

*Village of Sugar Grove, Illinois*

# ***Special Development District*** ***Feasibility Study***



*May 2005*



May 18, 2005

Scott Buening, AICP  
Community Development Director  
Village of Sugar Grove

**RE: Special Development District Analysis And Strategy**

Dear Scott:

Enclosed please find the Teska Associates, Inc. (TAI)-Business Districts, Inc. (BDI) Analysis and Strategy for the area we are calling the Special Development District (SDD). The key components of the draft report are as follows:

- ❖ A market analysis of the various potential opportunities on the site such as retail, residential, office and entertainment. The analysis relates the potential of each use to the competition, the ability of the regional area (market) to support each use, the key factors which impact developer decisions about where to develop, the constraints of the land and ancillary transportation issues. It also addresses the typical motivation of the land owner concerning the maximization of land value.
- ❖ A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis which begins to point the Village into a strategic planning mode relative to maximizing the opportunities.
- ❖ Preliminary estimates as to the overall revenue potential of the land based upon a land use plan for the area and accepted economic development parameters and their impact on municipal revenue.
- ❖ A Concept Plan which illustrates the potential utilization of the SDD area and the impact on the surrounding uses and the transportation corridors.
- ❖ A map illustrating the entertainment venues in the region and narrative in the market analysis which discusses the challenges of developing these types of venues.
- ❖ A specific summary of the key items associated with a water park development in the SDD which is an executive summary of the more extensive summary of water park research which is contained in the report in the Appendix.
- ❖ A discussion in the narrative and a related map which illustrates the recommended function of the SDD, the existing downtown and the Promenade area. Agreement on the proposed SDD plan will allow for a focused review of the downtown and the Promenade in the proposed study at a later date. Also, as pointed out in the narrative, understanding the potential land use will allow for Sugar Grove to begin planning the strategy to achieve its "capture rate" (potential sales tax revenue) which it appears is attractive in the future.

The TAI-BDI Team very much appreciates this opportunity to work with Sugar Grove and you will note that we are optimistic about the options in the future. However, the report suggests the need for a number of

**Teska Associates, Inc.**

near term decisions to be made by the Village in order to create the framework for the strategy which meets both the community vision and the municipal revenue goals.

We look forward to meeting with the Village Board to discuss the report and assist in the consensus building process. Thanks again.

Sincerely,

A handwritten signature in blue ink that reads "Mike Hoffman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mike Hoffman, AICP, RLA  
Vice President

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**Teska Associates, Inc.**

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# Table of Contents

<b>Introduction.....</b>	<b>1</b>
<b>Market Review .....</b>	<b>2</b>
<i>Project Area Conditions .....</i>	<i>2</i>
<b>Scale .....</b>	<b>2</b>
<b>Site Conditions .....</b>	<b>3</b>
<b>Traffic.....</b>	<b>4</b>
<b>SWOT.....</b>	<b>6</b>
<b>Strengths .....</b>	<b>6</b>
<b>Weaknesses.....</b>	<b>7</b>
<b>Threats.....</b>	<b>7</b>
<b>SWOT Summary.....</b>	<b>8</b>
<i>Market Conditions.....</i>	<i>8</i>
<b>Community Serving Commercial Development .....</b>	<b>8</b>
<b>Destination Entertainment Development.....</b>	<b>10</b>
<b>Business Park Development.....</b>	<b>15</b>
<b>Residential Development .....</b>	<b>15</b>
<b>Town Center .....</b>	<b>16</b>
<b>Market Summary .....</b>	<b>17</b>
<b>Land Use and Transportation .....</b>	<b>18</b>
<b>Revenue and Development Process .....</b>	<b>23</b>
<i>Revenue Projections.....</i>	<i>23</i>
<i>Commercial Development Process.....</i>	<i>24</i>
<b>Action Plan.....</b>	<b>26</b>

## Appendix

1. Summary of Water Park Research
2. Key Demographics

## Introduction

The Village of Sugar Grove, Illinois is located west of Chicago in the rapidly expanding I-88 Corridor. This region continues to exhibit significant growth and demand for new housing construction and, subsequently, for the retail, commercial and recreational development that follows such housing growth. The 2005 Sugar Grove Comprehensive Plan Update identifies three distinct areas for Town Center commercial development. These areas include:

1. The Village's traditional downtown area along Main Street.
2. The Promenade, a southern extension of the downtown along the west side of Illinois Route 47 immediately south of the existing downtown and Prairie Street.
3. The **Special Development District (SDD)**, a 243 acre area bound by IL. Route 56, IL. Route 47 and Galena Boulevard planned for mixed use development with an entertainment focus. This area is the focus of this Feasibility Study.

As this location map indicates, the SDD has excellent regional access. With this access comes the potential for a mixed use development including retail, entertainment, recreational, and multi-family residential uses. Some preliminary interest has been expressed by the development community.

To properly assess the potential of this area, its relationship to other areas of Sugar Grove, and the municipal planning and development tools which would be necessary to pursue identified potential, the Village of Sugar Grove has commissioned this feasibility study. The study's objective is to *determine economic feasibility, impact on the surrounding area, potential financial impact on municipal revenues, and the strategic actions required to pursue identified potential uses.*



## **Market Review**

An important part of the Special Development Area Strategy is building a solid connection to the marketplace. To provide an understanding of how to make that connection, Business Districts, Inc. (BDI) reviewed market and economic data to determine:

- Project area conditions
- Current and future market characteristics
- Development possibilities

The market review that follows relies on generally accepted commercial development principles; site visits, an examination of market data, and interviews with stakeholders including elected officials and property/business owners.

## **Project Area Conditions**

Before considering possible land uses for the special development district, it is important to understand the area's context and the special conditions that challenge and enhance the development potential of this property. The section that follows offers an overview of the local conditions impacting the Special Development District.

## **Scale**

At over 237 acres, the special development district has a scale that can define the market. With the typical grocery store anchored community centers occupying approximately 25 acres, a development of that type would occupy only a tenth of the over 237 acres of this special development area; a typical three to four story 30,000 square foot multi-tenant office building and associated parking occupies approximately 1.5 acres, less than 0.7% of this area; Great Wolf Lodge in the Wisconsin Dells, one of the nation's largest indoor/outdoor water parks, occupies 19 acres, less than 10% of this study area; and modern, national chain hotels occupy approximately two acres, about 1% of the property; the Tweeter Center, a destination entertainment center in Tinley Park occupies approximately 134 acres. This perspective on the study area's scale indicates a clear need for a mix of uses in the special development district. The scale also dictates a phased implementation strategy. The questions for this market review are what uses are supportable now, what uses could be supported in the future, and how that phasing can increase the property's value to both its owners and the Village?



## Site Conditions

The entire study area is currently used for agricultural production. However, development pressures are occurring in all directions. To the north, a proposed Jewel anchored retail center is planned for the northeast corner of Route 47 and Galena Boulevard. The Windsor Point Subdivision developed by Wiseman-Hughes abuts the study area on the north side of Galena Boulevard. Pulte Homes has proposed a mixed use development tentatively called Timber Crest at the northwest corner of Galena Boulevard and Route 56. To the south, Kimball Hill Homes is developing plans for the Settlers Ridge project. This major development includes over 2,000 homes, significant open space and parks, and space for additional commercial development. To the southwest of the study area is the historic center of Sugar Grove. To the west lies vacant farm land, with the Aurora Municipal Airport approximately  $\frac{3}{4}$  of a mile to the west.

The study area generally slopes from north to south towards Route 56. The property is divided into three parcels ranging from 60 acres to 100 acres. Review of the National Wetlands Inventory and Federal Emergency Management Agency (FEMA) maps did not reveal any known wetland or flood plain areas. An overhead power line runs along Galena Boulevard. Water and sewer lines are located adjacent to the study area and are generally available to accommodate future development.

The site is blessed with excellent regional vehicular access. Route 56, a limited access freeway, provides direct access to I-88 and Chicago to the east. This Route terminates into U.S. Highway 30 as it crosses IL. Route 47. A full interchange at Route 56 and Route 47, and a  $\frac{3}{4}$  interchange at Route 56 and Galena Boulevard provide good access to this freeway. Route 47 is a major north-south artery, providing connections to the north into Wisconsin and to the south to Morris and I-80 and continuing south to connect with I-55. Galena Boulevard provides an important regional connection to the City of Aurora immediately to the east.







Site Location Map:  
Special Development District



**LEGEND**

- Existing Arterial Road
- Proposed Arterial Road
- Existing Collector Road
- Proposed Collector Road
- Topographic High Point
- Topographic Low Point
- Virgil Gilman Trail
- Potential Vehicular Access
- Potential Pedestrian Access

April 2005



Planning Issues Map  
**Special Development District**  
Village of Sugar Grove, Illinois

## **SWOT**

Key to formulating a Development Plan is understanding the project area's relative strengths, weaknesses, opportunities, and threats: collectively called "SWOT." These factors contributed to the district's current situation and will be around for the foreseeable future.

- Strengths: Assets that will most likely continue and remain key building blocks
- Weaknesses: Liabilities that will most likely remain and must be "worked around"
- Opportunities: Positive trends or elements that can become a catalyst to achieving improvement
- Threats: Negative trends or elements that could impede implementation.

Since this report focuses on opportunities, this section only considers the strengths, weaknesses, and threats. The balance of the report examines the opportunities presented by the special development district.

### **Strengths**

- Regional growth corridor. The rapid population increases in the area provide natural growth for new businesses locating in Sugar Grove.
- Limited number of motivated property owners. Land acquisition is often the most difficult part of implementation. The fewer the owners the easier the acquisition process.
- Development sites. Previous planning has wisely reserved the best parcels in Sugar Grove for future commercial development.
- Perimeter high average daily traffic (ADT) counts. Anywhere that ADT counts exceed 20,000, there is an opportunity for an auto oriented commercial development. Both IL 47 and IL 56 have counts in this range.
- "Shopping-up" potential. Consumers naturally seek higher income areas when they are shopping for special items or occasions. Sugar Grove is the natural "shopping up location" for its nearby suburbs.
- High development standards. By maintaining high standards, Sugar Grove gives developers willing to invest in premium projects confidence that they will have compatible neighbors.
- Nearby attractions. The draw of an area expands as there are more activities so the presence of regional attractors provides an opportunity to add more attractions
  - Golf course
  - Casinos
  - Premium Outlets
- Strong Demographics. Residents of Sugar Grove have significant spending power and fit the profile of top stores' most desired customers.
- The Airport. The presence of a unique use like the Aurora Regional Airport will differentiate this property from other locations.



