

City of Warrenville, Illinois

Strategic/Economic Development Plan

Economic Development White Paper

October 7, 2014

Prepared by Teska Associates, Inc. & Business Districts, Inc.



Introduction

The City of Warrentville is preparing a Strategic / Economic Development Plan, which will guide the City's economic development plans and actions for the foreseeable future. The process has been thorough, involving stakeholders throughout the community, multiple data resources, regional organizations, a university study and outside consultants. The entire plan preparation has been guided by the Warrentville City staff in concert with Warrentville elected officials. A threshold in preparing the Strategic / Economic Development Plan is development of an Economic Development White Paper, which is the culmination of all the research and stakeholder input into a clear picture of Warrentville's strengths and challenges relevant to future economic development. The White Paper is intended to position these strengths and challenges in concert with the future goals and vision of the community stakeholders as the basis for the development of the next document. Following presentation of the White Paper, a detailed Strategic / Economic Development Plan will be developed, which following stakeholder consensus, will provide the direction for Warrentville's future economic development policies and actions.

Warrentville's residents and officials want to retain the City's character, in addition to growing the local economy. With these dual objectives, the City's commitment to its economic future must be based upon an understanding of those opportunities that best match Warrentville's market attributes with current market realities for potential uses, such as office or retail. Recognizing how these two sets of market characteristics integrate will assist City officials and residents in making economic development decisions that succeed financially for the private sector and fiscally for the City, its residents, and local stakeholders.

The following data complements the "City of Warrentville Illinois Analysis of Population, Local Economy, Housing and Land Use Data" report prepared for the City of Warrentville in 2013 by graduate students in the University of Illinois-Chicago's Master of Public Administration Program Capstone Project (UIC Report). Additional industry-specific and market data resources and themes from the recent focus groups and business surveys have also been incorporated into this review of existing economic conditions.

Current Markets by Use

This section examines existing market conditions for Warrenville's retail, residential, and employment sectors. After describing the current market status specific to each use, the implications for Warrenville's future economic development work are described.

RETAIL AND RESTAURANT USES

Initial demographics for the City and selected geographies are shown in Table 1 below:

Table 1 : Selected Demographics

Selected Demographics	City Hall Center Point			Routes 59 and 56 Center Point		Warrenville Road and Dupage River		Route 59 and Batavia Road	
	Warrenville	.5 Mile	5 Minutes	.5 Mile	5 Minutes	.5 Mile	5 Minutes	.5 Mile	5 Minutes
Total Population	13,480	1,298	12,984	1,725	13,944	2,181	7,277	5,143	12,898
Total Households	5,022	460	4,893	612	5,350	943	2,854	1,836	4,619
Household Size	2.7	2.8	2.7	2.8	2.6	2.3	2.5	2.8	2.8
Population Density (per Sq. Mi.)	2,429.46	1,648.03	1,883.74	2,189.94	1,753.01	2,769.40	1,238.55	6,530.96	2,161.01
Median Age	37.3	43.6	37.2	33.3	36.5	38.6	38.6	34.3	34.9
Employees	8,171	415	8,768	536	9,866	787	12,143	821	3,319
Jobs Per Household	1.6	0.9	1.8	0.9	1.8	0.8	4.3	0.4	0.7
Renter Occupied Housing Units	20.0%	11.1%	22.1%	15.7%	23.4%	39.8%	39.8%	19.2%	22.6%
Average Household Income	\$96,717	\$104,106	\$97,335	\$79,181	\$94,160	\$102,887	\$116,984	\$95,255	\$106,966
Median Household Income	\$74,628	\$76,916	\$74,255	\$62,053	\$72,189	\$79,424	\$86,706	\$70,594	\$82,034
Per Capita Income	\$36,167	\$36,910	\$36,784	\$28,113	\$36,289	\$44,543	\$46,214	\$34,000	\$38,683
Aggregate Retail Demand	\$111,048,451	\$10,070,278	\$107,374,405	\$12,775,278	\$116,576,462	\$21,374,862	\$61,795,186	\$39,708,459	\$99,789,964
Race and Ethnicity									
Asian	4.2%	2.2%	4.0%	4.7%	4.7%	6.7%	4.5%	3.3%	3.4%
Black	4.0%	0.8%	4.2%	6.8%	4.8%	3.5%	3.7%	5.4%	4.6%
White	81.1%	94.3%	81.2%	71.8%	79.4%	86.0%	85.0%	74.2%	76.1%
Other	10.4%	2.5%	10.3%	16.4%	10.7%	3.2%	6.6%	16.8%	15.6%
Hispanic Ethnicity	21.7%	7.0%	21.5%	25.7%	21.9%	6.2%	14.0%	36.2%	32.1%
Not of Hispanic Ethnicity	78.2%	92.9%	78.4%	74.2%	78.0%	93.7%	85.9%	63.7%	67.8%

© 2014, Easy Analytic Software, Inc.(EASI®) All Rights Reserved, Alteryx, Inc., © 2014, by Experian, © 2014 Alteryx, Inc.

The City is diverse with nearly 22% of the population identified as Hispanic. Incomes are generally strong. Nearly 32% of Warrenville households have incomes exceeding \$100,000. The City's household incomes are generally consistent throughout all geographies, with the exception of slightly lower median, average, and per capita incomes within .5-miles of Routes 59 and 56. The median age (37.3) and household size (2.7) indicate the presence of families in their highest spending years, reflecting Warrenville's strong family orientation. Population density in Warrenville is generally low due to the predominance of single-family homes on larger lots (versus more homes on smaller lots and/or multi-family housing). Significant forest preserve lands also border Warrenville. Warrenville's open space, much of it this forest preserve land, is perceived by the community's stakeholders as an important asset to the community. While an amenity attractive to potential and current residents, this vacant land, including nearby Fermilab, represents a void in Warrenville's market area for retail development.

