

June 2, 2021

# TESTIMONY TO ITASCA PLAN COMMISSION – PROPOSED HAYMARKET DUPAGE

Sarah L. Ketchum



# AGENDA

- Introduction and Background
- Itasca Zoning Ordinance Requirements
- Scope of Retention
- Evaluation of Economic Impacts – Considerations
- Summary of Opinions
- Detailed Opinions
- Questions

# INTRODUCTION AND BACKGROUND

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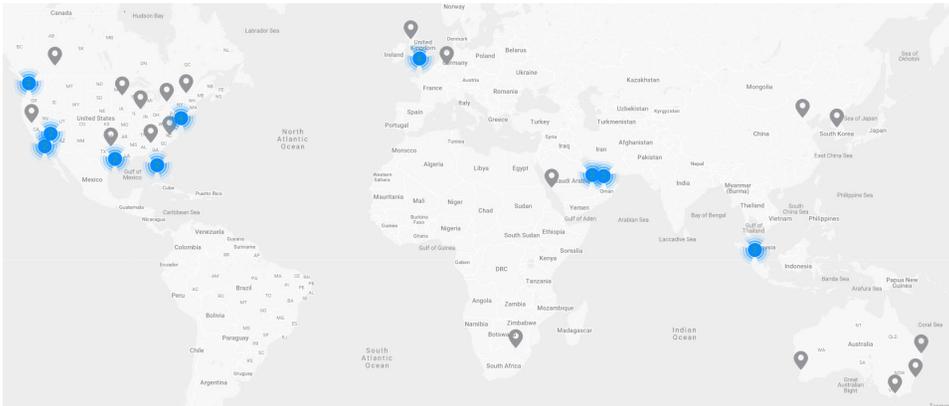


# INTRODUCTION



**Sarah L. Ketchum**  
Partner, HKA Global Inc.  
300 South Wacker Drive  
Suite 2600  
Chicago, Illinois 60606

# INTRODUCTION



- International Expert Advisory, Business, and Litigation Consulting Firm
- Accounting, Financial, Economic, and Engineering Professionals
- Provide Consulting and Expert Witnesses to Client and Counsel
- 1,000+ Professionals Worldwide
- 200+ Professionals in Over 20 Offices throughout United States and Canada



# WORK HISTORY

**HK>A**

2021

HKA Global, Inc.  
*(acquired The Kenrich Group)*  
Partner

**KRG**  
The Kenrich Group LLC

2008

The Kenrich Group LLC  
Vice President

**NAVIGANT**

2004

Navigant Consulting, Inc.  
*(acquired Tucker Alan)*

2000

Tucker Alan Inc.