## **Weaknesses**

- Distance from I-88. Locations on major expressways have better access to national markets and stronger regional identities. Those locations are usually developed first in a high growth environment like Sugar Grove's.
- Lacks historic downtown/sense of place. Natural patterns of city growth are concentric, emanating from a historic core that often has a village green that serves as a community gathering spot. Because Sugar Grove lacks that historic central place, it is more difficult to create a "sense of place" that offers community affiliation to residents and investors.

## **Threats**

- Extended debate over "correct" location of Town Center. Because there is a general understanding that the lack of a "Town Center" will be detrimental to Sugar Grove's future, there has been a focus on finding the "best" remedy. When that search places a cloud on too many very desirable properties, it sends good developers to less complicated places.
- Limited access off adjacent high average daily traffic roads. A site is only usable for retail development if it has access off high traffic roads. That access conflicts with the desire to maintain traffic flow. The resulting compromise on the placement of traffic signals and access will determine what land can be developed for retail/restaurant uses.
- Process that causes unreasonable delay. One of the most difficult challenges facing quickly growing communities is balancing a deliberative process with one that recognizes that "speed to market" is critical to capitalizing on current commercial trends.
- Varying owner goals. Natural use patterns often do not follow land ownership. Maximizing the quality of development can be impaired if multiple owners have different plans for timing and the value of their property.
- Potential for Yorkville and/or Elburn to capture the "Main Street" Market. Every household is served by a variety of retail clusters ranging from super regional shopping centers where families do major apparel shopping to a favorite gas station. The one cluster that families often value most is that concentration of unique businesses not shared with other communities. If Sugar Grove delays development of such a cluster it risks losing its residents' business to nearby communities that historically have offered such clusters.
- Orchard Road/Randall precluding major development on IL 47. Major retailers generally try to keep their stores approximately 20 minutes apart. Announced development at Orchard Road is only about five-minutes from the study area. That may be too close for additional major retail development along IL 47 north of the intersection with IL 30.



## SWOT Summary

The SDD's context points to a future with options, but clearly classifies this site into a regional "B" category. Although access is good, it is not adjacent to an interstate, the key element that defines regional "A" locations. As a sub-regional site, decisions on the uses authorized on this property will affect the quality of life for local residents by determining how quickly traffic moves and how far those residents travel for shopping, dining, entertainment, and employment.

## Market Conditions

To understand the potential land uses in Sugar Grove, it is important to examine local, regional, and national trends impacting who lives and works in the Village and nearby.

### Community Serving Commercial Development

Using a national database modified to reflect Village estimates based on households receiving water bills, this picture emerges of the 2004 populations within a five-minute drive and within Sugar Grove's existing corporate limits.

**Table 1**  
**2004 Population**

	5 Minutes:	Sugar Grove
<b>Population 2004</b>		
Population	10,070	7,500
Households	3,443	2,400
Total Population Median Age	37.3	36.4
<b>Household Income 2004</b>		
Median Household Income	\$82,051	\$77,777
Household Average Income	\$109,004	\$100,066
<b>Business Summary 2004</b>		
Total Employees	1,749	1,330
Total Establishments	198	137
<b>Consumer Expenditure 2004</b>		
Total Retail Expenditure	\$97,327,108	\$63,345,469
Full Service Restaurants	\$5,613,186	\$3,348,215
Limited Service Restaurants	\$5,701,513	\$3,400,652
Grocery Stores	\$22,429,030	\$13,399,826
<b>Housing Units 2004</b>		
% Owner Occupied Units	89%	85%

Demographic data © 2004 by Experian/Applied Geographic Solutions; BDI.

The 5-minute drive was selected because it is the suburban trade area for time typically examined by convenience uses like grocery and drug stores when those businesses make location decisions. The Village population is important because it identifies the population that Village officials seek to serve with commercial



development and in turn the population whose sales tax spending the Village hopes to capture as revenue. As this data reports, these populations have substantial household income. The spending associated with purchasing new homes makes Sugar Grove residents very attractive to stores, restaurants, and consumer services; however, the markets still lack the size necessary to support the high volume stores that attract the majority of young families' spending.

The table below uses national averages for sales by store to calculate the number of stores of various types supported by the spending of the five minute drive time and Village residents

**Table 2  
Stores Supported by 2004 Population**

	5 Minutes:	Stores Supported Today	Sugar Grove	Stores Supported Today
<b>Aggregate Dollars 2004</b>				
Appliances and Electronics Stores	\$1,809,229	0.4	\$1,078,828	0.2
Book Stores	\$817,514	0.4	\$488,136	0.2
Full Service Restaurants	\$5,613,186	2.3	\$3,348,215	1.4
Limited Service Restaurants	\$5,701,513	3.8	\$3,400,652	2.3
Furniture Stores	\$2,033,719	1.0	\$1,209,652	0.6
Gasoline Stations with Convenience Stores	\$9,126,031	1.5	\$5,443,017	0.9
Gasoline Stations without Convenience Stores	\$4,047,765	1.0	\$2,412,764	0.6
Grocery Stores	\$22,429,030	1.1	\$13,399,826	0.6
Hardware Stores	\$854,732	0.2	\$509,585	0.1
Home Centers	\$2,206,169	0.3	\$1,313,848	0.2
New Car Dealers	\$23,814,165	1.1	\$14,214,785	0.7
Nursery and Garden Stores	\$529,648	0.3	\$316,237	0.2
Pharmacy and Drug Stores	\$2,963,393	0.6	\$1,767,932	0.4

Demographic data © 2004 by Experian/Applied Geographic Solutions, ULI Dollars and Cents of Shopping Center; BDI.

The key questions affecting Sugar Grove's future are: What portion of the resident's spending will be captured by businesses within Sugar Grove versus spending at regional clusters like Fox Valley Center and Premium Outlets?, and When will the capture rate catch-up with the population growth? Over \$164,000 in municipal sales tax revenue was received by Sugar Grove in 2004, but over \$75,000 of that total was sales taxes paid on manufacturing and agricultural products rather than consumer goods. The demographic data above estimates that Sugar Grove residents paid approximately \$633,000 in sales taxes. Calculating the relationship between sales taxes paid by Sugar Grove residents and the consumer sales taxes that Sugar Grove receives reveals a current capture rate of only 14%. With nearly a quarter of the resident's retail spending going to grocery store purchasing, the key to improving Sugar Grove's capture rate is adding that use. Other important additions would include mass merchandisers, auto dealers and home improvement center. Each of these uses has the potential to add at least \$100,000 in municipal sales tax revenue.



Positioning land as sites for those high sales taxes generating uses will be critical to maximizing Sugar Grove's future capture rate. Using a straight line projection of today's population and NIPC's 2030 projections, Table 3 provides an estimate of Sugar Grove's 2015 population, employment and spending power.

**Table 3  
Estimated 2015 Sugar Grove Demographics**

Population	33,000
Households	11,000
Jobs	12,000
Spending Power	\$285,000,000
Municipal Sales Taxes	\$2,850,000
SQFT Retail Store Space	1,100,000

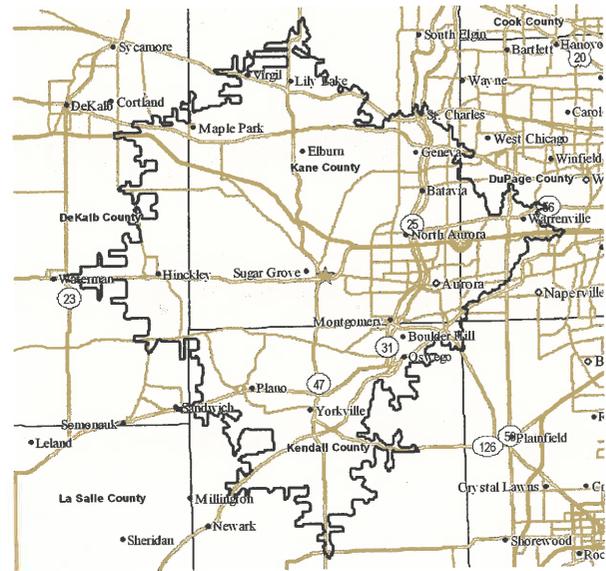
Decisions about uses in the special development area and other undeveloped parcels reserved for commercial uses will determine how much of the 2015 retail spending power is captured by Sugar Grove and when the capture begins. If the 50 acres at the far west of the special development district were all developed as community oriented shopping, it could offer approximately a 450,000 square feet of store, service, and restaurant space. With services like banks, personal care and medical uses filling about 40% of that space, this land could satisfy approximately a quarter of the space needed to serve the 2015 population.

**Destination Entertainment Development**

In addition to the nearby auto-oriented convenience market, the study area could attract a destination population. As the maps and table below reveal, Sugar Grove is within a one-hour drive time of Chicago's loop and 20-minutes of a closer but still very substantial destination population.



60-Minute Drive Time



20-Minute Drive Time



**Table 4**  
**2004 Drive time Population**

	20 Minutes:	60 Minutes:
<b>Population 2004</b>		
Population	363,220	7,085,141
Households	124,973	2,566,044
Total Population Median Age	32.8	34.8
<b>Household Income 2004</b>		
Median Household Income	\$65,044	\$56,953
Household Average Income	\$87,031	\$78,064
<b>Business Summary 2004</b>		
Total Employees	139,828	3,391,455
Total Establishments	12,401	269,842
<b>Consumer Expenditure 2004</b>		
Total Retail Expenditure	\$2,993,709,026	\$59,225,659,075
Full Service Restaurants	\$164,726,366	\$3,159,222,426
Limited Service Restaurants	\$167,366,407	\$3,207,934,351
Grocery Stores	\$661,180,823	\$12,729,075,388
<b>Housing Units 2004</b>		
% Owner Occupied Units	73.7%	62.4%

Demographic data © 2004 by Experian/Applied Geographic Solutions.

The one-hour driving distance from the loop creates the opportunity for a destination entertainment use, like the proposed water park, a minor league sports venue, or an entertainment cluster. Unlike the convenience shopping center development, these uses do not have generalized standards for when they fit the population. Their market is super regional and depends on national trends as well as competitive positioning. Appendix 1 provides specific information on trends in Water Parks. The map on page 12 indicates the location of potential destination entertainment uses in the competitive region.

