

**DATE:** October 6, 2017  
**FROM:** Laura Newman, City Administrator  
**TO:** Committee of the Whole-CD

**SUBJECT: Developer's Suggested Revisions to Approved Development Plans  
One Washington Place Planned Unit Development**

## **Background**

In 2016, the City of Batavia approved both a mixed-use, Planned Unit Development entitled "One Washington Place" (hereafter "OWP") and a TIF Redevelopment Agreement (RDA) with the Developer, One Washington, LLC, represented by David Patzelt, President, Shodeen Development. The TIF RDA includes language and exhibit(s) describing and graphically depicting the aforementioned One Washington Place redevelopment project. At its core, this redevelopment is a public-private initiative and partnership, creating private residential and commercial space and public improvements, including a public parking garage, streetscape amenities and upgrades to certain public utilities. Various sections of the RDA text and its exhibits (including its Exhibit N, **Attachment A**) set forth specific project activities, party obligations and estimated costs of same. Further, these estimated costs, along with the City's estimates of project TIF incremental tax revenues after build-out/occupancy and going forward approximately twenty years, were the basis from which the parties came to an agreement as to the developer's requested and the City's awarded TIF financial assistance.

Since the time the City approved the PUD zoning for OWP and the two parties executed the OWP RDA, the developer has obtained contractor estimates for construction activities, discovering that such estimates far exceed the developer's original estimates and, according to Mr. Patzelt, these increased costs, (amounting to somewhere "between \$6M and \$8M) have made constructing the approved project financially infeasible. He has informed staff that his company cannot and will not build the approved project. However, he has also informed staff that Shodeen is willing to construct a slightly modified project, with a revised building composition plan that alters the number of residential units (increased from 186 to 194), the amount of commercial space (decreased from 14,608 SF to 5,725 SF) and the total number of public parking spaces within the garage (from 350+/- to 335+/-). Drawings depicting these changes are found at **Attachment B**. Mr. Patzelt has also stated that moving forward with constructing the revised project would be predicated on the City's willingness to increase the amount of its bond sale (debt) from \$14M to \$16M.

Staff has jointly completed a matrix showing perceived Pros and Cons in considering the developer's suggested changes to the project's building composition (**Attachment C**). Staff has not, however, evaluated any actual changes to the project's financial pro forma, including the City's increased TIF assistance, as doing so would be premature before knowing whether or not the Council is willing to even consider amending the approved development entitlements.

At the COW's October 11<sup>th</sup> special meeting, Mr. Patzelt will be presenting his company's proposed changes to the OWP project and will be prepared to answer any questions the Council may have in doing so. Of course, Staff will also be present to assist the COW in its consideration of the matter.

## **Attachments:**

- A. Exhibit N, One Washington Place Redevelopment Agreement;
- B. Developer's Revised Drawings;
- C. Pros and Cons Matrix

