
Bradford Real Estate/Mariano's Development

Frequently Asked Questions
June 29, 2016

On June 16, 2016, the Village of Lombard approved zoning actions to provide for the redevelopment of the former vacant K-Mart store at 345 W. Roosevelt Road with a new 74,000 sq. ft. Mariano's grocery store.



As part of this project, the Village has been working with the project developer, Bradford Lombard 1 LLC on a companion economic incentive agreement to facilitate the project. Mariano's will be the tenant. The Village prepared this summary sheet to answer questions relative to the proposed economic incentive agreement.

1.) What is the economic benefit of the proposed development?

The project is intended to:

- a. create both construction and permanent job opportunities within the Village,
- b. strengthen the commercial sector of the Village,
- c. serve as a catalyst for future economic development activity,
- d. finance roadway expansion and intersection improvements at Roosevelt and Finley Roads, and
- e. strengthen the tax base of the local governmental entities.

The agreement will enhance a currently blighted property that has not been generating any sales tax revenue since January, 2013, and therefore meets the economic goals of the Village to incentivize projects that will generate additional sales tax above and beyond existing revenue levels.

The project will contribute to the Village economy. Approximately \$37.5 million in retail sales is projected within the first year. Assuming conservative growth projections, the project will add an estimated \$870.8 million in sales to the Lombard economy over the 19 year life of the agreement.

The goal of supporting this proposed development is that all taxing districts will benefit by expanding their respective tax bases. The economic benefits of the proposed development will include new revenue to the Village as a result of new property and sales taxes of \$9.1 million over the life of the agreement, which translates to \$481,000 per year. For all taxing districts involved (District 44, District 87 and the Village), the site is projected to generate approximately \$12.5 million in new combined property and sales tax over the life of the agreement.

2.) Why has the developer requested assistance?

The developer has requested assistance to address extraordinary costs associated with site acquisition, building demolition, site reengineering and utility improvements, and project construction. The Village negotiated the amount of the incentive request with the developer to ensure that the total incentive being

requested was truly necessary. Through these negotiations, a \$3 million incentive request was agreed upon. The project costs in total are estimated to be \$25.5 million.

Proposed site plan:



3.) How does the agreement work?

The financial assistance received by Bradford for the new Mariano's Grocery Store would come in the form of reimbursement from future sales tax rebates, received from goods sold at the new store once it opens. The funds would not come from existing revenues of the school districts or the Village. The agreement would provide for the Village to retain the first 20% of sales tax generated from the site for potential loss of sales tax. After the first 20%, the Village will equally share (50/50) retail sales tax generated from the project for the life of the agreement. An anticipated \$37.5 million baseline sales figure was estimated based upon performance by other like establishments. Over the life of the agreement, it is anticipated that almost \$6.8 million in sales tax could be generated and evenly divided between the Village and Bradford, exclusive of the Village's non-home rule sales tax.

4.) Is the Village providing any other assistance beyond financial contributions?

The Village will also contribute to the project by undertaking roadway improvements along Finley and Roosevelt Roads to address existing roadway deficiencies, such as addressing left-turn lane back-ups along Finley Road. While this improvement is associated with the Mariano's project, Finley is a Village street and has an existing maintenance obligation. The project will provide a funding source for the roadway improvements that would otherwise be paid through existing Village funding.

The Village will also provide for a proposed new traffic signal on Roosevelt Road at the far eastern end of the property. The signal is also intended to enhance safety by providing for a protected means to turn into and out of the eastern driveway which currently has limited site visibility. Additional turn and through lanes will also be provided along Roosevelt Road to improve overall driver safety and roadway efficiency.

5.) What is the impact of the school district's tax abatement?

The abatement agreement would not negatively impact any funds currently going to the school districts. If the school districts approve the requested abatement, they would continue to receive the same amount of property taxes that they currently receive, plus 50% of their designated portion of new Mariano's property tax for the next ten years, and 100% of their designated portion of the Mariano's property tax after that point in time. Over the life of the agreement, School District 44 could potentially benefit from the projected property taxes of \$2.21 million with School District 87 benefiting approximately \$1.31 million.

6.) How has the Village determined the project is worthy of assistance?

Prior to consideration of the agreement by the taxing bodies, the Village engaged the services of an independent third-party consultant to review the project to determine whether the developer's request warrants public funding assistance. Through this analysis, they determined that but for additional assistance through an incentive agreement the project would not be economically viable.

7.) How will this proposed development impact taxpayers?

The development will increase the property tax base for all taxing districts. The incentive would only be applied toward the additional property and sales tax generated from the development. The requested tax abatement ("discount") will not shift tax burden to homeowners. As the incentive is performance based, the developer is incentivized to ensure that the store will perform at or better than expectations. The full amount of the incentive is not guaranteed to the developer by the taxing bodies if the store does not perform to expectations.

8.) How does this project strengthen Lombard's business community?

The Village currently does not have a grocer of this nature in the community. This use will create a new market niche that will serve residents that may otherwise purchase groceries, convenience food, fuel and services elsewhere. It is also anticipated to serve as a catalyst for additional redevelopment.

9.) How does the proposed development retain and attract new jobs?

The project has the potential to increase the amount of construction related jobs throughout its inception and longer term jobs associated with operations of a grocery store.

10.) What is the status of the agreement?

The agreement is currently being reviewed by the parties to the agreement and is intended to be finalized and considered by each the taxing bodies before June 30, 2016.

11.) Where can I find more information?

Visit www.villageoflombard.org/incentiveagreement for general information and updates as they become available.