From this map, it is apparent that performing arts are well covered with the Paramount and Rialto as well as Pheasant Run; there are four minor league baseball teams; successful indoor convention centers/concert venues in Tinley Park, De Kalb and Rosemont as well as the City of Chicago, and regional destination shopping in Joliet and Aurora. As Appendix 1 reports, water parks are under development in Gurnee and near Starved Rock State Park in Utica. This map reveals a very competitive environment that does not preclude an entertainment venue in the special development district but does raise concerns about the risk associated with that development.

When risk is high, there must be the potential for high returns. Under those conditions, developers often seek a public private partnership where communities share that risk because they hope to reap high returns from entertainment taxes and visitor's retail sales taxes. The regional entertainment venue currently under consideration for Hoffman Estates is an example of the resources that must be applied to support these significant regional attractions. Press reports have indicated that development will only proceed if the Village provides \$50 million in construction bonds to be retired by arena



revenue. Although Hoffman Estates undoubtedly will only join this partnership if its elected officials are convinced that revenues indeed will retire the bonds, the market will only offer an interest rate that provides that return if those bonds be general obligations of Hoffman Estates. Consequently, the decision to proceed with that partnership will lessen the general bonding capability of that Village for other improvements. Hoffman Estates is a community of nearly 50,000 residents so the impact of that bonding restriction is much less than it would be on a smaller village like Sugar Grove. Additionally, Sugar Grove has tremendous, higher priority demand for bonding capacity to build infrastructure to support its growth. Under these conditions, it is unlikely that Sugar Grove could participate significantly in the initial financing of a regional entertainment destination use. Without that participation, the destination entertainment use is unlikely to be developed in the ten year time frame of this study.

The report from Daniel A. Heuertz, President, DAMH Corporation in the Appendix documents information from a variety of sources relative to water park development from the developer's point of view and the municipal point of view. The following priority considerations are applicable as the Village of Sugar Grove considers the potential role of a water park within the Special Development District Strategy:

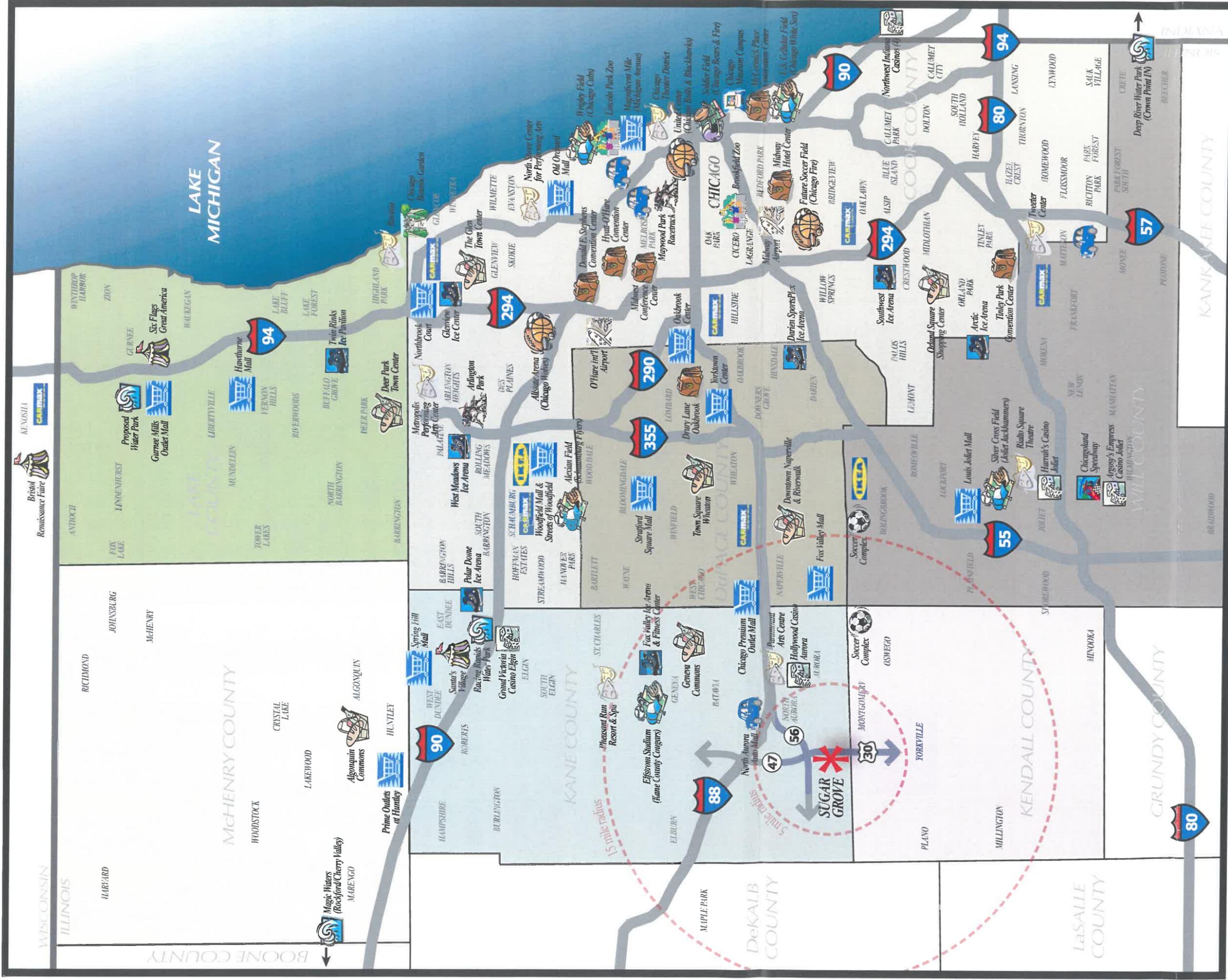
- Water parks appear to be a significant growth recreational market and therefore Sugar Grove's potential interest in this type of development must be considered in the context of emerging competition from other communities. However, there is no existing data that clearly indicates that currently developed water parks would be directly competitive with a proposed park in Sugar Grove.
- There is nothing in the research which would suggest that the surrounding market (i.e. 50 miles) or the potential location of the park would not be reasonably attractive to a potential developer.
- Being the "pioneer water park site" in an emerging market is very important as is assuring that the park is developed in a manner in which it is not only first but is of such high quality that it will represent a barrier to entry to the competition.
- An "outdoor only" park does not represent the area of greatest growth nor does it generally meet the criteria of being the high quality development that would discourage potential competition.
- The most successful venues will have an indoor facility which is combined with one or more hotels and multiple restaurant opportunities. Often, indoor parks will add an outdoor venue but it is considered as an additional asset to the core development.
- The water park component itself (separate from hotels and restaurants) is not usually considered the highest and best use of the property either from the property owners point of view (achieving a high value for the



land) or from the municipal point of view (the revenue generated from multiple tax sources). Accordingly, water parks are often integrated with other uses (hotels, restaurants, etc) and, on larger tracts of land such as the Special Development District, the integration is with unrelated uses (office, residential, local retail, etc) in order to maximize impact, land value and municipal revenue.

- To the extent that the water park, hotel, restaurant venue can be packaged with other entertainment (i.e. golf) and shopping venues in the area, it creates a potential 2-3 day visit which offers opportunities to multiple members within a family as the water park itself is primarily oriented to the children within the family.
- It is important that the Village fully consider a developers proposal for a water park to assure that the park is properly integrated with other municipal land planning and to assure that the developer is focused and appropriately capitalized to invest in the park on an ongoing basis. Annual investment in maintenance and, more importantly, "new rides" on an annual basis in the park is viewed as critical to ongoing success and the potential interface with competition.





MAP KEY

-  Car Max Auto Mall
-  General Auto Mall
-  IKEA
-  Shopping Center
-  Lifestyle Center
-  Professional Baseball Park
-  Professional Sports Facility
-  Soccer Complex
-  Auto Racing Facility
-  Horse Racing Facility
-  Conference/Convention Center
-  Arts & Entertainment Center
-  Amusement/Theme Park
-  Ice Rink
-  Water Park/Aquatic Center
-  Zoo
-  Botanic Garden
-  Museum
-  Airport
-  Casino

## Chicago Regional Attractions & Uses

Village of Sugar Grove, Illinois



March 2005

## Business Park Development

The 20-minute drive time illustrated on the map and table above also identifies a potential commuting area for tenants of a business park that might choose to locate in the SDD. The table that follows compares the number of jobs per household in the area closest to the study area, the commuting distance and the larger Chicago area.

**Table 5  
2004 Population and Employment  
For Various Drive Times**

	5 Minutes:	20 Minutes:	1-Hour
<b>Population 2004</b>			
Population	10,070	363,220	7,085,141
Households	3,443	124,973	2,566,044
<b>Business Summary 2004</b>			
Total Employees	1,749	139,828	3,391,455
Total Establishments	198	12,401	269,842
<b>Jobs per Household 2004</b>	0.5	1.1	1.3

Demographic data © 2004 by Experian/Applied Geographic Solutions; BDI.

The 20-minute area has slightly fewer jobs per household, 1.1 compared to 1.3 and the nearby market has dramatically less, .5 as compared to 1.3. If this lower local ratio of jobs to households continues, it will impact quality of life as Sugar Grove residents must travel longer distances for their jobs than are typical of the Chicago region.

Similar to destination entertainment uses, the potential for business park development in the special development area depends on regional trends and competitive opportunities. Regionally the office market is very weak with CBRE reporting in its 2004 Market View: "Construction activity has virtually ceased due to the obvious amount of oversupply. Pending any new development in the near future, positive absorption (of office space) should continue at a slow pace." With vacancy rates over 18% in the East-West Office Corridor, competitive leasing opportunities are expected to prevent the development of this property for a large concentration of office uses in the near term.

## Residential Development

With a very attractive residential development built to the north of the study area and the exceptional access to commuter routes from this site, residential development, if allowed, would be the market's quickest development option for this site. Because residential development is such an easy option for nearly all of the property in Sugar Grove, the question that must be asked is whether the future potential for another use creates more value for the land owner and the Village. In the case of the parcel on the western edge of the study area identified as an ideal retail commercial site, the answer is clearly yes, the retail use will



create more value for the land owner and the Village. In analyzing the balance of the study area, it is important to recognize that creating value on the site is closely related to density. The table below uses NIPC's "Paint Chip Palette" to calculate how the combination of land for buildings, parking, and landscaping associated with different uses must be tied to sales prices or rents to create a value per square foot of land dedicated to different uses.