**CC:** Mayor Schielke; Kevin Drendel; Department Heads; Chris Aiston

# Attachment A

## Exhibit N

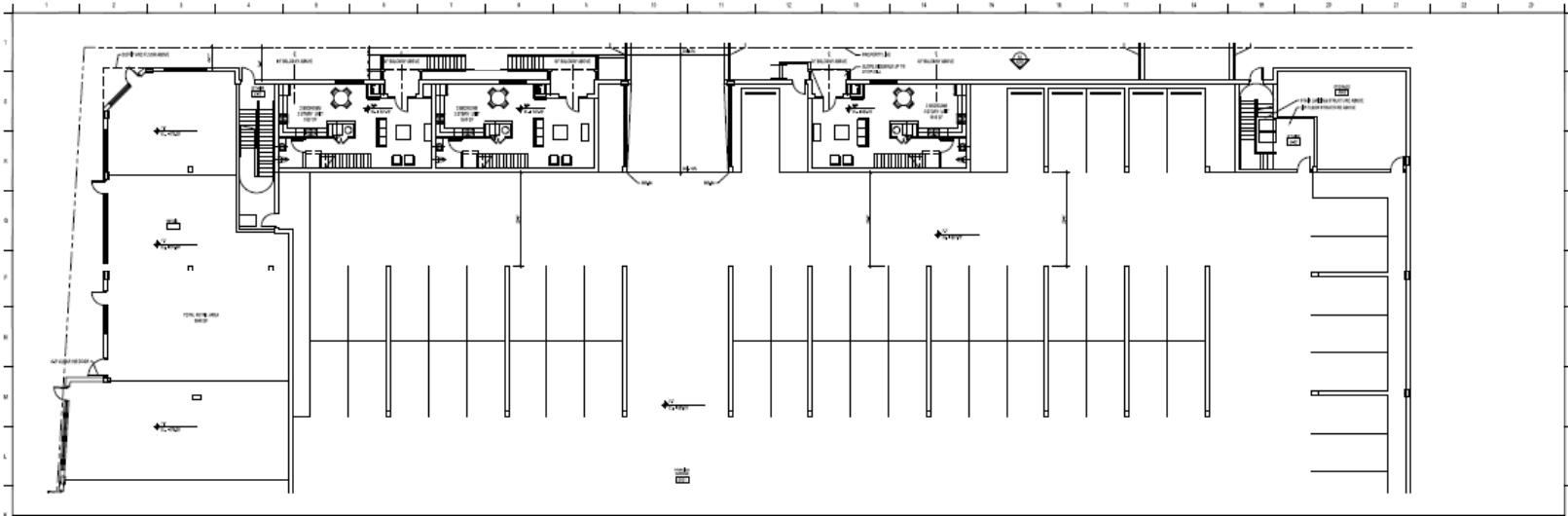
### Priority Reimbursement Schedule

TIF Reimbursables

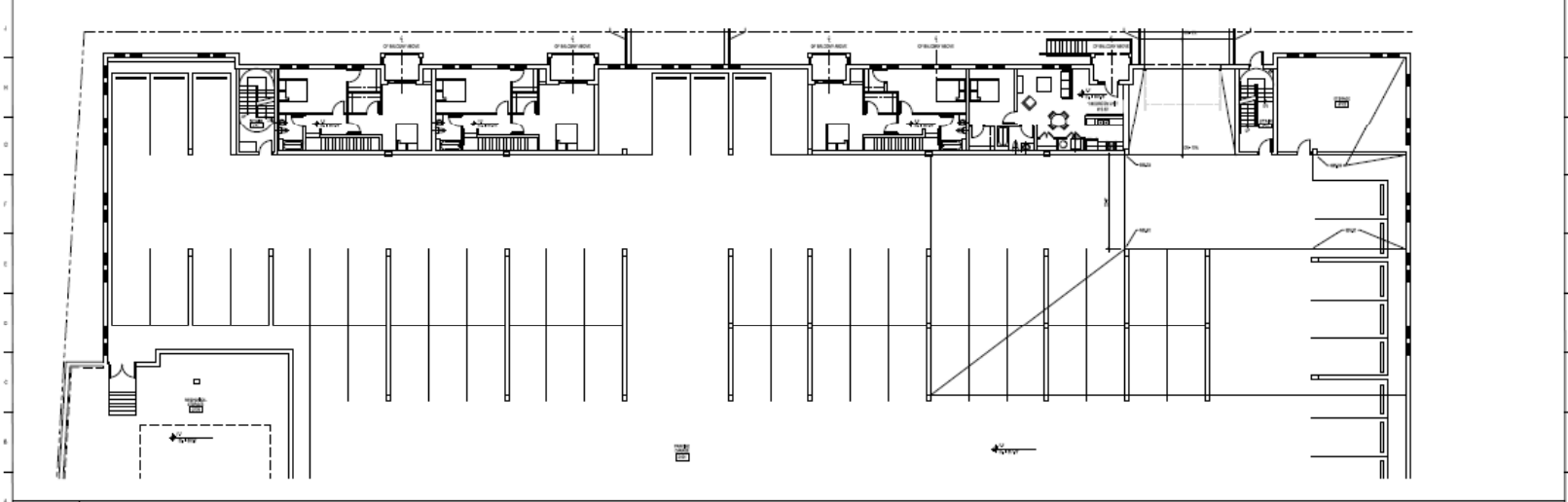
Priority		Estimated Amount
1	Estimated Cost of bond issuance	\$ 200,000
2	County transportation impact fee	\$ 235,000
3	Developers architectural plans, engineering, financial consulting, etc	\$ 1,800,000
4	Parking deck construction cost	\$ 8,580,100
5	Mass excavation	\$ 375,000
6	Soil erosion	\$ 50,000
7	Storm and drainage	\$ 150,000
8	Sanitary	\$ 25,000
9	Streetscape	\$ 400,000
10	Roadway improvements	\$ 250,000
11	Developers Construction Engineer	\$ 125,000
12	Developer Loan and Equity Raise Fees	\$ 785,636
13	Developer interest on construction financing	\$ 1,073,867
14	Developer fee (maximum 10% of project costs)	\$ 3,787,053
15	30% of Developer permanent financing interest	\$ 3,000,000
	Total of TIF Eligible Costs	\$ 20,836,656
	Maximum Reimbursement from General Obligation Bonds	\$ 14,000,000
	Maximum Additional TIF Increment pursuant to Section 4.04 (d)	\$ 2,000,000