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# EDUCATION AND TRAINING

## EDUCATION



**Bachelor in Business Administration  
Major in Finance and Business Economics**



The University of Chicago Booth School of Business

**Management and Leadership Training**



## PROFESSIONAL AFFILIATIONS



AMERICAN **BAR** ASSOCIATION



THE  
**CHICAGO  
BAR  
ASSOCIATION**

# SELECT EXPERIENCE (*RESUME AS EXHIBIT*)

## SECTORS



CONSTRUCTION



INFRASTRUCTURE



INDUSTRIAL &  
MANUFACTURING

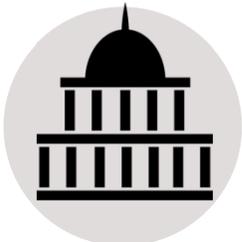


POWER &  
UTILITIES



GOVERNMENT  
CONTRACTS &  
DEFENSE

## REPRESENTATION



MUNICIPALITIES



OWNERS



CONTRACTORS



MANUFACTURERS



FINANCIAL  
INSTITUTIONS

# SELECT EXPERIENCE (*RESUME AS EXHIBIT*)

## Over 20 Years Experience:

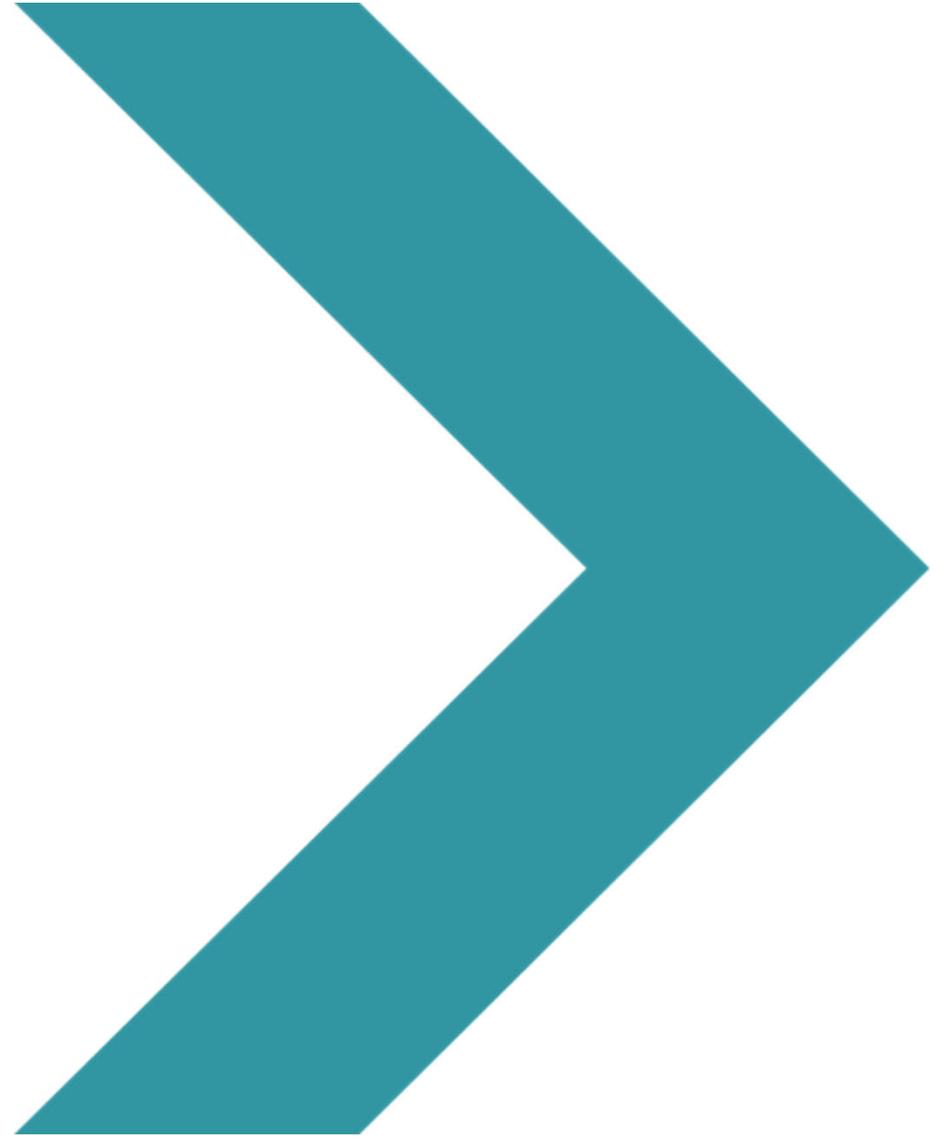
- Accounting, Economic, and Financial Analyses
- Comparative Scenario Analyses
- Commercial and Economic Damages
- Preparation of Expert Reports and Testimony
- Federal and State Courts
- Domestic and International Arbitrations
- Mediations and Settlement Conferences

## Representative Types of Matters:

- Breach of Contract
- Forensic Accounting
- Lost Profits and Lost Value
- Business Interruption Losses
- Funds Tracing
- Cost Overruns and Construction Delays

# ITASCA ZONING ORDINANCE REQUIREMENTS

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# The Village of Itasca, Illinois

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## Zoning Ordinance

SECTION 14

ADMINISTRATION

thereof by, or on behalf of the Village), proposed Charter and By-Laws of an association, if any, for homeowners, merchants, or industrial owners within the proposed planned development.

