

January 15, 2015

DU PAGE COUNTY REAL ESTATE ASSESSMENT TASK FORCE

FINAL REPORT

Task Force Objective

The Task Force comprises members from the DuPage County public sector and private sector. The members, all experts in their respective fields, have come together to provide a comprehensive review of the property commonly known as the DuPage County Fairgrounds in order to determine if the property is being utilized to its maximum potential. Additionally, the Task Force endeavors to identify if alternative, higher and better uses of the property are available and feasible.

Task Force Members

Greg Bedalov, President and CEO, Choose DuPage, Facilitator
Ian Parr, President and CEO, Construction Cost Systems, Chairman
Christopher Burke, President and CEO, Christopher Burke Engineering
Dan Allen, Executive Director, Construction Industry Service Corporation
Mark Moran, Executive Vice-President, NAI Hiffman
Diana Riekse, Executive Vice-President, C.B. Richard Ellis
Len Caldiera, Executive Vice-President, Jones Lang LaSalle
Ed Harrington, Executive Vice-President, Center Point Properties
Nick Ryan, Partner, Marquette Properties
William Krug, Owner, William Krug Inc.
Kathy McLennan, Former DuPage County Facilities Management (retired)

Subject and Framework of This Report

The subject of this report is the 37.29 - acre property, part of the DuPage County Complex in Wheaton and commonly referred to as the DuPage County Fairgrounds. The Task Force feels that it is important to note that, notwithstanding the common name, the Fairgrounds property is an asset of DuPage County. This is an important point when framing any discussion regarding future use.

The Task Force also recognizes commentary at the group's initial meeting of the Task Force on October 2, 2013 by DuPage County Board Chairman Dan Cronin who "encouraged the group to consider all public and private land use options that could best serve the County and to work with county staff and community stakeholders such as the local school district, the City of Wheaton, and Wheaton Park District and other community groups to obtain their critical feedback." (Appendix A – Task Force Meeting Minutes)

These remarks are consistent with a memorandum from Chairman Cronin to County Board members dated September 26, 2013. (Appendix B – Memorandum to County Board)

Guiding Principles for the Report

Recognizing that the Task Force must maintain the principle that the property itself is an asset of DuPage County and any use of the property should maintain a benefit for the taxpayers of DuPage County. The Task Force used the following guiding principles in the preparation of this report.

- Evaluation of current operations
 - Are the current uses in line with the original lease and intent?
- Assessment of current conditions of fairground properties
 - If the fair is a potential option for the property what changes or improvements, if any, are required?
- Recommendations for improvement or changes
 - Are the current buildings and current operations sufficient to support the fair?
- Highest and best use going forward
 - Are commercial, residential, retail or industrial uses viable as an option? Does the existing use represent the best utilization of the property?

Property Description

The property in question for review by the Task Force is commonly referred to as the DuPage County Fairgrounds located on the DuPage County complex in Wheaton, IL. (Appendix C)

Lease History and Intent

A lease exists between the County of DuPage and the DuPage County Fair Association. (Appendix D)

The original lease on the property was effective Jan 1, 1976. Parties to the lease were DuPage County and the DuPage County Fair Association.

The primary intent is stated as follows in the body of the lease.

“Said premises are to be used for the continuation of a site for the Annual DuPage County Fair and 4-H show and for no other purposes whatsoever, except for the use of Federal, State, County, City and agencies thereof, political parties, civic, religious, athletic or benevolent organizations, educational activities, and for other functions approved by the County board, in writing and shall exclude those for commercial purposes.”

Stakeholders

Current major stakeholders utilizing the fairgrounds property include:

Du Page County
DuPage County Fair Association
City of Wheaton
Wheaton Park District
Wheaton School District 200
4-H Program

In addition to the major stakeholders outlined above, various community groups are stakeholders in the fairgrounds via their relationship with the DuPage County Fair Association. A full list of the organizations most frequently utilizing the facility can be seen by reviewing the event listing and schedules provided by DuPage County Fair Association. (Appendix E)

The Task Force heard commentary from several of the existing stakeholders and potentially interested parties during its meetings.

