50,000,000
BD Sales Tax	\$500,000

Like a TIF district, this tax can be levied for only 23 years. Also like TIF funds, business district sales taxes can be used to retire revenue bonds and developer notes. Table 47 projects the maximum revenue potential from this source.

Table 47: Business District Sales Tax Incentive's Value

	Business District Sales Tax	50% Bond Coverage	Maximum Developer Note
Total	\$15,318,390	\$7,659,195	\$3,829,598
NPV@ 6.5%		\$3,514,872	
NPV@ 9%			\$2,745,552
Maximum Partnership \$	\$6,260,424		

This municipal financing tool allows the municipality to recover costs of supporting a retail development project from sales taxes paid by the customers of the project. This incentive has high value to developers because it can reduce both development costs and annual operating costs with funds that the public is most likely to support allocating to the project.

4. Sales Tax Rebate. At its discretion, a community can choose to commit a portion of sales taxes generated by a new development to cover project costs. Since it is rare for communities to commit more than 50% of new revenue, Table 19 calculates 50% of new revenue as the maximum annual sales tax rebate available as a project incentive.

Table 48 Municipal Sales Tax Rebate Revenue Potential

Full Development SQFT	400,000
% Municipal Sales Tax Producing Sales/SQFT	75% \$250.00
Municipal Sales Tax SQFT	300,000
Municipal Sales	\$75,000,000
Municipal Sales Tax	\$750,000
Estimated Current Sales Tax	\$407,623
Estimated Net New Sales Tax	\$342,377
50% of New Sales Tax Revenue	\$171,189

Like TIF and business district revenue, municipal sales taxes can be used to retire revenue bonds and developer notes. Table 49 projects the maximum revenue potential from this source.

Table 49: Municipal Sales Tax Rebate Incentive's Value

	50% Incremental Sales Tax Rebate	50% Bond Coverage	Developer Note	Net New Village Revenue
Total	\$6,967,440	\$3,483,720	\$3,483,720	\$6,967,440
NPV@ 6.5%		\$1,514,790		
NPV@ 9%			\$1,159,175	
Maximum Partnership \$	\$2,673,965			

Again, this tool allows the municipality to recover costs of supporting a retail development project from sales taxes paid by the customers of the project. This incentive has high value to developers because it can reduce both development costs and annual operating costs with funds.

Table 50 summarizes the maximum amounts that the outlined incentives could provide.

Table 50: Incentives' Value Summary

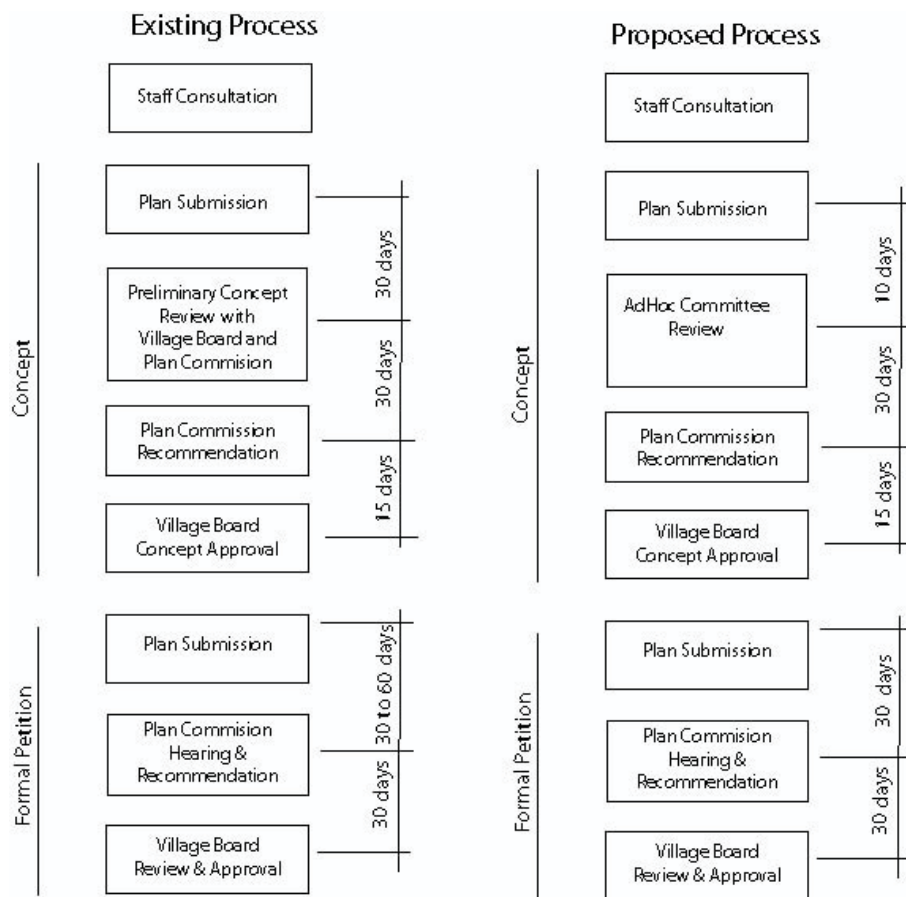
Incentive	Maximum NPV
<i>Class 8 Property Tax Relief</i>	\$17,971,790
<i>Tax Increment Financing (TIF)</i>	\$25,651,999
<i>Business District Sales Tax</i>	\$6,260,424
<i>Sales Tax Rebate</i>	\$2,673,965

In reality, the Village will have less funding available for developer incentives due to competition from other sites, project phasing, and bond administration. It is important to recall that Class 8 and TIF are alternatives not compatible support because Class 8 significantly reduces the tax increment. Phasing of the project over five years could reduce the funds available for incentives by as much as 30% to approximately \$16.8 million. Costs associated with bond administration and auditing over the lifetime of the incentives could cost another 15%. That leaves approximately \$14.3 million for incentives. With the project Gap estimated at \$9 to \$19 million, it appears that the Village would need to consider multiple incentives.