**Table 6**  
**Estimated Value per Sq. Ft. of Land**

<i>Paint Chip Palette Category</i>	<i>Value/ House</i>	<i>Net Rent</i>	<i>Value per SQFT of Land</i>
Detached Single Family Moderate Density	\$350,000		\$16.07
Attached Single Family-Townhomes	\$250,000		\$34.44
Apartment/Condos	\$150,000		\$55.10
Hotel			\$45.15
Large Strip Retail		\$16.00	\$46.22
Office with Warehousing		\$10.00	\$51.11
Low Density Office Building		\$14.00	\$66.89

Note that with the exception of Apartment and Condominium Density residential, the values are much lower for residential uses compared to commercial uses. If this were a relatively small parcel this finding would argue for dedicating the whole parcel to non-residential uses. However, the scale of this parcel points toward staying open to any use that promises a high potential return. The possibility of apartments as a component of a larger mixed use development is a particularly good fit with the presence of office and shopping nearby. That worker housing would enhance the area's desirability to office uses.

It is recommended that residential use only occur in conjunction with office or other commercial development. If allowed to develop first, residential development could reduce the potential for non-residential uses in the area by increasing potential for the not-in-my-backyard (NIMBY) objections typical of new commercial development. If the residential development is successful, it may also create additional pressure for more residential use. Such increased residential use would be inappropriate in this location given the sites excellent long-term opportunities for regional and community-level shopping and entertainment uses.

### **Town Center**

Over the past few years, the need to create a town center for the Village of Sugar Grove has been an important community goal. This SDD has been identified as a potential town center location. In determining whether that is the right use for all or a portion of this study area, it important to consider the functions that should be accommodated in the town center. The key differences distinguishing the town center from other commercial areas are walkability, the



presence of icon public property, and an associated community history. Walkability is created by short blocks with sidewalks connecting into neighborhoods. The icon public properties are often village greens, commuter rail stations, libraries, and or village halls. These are the "third places" after home and work where neighbors meet and interact. The most cherished town centers also offer unique shopping and dining opportunities. Community history can be as simple as a variety of building ages but often is the presence of war memorial plaques or markers depicting important events in the Village's past.

What remains of the historic, modest rural center that once served as Sugar Grove's Downtown is to the southwest of the project area, separated from the special development district by the interchange connecting IL 56 and IL 47. The Downtown is centered on the Main Street (former IL 47) grade crossing with the BNSF (former C, B&Q and BN) rail line. With the possibility of future commuter rail service on that BNSF rail line and the availability of vacant land south of this existing cluster, this area offers greater potential to match community expectations for a town center. It could have direct access to IL 47 that is not constrained by distance from interchanges, as is the case in the special development district. Properly designed, this land to the southwest of the special development district could offer pedestrian access to the older community core and to new development on additional surrounding vacant land. This area's residential development focus offers the Village more leverage in requesting icon public property because that property enhances the residential product's value and consequently is mutually beneficial to the Village and the developer. For these reasons, this southwest development opportunity offers a better option for town center development than does the special development district currently being studied.

### **Market Summary**

Of the areas illustrated for Town Center Commercial use on the Sugar Grove Comprehensive Plan, this SDD offers the best opportunity to serve as a regional destination point. However, given the size of the area a mixed use development scheme is proposed. By segmenting the special development district into zones that capitalize on the various local, regional, and national market trends associated with possible uses, the land's value can be enhanced for both the Village and property owners. The special development district could accommodate a mix of convenience oriented retail, destination oriented businesses, offices, and limited residential projects. When growth is occurring as rapidly as in this area, the Village adds value to property by adopting a special area plan like this document. This plan will improve market confidence that the special development district uses will be compatible. With that development structure in place, developers will often decide to build in advance of locations without a plan. The sooner development occurs the sooner the Village begins to receive its tax revenue.



## Land Use and Transportation

Based on the preceding market analysis, a Land Use and Transportation Concept Plan has been developed to illustrate anticipated uses and patterns of development. This plan is designed to provide overall guidance to the Village and property owners. It outlines a system of roadways and land uses that will meet project goals in a safe, efficient, and attractive manner. The plan can accommodate a wide variety of uses, and can easily be phased to respond to the market and to the particular development interests of individual land owners.

The Concept Plan is designed for maximum flexibility, and will likely need to be adjusted in the future to adapt to changing market conditions and/or the needs of a specific use or users. However, it should provide a solid framework for decision making. The plan highlights key circulation and land use relationships, utilizing an open space and trail system to link all major areas of the SDD. Key features of the plan include:

### Land Use

Commercial – Commercial use is planned along Route 47 and at key locations along Galena Boulevard. The focus in these areas should be in attract retail uses to provide residents with opportunities to shop locally. Appropriate service uses are also likely to be attracted to these areas and can be accommodated within the overall commercial development. The location and parcel size along route 47 will accommodate a variety of retail and service uses, including sufficient space for a large format or big box use such as a discount retailer or home improvement center. A total of approximately 73 acres has been identified for commercial uses.

Recreation/Entertainment – Recreation and/or entertainment uses are planned for the southwest corner of Route 56 and Galena Boulevard. The excellent regional access and visibility of this intersection suggests the potential for uses that would provide recreational opportunities for both residents of Sugar Grove, Kane County, the Fox Valley, and to a lesser extent the entire Chicago metropolitan area. A water park is one appropriate use for this area, and has already been proposed by a private developer.



Mixed Use Building Example 1

Mixed Use – a large mixed-use area is illustrated on the Concept Plan within the interior of the property. This area should be focused on low-rise office development, with limited land reserved for

multi-family residential use (no more than 40% of the total mixed-use area). Approximately 78 acres are illustrated for mixed use development. Mixed use buildings are encouraged, with shops or offices on the ground floor and residential or office uses on upper stories. Mixed use development can also be in single-use buildings, as long as the site plan allows for appropriate integration of these activities. Mixed use development should integrate quality architecture and site planning amenities, including attractive pedestrian areas, streetscape design, and focal points.



**Mixed Use Building Example 2**

Open Space/Stormwater Management – Two areas for stormwater management are proposed. The smaller area lies at the southwest corner of Regency Boulevard and Galena Boulevard. This area is a natural low point for a portion of the site, and will provide a nice transition from more intense uses proposed within the SDD and the lower density residential subdivision to the north. The larger area planned for open space is along Route 56. This area will provide for the properties stormwater management needs, while providing an appropriate buffer to the noise of Route 56. This area will also provide a nice balance to the open space planned to the south in the Settlers Ridge development, creating a greenway of over 1 mile along both sides of Route 56 between Route 47 and Galena Boulevard.



**Example Project Identity Feature**

## **Transportation**

The Concept Plan addresses both vehicular and pedestrian circulation and access issues. These issues include:

Route 47 - Full access to Route 47 at approximately the mid-point between the Route 56 ramps and Galena Boulevard is proposed. This access point will be essential in making the property along Route 47 viable as a commercial use. The Village and the property owner will need to work closely with IDOT to obtain permission for this access. This access point should align with a future access to the property immediately on the west side of route 47. Individual parcels will not be granted direct access to Route 47. Widening of Route 47 to accommodate additional through and turn lanes will also be needed to accommodate increased traffic based on detailed engineering studies.

Galena Boulevard - Full access at limited locations along Galena Boulevard will enhance overall traffic flow through the area. Full access points are proposed at Capitol Drive, St. James Parkway, Regency Boulevard, and a future location approximately midway between Regency Boulevard and the Route 56 exit ramp. These locations, which are approximately ¼-mile apart, could all potentially be signalized intersections if future traffic warrants. Intermittent right-in-right-out access may also be appropriate to enhance access to commercial developments along Galena Boulevard. Similar to Route 47, no direct access for individual properties is planned along this roadway.

Galena Boulevard will also need to be improved with turn lanes and additional through lanes as deemed appropriate through detailed traffic engineering studies. The overhead power lines along the south side of this roadway should be buried as a part of the development process to enhance the overall appearance and safety of this key development corridor.

Route 56 Access - Given the design of Route 56, only a right-in-right-out access is proposed from west bound Route 56 into the study area. Such an access will need to be reviewed and approved by IDOT. It will also be important to pursue completion of the Galena Boulevard/Route 56 interchange through the installation of a west bound ramp from Galena Boulevard to Route 56.

Internal Roadways - A major collector roadway is planned in an east-west alignment near the center of the SDD. This roadway will tie into Galena Boulevard on the east and Route 47 on the west. To maximize the utilization of the commercial property fronting Route 47, this roadway is proposed to connect with a frontage road that will parallel both Route 47 and Galena Boulevard.

Pedestrian Circulation - To provide pedestrian and bicycle connections to surrounding areas of Sugar Grove, a trail is proposed to generally parallel the proposed east-west collector roadway. As an alternative, the trail alignment could deviate from the collector roadway and cut through the open space area between Route 47 and the central identity feature. A trail connection is also



illustrated to the south, providing access across Route 56 to the Settlers Ridge development.

Vehicular Bridge Link to South - The Village Transportation Plan also calls for a roadway connection across Route 56 to provide a north-south community link. A right-of-way is currently being included within the Settlers Ridge development to accommodate this possibility.