The commentary from the stakeholders regarding current uses is as follows:

DuPage County Facilities Management Staff (presented by Facilities Manager Tim Harbaugh)

The county complex is landlocked. Decisions regarding the fairgrounds property will impact future county operations.

The county complex has to deal with potential flooding. Any development would have to include additional storm water storage and other infrastructure improvements.

Traffic around the complex is generally higher in the morning and evening. Future uses should consider this.

The need for a contingent plan to address future Federal/State requirements for a judicial facility should be considered.

The existing county judicial complex has 12,000 and 22,000 SF of shell space.

A Metra station would require parking which may not be fiscally supportable. (Appendix A – Task Force Meeting Minutes)

DuPage County Fair Association (presented by DuPage County Fair Association President Jim McGuire)

The original mission of DuPage County Fair Association was to provide an agricultural based fair for the residents of the DuPage County region. The mission, grounded in a time when DuPage County was far more agricultural, is a topic which the DuPage County Fair Association is reviewing as the association looks to reinvent itself for the future. DuPage County Fair Association recognizes that the DuPage County of today is far less agricultural and hopes to recognize the history of agriculture in the past and its relevance to county residents today.

The question of alternate sites, either permanent or temporary, and potential uses of the existing site are a continuing consideration for the DuPage County Fair Association.

Question regarding current and future programs should also be considered.

100,000+ people visit the fairgrounds property during the week of the fair.

Monthly, as many as 10,000 people attend other events held at the fairgrounds property.

Volunteers are required to conduct the fair. It was noted that a significant volunteer contribution in terms of time is critical to the fair operation.

On non-fair, non-event days it appears around 200 people use the facility for short duration (1-4 hour) events.

Many 4-H programs take place on the property.

It shall be noted that there is no paid parking at the property.

DuPage County Fair Association typically charges “market rates” for the facilities compared to other County Fairs.

DuPage County Fair Association has an annual operating budget of \$1.6 million and only breaks even when Department of Agriculture funding is included as well as revenue from additional non-fair events. There is speculation that Department of Agriculture funding may soon be lost.

The fair also has an impact on local business (restaurants, hotels, etc.). No economic impact estimate was provided by the DuPage County Fair Association.

No agreements exist between DuPage County, City of Wheaton, Wheaton Park District or Wheaton School District 200 and DuPage County Fair Association for programs other than the County Fair itself.

The task force did not receive any formal presentation or business plan for future uses of the fairgrounds property. The DuPage County Fair Association provided an aerial view of the subject property.

Wheaton School District 200, Wheaton Park District (presented by School District 200 Superintendent Brian Harris and Wheaton Park District Executive Director Mike Bernard)

Both of these organizations are contiguous to the fairground property and have numerous events that utilize the fairground for parking. Some district-related functions are also held in DuPage County Fair Association facilities.

These organizations do not pay for their use of the fairgrounds.

Neither Wheaton School District 200 nor the Wheaton Park District has an agreement with the DuPage County Fair Association.

Without the ability to park on the fairgrounds property, significant traffic congestion issues would arise in the adjoining residential areas.

Some use is made of the county parking structure. However, there was a comment that this was inconvenient and required a long walk. (Appendix A – Task Force Meeting Minutes)

City of Wheaton (presented by City of Wheaton Village Manager Don Rose)

The site is within the City of Wheaton and as such any future use is of significant interest to the City of Wheaton.

Zoning of the fairgrounds property lies with City of Wheaton.

Currently the City of Wheaton benefits from part of the fairground property to stockpile snow from winter plowing operations.

Indirectly, the City of Wheaton benefits from the parking arrangements discussed relative to Wheaton Park District and Wheaton School District 200.

No payment is made by the City of Wheaton to the DuPage County Fair Association for their use of the fairgrounds property.

No formal agreement exists that documents said use between City of Wheaton and DuPage County Fair Association.

It should also be noted that the City of Wheaton benefits from the economic impact of fairground events as outlined above. (Appendix A – Task Force Meeting Minutes)

4-H (presented by 4-H leader Laura Bennett)

4-H clubs meet regularly at the property for a number of different functions including club nights that need space for 20 people and events such as International Night that draw as many as 400 people.