Zoning and Development Approval Issues

The majority of commercial properties within the Village of Olympia Fields are zoned as Planned Developments. Such zoning allows flexibility to accommodate modern development issues, while providing the Village with the opportunity to review site plans, architecture, lighting, and landscaping of new development. The two commercial areas not zoned Planned Development are the Harold motors/Curry motors site and adjacent parcels at the northwest corner of Lincoln Highway and Western, and the outlots for the Jewel anchored center immediately to the south. These properties are zoned B-3. It is recommended that, as a part of the redevelopment process, the Harold motors/Curry motors property be rezoned to Planned Development with appropriate development guidelines and processes put in place to facilitate an expedient but thorough development review process. The diagram below highlights the existing Planned Development approval process, along with a proposed modification to streamline the review process.

As this diagram illustrates, the existing conceptual review process takes approximately 75 days.



Under the proposed approach, this timeframe is reduced to 55 days. This proposal also suggests reducing the permitted time for Plan Commission review from 60 days to 30 days. Key features of these modifications include:

- The use of the Adhoc Project Review Committee provides flexibility and convenience. This committee is comprised of the Plan Commission Chairman, two trustees, and Village staff (Village Administrator, Building Commissioner, consultant Engineer and Planner). This committee meets as needed, so there is no time lost to conformance with a regular meeting schedule. If additional meetings are required, they can be easily accommodated as the group is informal and no quorum is required. The Village has informally used this process on several recent projects with good success.
- Both existing and proposed timelines assume the developer has all required material at the time of submission. If an incomplete application is filled, it can delay the process.
- If extensive revisions are required, the timeline may need to be extended to allow time for drawing modifications
- The initial staff consultation process is critical to the timely review of development proposals. Typically, this consultation is with the Village Administrator and/or the Building Commissioner. This process provides for the early identification of potential issues and clearly identifies submittal requirements. Although not required, it is recommended that prior to project submission an additional staff consultation be conducted with the Village Engineer and Village Planner to identify any additional issues that might otherwise delay project approval.

To provide for the above process changes, the Village should amend the Zoning Ordinance to reflect the modified process.

Section 4: Implementation & Action Plans

4.1 Implementation Strategies

Olympia Field's commercial districts serve thriving neighborhoods with useful and cherished businesses. This plan seeks to make this good place better with physical improvements and market enhancements. Implementing these improvements will boost the municipal sales tax revenue and improve the image of the Village. The tables that follow list specific action steps to achieve these strategic objectives:

1. Increase commercial real estate professionals' awareness of opportunities in Olympia Fields
2. Strengthen relationship between key property owners and the Village
3. Strengthen relationship between key businesses and the Village
4. Seek cooperative development vision with communities sharing commercial corridors with Olympia Fields
 - a. Flossmoor: Vollmer Road Corridor
 - b. Chicago Heights: Lincoln & Western Cluster
5. Set high standards for Olympia Fields' commercial development

Task	Due	Who	Cost
Increase commercial real estate professionals' awareness of opportunities in Olympia Fields			
1. Add project information to the Olympia Fields web page	March 2008	Village Administrator	TBD
2. Mail notice of new web content to Chicagoland commercial brokers	April 2008	Village Administrator	\$1,000
3. Attend all regional ICSC functions	ongoing	Village Administrator	TBD
4. Invite at least one broker per month to Olympia Fields for a tour	ongoing	Village Administrator	\$0
Strengthen relationships between key property owners and the Village			
1. Keep current contact information on all key commercial parcels <ul style="list-style-type: none"> a. Address and phone number for current tenant(s) b. Property manager responsible for daily property management c. Leasing contact responsible for filling vacancies d. Executive responsible for asset performance 	ongoing	Village Administrator	\$0
2. Prepare monthly e-mail to leasing contact of Village potential tenant contacts	ongoing	Village Administrator	\$0
3. Visit target properties at least monthly to note: <ul style="list-style-type: none"> a. New vacancies or signs of potential vacancies b. Maintenance and cleanliness problems 	ongoing	Village Administrator	\$0
4. Call appropriate contact immediately to follow-up on monthly visit findings	ongoing	Village Administrator	\$0
5. Invite property owners to a one-on-one meeting with the Mayor and Village administrator as appropriate	ongoing	Village Administrator	\$0
Strengthen relationship between key businesses and the Village			
1. Support the creation of cluster focused business associations	June 2008	Village Administrator	\$1,000
2. Seek budgets of approximately \$5,000 per year to fund business association marketing activities	January 2009	Village Administrator	\$20,000
3. Hold annual retail business breakfast	September 2008	Village Administrator	\$1,000
4. Celebrate business anniversaries in the Village newsletter	May 2008	Village Administrator	\$0
Seek cooperative development vision with communities sharing commercial corridors with Olympia Fields			
1. Personally present this report to staff and elected officials in Flossmoor and Chicago Heights	April 2008	Village Administrator	\$100
2. Complete approved project with Chicago Heights	January 2009	Village Administrator	\$0 additional