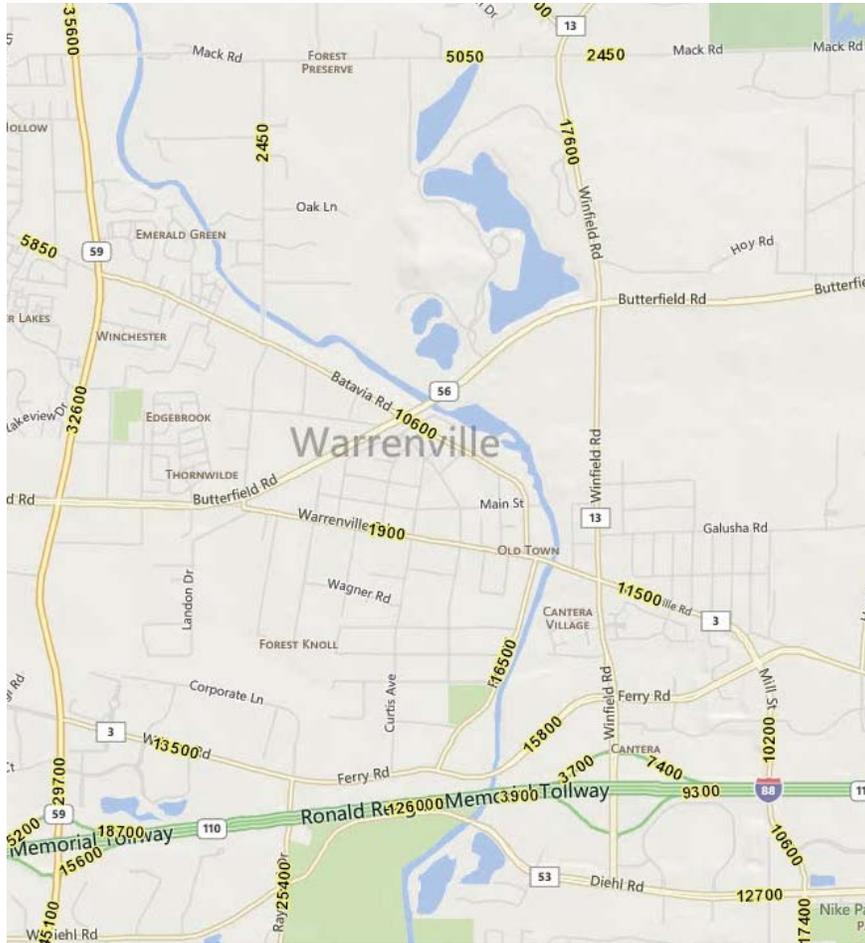
Four (4) additional sub-sets of geographies are shown in Table 1. These geographies use the following as their respective center points: City Hall; the intersection of Routes 59 and 56; the intersection of Warrenville Road at the DuPage River; and the intersection of Batavia Road and Route 59. These geographies represent key retail and restaurant trade areas. The markets shown for each of these center points include:

- **Pedestrian Market:** Residents living within one-half (.5) mile of any commercial area are particularly active users of the businesses located in that commercial area. These residents can walk to the area, and their frequent visits add vitality to the area. A pedestrian market is often more important to the success of a nearby commercial area than its spending power suggests. For Warrenville, the population, household, and employment numbers for each of the .5-mile markets shown in Table 1 are very low by retail industry expectations and development trends observed by the consultant team, inhibiting the attraction of potentially successful retailers and restaurants.
- **Convenience Market:** Retail or restaurant locations within a five-minute drive time can become the routine choice to meet every day needs for many consumers. Shoppers or diners who drive to these locations represent the core market for these commercial areas. This kind of convenience also assumes that residents or employees within this market have ready access to a variety of quality goods. This same five-minute drive time market usually represents a ten-minute bike ride by area residents to these same locations. Again, limited access to sufficient numbers of residents and employees presents a challenge to recruitment of economically viable retailers and restaurateurs. .

Certain characteristics differ between these four geographies and with the City demographics. Incomes are lower in the Route 59 / 56 area than for Warrenville overall, and are highest in the Warrenville Road/DuPage River market. The .5-mile radius surrounding City Hall has similarly high-income levels. The Hispanic population percentage is largest in Route 59 and Batavia Road geographies. This geography's .5-mile market is also the most populated and has the greatest density, though both numbers are low for suburban markets. The employee number for the Warrenville Road/DuPage River drive time market is adequate; it includes several employment clusters to the east and south. Overall, these geographies reflect the City's general population with some minor variations.

In addition to access to sufficient pedestrian and drive time populations noted above, retailers and restaurants must be visible to a larger population. Although repeat customers represent the largest percentage of sales for these kinds of businesses, a steady flow of new customers is also needed. These new customers are much easier to attract when a large population sees the business every day. Regular conversations by the consultant with local, regional and national developers of retail and restaurant space indicate that a minimum of 20,000 cars per day is required for a successful development. Traffic counts from Illinois' Department of Transportation for Warrenville (Average Daily Traffic, or ADTs) are shown in Illustration 1.

Illustration 1 : Traffic Counts



Source: Illinois Department of Transportation.

Traffic counts are highest on Route 59, increasing from 29,700 near I-88 to 35,600 north of Batavia Road. Near Cantera, the counts for the nearby major routes, such as Ferry Road, range from 13,500-15,800 and 12,700 on Diehl Road east of Winfield Road. On Warrenville Road, the traffic counts decline significantly west of Batavia Road to about 1,900. According to the Illinois Department of Transportation (IDOT) final engineering plans for the recently completed expansion and reconstruction of Butterfield Road had an Average Daily Traffic (ADT) count of 18,800 at the Batavia Road Intersection. The count west of Route 59 is 12,100. Batavia Road, just west of Butterfield, has a 10,600 ADT. River Road’s ADT south of Warrenville Road is 3,000 according to City staff.