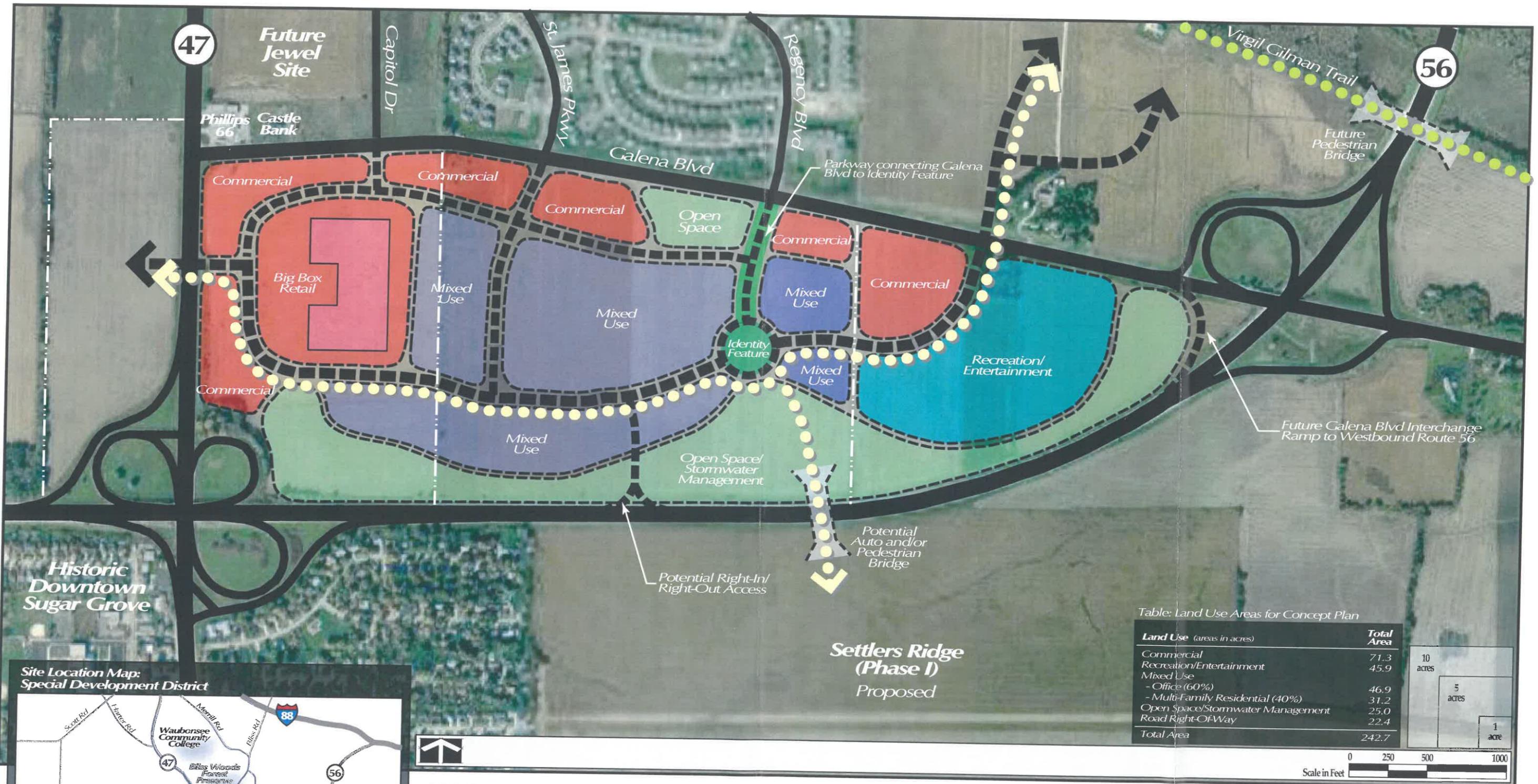
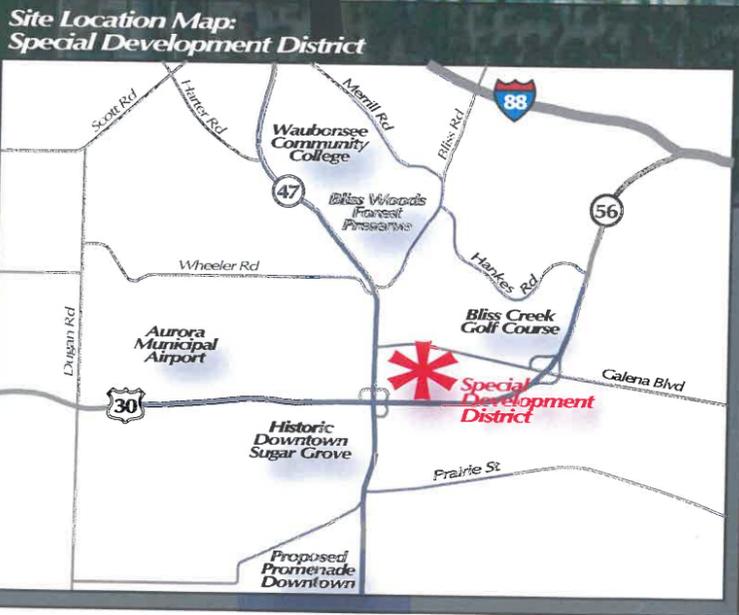
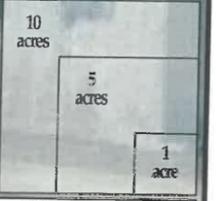


Table: Land Use Areas for Concept Plan

Land Use (areas in acres)	Total Area
Commercial	71.3
Recreation/Entertainment	45.9
Mixed Use	46.9
- Office (60%)	31.2
- Multi-Family Residential (40%)	25.0
Open Space/Stormwater Management	22.4
Road Right-Of-Way	242.7
<b>Total Area</b>	<b>242.7</b>



**LEGEND**

- Commercial
- Recreation/Entertainment
- Mixed Use  
Office & Multi-Family Residential
- Open Space/Stormwater Management
- Existing Roads
- Proposed Roads
- Virgil Gilman Trail
- Proposed Trail

May 2005



Concept Plan  
**Special Development District**  
 Village of Sugar Grove, Illinois

# Revenue and Development Process

## Revenue Projections

The revenue produced by the special development area will vary greatly based on the intensity of use and timing of development. To begin analyzing how land use entitlement decisions will impact revenue to flow, the table below uses NIPC's "Paint Chip Palette" to estimate revenue per square foot of land for the uses depicted on the Recommended Land Use Map. For ease of comparison this chart uses current 2004 dollars although the revenues are all in the future and will vary due to inflation and development phasing.

Paint Chip Category	Units/ Acre	FAR	Value per SQFT of Land	Property Tax/ SQFT	Municipal Sales Tax/ SQFT	Other Taxes/ SQFT	Total Annual Taxes/ SQFT	One Time Payment
Low Density Office Building		0.43	\$66.89	\$1.34			\$1.34	
Apartment/ Condos	16		\$55.10	\$1.10			\$1.10	\$9.18
Large Strip Retail		0.26	\$46.22	\$ 0.92	\$1.62		\$2.54	
Multi-Screen Movie Theater		0.10	\$5.33	\$ 0.11	\$ 0.81	\$0.05	\$0.96	

Sources: Northeastern Illinois Planning Commission, *Paint the Town*; ULI, *Dollars and Cents of Shopping Centers*; TAI; BDI.

Appendix one details the assumptions and calculations underlying this analysis. Although the currently proposed recreation/entertainment use is a water park, data for that use was not available from NIPC or ULI so movie theaters were substituted as a use with less valuable buildings but the ability to generate sales and entertainment taxes. As specific uses undergo the Village's development review process it will be important to consider specific revenue estimates that reflect the actual proposal and all regular and special taxes rather than these very general, preliminary estimates.

Applying the above values per square foot to the mix proposed on the Recommended Land Use Map provides these revenue estimates:

Land Use	Acres	Estimated Total Tax Revenue	Estimated Village Revenue		
			Sales Taxes	Property Taxes	Total
Commercial/ Large Strip Retail	71.3	\$7,902,607	\$5,031,441	\$200,982	\$5,232,423
Recreation/Movie Theater	45.9	\$1,920,845	\$1,707,575	\$14,929	\$1,722,504
Mixed Use					
Office	46.9	\$2,730,701		\$191,149	\$191,149
Apartment/Condos	31.2	\$1,499,520		\$104,966	\$104,966
Open Space/Stormwater Management	25.0				
Road Right-of-Way	22.4				
<b>Total</b>	<b>164.6</b>	<b>\$14,053,672</b>	<b>\$6,739,016</b>	<b>\$512,026</b>	<b>\$7,251,042</b>



Although ultimately, if Sugar Grove executes this special development area plan, the Village's annual tax revenue could be over \$7 million, it is important to note that the development slated for the east and west segments, the commercial and recreation/ entertainment uses, supplies over 95% of that revenue. By focusing on making those segments the earliest projects in the special development area, the Village can most quickly increase its tax revenue. It is also important to note that residential development typically creates greater municipal expenditures than does non-residential development. When the expense side of the ledger is taken into account, the non-residential components appear even more favorable.

### **Commercial Development Process**

From a zoning perspective, all commercial projects greater than 3 acres are treated as Planned Developments in Sugar Grove. This process provides flexibility for both the developer and the Village. The common concern with this approach from the developer's perspective is time. Obtaining development approval for a planned development can be lengthy process by the time that detailed plans and studies are completed, the project is reviewed by staff and consultants, Plan Commission and Village Board. However, the Village code does provide for a concept plan review that can give a developer some initial feedback on project feasibility. Given the unique uses anticipated for the SDD, concept plan review will be essential.

The Village also recently developed a new zoning category, Planned Development District (PDD) which is a free standing district, not a special use. Currently, this zoning category is intended for very large projects such as Settlers Ridge or the Promenade. However, this flexible zoning may also be appropriate for smaller mixed use sites, such as within the SDD.

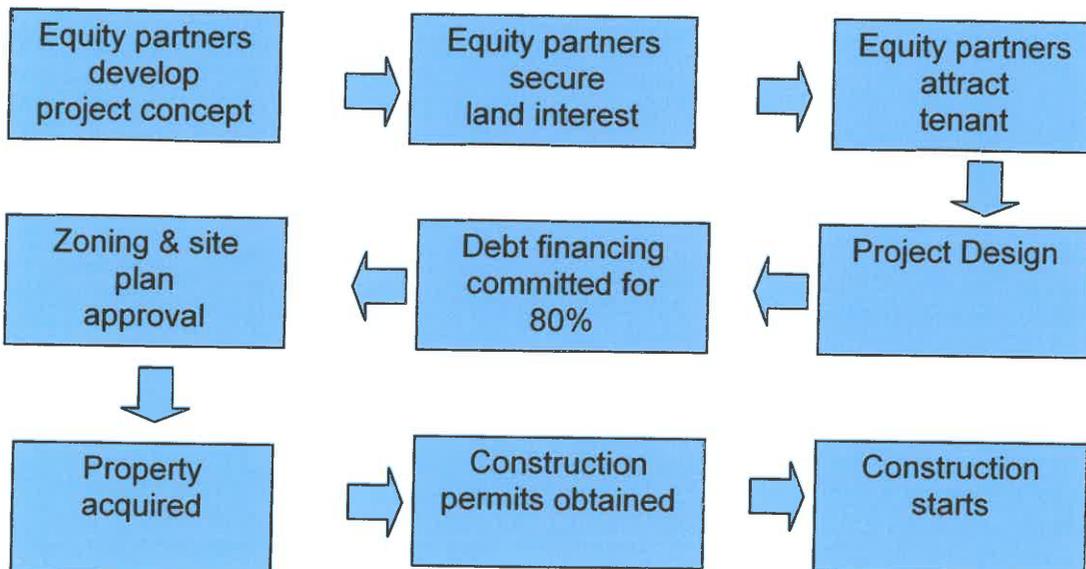
The diagrams on the following page summarize the development process from the perspective of the development community. They outline key relationships and procedures that every successful project must go through. By following this process, Sugar Grove can realize projects that both fit the community's vision and have the highest chance of success since they are designed and developed in response to natural market forces.