The equestrian/animal ring is not used as often as possible. The DuPage County Fair Association is looking into this.

4-H is estimated to reach over 4,600 youth regionally.

4-H involves youth from ages 8-18 interacting together. The program promotes leadership, educates on diverse fields such as woodworking and robotics. This represents an effort to reach out to urbanized youth and to educate them on the continued importance and relevance of agriculture.

4-H received scholarships and funding from the DuPage County Fair Association annually.

The mission of 4-H is to educate youth (future agriculture consumers) on the relevance of agriculture which is still our largest industry and on its complexities, challenges and importance for the future.

The 4-H organization administratively covers DuPage, Kane and Kendall counties. (Appendix A – Task Force Meeting Minutes)

Other Groups (presented by Jim McGuire and other DuPage County Fair Association employees)

The fairground is utilized by numerous community and other groups.

Fairgrounds facilities are used intermittently by large groups and regularly by small groups.

Revenue from this usage has enabled the DuPage County Fair Association to “break even” when added to revenue from the fair and the Department of Agriculture.

“Non-fair” annual revenue is approximately \$1.0 million. (Appendix A – Task Force Meeting Minutes)

Stakeholder Input Regarding Future Use

DuPage County Fair Association (presented by DuPage County Fair Association employees)

At multiple meetings, DuPage County Fair Association employees discussed future uses for the fairgrounds focused on enhancing current operations and expanding existing programs to assist with revenue.

Discussion was also brought forward by DuPage County Fair Association employees as the fairgrounds property being a potential site for a performing arts center.

No formal plan was presented.

DuPage County Fair Association personnel discussed a plan which indicated filling in the pond on the west side of the fairgrounds property, putting in paver bricks and developing some type of private sector housing.

The task force believes this plan would not work from a storm water perspective.

DuPage County Fair Association personnel also talked about the benefits of a tax increment financing district (TIF) for the area. (Appendix A – Task Force Meeting Minutes)

City of Wheaton (presented by Don Rose, Wheaton City Manager)

Questioned sustainability of the County Fair given their fiscal challenges.

Existing buildings on the fairgrounds are aged and require substantial upgrades and maintenance.

Access and traffic is a problem.

Future commercial, retail or office development on the site has little potential. Residential in any form was more acceptable.

Fair has caused parking and noise issues for local residents.

Trailers used by carnival workers are in violation of municipal zoning.

Best use is probably a public use. There are demands for open space and recreation areas.

Wheaton Park District would like to expand their facilities.

Recognized that DuPage County has continued interest in future uses for potential county needs.

All these issues could be incorporated into a master planning process.

Would like to keep snow storage usage if possible. (Appendix A – Task Force Meeting Minutes)

Wheaton School District 200 (presented by Dr. Brian Harris, School District 200 superintendent)

Advocated for land to remain in public domain.

Need an early childhood center.

Need to centralize maintenance and storage facility.

With Wheaton Park District, sees use for lacrosse/recreational spaces.

Recognized access issues. (Appendix A – Task Force Meeting Minutes)

Wheaton Park District (presented by Phil Leutkehans, Wheaton Park District, Board Vice-President and Mike Benard, Wheaton Park District, Executive Director)

Presented plan of future potential use.

Proposes north end as open space – leased from DuPage County. Lease needs to be 20-25 years to justify investment (\$1-1.5 million).

Propose parking between north and south parcels – Wheaton Park District is a night/weekend user.

Notes that Wheaton Park District needs fields to hold “event-type tournaments”.

Notes fields can be lit without “neighbor problems”.

Wheaton Park District could accommodate 4-H events and activities subject to scheduling.

Raising elevation of field is necessary if possible.

May consider use of S.E. corner (5.23 acres) for facilities such as indoor soccer.

City of Wheaton could continue to use for snow storage.

Significant upgrades would be needed to electrical system.

Plan overview and drawing presented to Task Force. (Appendix A –Task Force Meeting Minutes)

Existing Facility Conditions

The existing fairground facilities need significant improvement. Upon visual inspection a number of the Task Force members had serious concerns as to whether these facilities were up to current accessibility, life safety and code standards, especially for some of the large events that take place.