While the traffic counts on Route 59 are high including the two center points along Route 59, which were highlighted in Table 1, high traffic counts alone do not guarantee a successful market for retail and restaurant development. The Route 59 corridor will be challenging for the following reasons:

- As mentioned earlier, populations and densities near the corridor are low; local forest preserves and Fermilab contribute to this factor.
- Land assembly will be required to develop sites that are large enough to sustain development that meets community expectations.
- Wetland and flood plain issues along the corridor would need to be further examined. This land would be excluded from any site assembly opportunities and may inhibit the assembly of sites of the necessary size to interest the development community.
- Existing development in parts of the corridor is not well maintained. In general, many of the tenants in these areas, comprising the business mix in many of the existing shopping plazas, are not considered desirable by most stakeholders interviewed. Also, the existing tenancies do not represent the kinds of co-tenant opportunities currently preferred by the development community. Co-tenants are businesses for whom there is a mutual benefit being near one other. For example a shoe store and clothing store are more likely to attract common customers on a single shopping trip than a shoe store and a liquor store. Working with these property owners to revitalize and re-tenant their properties will be a lengthy process and most likely will require use of some financial tool (i.e. TIF) to be successful. Municipal assistance in assembling property and recruiting new developers would also be complicated and potentially costly.
- Warrenville residents have existing, auto-oriented shopping patterns and patronize businesses in Warrenville, Naperville, Wheaton, and other neighboring communities. It will take thoughtful and attractive development on Route 59 to adjust these shopping patterns.
- Developers have also established preferences for known markets. Locations in Naperville are the preferred target of commercial developers, particularly for retail and restaurant uses. Developers want to capitalize on the existing successful clusters with locations close to other successful retailers. A Route 59 site in Warrenville would need superior locational advantages (such as high traffic counts or excellent visibility) for any developer to risk being the first major investment in the corridor.

ECONOMIC DEVELOPMENT CONSIDERATIONS FOR GROCERY

Residents and City officials have expressed interest in more grocers within Warrenville. Table 2 below lists major grocer options within 5 miles of City Hall. This table excludes any specialty and ethnic grocers or markets located in neighboring communities and accessible to Warrenville’s residents. It also excludes area independent grocers, including Warrenville’s Family Foods.

Overall, Warrenville’s access to grocery stores is adequate. Some stores may be distant from certain Warrenville residential neighborhoods, but the availability of 10 major grocers within 5 miles of City Hall and additional 9 major grocers within 7 miles indicates overall market coverage. While grocers may either change their approach to market coverage given changing market conditions, or may alter their formats in the future, a new grocer in Warrenville is unlikely, unless current market requirements change.

Table 2 : Nearby Grocers

Grocer	# Stores Within 5 Miles	# Stores Between 5 and 7 Miles
Jewel-Osco	4	3
Mariano's	0	2
Whole Foods Market	1	0
Aldi's	2	2
Super Target	1	1
Wal-Mart Super Center	0	1
Meijer	1	0
Ultra Foods	1	0
Total	10	9

Source: Grocer Store Locations and Distances on Store Websites; BDI.

RETAIL AND RESTAURANT RENTS

Retail asking rents vary significantly depending upon the property's location within Warrenville. Asking rents near Routes 59 and Batavia Road are generally \$12-13 per square foot (PSF) on a triple net basis (for a triple net rent, in addition to base rent and normal fees like utilities, the tenant pays all real estate taxes, building insurance, and maintenance costs). Near Route 59 and Route 56, asking rents range from \$7-\$10 PSF triple net. These rents contrast with the asking rents on Warrenville's Diehl Road area at \$30-\$40 PSF triple net. Average asking retail rents in DuPage County are estimated at \$16.37 PSF. BDI's experience working with property and business owners indicates that developing any new retail or restaurant lease space throughout the Chicago region currently requires actual (versus asking) rents of \$27 PSF or greater to support market rate retail development.

ECONOMIC DEVELOPMENT CONSIDERATIONS FOR RETAIL AND RESTAURANT USES

Warrenville's residents, City officials, and others have expressed an interest in more grocery, shopping, and dining options. As a separate matter, residents have also expressed an interest in the development of a central community gathering place with an attractive character. The area around City Hall was mentioned frequently. The four geographies/trade areas displayed in Table 1 are examined below.

City Hall Markets

Certainly this area appears to be an attractive location for a community gathering place and the recent Warrenville Request For Proposals to add higher density residential on the former Musselman Lumber Company property behind the Warrenville Library is an excellent plan. The plan has potential to introduce new housing not currently available in the area. Such housing would to add residential population to the area and may be a catalyst for other desirable development and redevelopment in the City Hall Market. However, from a retail and restaurant development perspective, the City Hall area does not currently offer access to sufficient nearby populations, to traffic, or to adjacent businesses to support or attract or support a group of profitable retailers or restaurants. The dominance of service businesses near City Hall reflects this market attribute.

Warrenville Road/Batavia Road/DuPage River

The existing cluster of businesses at Warrenville and Batavia Roads attracts patrons from Warrenville and the surrounding communities. The current character is auto oriented and somewhat out dated. This condition makes the area less attractive for commercial and restaurant development. Improving the riverfront into a public park; the planned replacement of the Warrenville Road bridge; providing more parking; and, enhancing pedestrian and bicycle access to the area should better provide a catalyst for the development or redevelopment of sites in the area with the type of uses contemplated in the Old Town/Civic Center Subarea Plan. The bridge construction and the construction of a potential roundabout add some uncertainty for short-term investment. Potential site specific land uses should be considered in concert with the final design and potential construction of the roundabout or any other type of improved intersection.

Route 59 at Batavia Road and Butterfield Road

In the earlier section of the White Paper, which discussed traffic counts, a number of reasons were provided why traffic counts alone will not make the corridor an attractive area for new development. To reiterate, Route 59 locations, given higher traffic volumes, have attracted some developer interest. There are three (3) major challenges to broader retail development along Route 59 at Warrenville's major intersections---physical, appearance, and co-tenancies.