# Commercial Market Development Process Model



## Commercial Development Process Steps



## Action Plan

The following Action Plan is intended to provide a clear illustration of the sequence of the action steps required to implement the SDD Feasibility Study. Actual timelines and due dates are to be determined (TBD) based upon the time required to address each part of the plan and the other regular ongoing business of the Village.

### 1. REVIEW OF THE SDD ANALYSIS AND STRATEGY

- a. The Village of Sugar Grove will review the SDD Analysis, Strategy and Action Plan through the staff, appropriate Village committees and commissions, the Sugar Grove Economic Development Corporation, the Village Board and the community at large.
  - i. Timeline: TBD
  - ii. Cost: None.
  - iii. Other resources required: TAI-BDI available to assist in presentations through the terms and conditions of the Scope of Services/Contract. Additional support services can be arranged.
- b. Following consensus from Sugar Grove on the draft, TAI-BDI will prepare a final document of the SDD Analysis, Strategy and Action Plan which can be published as described in the Scope of Services.
  - i. Timeline: Approximately two weeks following approval by the Village of the draft.
  - ii. Cost: None (within scope).
- c. As part of the approval and consensus on the draft, The Village will establish that the proposed macro land use recommendations for the SDD are the land uses which will guide future planning.
  - i. Timeline: TBD
  - ii. Cost: None.

### 2. FINANCIAL ANALYSIS

- a. The Village will complete an analytical exercise to match macro revenue projections to the estimates of Village 5,10,15 and 20 year municipal revenue vs. expense projections utilizing:
  - i. The preliminary macro revenue projections projected in the analysis for the SDD.
  - ii. The very preliminary revenue projections which can be made based upon the retail commercial square footage projected in the analysis necessary to service the emerging buying needs of Sugar Grove and the related market over time.
  - iii. Sugar Grove residential revenue projections.
  - iv. Future municipal revenue vs. expense projections (base





owners such that the Village, the property owners and the development community are all consistent with the planned future.

- iv. Determine if the Village and property owners are content to wait for the market to come to Sugar Grove or if a more aggressive RFQ/RFP process (in partnership with the property owners) is appropriate. If a more aggressive approach is determined, a process and documents will be prepared.
- v. Timeline: TBD
- vi. Cost: TBD
- vii. Resources required: TAI-BDI can provide assistance on the market document for the development community, the potential RFQ/RFP process and the review/analysis of developer proposals.





## **Summary of Water Park Research**

**Daniel A. Heuertz, President**

**DAMH Corporation**

**Prepared For: Business Districts, Inc. And The Village Of Sugar Grove**

**What are the general current trends relative to smaller/shorter family vacations near the home and how have water parks competed within this trend?**

Families in the USA continued to vacation close to home and escape for weekends to nearby regional resorts --- some which included waterparks.

Hotels with indoor waterparks are growing from 23% to 29% annually while the overall hotel industry expects new supply to grow only 1.2% in 2004 and 1.3% in 2005. In 2000, there were only 18 hotel waterpark resorts. Today, over 60 are open nationwide.

**What demographics do water parks look for to be successful?**

Unlike golf, for example, water park attendance is not greater among the more affluent income brackets. If anything, the reverse is true. Water parks appeal to blue collar families to a greater extent than they do to white collar families. The experience must be affordable, both in terms of admission and spending in the park.

Pre-teens and young teens make up a disproportionate percentage of attendance at water parks and family aquatic centers. This is also a segment of the population that cannot drive a vehicle, making it dependent on parents or older adolescents for transportation.

**What are the drive times for successful water parks (Rockford to the west; Merrillville to the east, maybe Gurnee to the northeast)?**

Except for a few major tourist markets, the demographics of a water park's resident market area are the major factor in generating attendance. Generally, the market area for a commercial water park to is a 50 mile radius from the proposed site.

Generally, the larger the park, the longer the length of the attendees stay at the park; attendees will travel up to one-fourth of the time that they spend in the park. A four-hour length of stay will result in a one-hour drive, or roughly 50 miles.

Market penetration for water park attendance tends to drop in half for every five miles of distance from home to the park. This phenomenon, called the "distance decay" factor is not new or unusual: most people are more inclined to patronize shops in their neighborhood more frequently than shops located across town. Accordingly, the market is segmented into distance bands (1, mile, 5 miles, 10 miles, 15 miles, etc.) to compensate for the distance decay factor.

**How much can water parks pay for land? What other site characteristics are important?**

**Purchase Price:** Relative to other land uses, such as retail, offices and hotels, water parks do not rank as one of the highest and best uses of real estate. Consequently, the search for a suitable site for a water park should not include what would be considered prime sites. Water parks cannot compete with most commercial uses, nor should they.

**Access, Ingress And Egress:** Good regional access is a prerequisite for a water park. Proximity to a major thoroughfare is highly desirable. Superior ingress and egress are not a high priority, if these affect the purchase price. For example, if two sites have freeway frontage but one is located at the base of an exit ramp, while the second is located 1,000 feet from the exit ramp, the second site is likely to be preferable since it will probably have a lower purchase price.

**How do successful indoor and outdoor parks differ? Comment on the related issues of hotel, convention center, restaurants, etc.**

- Hotels with indoor waterparks extend their peak season from 100 days to 365 days.
- Hotels with indoor waterparks are filled almost 100% every weekend and at school breaks all year long.
- Indoor waterparks increase hotel occupancy, increase average room rates and increase annual room revenues.
- Resort destinations are excellent candidates for hotel indoor waterpark resorts. Ski resorts, golf resorts, beach & lake resorts and resort conference centers all will consider adding indoor waterparks --- to extend their short peak seasons to year round.
- Urban centers nationwide will attract large hotel waterpark resorts as part of convention centers --- starting with cold weather markets across the top tier of the USA.
- Recreational locations with interstate highway access within 200 miles of a major metro area are excellent targets for hotel waterpark development.

- The first hotel with an indoor waterpark to open in a new market will become first choice among leisure travelers, especially families with children. Children will greatly influence the lodging decision.
- “Bigger is better.” The first and biggest hotel indoor waterpark to enter a new market will create a high barrier to entry for other competitors to follow.
- In 1990, before indoor waterparks, Wisconsin Dells ran a 40% annual hotel occupancy and had a 100-day peak season. Today, it has 18 hotels with indoor waterparks and has 365-day peak season. The largest hotel waterpark resorts are running occupancies in the high 70s and low 80s --- 15 to 20 points above the national hotel average.

**Comment on the numbers associated with the Lundmark (Sugar Grove) proposal as documented in the trade press and supplied by the Village of Sugar Grove.**

The Lundmark numbers appear to be industry standards for an outdoor waterpark development. The price per admission at \$24 may not reflect promotions and discounts. The amount appears to be high based on industry norms.

The schedule for local schools is perhaps the most important factor in determining the operating schedule for a water park. The typical operating schedule for a outdoor water park consists of less than 100 days per season. Water parks are usually open on weekends and holidays, with daily operations throughout most of June, July and August. Many schools do not recess for the summer until mid-June, while others start in early August. Water parks suffer from lost attendance, and often have difficulty retaining their staff, which consists of high school and college students (same is true with restaurants). Problems caused by the school year schedule are serious.

**What are the revenue opportunities to the Village: property tax, sales tax, utility tax (water) and an entertainment (ticket) tax? How much revenue is expected from each source in a successful venture?**

Water parks appear to have an entertainment value approximating some \$5.00 per hour. A park with a 5-hour length of stay would have entertainment value of \$25.00.

Most water parks are located in residential markets and depend on repeat business to survive. It would not be good business to “rip off” your core market. It is important to keep the cost of a visit at a reasonable level.

All water parks charge admission as a condition of entry; however, parks almost never have just one admission rate. The top rate is the general admission rate, which is charged to “adults”, or anyone over the age of 11 or 12. In addition to the general admission rate,

there a number of discounted rates, including a child's general admission, group rates, promotional rates and season pass for individuals and families.

In the hotel industry, this practice is called "yield management". It means, if the customer won't buy the rack rate room, sell him or her something cheaper. The objective is to achieve a weighted per capita expenditure for all ticket sales that is 65 to 70 percent of the general admission price. At 70 percent of a \$25.00 general admission rate, the overall per capita would be \$17.50.

A 5-hour length of stay should have entertainment value of around \$25.00, \$17.50 from admissions. That leaves \$7.50 to be derived from other sources.

General Admission	65%
Food & Beverage	20%
Tube Rental	5%
Merchandise	5%
Other	<u>5%</u>
Total	100%

**How much land is needed for the park, associated parking and the access area?**

Site Size: The amount of land required to accommodate the park core, parking lot and support facilities will depend on the scale of park development envisioned. Commercial water parks require a site in the range of 12 to 20 acres, while public facilities (municipal, county or state) require smaller sites, perhaps in the range of 5 to 10 acres. Regarding configuration, a square parcel is preferable to an elongated rectangle.

How tall are water park rides? With an airport directly west, the FAA will have some restrictions. Also, is it true that the water park developer should be well capitalized as the ability to add new "rides" to the park on an annual basis appears to be an important part of successful parks.

Height: Existing hotel owners are raising the roofs of their pool buildings to install 30 to 50-foot high waterslide towers. "America's Biggest Indoor Water Slide Tower" will rise approximately 10 stories. Construction of 5-story water slides is becoming the norm.

Yes, it is absolutely true that the ability to maintain and add to the park venues on an annual basis is critical.