The site roads, parking, buildings and infrastructure are generally very dated.

It is noted that significant upgrades were recently made to the electrical system to support current uses.

At the request of the Task Force, the City of Wheaton and DuPage County conducted a physical inspection and assessment of all buildings and other structures.

The Task Force believes that significant changes or improvements to the buildings, structures and infrastructure on the fairgrounds property are required.

The attached inspection report identifies more than 300 structural, electrical and code violations. Many of these violations prevent the safe usage of several facilities. Experts from the task force reviewed the report and, based on a cursory review, believe an initial cost to correct the issues identified would be in excess of \$2 million.

The Task Force believes that several changes to physical structures must be made in order for the fair to operate safely. The report identifies these changes. Additionally, based on the information presented by the DuPage County Fair Association to the Task Force, the Task Force believes that the financial requirements associated with these improvements may not be realized in a timely manner through revenue associated with the fair. Additional revenue sources would be required to make the needed improvements.

City of Wheaton inspection report is attached. (Appendix F)

Current Valuation

A rough valuation from 2012 is on file for the property. It identifies the values of the property and the buildings in current conditions.

Valuation is attached. (Appendix G)

The Task Force reviewed the valuation from 2012. The Task Force believes that the current value of the land, based on market conditions and comps for recent commercial land sales, is between \$5 and \$6 per square foot or roughly \$8 – 9.7 million dollars. This estimate is suitable for new office or retail use, both of which have been identified as non-viable options at this time. Under current use, the task force believes the value would be between \$2.50 and \$3 per square foot or roughly \$4 – 5 million dollars. These numbers do not take into account land conditions, unknown environmental conditions, infrastructure or other factors. Additionally, these numbers are subject to change and are not indicative of a full market analysis.

The Task Force did not present a value on the property with respect to a lease as leases require more information in terms of use, user, credit strength and other variables.

Current Conditions / Evaluation of Current Operations

The Task Force toured the fairgrounds property with DuPage County Fairground Association representatives.

The current facilities will require significant investment if the fair is to be continued at this location. The code issues that have been identified are a result of a long struggle that the DuPage County Fair Association has faced to fund operations. While there are a myriad of various community groups utilizing the facilities and helping to “pay the bills” it is questionable whether many of the uses were intended under the terms of the original lease.

The current uses of the facility by other governmental entities should be formalized.

It is beyond the scope of the task force to make recommendations as to the best way forward for the fair except to note that options exist that would relieve them of the burden of property management and free the property for other uses that may potentially better serve the taxpayers of DuPage County.

Highest and Best Uses Going Forward (Public)

Some potential public uses listed below may require a zoning variance or change.

DuPage County

The Task Force believes that the presentation from the facilities management team at DuPage County is viable and attainable. The presentation indicated that the county complex is land locked and any future county complex expansion would be most efficiently accomplished on the county complex. The Task Force supports this belief and feels the county should be sensitive to maintaining control of the land consistent with future needs. Buildings such as a federal courthouse, an expanded jail or expanded administrative needs would be an appropriate use of fairgrounds property. The Task Force identified all concepts presented by the county as appropriate going forward. Based on current county government operations within the complex, any county-supported use would be deemed highest and best use. Purchasing new land for additional facilities and improving said land may not be cost efficient when compared to utilizing existing lands.

The county also pointed out the need for additional storm water management, which is supported by the Task Force as needed and appropriate. Additionally, the Task Force believes that such uses could be incorporated with outdoor fields which were identified as future needs from other stakeholders (Wheaton Park District and Wheaton School District 200).

City of Wheaton

While the task force has not seen any current long-term development plan from the City of Wheaton or planning information for the fairground neighborhood, it is apparent that the City of Wheaton, Wheaton Park District and Wheaton School District 200 are eager to participate in the planning process.

The City of Wheaton did not present any concrete plans for the fairgrounds property. The City of Wheaton did emphasize the need for snow storage during winter months. The Task Force believes that the property can serve as a facility for snow storage. However, if this use is permitted, a formal agreement should be in place.