# Attachment B (2)



**K1** PARTIAL LOWER GARAGE FLOOR PLAN - STATE STREET  
DATE: 08/14/12



**A1** PARTIAL UPPER GARAGE FLOOR PLAN - STATE STREET  
DATE: 08/14/12

GENERAL NOTES

CITY OF BATAVIA COMMITTEE OF THE WHOLE MEETING OCT08/2017

DATE	DESCRIPTION
08/14/12	ISSUED FOR PERMITS
08/14/12	ISSUED FOR PERMITS
08/14/12	ISSUED FOR PERMITS
08/14/12	ISSUED FOR PERMITS

200 N. STATE ST. SUITE 200  
 BATAVIA, IL 60103  
 TEL: 815.336.8800  
 FAX: 815.336.8801  
 WWW.NAGLEHARTRAY.COM

**nagle hartray**  
architecture

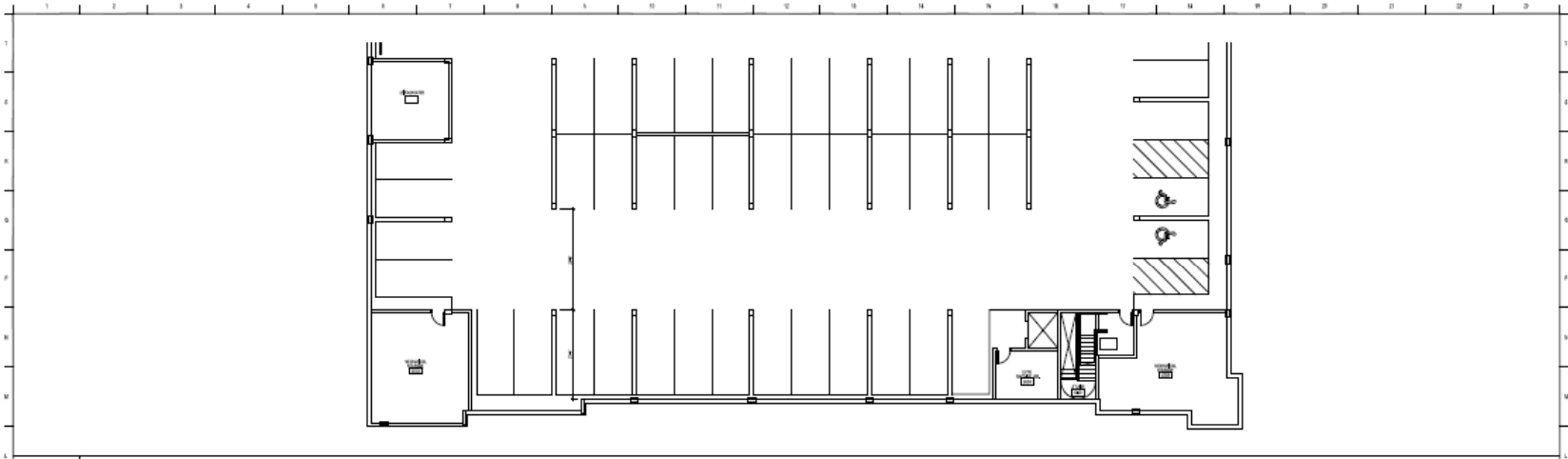
ONE NORTH WASHINGTON PLACE  
 ONE NORTH WASHINGTON, LLC, DEVELOPER  
 BATAVIA, IL 60103-4817