**How many successful developers are there of water parks vs. water park “wannabe’s?”**

While several hotel chains, like Marriott and Holiday Inn, are studying the indoor waterpark concept, several entertainment companies, like Six Flags Inc, Paramount Parks and Nickelodeon are developing their plans in the hotel business.

Other Brand names include AmericInn, Baymont, Best Western, Comfort Suites, Country Inn & Suites, Days Inn Hawthorn Suites, Hilton, Hojo, Holiday Inn, Marriott, Microtel, Quality Inn, Ramada, Sleep Inn and Wingate.

Two companies, Great Lakes Companies and Kalahari Resort, are reproducing their prototypes in multiple locations --- in effect, starting their own brand. Great Lakes Companies signed a license agreement with Ripley’s Entertainment for its Great Wolf Lodge in Niagara Falls, Ontario --- which is a first step in becoming a franchisor in the hotel waterpark resort industry.

Grand Bear Lodge at Starved Rock State Park in Utica IL expects to open late in 2004.

**What do water park developers cite as “secondary” economic impact? Do we believe it?**

Food and beverage: While additional research is needed, but stand-alone restaurants (3-5 diverse concepts) should have high use amongst park attendees and serve as a regional restaurant destination.

Another secondary impact is the hotel and meeting/convention business. The Top 5 Largest Meeting Facilities with an indoor waterpark average 336 guest rooms, 79,000 sf of meeting space, 36 meeting rooms and a 42,600 sf waterpark. Components average 4 waterslides, 2.2 pools and 1.6 hot tubs. Half of these properties have a lazy river and 20% have a wave pool and water coaster.

Among the meeting facilities ranked 6 through 10 in size, these properties averaged 207 guest rooms, 26,600 sf of meeting space, 15 meeting rooms and a 22,200 sf indoor waterpark.

Among those ranked 11 through 15, the number of guest rooms averaged 213 with 15,781 sf of meeting space, 10.5 meeting rooms and an 18,354 sf indoor waterpark.

**Do water parks have a life cycle---i.e. do they last 10 years or so and then get torn down? If so, how should this be analyzed from a municipal point of view?**

Currently, waterparks continue to expand their entertainment/rides/attractions offerings such as the addition of an outdoor venue in the event they currently offer an indoor waterpark only, high-tech arcades, family friendly time shares condos and or hotel rooms, family restaurants, etc. There is no indication of a down cycle or a life cycle. Expansion

to keep up with consumer demand is keeping the product fresh and relevant. The industry is relatively new and it is yet to be determined the industry's life cycle.

### **Industry examples:**

- Great Wolf Lodge in Wisconsin Dells WI opened the expansion of its outdoor waterpark in June 2004. The popularity of its indoor treehouse prompted owners, The Great Lakes Companies of Madison WI, to build a mini treehouse in its outdoor waterpark. The \$1.5 million expansion nearly doubled the size of the outdoor waterpark to 60,000 sf. The outdoor mini-treehouse has a tipping bucket that dumps water on guests at the sound of a bell. In addition, guests can climb into inner tubes for a wet journey down Half Moon Lake, relax on a leisure island, climb the 25-ft high aqua rock wall, play water basketball or ride kiddie bumper boats.
- The Lodge at Cedar Creek Resort in Wausau WI opened its new \$35 million, 50,000 sf indoor waterpark resort in June, and the largest of its kind in northern Wisconsin. The resort features 140 family-sized suites and historic log mill design that pays tribute to the region's lumber industry. You can eat in the Saw Mill Grill and drink in the Buzz Saw Bar. The indoor waterpark includes 4 waterslides, splashdown pool, activity pool, kiddie pool, lazy river and treehouse with an 800-gallon tipping water bucket. The resort also has 1,600 sf of meeting facilities and a heated outdoor pavilion for special events. Developer is Chuck Heath, president of Horizon Development Group LLC of Verona WI.
- Kalahari Resort in Wisconsin Dells WI opened its 120 3-bedroom condominiums and expanded convention center. The *Kalahari Condominiums*, which sold initially for \$379,000 each on a whole-ownership basis prior to construction, offer 1,579 sf in four different styles. Owners place their units in a rental program so they can be rented to hotel guests as a hotel suite. These condos (3 bedrooms) bring the total Kalahari room count to 738. In addition, Kalahari expanded its convention center to 125,000 sf including 47 meeting rooms, banquet seating for up to 3,000 people and a 10-screen cinema with stadium seating. Owners have full use of the resort facilities, including its 75,000 sf outdoor waterpark. The Kalahari Waterpark Resort Convention Center, as it is now called, has the most hotel meeting space in Wisconsin and reports to have America's largest indoor waterpark (125,000 sf) --- although its neighbor, Wilderness Resort, has three indoor waterparks totaling 161,000 sf.
- Blue Harbor Resort & Conference Center in Sheboygan WI opened its doors in June to vacationers and business travelers to enjoy its 183 rooms, 40,000 sf indoor waterpark and 20,000 sf conference facilities --- with Grand Victorian décor and nautical atmosphere. The indoor waterpark features 7 waterslides, 4 pools, 2 hot tubs and a 100-game arcade. There are also 4 restaurants and an Aveda Spa with 6 feng shui treatment rooms. The waterpark conference resort is owned and operated by Great Lakes Companies of Madison WI.

**Do water parks look for a “partnering” relationship with municipalities? Why? What does it entail?**

I have not found any hard data on this topic, but based on interviews and experience it would be of great interest from the developers.

How important is the presence of ancillary “entertainment” venues to the success of the park to produce a well-rounded 2-3 day visit---i.e. Gurnee could discuss water parks, Gurnee Mills, Great America, area golf as multiple venues for family members on the trip.

- The waterpark needs to be positioned as the main attraction that is supported by hotels, restaurants, shopping, and other entertainment.

**How important is visibility---next to a highway?**

Visibility: Visibility is desirable but not mandatory. Research has proven that people do not visit water parks on impulse; rather, they know beforehand that they are going to attend a water park. The advantage to having good visibility from a major thoroughfare is increased public awareness. Parks without good visibility are usually required to spend extra marketing dollars to achieve public awareness.

**Any final advice as to how a municipality should underwrite water park proposals in their own self interest?**

Be the 1<sup>st</sup>, the biggest and best waterpark in the region. Plan for success with 1-2 hotels, meeting rooms, 3-5 restaurant sites and shopping.

Eighty (80) hotel indoor waterpark projects are in the planning stages as of October 1, 2004 compared to 46 projects in the pipeline this same time last year and 28 projects the year prior. While 76 hotel waterpark resorts are now open and operating in the USA, 32 projects are under construction and 80 more are on the drawing boards nationwide.

## Key Demographics

	5 Minutes:	30 Minutes:	60 Minutes:	Sugar Grove
<b>Population 2004</b>				
Population	10,070	918,715	7,085,141	7,500
Households	3,443	322,183	2,566,044	2,400
Population Density	676	753.35	1,566.90	1,160
Total Population Median Age	37.3	33.84	34.8	36.4
<b>Household Income 2004</b>				
Median Household Income	\$82,051	\$72,322	\$56,953	\$77,777
Household Average Income	\$109,004	\$99,628	\$78,064	\$100,066
<b>Business Summary 2004</b>				
Total Employees	1,749	403,521	3,391,455	1,330
Total Establishments	198	34,184	269,842	137
<b>Consumer Expenditure 2004</b>				
Total Household Expenditure	\$231,573,742	\$20,247,669,879	\$141,069,071,870	\$150,642,959
Total Retail Expenditure	\$97,327,108	\$8,505,256,829	\$59,225,659,075	\$63,345,469
Full Service Restaurants	\$5,613,186	\$467,740,370	\$3,159,222,426	\$3,348,215
Limited Service Restaurants	\$5,701,513	\$475,055,145	\$3,207,934,351	\$3,400,652
Grocery Stores	\$22,429,030	\$1,876,532,167	\$12,729,075,388	\$13,399,826
<b>Housing Units 2004</b>				
% Owner Occupied Units	89%	74%	62%	85%

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### Detailed Demographics Updated

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000	2004 to 2009
<b>Population Demographics</b>						
Total Population	2,461	3,909	7,500	23,000	58.9%	306.7%
Population Density (Pop/Sq Mi)	380.6	604.7	1160.1	1,779.0	58.9%	153.3%
Total Households	806	1,272	2,400	7,241	57.7%	301.7%
<b>Population by Gender:</b>						
Male	1,219	1,989	3,833	11,801	63.2%	307.9%
Female	1,242	1,920	3,667	11,199	54.6%	305.4%
<b>Population by Race/Ethnicity</b>						
	<b>1990 Census</b>	<b>2000 Census</b>	<b>2004 Estimate</b>	<b>2009 Projection</b>	<b>1990 to 2000</b>	<b>2004 to 2009</b>
White	2,415	3,704	7,044	21,401	53.4%	303.8%
Black	12	71	155	524	511.5%	338.9%
American Indian or Alaska Native	4	5	11	34	53.5%	314.3%
Asian	12	26	57	195	111.9%	343.6%
Some Other Race	17	61	150	565	257.4%	376.7%
Two or More Races		41	86	285		331.8%
Hispanic Ethnicity	48	174	486	2,692	262.60%	554.5%
Not Hispanic or Latino	2,413	3,735	4,580	20,308	54.8%	443.4%

**Population by Age**

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000 Percent Change	2004 to 2009 Percent Change
0 to 4	177	287	547	1,659	7.2%	7.2%
5 to 14	399	676	1,251	3,703	16.2%	16.1%
15 to 19	179	260	492	1,539	7.3%	6.7%
20 to 24	132	161	343	1,067	5.3%	4.6%
25 to 34	364	496	942	2,658	14.8%	11.6%
35 to 44	440	755	1,351	3,815	17.9%	16.6%
45 to 54	400	576	1,115	3,463	16.2%	15.1%
55 to 64	198	427	954	3,366	8.0%	12.7%
65 to 74	109	169	325	1,161	4.4%	4.3%
75 to 84	54	85	149	464	2.2%	2.0%
85+	8	17	35	109	0.3%	0.5%
<b>Median Age:</b>						
Total Population	34.5	36	36.4	37.3		