1. Physical: Wetlands, floodplains, antiquated and awkward parcel configurations, fractionalized property ownership, public sewer and water infrastructure deficiencies, and potential significant roadway improvement requirements inhibit new development on the vacant property currently available at certain high traffic locations, including at Butterfield Road. Until now, the private sector has not found the Route 59/Butterfield Road intersection area attractive enough to justify the level of investment necessary to address these challenges and make new development a viable alternative. In order to achieve high quality, coordinated development in this area, it is likely that future City economic development efforts will require working more collaboratively with the property owners and developers to jointly address the physical challenges.

2. Appearance: In other sectors of the Route 59 corridor, the dated design and deteriorating appearance of many existing shopping centers inhibits interest by better tenants, reflects disinvestment by property owners, and enables sub-standard operations by current tenants. Strategies to address center appearance with property and business owners should be one component of the City's future economic development work. This work will be ongoing, incremental, and difficult for City officials, but it will be critical to corridor development and redevelopment success over the long-term. Formulating targeted incentives and the additional use of funding mechanisms, such as Tax Increment Financing, may be needed to increase the pace of improvements.

3. Co-tenancies: Having businesses in a retail center that attract common shoppers is the best case scenario for the businesses, property owners, and the City. Encouraging joint shopping trips or creating opportunities to comparison shop help boost sales. Tenant selection to create the optimal mix of businesses is a landlord function and one which is constrained by factors such as the strength of a local market, rents charged, and available potential businesses. Further, communities play a limited role tenant selection. Zoning regulations create broad categories of appropriate uses, but the ultimate determination is made by the marketplace. As part of an overall economic development program, Warrenville could work cooperatively with property owners to identify and attract desirable businesses and business combinations.

The needs of existing businesses present a more immediate opportunity. As Warrenville's most notable regional destination, Two Brothers Brewery and Tap House now operates in the Warrenville Industrial Park and is considering its expansion options. The potential of finding an appropriate site for expansion is an opportunity. Strategically, increased retail and restaurant development at locations at Warrenville's Diehl Road corridor and near Cantera represent the best short and long-term opportunities overall for the community.

RESIDENTIAL USES

Listing numbers and median sales prices (all residential properties) continue to increase as the housing market improves. The median sales price for homes in Warrenville in 2014 was \$166,500—a 16% increase over the 2013 median sales price of \$143,500 and approaching the 2009 price of \$173,750. The average listing price is \$405,149, reflecting a recent increase of larger homes among current listings. Warrenville also has 87 residential properties currently in some stage of foreclosure as of the date of this report.

RESIDENTIAL RENTS

Warrenville's rental housing market includes units near Cantera (Village Green) with rents ranging from \$1.35-\$1.50 PSF. Older rental units and single-family homes offered as rentals are leasing at \$.90-\$1.00 PSF.

ECONOMIC DEVELOPMENT CONSIDERATIONS FOR RESIDENTIAL USES

Warrenville's residential economic development considerations partially reflect the opinions expressed by Warrenville's citizens. Residents feel they are a part of their community. They feel a local identity with various community events and the existing calendar of local events can strategically build that local identity and better engage residents in the community. The City, local groups, or various partnerships organize these events, and over time, they have the opportunity to expand outreach and increase marketing to successfully grow the events and target additional residents and likely visitors. Any role the City of Warrenville can play in further developing these events would be well received by retail and hospitality businesses who consider community events as a way to support increased business (as indicated in focus groups held as part of this strategic planning process).

Additional residential development is also an opportunity. Developers have indicated that they find the Warrenville market very positive, and it is a matter of finding viable sites. As the economy improves, new market-rate residential development at suitable sites remains an option. Higher density housing would remain the best option from an economic development point of view by providing:

- Additional customers for existing businesses,
- additional population to make the community more attractive for new commercial/retail/restaurant tenants,
- more housing options for office employees, and
- more diverse housing stock options for the Warrenville community.

Such development could be either owner-occupied or market rate rental housing, reflecting regional market price points.

EMPLOYMENT USES

Warrenville is known as a location for major employers and for privately held industrial and commercial concerns. As noted in Table 1, the City's jobs per household ratio is a positive 1.6 local jobs for every Warrenville household. The UIC report indicates unemployment has increased in Warrenville during the recession, which has been typical throughout the region. According to Where Workers Work 2014, published by the Illinois Department of Employment Security (IDES), total private sector employment in the Southwest DuPage area (Warrenville and Eola) is 8,474 workers. The major private sector employment categories are shown in Table 3:

Table 3 : Private Sector Employment Categories

Major Employment Categories	
Total Employees	8,474
Wholesale Trade	1,136
Professional, Scientific and Technical Services	1,300
Management of Companies and Enterprises	1,002
Accommodations and Food Services	808
Health Care and Social Assistance	515
Retail Trade	440

Source: IDES, Where Workers Work 2014; BDI.

As with the broader economy, Warrenville's office and industrial tenants are slowly emerging from the recession. Chicago's suburban office market continues to struggle despite an improving economy. The overall suburban vacancy rate declined in the second quarter to 20.6% from the first quarter 2014 rate of 21.3%. Like the vacancy rate, positive net absorption of vacant space continues to improve at a slow pace. Average office rents remain stagnant in the suburban markets, at \$19.86 PSF for the second quarter. Regionally, tenants continue to move into Class A office space at Class B rental rates, making leasing of Class B properties challenging. One of the major transactions during the second quarter was Exelon's renewal of its 150,000 SF lease at Cantera.

Data about Lisle-Naperville office leasing sub-market (which includes Warrenville) is shown and cited in Table 4 below. Within the Lisle-Naperville market, direct office vacancy rates are 18.3%-- a five year low. The vacancy rate for all office properties, including owner occupied office properties, for the Lisle-Naperville sub-market is 15.7%.