PARTIAL GARAGE FLOOR PLANS - STATE STREET

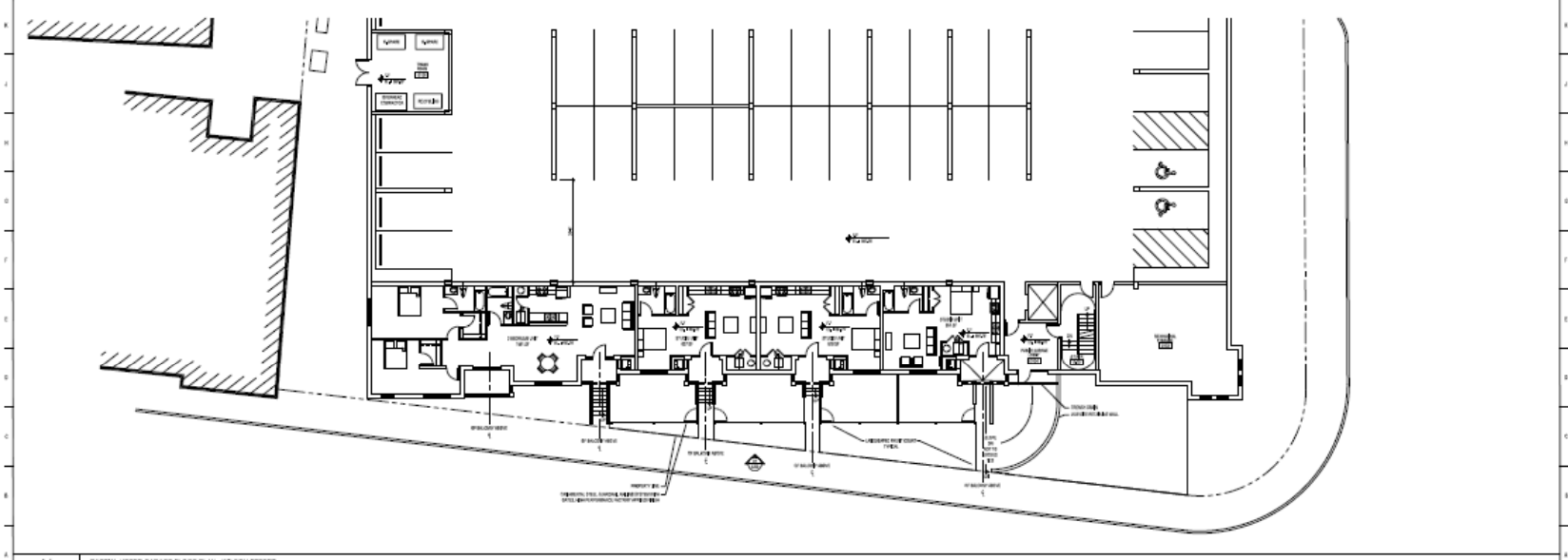
STATE - WILSON ST. RESIDENTIAL AND PARKING PROPOSED CHANGE

**A101**

# Attachment B (3)



**L1** PARTIAL LOWER GARAGE FLOOR PLAN - WILSON STREET  
DATE: 10/10/2017 11:58:30 AM



**A1** PARTIAL UPPER GARAGE FLOOR PLAN - WILSON STREET  
DATE: 10/10/2017 11:58:30 AM

ORIGINAL NOTES:  CITY OF BATAVIA COMMITTEE OF THE WHOLE MEETING OCTOBER 2017	10/10/2017 11:58:30 AM 10/10/2017 11:58:30 AM 10/10/2017 11:58:30 AM		ONE NORTH WASHINGTON PLACE ONE NORTH WASHINGTON, LLC DEVELOPER BATAVIA, IL 60103-4393  PARTIAL GARAGE FLOOR PLANS - WILSON STREET  STATE - WILSON ST. RESIDENTIAL AND PARKING PROPOSED CHANGE	<b>A102</b>
	10/10/2017 11:58:30 AM 10/10/2017 11:58:30 AM 10/10/2017 11:58:30 AM			