**Households by Income**

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000 Percent Change	2004 to 2009 Percent Change
\$0 - \$15,000	53	61	95	255	6.6%	4.8%
\$15,000 - \$24,999	55	34	66	165	6.8%	2.7%
\$25,000 - \$34,999	69	79	119	270	8.6%	5.0%
\$35,000 - \$49,999	179	164	270	719	22.2%	11.2%
\$50,000 - \$74,999	251	344	565	1,254	31.1%	23.6%
\$75,000 - \$99,999	101	249	548	1,786	12.5%	22.8%
\$100,000 - \$149,999	65	197	441	1,681	8.0%	18.4%
\$150,000 +	36	144	297	1,112	4.5%	12.4%
Average Hhld Income	\$62,070	\$92,651	\$100,066	\$109,961		49.3%
Median Hhld Income	\$53,219	\$72,038	\$77,777	\$88,019		35.4%
Per Capita Income	\$21,434	\$30,147	\$34,456	\$37,292		40.7%

### Employment and Business

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000	2004 to 2009	Percent Change
Age 16 + Population	1,841	2,883	5,587	17,283	56.7%	309.3%	
In Labor Force	1,424	2,121	4,091	12,588	49.0%	307.7%	
Employed	1,380	2,039	3,919	12,026	47.7%	306.9%	
Unemployed	42	79	163.8758	539	4.3%	329.0%	
In Armed Forces	1	4	7.65775	22	0.2%	293.4%	
Not In Labor Force	417	762	1496.324	4,695	82.9%	313.8%	

Number of Employees (Daytime Pop)

Number of Establishments

Emp in Blue Collar Occupations

Emp in White Collar Occupations

### Housing Units

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000	2004 to 2009	Percent Change
Total Housing Units	839	1,304	2,457	7,413	55.3%	301.8%	
Owner Occupied	654	1,086	2,092	6,440	66.0%	307.8%	
Renter Occupied	152	186	308	805	22.1%	261.5%	
Vacant	33	32	57	168	-3.9%	297.3%	

### Vehicles Available

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000	2004 to 2009	Percent Change
Vehicles Per Household	2.2	2.1	2.2	2.7	-3.9%	122.7%	
0 Vehicles Available	13	22	44	142	78.4%	320.3%	
1 Vehicle Available	130	235	436	1,288	80.6%	295.1%	
2+ Vehicles Available	693	1,015	1,919	5,811	46.5%	302.8%	

### Marital Status

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000	2004 to 2009
Age 15+ Population	1,883	2,945	5,703	17,638	56.4%	309.3%
Married, Spouse Present	1,339	1,909	3,634	10,843	42.5%	298.3%
Married, Spouse Absent	12	68	156	655	489.7%	419.4%
Divorced	105	262	210	655	150.3%	312.3%
Widowed	70	108	510	1,617	53.6%	317.1%
Never Married	358	598	1,192	3,868	67.2%	324.6%

### Educational Attainment

	1990 Census	2000 Census	2004 Estimate	2009 Projection	1990 to 2000	2004 to 2009
Age 25+ Population	1,573	2,524	4,869	14,988	60.5%	307.8%
Grade K - 8	48	28	66	251	-42.3%	380.9%
Grade 9 - 12	121	98	213	711	-18.5%	334.2%
High School Graduate	521	732	1,429	4,437	40.5%	310.5%
Some College, No Degree	362	625	1,202	3,650	72.6%	303.6%
Associates Degree	113	152	291	891	34.2%	306.2%
Bachelor's Degree	243	609	1,155	3,516	150.8%	304.5%
Graduate Degree	164	279	513	1,535	69.4%	299.2%

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## Retail Sales Potential Updated

Index Base Average = 100	Index Base File: US	Index Base File: US			
<b>Current Year Annual</b>	<b>Aggregate Dollars</b>	<b>Aggregate Dollars</b>	<b>Average Dollars</b>	<b>Percent of Total</b>	<b>Index</b>
Appliances and Electronics Stores	\$704,403	\$1,078,828	\$449.43	1.40%	130
Art Dealers	\$2,734	\$4,187	\$1.74	0.01%	131
Auto Parts and Accessories	\$643,441	\$985,462	\$410.53	1.28%	128
Book Stores	\$318,720	\$488,136	\$203.35	0.63%	129
Camera and Photography Stores	\$73,438	\$112,474	\$46.86	0.15%	129
Childrens' and Infant's Clothing Stores	\$178,195	\$272,915	\$113.69	0.35%	129
Clothing Accessory Stores	\$36,027	\$55,177	\$22.99	0.07%	128
Computer Stores	\$395,866	\$606,289	\$252.57	0.79%	128
Convenience Stores	\$406,820	\$623,065	\$259.56	0.81%	130
Costmetics and Beauty Stores	\$47,077	\$72,101	\$30.04	0.09%	128
Department Stores	\$4,154,466	\$6,362,772	\$2,650.65	8.27%	130
Drinking Places	\$162,527	\$248,918	\$103.70	0.32%	129
Family Clothing Stores	\$911,246	\$1,395,619	\$581.40	1.81%	129
Fish and Seafood Markets	\$26,822	\$41,079	\$17.11	0.05%	129
Floor Covering Stores	\$143,268	\$219,422	\$91.41	0.29%	134
Florists	\$43,281	\$66,287	\$27.61	0.09%	133
Fruit and Vegetable Markets	\$52,898	\$81,016	\$33.75	0.11%	129
Fuel Dealers	\$271,844	\$416,343	\$173.44	0.54%	137
Full Service Restaurants	\$2,186,161	\$3,348,215	\$1,394.82	4.35%	129
Furniture Stores	\$789,822	\$1,209,652	\$503.93	1.57%	132
Gasoline Stations with Convenience Stores	\$3,553,927	\$5,443,017	\$2,267.49	7.07%	131
Gasoline Stations without Convenience Stores	\$1,575,374	\$2,412,764	\$1,005.13	3.14%	132
Gift and Souvenir Stores	\$100,544	\$153,988	\$64.15	0.20%	131
Grocery Stores	\$8,749,193	\$13,399,826	\$5,582.19	17.41%	130
Hardware Stores	\$332,725	\$509,585	\$212.29	0.66%	135
Hobby, Toy, and Game Stores	\$211,117	\$323,336	\$134.70	0.42%	133
Home Centers	\$857,855	\$1,313,848	\$547.33	1.71%	132
Hotels and Other Travel Accomodations	\$319,561	\$489,424	\$203.89	0.64%	129
Jewelry Stores	\$263,957	\$404,263	\$168.41	0.53%	127
Limited Service Restaurants	\$2,220,399	\$3,400,652	\$1,416.67	4.42%	129
Liquor Stores	\$309,283	\$473,682	\$197.33	0.62%	130
Luggage Stores	\$26,855	\$41,130	\$17.13	0.05%	132
Mail Order and Catalog Stores	\$1,193,739	\$1,828,271	\$761.63	2.38%	129
Meat Markets	\$112,284	\$171,969	\$71.64	0.22%	129
Men's Clothing Stores	\$195,098	\$298,802	\$124.48	0.39%	129
Mobile Home Dealers	\$1,049	\$1,607	\$0.67	0.00%	133
Motorcycle and Boat Dealers	\$371,010	\$568,220	\$236.71	0.74%	131
Musical Instrument Stores	\$81,523	\$124,857	\$52.01	0.16%	129
New Car Dealers	\$9,281,307	\$14,214,785	\$5,921.69	18.47%	129
Nursery and Garden Stores	\$206,482	\$316,237	\$131.74	0.41%	133
Office and Stationary Stores	\$93,644	\$143,420	\$59.75	0.19%	130
Optical Goods Stores	\$202,261	\$309,773	\$129.05	0.40%	127
Other Apparel Stores	\$142,801	\$218,707	\$91.11	0.28%	129
Other Building Materials Stores	\$849,884	\$1,301,640	\$542.25	1.69%	136

## Retail Sales Potential Updated

Index Base Average = 100	Index Base File: US	Index Base File: US			
Current Year Annual	Aggregate Dollars	Aggregate Dollars	Average Dollars	Percent of Total	Index
Other Direct Selling Establishments	\$232,850	\$356,621	\$148.56	0.46%	130
Other General Merchandise Stores	\$464,808	\$711,877	\$296.56	0.93%	131
Other Health and Personal Care Stores	\$98,440	\$150,766	\$62.81	0.20%	128
Other Home Furnishing Stores	\$201,948	\$309,293	\$128.85	0.40%	132
Other Miscellaneous Retail Stores	\$110,429	\$169,128	\$70.46	0.22%	132
Other Specialty Food Markets	\$83,140	\$127,333	\$53.05	0.17%	129
Outdoor Power Equipment Stores	\$26,278	\$40,246	\$16.77	0.05%	133
Paint and Wallpaper Stores	\$28,857	\$44,196	\$18.41	0.06%	133
Pet and Pet Supply Stores	\$134,828	\$206,496	\$86.02	0.27%	133
Pharmacy and Drug Stores	\$1,154,342	\$1,767,932	\$736.50	2.30%	128
RV Parks	\$4,546	\$6,962	\$2.90	0.01%	129
Record, Tape, and CD Stores	\$155,586	\$238,288	\$99.27	0.31%	129
Recreational Vehicle Dealers	\$14,768	\$22,618	\$9.42	0.03%	129
Rooming and Boarding Houses	\$2,263	\$3,466	\$1.44	0.00%	129
Sewing and Needlecraft Stores	\$29,142	\$44,632	\$18.59	0.06%	130
Shoe Stores	\$508,711	\$779,116	\$324.57	1.01%	128
Special Food Services and Catering	\$371,220	\$568,542	\$236.85	0.74%	129
Sporting Goods Stores	\$423,240	\$648,213	\$270.04	0.84%	132
Tire Dealers	\$297,888	\$456,230	\$190.06	0.59%	128
Used Merchandise Stores	\$87,234	\$133,603	\$55.66	0.17%	130
User Car Dealers	\$631,585	\$967,304	\$402.97	1.26%	129
Vending Machines	\$163,027	\$249,684	\$104.01	0.32%	129
Warehouse Superstores	\$1,681,506	\$2,575,310	\$1,072.84	3.35%	130
Women's Clothing Stores	\$534,705	\$818,927	\$341.15	1.06%	129
<b>Total Annual Retail</b>	<b>\$50,242,268</b>	<b>\$76,948,542</b>	<b>\$32,055.75</b>	<b>100%</b>	<b>130</b>

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