Table 4 : Office Market**Lisle Naperville Office Market**

Class	Buildings	Total Inventory SF	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Current Quarter	Total Vacancy Prior Quarter	Net Absorption YTD (SF)	Rents
Class A	50	9,588,138	10.4%	4.2%	14.6%	14.9%	92,411	\$26.47
Class B	127	7,649,577	18.1%	5.8%	23.9%	24.4%	11,293	\$17.37
Class C	25	979,818	11.2%	0.0%	11.2%	11.2%	5,315	\$16.00
Subtotal Local	202	18,217,533	13.7%	4.6%	18.3%	18.7%	86,433	\$19.95

Source: Colliers International Suburban Chicago Office Market Research Report, 2nd Quarter 2014; BDI.

Overall office market rents and Class A office rents have declined since mid-2013. Average rents in the Lisle-Naperville market are \$19.95 PSF. Asking Warrenville office rents, according to Co-Star (a commercial real estate information company that provides building-specific information through a proprietary database of commercial transactions), vary significantly based upon property classification and range from \$10.00-\$22.00 PSF.

The industrial market in the Chicago region has experienced positive trends in sales, leasing, construction (mostly redevelopment), and net absorption during 2014. The overall vacancy rate for the Chicago metropolitan market now stands at 8.43%. The Fox Valley market, which includes Warrenville, generally reflects the Chicago metropolitan market. For the most recent quarter, the vacancy rate increased, from 7.02% to 7.43%. About 30% (2.1 million SF) of the Fox Valley market's vacant space is in properties of 100,000-300,000 SF. Industrial rents PSF for the regional market remain flat at \$4.19 PSF. According to LoopNet, asking rents for available industrial properties in Warrenville range from \$1.00 to \$7.50 PSF. Available listings include one Cantera listing at \$5.35 PSF.

ECONOMIC DEVELOPMENT CONSIDERATIONS FOR EMPLOYMENT USES

Warrenville's position in the market related to employment uses can be supported through two ongoing strategies. First, maintain the City's existing relationships with major employers in Cantera. This effort can include identifying and implementing cooperative ways that Warrenville's businesses can work together to provide additional amenities to local employees. Second, City staff can work closely with Warrenville's commercial real estate brokers to understand what their prospects want in a location, and how the City can assist them in attracting more business tenants. This kind of collaboration can be the foundation for reducing vacancies and increasing local employment. As with the retail considerations noted above, this work will require a sustained effort over the long-term. In addition, it will help City officials observe any location choice trends (why prospective tenants decide to locate or not locate in Warrenville) and determine what, if any, actions to take in addressing them. .

Peer Communities

As part of this existing conditions review, three (3) peer communities were identified for comparison research in economic development. The three peer communities examined are: Muskego, Wisconsin; Batavia, Illinois; and Gurnee, Illinois. These communities are comparable in that they are suburbs facing similar economic issues to those of Warrenville (as noted in this report). Among them, they conduct economic development activities that have stood out to the consultant team as best practices; and which present examples of activities that Warrenville may choose to adopt. Batavia has a traditional downtown district. Also, Batavia's community and downtown organizations have developed events and programming designed to engage local residents and foster the community identity. Gurnee has two important regional visitor draws in Six Flags-Great America and Gurnee Mills, but the City is working to strengthen relationships with residents. Muskego most resembles Warrenville, with its multiple lakes and natural amenities, diffuse residential population, abundant highway access, and above average incomes.

The peer assessment process consisted of three (3) steps: reviewing of each community's market characteristics, researching each community's economic development focus, and interviewing local economic development staff. Overall, studying these peer communities seeks to identify each peer's approaches to economic development to inform Warrenville's opportunities.

Demographics for Warrenville and the three peer communities appear below:

Table 5 : Peer Demographics

Peer Communities	Warrenville	Batavia	Gurnee	Muskego
Total Population	13,480	26,345	31,424	24,454
Total Households	5,022	9,730	11,614	9,212
Household Size	2.7	2.7	2.7	2.7
Population Density (per Sq. Mi.)	2,429.46	2,723.00	2,320.88	678.51
Median Age	37.3	41.3	38.6	43.5
Employees	8,171	11,004	13,001	4,859
Jobs Per Household	1.6	1.1	1.1	0.5
Renter Occupied Housing Units	20.0%	22.0%	26.5%	16.2%
Average Household Income	\$96,717	\$111,477	\$110,933	\$101,550
Median Household Income	\$74,628	\$88,885	\$83,405	\$84,110
Per Capita Income	\$36,167	\$41,235	\$41,027	\$38,310
Aggregate Retail Demand	\$111,048,451	\$223,893,635	\$259,052,442	\$217,294,565
Race and Ethnicity				
Asian	4.2%	1.9%	11.7%	0.9%
Black	4.0%	2.8%	8.1%	0.2%
White	81.1%	91.1%	71.5%	96.9%
Other	10.4%	3.9%	8.3%	1.6%
Hispanic Ethnicity	21.0%	7.4%	13.5%	2.4%
Not of Hispanic Ethnicity	78.2%	92.5%	86.4%	97.5%

Overall, each community has identical household sizes and generally similar incomes. Muskego's employment base appears lower, but three major employers have relocated there since 2012, including a division of General Electric. Muskego has the least diverse population, and Gurnee is the most diverse. With the exception of Muskego, densities are similar. The housing units in each peer are predominantly owner occupied, with Gurnee as the exception.

MUSKEGO, WISCONSIN

Located in Waukesha County near Milwaukee with access to interstate 43, Muskego represents an appealing location for employers seeking a suburban location. Muskego has three major business and industrial areas with significant available land. The City has been hampered by a lack of available Class A and B office space, and the growth of this sector is a long-term economic objective.