Further, the Task Force strongly recommends a comprehensive review of any legal agreements that may be created between the DuPage County Fair Association and any other entity. While potentially viable and appropriate uses for the fairgrounds property, the task force believes that current operations are lacking agreements and structure.

In terms of highest and best use, while the Task Force recognizes that snow storage is critical to the operation of the City of Wheaton, use of the fairgrounds property solely for snow storage is not considered as a highest and best use. The Task Force believes that this use would hamper the ability to comprehensively develop the property and creates safety concerns under current operations.

Wheaton School District 200

Wheaton School District 200 currently utilizes the property for parking during graduation and other times when existing parking capacity at District lots is exceeded. Wheaton School District 200 reviewed their need for some type of centralized maintenance, storage and parking facility. The school district also suggested the need for outdoor fields for lacrosse or soccer.

The Task Force does not believe that a storage facility for the school district or any other entity represents the highest and best use of this property. Again, the Task Force is concerned that a formal agreement between the DuPage County Fair Association and Wheaton School District 200 does not exist. Steps should be taken to create such an agreement. The Task Force identifies the creation of outdoor fields as desirable due to the shortage in the region and the need for more.

Wheaton Park District

The Wheaton Park District utilizes the fairgrounds property for overflow parking for Rams football games and as the site for the Wheaton fireworks show. The Wheaton Park District does not have an agreement with the DuPage County Fair Association. The Wheaton Park District presented the Task Force with the option of constructing an indoor recreation center and outdoor athletic fields. The Wheaton Park District expressed their immediate interest in the property and displayed a willingness to work with Wheaton School District 200, the DuPage County Fair Association and many of the groups associated with the DuPage County Fair Association to accommodate them in any facilities they may construct.

The Task Force believes that the Wheaton Park District and the DuPage County Fair Association should have a formal agreement in place for all current uses.

The Task Force also believes that the Wheaton Park District proposal should be strongly considered and fully evaluated. The Task Force believes that the Wheaton Park District plan could effectively accommodate a majority of the programs currently taking place on the property. The plan would be beneficial to the residents of DuPage County. The plan would allow for storm water management. The plan would allow the county to maintain ownership of the property and enter into a land lease with the Wheaton Park District. The County could also sell a portion of the property to the Wheaton Park District and maintain the land required for future county needs.

While requiring significant additional exploration and evaluation, the Task Force believes that the space requirements presented within Wheaton Park District plan may allow for some type of housing development. This is identified by the Task Force as a regional need and is consistent with highest and best use consideration.

The fairground property would likely require infrastructure upgrades (storm water, sewer, power, roads, parking, sidewalks, etc.) to support all uses listed above.

Highest and Best Uses Going Forward (Private)

Current market Conditions are indicated in the report dated December 2013 and provided to the Task Force by Choose DuPage.

While market conditions and development constraints and opportunities are ever-changing, the Task Force believes, at this point, that industrial, commercial or retail development do not represent the highest and best use for the fairgrounds property. This is not to say that these uses could not be realized on the site. However, current market conditions do not support speculative development in these markets. Existing conditions, financial considerations and other development issues do not lend themselves to a scenario whereby the county would gain significant revenue from such a development while sacrificing a county asset.

(Appendix H)

The Task Force heard from two separate groups during its meetings representing “senior” housing and “mixed income” housing. Mr. Mike Frigo from Mayslake provided the task force information on the need for additional senior housing in the region Lindsay Crawford from DuPage United and Carol Simler from DuPage Pads provided the task force information about the need for additional mixed income housing.

The senior housing information is attached. (Appendix I)

The mixed income housing information is attached. (Appendix J)

The Task Force believes there is a need for additional senior and mixed income housing in DuPage County. Either of these options could be considered for additional evaluation by the County. Either option would require significant infrastructure improvements to the Fairgrounds property. Either option could potentially be incorporated into an alternative public use for the fairgrounds property as the land requirement would be minimal. Zoning consideration would have to be given to either use. The Task Force believes that either of these options could provide complimentary benefits to a comprehensive public-private redevelopment of the fairgrounds property.

Depending on the terms of the development, the County could be sacrificing an asset.