# Attachment B (4)



**K1** SOUTH EXTERIOR ELEVATION - WILSON STREET



**A1** NORTH EXTERIOR ELEVATION - STATE STREET

<p><b>GENERAL NOTES</b></p> <p>CITY OF BATAVIA COMMITTEE OF THE WHOLE MEETING OCTOBER 2017</p>	<p>DATE: 10/10/17</p> <p>BY: [Signature]</p> <p>PROJECT: STATE ST. RESIDENTIAL AND PARKING PROPOSED CHANGE</p>	<p>1000 W. STATE ST. BATAVIA, IL 60103</p> <p>2000 W. STATE ST. BATAVIA, IL 60103</p> <p>TEL: 630.434.1000 FAX: 630.434.1001</p> <p><b>nagle hartray</b> architecture</p>	<p>ONE NORTH WASHINGTON PLACE ONE NORTH WASHINGTON, LLC DEVELOPER BATAVIA, IL 60103</p> <p>EXTERIOR ELEVATIONS</p> <p>STATE - WILSON ST. RESIDENTIAL AND PARKING PROPOSED CHANGE</p> <p><b>A200</b></p>
	<p>DATE: 10/10/17</p> <p>BY: [Signature]</p> <p>PROJECT: STATE ST. RESIDENTIAL AND PARKING PROPOSED CHANGE</p>		

# Attachment C (1)

## ITEMS FOR CONSIDERATION

### 1 Replacing Commercial Space with Apartments along East Wilson Street

#### PROS

- A. Increase in per sq ft incremental tax revenues
- B. Increase in downtown residential populaton (commercial consumers)
- C. Greater potential for creating & maintaining higher occupancy rates, as residential space typically retains existing and, as applicable, turns-over tenants at a faster pace than does commercial space.
- D. Reduces garage construction costs - Lower 2nd floor ceiling height results in reduced bedrock excatation and more level garage floor(s)
- E. Replacing commercial space with residential units will reduces parking demand, especially during workweek peak demand times
- F. Provides an opportunity for persons wanting to reside where front door opens directly to outdoors and with direct visual and physical access to business district (e.g., successful examples within City of Chicago). This change also makes possible the private use and interesting physical development of space along the street (gardens, patios, atr)
- G. Addresses weakness of the original plan, which provides street level commercial space that is not level with actual street grade (above grade on west end; below grade on east end), presenting a challenge in renting to retail tenants

#### CONS

- A. Potential to permanently truncate E. Wilson Street (especially north side) commercial corridor
- B. Reduced the "mixed use" component of the development by reducing commercial space by more than half, resulting in a reduction in commercial foot traffic in immediate area and downtown generally
- C. Loss of potential for retail sales tax revenues
- D. Loss of commercial property tax base
- E. Loss in actual parking space count in complex
- F. The proposal puts residential units right on the ground floor of an arterial roadway. This is against the requirements of the zoning code, and arguably creates less desirable residential space, a these units will be subjected to increased traffic noise, pedestrian noise, and disruption from overnight maintenance activities such as snow removal
- G. Façade looks very plain and less appealing than the commercial frontage

# Attachment C (2)

## ITEMS FOR CONSIDERATION (cont.)

### 2 Replace Garages Upper Level Parking Stalls (fronting State Street) with Additional Apartments

PROS	CONS
A. Increase in per sq. ft. incremental property tax revenues	A. Increases parking demand, especially during evening & weekend hours
B. Increase in downtown residential population (commercial consumers)	B. Reduces parking supply in garage
C. Arguably, improves appearance of north (State St.) building façade	C. May reduce amount of public right-of-way space and/or public amenities, as new plan depicts apartment staircases accessing directly onto State Street
	D. A reduction in public right-of-way will result in inadequate width for public sidewalk in downtown shopping district. Units will be subjected to increased traffic noise, pedestrian noise and disruption from overnight maintenance activities such as snow removal

### 3 General Impact of Proposed Changes

PROS	CONS
A. If proposed changes are approved (incl. increase in TIF bonds to help finance construction costs), developer will build the project with a 2018 start date allowing for sufficient time to manage debt within 23-Year TIF	A. Requires City to issue an additional \$2M in GO Bonds
B. Increase in property tax increment better ensures debt service can be paid off from the TIF increment alone	B. New plan is a substantive revision to the approved building uses and its resulting effect on building floor plan and exterior façade will necessitate a formal amendment to the PUD and RDA
C. Building geometry revisions result in less wasted space within the parking garage	C. It is possible, if not likely, that a study of the parking demand versus the parking inventory will show a worsening condition