Muskego's City staff has been focused on extensive and pro-active outreach with its business and commercial real estate stakeholders. These activities include business owner visits and surveys. The results are used for retention and recruitment purposes. The City also produces several communications specific to the business community. Additional work on regulatory issues, such as modifying the street numbering system and improving sewer connections, is intended to improve the business climate. The City has also developed an interactive mapping tool for use by commercial brokers and prospective and existing businesses to identify locations, the applicability of incentives, and the business regulatory processes. Incentives available are targeted at improving appearance in all commercial corridors, including two of Muskego's major business parks. The City offers five (5) major incentive programs. A revolving loan fund, providing loans up to \$100,000, is based upon job creation criteria, or \$20,000 per full-time job created. Two programs provide small grants, up to \$5,000, in their business parks for building and site improvements. Both programs support exterior improvements, including signage, landscaping, facades, and positive visual change to building exteriors. Muskego also collaborates with eligible manufacturers for those projects requiring industrial revenue bonds. Finally, the community offers a Business Recruitment Rewards Program for brokers and residents. It is essentially a finder's fee for local efforts to bring new business to the City.

Residential development is primarily condominiums and single-family homes. Like Warrenville, the City has no traditional downtown. Residents enjoy multiple natural amenities and trails, and are interested in additional dining options. Access, traffic and a dispersed population represent challenges to retail and restaurant development. Two major local events, a summer heritage festival and a series of holiday events, are produced locally for residents and visitors.

BATAVIA, ILLINOIS

In its 2014 internal update of the Economic Development element of the City's Comprehensive Plan, Batavia is initiating implementation of key economic development goals. Eleven (11) development or redevelopment areas, including its downtown, have been identified for current and future planning-related efforts. A contractor, who is a retired municipal economic development director, directs the City's economic development program.

The City's first goal is to facilitate better and ongoing communication with prospective and existing businesses of all types. This includes the development of retention and recruitment programs, considering the possibility of business licensing, reviewing local regulations for the potential impact on future development within the redevelopment areas, and participating in additional partnerships with the private sector. Batavia recently broadened the applicability of some of its incentives—one example is that signage grants are available for businesses located throughout the community.

Batavia's downtown organization, Batavia Main Street, has developed innovative events, such as the Artisan Collective, Cocktails in the Park, dance and music events, the Windmill City Fest, and holiday events to engage residents and attract visitors from nearby communities. Batavia Main Street works in partnership with the City of Batavia to address downtown's issues comprehensively.

GURNEE, ILLINOIS

Gurnee's competitive advantages include its access to U.S. Highway 41 and Interstate 94 and its central location between Chicago and Milwaukee. Gurnee Mills remains either the first or second leading retail sales tax generator in Lake County. About 30% of the Village's land is commercial and industrial, with 60% residential and 10% as open space.

Gurnee's recent development programs have been designed to streamline local processes. Within the overall community development function, use of the Village website and electronic forms is being used to reduce processing times. The Village offers One Stop Electronic Permitting applications for businesses and residents. The Village has developed a detailed guide to local permitting and zoning requirements specific to businesses of all sizes. Specific licensing and food and beverage tax information is also made available. To enhance economic development efforts, the Village has included a new full-time economic development coordinator position in the upcoming budget.

RELEVANT ECONOMIC DEVELOPMENT STRATEGIES

For any city, economic development programs obviously must be customized to the needs, capacities, and desired outcomes of the community. The actions described above from the peer communities provide lessons to be learned and type of programs Warrenville may want to consider adding in the future. Three (3) strategies applicable to Warrenville resulting from the peer research are recommended to be considered as part of the Strategic / Economic Development Plan:

- Communities are using technology to improve service delivery while also seeking to manage costs. It would be wise for the City to continually evaluate how other communities are using technology in their economic development efforts to see if there is application to Warrenville. Many communities use electronic applications and web-based information to reduce staff time allocated to processing forms and responding to inquiries.
- Ongoing and sustained communication with the business community, including local commercial brokers, to enhance the community's business growth and competitive position.
- Recognizing the importance of quality of life issues for residents and the link between residential quality of life and business attraction and retention. Locals may desire retail and restaurant development in certain locations. However, this White Paper has outlined the strengths and weaknesses of a variety of locations. Effectively matching desired uses with sites that can support these uses will be a key to future success. It is the City's responsibility to market its greatest strengths and best sites to the development community and to potential tenants.

Existing market conditions indicate that Warrenville's best short-term economic development opportunities may be strengthening; a) the City's relationship with the existing business community; and b) securing residential development.

- A. Working with the existing business community encompasses several aspects:
 1. helping them remain and grow in Warrenville;
 2. initiating the long-term work with property and center owners to improve business quality and appearance on Route 59; and
 3. working in partnership with local organizations that provide events and services to create additional reasons for residents and employers to remain in Warrenville, and for new residents and businesses to come to the community.
- B. The advantages of further residential development have been outlined earlier. Identifying sites and setting land use policies relative to density will be key.

Strategic Economic Considerations

The Warrenville Economic Development White Paper was developed in concert with the multiple meetings and focus groups which were conducted with City staff and appointed officials, business owners, citizens, building owners, building tenants, inter-governmental agencies, hotels, tourism organizations, developers, brokers and county-wide economic development corporations with a focus on developing a series of primary strategic economic considerations. More detailed recommendations on these considerations will need to be defined in the Warrenville Strategic / Economic Development Plan, which is in the process of being developed. These strategic economic considerations will fall into the following categories:

- Near unanimous stakeholder understanding and expectations for key economic development issues.
- Evaluation of development assets and prioritization of development options.
- Specific decisions relative to future land use.
- Development of municipal actions and policies relative to development.
- Other supportive activities.
- Consensus building, evaluation and communication.

NEAR UNANIMOUS EVALUATIONS OF VARIOUS ISSUES IN WARRENVILLE AND EXPECTATIONS FOR THE FORESEEABLE FUTURE

There are multiple key economic issues that appear to have near unanimous consensus from all Warrenville stakeholders. It is relatively unusual to have this level of consensus and therefore they form a very important foundation for all future economic development considerations. While these considerations have full consensus, it will require a very strategic approach to have each consideration successfully work in concert with other considerations. This will be explained further below.

- 1) Stakeholders appreciate the conservative approach the City government has taken to municipal finance and expect it to continue in the future. Reasonable expense management, no debt and only nominal increases in taxes are unusual in the current economic climate and Warrenville has done very well in this regard. However, these accomplishments are now the norm in terms of community expectations. The stakeholders assume that increased revenue needs are expected to come from some other source (i.e. new development revenue, use taxes from hotels, increased tourism, etc. not significantly from existing taxpayers.
- 2) Stakeholders expect that Warrenville will invest in infrastructure, including pedestrian and bicycle infrastructure. It is also expected that the high level of government services will be maintained and enhanced over time. The expectation of municipal investment in concert with the expectation of conservative revenue growth from the current tax base raises an important challenge for the Strategic / Economic Development Plan.
- 3) Stakeholders understand that the amount of available land for development in Warrenville is limited. Also, some of the land is adjacent to forest preserves, contains wetlands and/or is in low traffic locations. They also understand that these factors will make it more difficult to accomplish significant high quality economic development.

- 4) Stakeholders place a high value on the open space in and around Warrenville. While much of the open space actually surrounds Warrenville and is not within the City limits, the large amount of open space has the potential to limit development density on available sites within Warrenville. However, high quality, higher density development generally produces greater net revenue for municipalities. This lack of residential density could complicate the preparation of future balanced budgets with no debt and nominal tax increases.
- 5) Stakeholders feel City staff and elected officials provide a high level of service to the community. They expect this will continue.
- 6) Stakeholder view much of the Route 59 corridor south of Batavia Road as out of character for Warrenville and the expectation is that the City will address this issue over time, although there are few specific recommendations in this regard. Whether this investment is in infrastructure or other partnering relationships with developers, it will either cost money or dilute potential new revenue, which is an important complication to consider in developing long-term financial plans.
- 7) When stakeholders discuss desired new development (except for the developer/broker focus group and the Choose DuPage representatives) they primarily discuss a high-end grocery store as well as higher quality food and beverage establishments. They rarely mention office and housing as economic development (more on housing later). It is also clear that they expect development to be very high quality, contemporary and highly landscaped (not strip centers).
- 8) While the topic of “creating a downtown” and/or having a “central gathering place” for the community came up often, Stakeholders appear to understand that creating a “central gathering place” near City Hall is a much more realistic goal from a market perspective than creating a vibrant “downtown” (lots of successful stores and restaurants) in this location.
- 9) Almost all focus groups mention the “small town feel” as one of Warrenville’s greatest assets. However, their vision for Route 59 is not typical of a “small town” and the type of stores and food and beverage venues the citizens desire are the ones they currently drive to Naperville and other communities to patronize. This dichotomy will be resolved through land availability and market forces, but it will be helpful to communicate in an economic development strategy about the relationship of these issues so that development goals are fully understood in advance.

EVALUATION OF DEVELOPMENT ASSETS AND PRIORITIZATION OF DEVELOPMENT OPTIONS

It is the opinion of the consultant team that the City's key development assets and best near-term development opportunities when ranked would not be fully consistent with the primary objectives of citizens. The consultants view the top two economic development assets and opportunities for Warrenville, and therefore the best opportunity for enhanced municipal revenue are as follows:

- Cantera (Class A office space)
- Further residential development

Again, new commercial/retail development along Route 59 will be more difficult to achieve and certainly more long term in developing.

CANTERA

The Cantera development is attractive and the owners and tenants located there are pleased with the development. More than once it was referred to as "world class." Pending land availability, it appears that further growth from existing tenants and new tenants will occur. Future creativity relative to parking (i.e. parking decks to accommodate more cars on less land) may be necessary. The relationship between the City and ownership is excellent. Maintaining and enhancing this asset can be accomplished with ongoing hard work by the City, and absent new circumstances, not requiring significant City financial investment.

FURTHER RESIDENTIAL DEVELOPMENT

Residential developers and brokers remain very optimistic about Warrenville as a very good market for new housing development. The issue is the amount of land planned and available for this type of development. As high quality "market rate rental" housing has had much success in area communities, it is a possible development option that has merits in Warrenville. Finally, while highly focused on single-family homes in the "\$400,000 range", developers are open-minded about other housing types (i.e. townhomes).

Citizens do not discuss housing as an economic development opportunity (fees, property taxes, use taxes, and more residents to purchase goods and services). School districts remain concerned about increasing the amount of students. Citizens seem split on housing overall. Some say there is enough and none should be added ("small town feel"). Others would like to see more housing of various types and price points, as well as market-rate rental to meet the needs of younger residents (including their children) and the aging baby boomer population. As mentioned earlier, much of the land available in Warrenville is adjacent to forest preserves, contains wetlands, and/or is located on low traffic count roads. While these factors limit commercial development, the land may still be attractive for housing development. High quality residential development could be accomplished in Warrenville with little or no investment from the City.

Earlier in the White Paper, some advantages of increased residential density were summarized: greater spending power for both existing and new businesses, more housing options for the large employee population in Warrentville, and a more attractive selection of housing options for the community. There are two other advantages of higher density residential:

- Less per capita long-term infrastructure liabilities
- More tax base per acre of land

Finally, it is important to note that much of the vacant and underdeveloped land currently available in the City is either formerly designated or expected to be developed with non-residential land uses. The inconsistency between the positive potential of residential development versus current land use planning will need to be addressed in the Strategic / Economic Development Plan and future land use planning by the City.

SPECIFIC DECISIONS RELATIVE TO FUTURE LAND USE

The following summary conclusions, which were generated as part of the White Paper, suggest the need for the preparation of a new future land use plan, including the potential simultaneous development of a ten-year financial model that evaluates and quantifies the connection between future land use decisions and the City's future financial needs. A joined planning and financial modeling process would help connect the realities of land uses, revenue streams, future City capital expenditures, conservative fiscal policies and market realities. Some stakeholders may be uncomfortable having to view long term land use planning through this prism, but it will be productive and can be utilized continuously as the City benchmarks its activities over the next decade.

Other specific issues that should be addressed during the preparation of a new future land use plan include:

- The need for new revenue streams to meet future expenditure projections.
- A limited amount of developable land.
- A strong citizen interest in open space, which may translate to lower density preferences at development sites.
- Difficult market/economic and physical site condition issues for portions of the available land.
- The need for better consensus on housing development.

The consultant team views the type of development, which was most often discussed by citizen focus groups (grocery, food and beverage, high-end retail clusters), as the most difficult and most expensive for the City to achieve. The market analysis offered earlier in this white paper outlines the challenges. They include:

- Route 59 has older development that would need to be updated, re-tenanted, or removed in order to attract or provide sites for new development and/or more desirable and stable tenants.
- The presence of relatively low traffic counts in certain areas that are either currently zoned or planned for future commercial development.
- Lower household incomes near the Route 59 and Batavia Road intersection.
- Difficult sites at the Route 59 / Route 56 intersection due to fractionalized ownership, significant new infrastructure needs, and extensive wetland and floodplain areas. In short, development will be more difficult, time consuming, and expensive for both the private sector and the public sector at this intersection.
- The area around City Hall becoming a community gathering place is logical, but multiple market conditions make creating a traditional “downtown” unlikely.
- The area around the Warrenville/Batavia/River Road intersections may be a good location for an established regional draw, food and beverage venue site that uses the river as an amenity (such as Two Brothers Brewing Company and Tap House). This would require removal of some older structures and resolving the issue relative to the potential reconfiguration of the intersections. Given the relatively low traffic counts at this intersection, it is likely that only a business with an established reputation would seek a large site if it were to be created.
- Some sites along Route 56 are possible for economic development, but traffic counts remain an issue and the ability to cluster more than one major business appears to be difficult without consolidation of properties.
- DuPage County remains a car-oriented environment and Warrenville is no different. Citizens have already established their shopping/food and beverage habits, and it will take high quality and unique development in order to attract citizens to a newly developed location vs. their current shopping/dining patterns.

The above analysis does not suggest that development is impossible, just that it will be more difficult and time consuming. Accordingly, in the short term, strategic efforts may be more focused on working with existing property owners to clean-up/fix up their property and perhaps developing a targeted effort for one or two key sites in partnership with key property owners and/or highly desirable businesses. Also, given Warrenville’s positive reputation, it is possible that the market will support the unanticipated development of an unexpected high quality project in the City as the economy improves. Warrenville staff and elected officials appear to be fully prepared to respond.

DEVELOPMENT OF MUNICIPAL ACTIONS AND POLICIES RELATIVE TO DEVELOPMENT

Once a consensus-built, land use/financial plan has been developed, the City may wish to review its already excellent economic development process, policies and tools to see how they match with the newly developed land use/financial plan. Key questions to consider may be:

- Is another TIF necessary (i.e. Route 59)? Should it be the entire corridor or should it be focused on non-vacant land?
- How should the City structure its resources and priorities within the Strategic / Economic Development Plan to meet City goals?
- Is there consensus on what other municipal economic development “tools” or assistance might be made available?
- Are there key property owners and/or key tenants who should be more involved in exploring site development opportunities?
- Are there underwriting standards, which assure that any municipal partnering will be done in a manner to support the financial objectives while limiting the City’s risk to the greatest extent possible?
- Are there opportunities for even greater outreach to County resources (i.e. the DuPage Convention and Visitors Bureau (DCVB) and Choose DuPage) to explore opportunities that may first come to their attention?
- Can a transparent, internal benchmarking process be established with staff and elected officials so that progress and challenges within the newly developed Strategic / Economic Development Plan can be tracked on a frequent basis (similar to the benchmarking which is done in the current plan)?

Actions and policies to address these issues should be developed as part of the Strategic / Economic Development Plan and follow-up progress reports should be provided to all stakeholders on a regularly scheduled basis.

OTHER SUPPORTIVE ACTIVITIES

While the majority of the economic development discussion in this White Paper has focused on land use, new site development, and fully re-developed older site development, there are other issues that were noted by the various stakeholder groups that could potentially have an impact on future City economic development efforts, and, therefore should be noted. They include:

- 1) The University of Illinois report discussed an aging population and the potential need for more senior services in the future. While not a pure economic issue, it is a potential growing cost of service delivery, which should be included in any financial plan.
- 2) The potential role of tourism as an economic engine was discussed frequently, in terms of taking advantage of the natural resources, extensive open space and unique outdoor recreational amenities in the area. Other opportunities identified included creating more events and activities (particularly on the weekends), and better connecting regional draw events with the interests of local hotels. It is worth discussing what the City of Warrenville views as its appropriate role in accelerating this activity.
- 3) There was some discussion about code enforcement. It was not entirely clear there was a consensus in this regard. Some wished for stronger enforcement (i.e. poorly maintained houses) while others were opposed to a “heavier hand of government.” The issue was not significant but is worth further discussion.
- 4) The peer community section of the White Paper discussed how other communities are using technology to enhance the provision of service while helping to control expenses. Warrenville does this now and it is suggested that the City keep abreast of innovative new uses of technology in other cities, which may be beneficial to Warrenville.
- 5) Finally, there was some discussion of the signage ordinance and whether or not its flexibility could be enhanced. Again, not a significant issue but something the City should continue to carefully consider when businesses make specific requests.

CONSENSUS BUILDING, EVALUATION AND COMMUNICATION

As has been discussed throughout the White Paper, the community stakeholders have been most appreciative of the outreach and are very much looking forward to further discussion and ultimately the Strategic/Economic Development Plan.

The sense of the consultant team is that the stakeholders (with emphasis on citizens) are thoughtful and engaged, and very interested in the future of their community. Accordingly, the process of developing land use plans in concert with ten-year municipal financial plans is strongly advised. There are many communities where such a process would not work. The consultant team believes it can work in Warrentville and ultimately the community will be much stronger as a result.

These same stakeholders will be expecting a strong benchmarking program from staff and elected officials concerning success (and problems) with a transparent and regular reporting process. Again, the consultant team believes all of this can work in Warrentville.