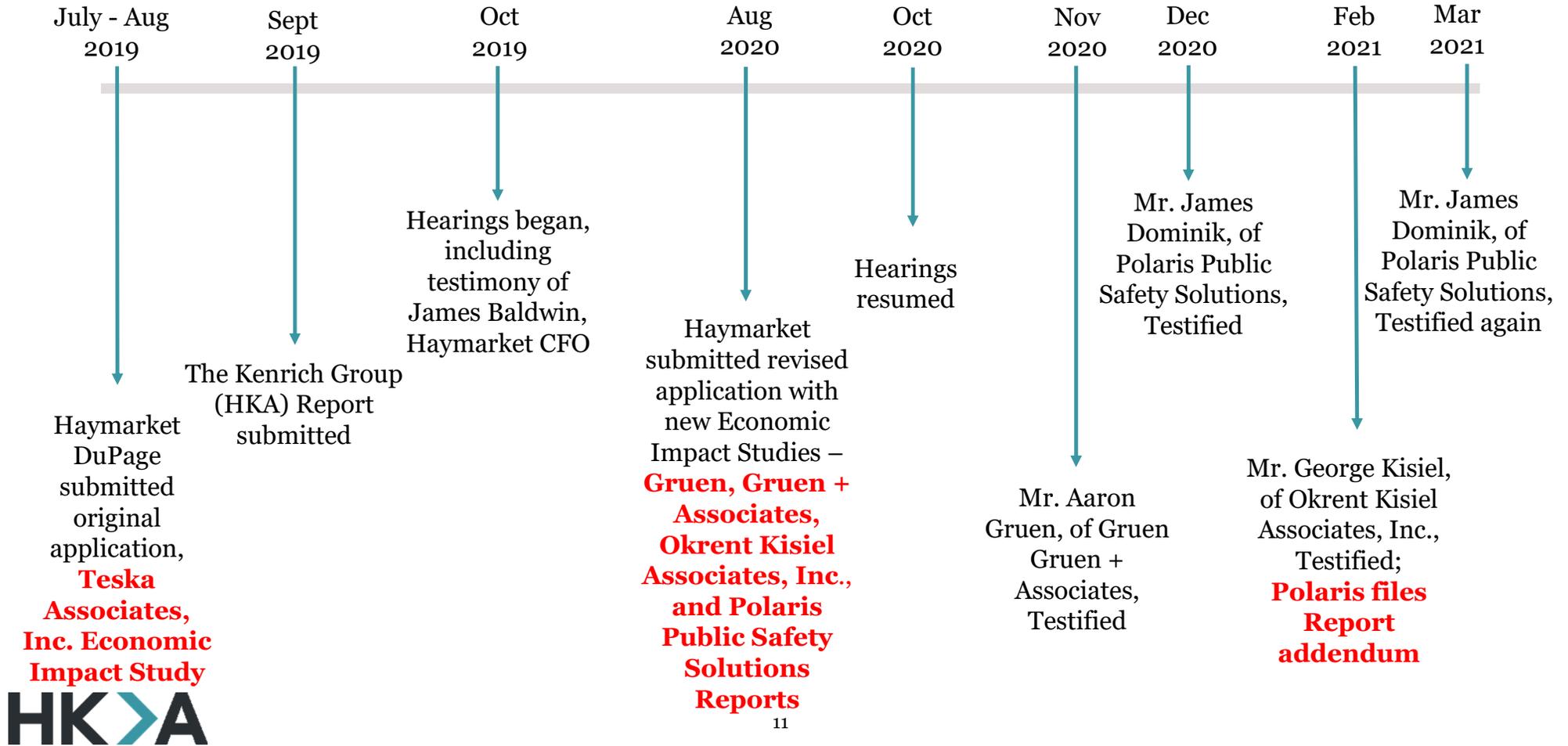
- (8) If a shopping center development is planned, adequate evidence to establish the need for and feasibility of such development shall be provided. This evidence may be in the form of a market research report or other information which is deemed appropriate by the Plan Commission.
  - (9) Preliminary engineering plans for all public or private support facilities including roads, sidewalks, drainage, sanitary sewers, water supply, lighting and landscaping.
- b. The written statement which shall be included as part of the application for approval of the Preliminary Plan shall contain the following information:

- (1) a statement of the economic impact – a tax impact study detailing the impact which the planned development will have upon all taxing bodies. In addition, the expected number of students to be generated by any residential portion of it shall also be quantified in accordance with the Village Subdivision Regulations; and

c. Other information related to the planned development but is not required to be included in the Preliminary Plan shall include:

- (1) an off-street parking and loading plan;
- (2) a traffic study indicating the volume of traffic to be generated by the planned development or a phase of it and proposing any special engineering design features and/or traffic regulation devices needed to insure the proper safety of traffic circulation to, through, and around the planned development or a phase of it;
- (3) economic impact – a tax impact study detailing the impact which the planned development will have upon all taxing bodies. In addition, the expected number of students to be generated by any residential portion of it shall also be quantified in accordance with the Village Subdivision Regulations; and

# TIMELINE



# SCOPE OF RETENTION



# SCOPE OF RETENTION

- ❖ Retained by Hervas, Condon & Bersani, P.C. on behalf of the Village of Itasca to:
  - Evaluate the historical tax revenue to Itasca from the Holiday Inn Chicago West-Itasca
  - Assess and evaluate the economic impact studies provided by Haymarket DuPage and its experts

# SCOPE OF RETENTION

## SCOPE INCLUDES

- Analyze historical tax revenue generated from the property (formerly a Holiday Inn)
- Analyze and evaluate Haymarket DuPage's impact studies, including:
  - Teska Associates, Inc. ("Teska")
  - Gruen Gruen + Associates ("Gruen")
  - Okrent Kisiel Associates, Inc. ("Okrent Kisiel")
- Review relevant testimony, documents, and exhibits of other experts and witnesses
- Testify to the Itasca Plan Commission

# SCOPE OF RETENTION

## SCOPE EXCLUDES

- Independent analysis or impact study for Haymarket DuPage
- Quantification of:
  - Financial or economic benefits to Itasca from the proposed Haymarket DuPage
  - Potential increased costs to Itasca from the proposed Haymarket DuPage
- Evaluation of the need for the proposed Haymarket DuPage

# EVALUATION OF ECONOMIC IMPACTS – CONSIDERATIONS



# EVALUATION OF ECONOMIC IMPACTS

Revenues	Historical Operations and Current Zoning	Proposed Future Use Haymarket DuPage	Impacts to be Evaluated
Taxes	Tax Revenues <ul style="list-style-type: none"> <li>• Property Tax</li> <li>• Hotel Tax</li> <li>• Food And Beverage Tax</li> <li>• Video Gaming Tax</li> <li>• Sales Tax</li> <li>• Special Service Area 3</li> <li>• Utility Taxes</li> </ul>	Non-Profit Tax-Exempt Entity	Taxing Bodies, Including: <ul style="list-style-type: none"> <li>• Village of Itasca,</li> <li>• Itasca Fire Protection District,</li> <li>• Village of Itasca Library,</li> <li>• Itasca Park District,</li> <li>• Special Service Area 3,</li> <li>• Grade School District 10,</li> <li>• High School District 108,</li> <li>• Among Others</li> </ul>
Community Financial And Economic Impacts	<ul style="list-style-type: none"> <li>• Jobs</li> <li>• Employee Spend in Itasca</li> <li>• Consumer Traffic</li> <li>• Tourism Spend</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs</li> <li>• Employee Spend in Itasca</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs and Wages</li> <li>• Employee Spend</li> <li>• Consumer Traffic</li> <li>• Tourism Traffic</li> <li>• Commercial Contracts and Spend</li> </ul>

# EVALUATION OF ECONOMIC IMPACTS

Costs	Historical Operations and Current Zoning	Proposed Future Use Haymarket DuPage	Impacts to be Evaluated
Municipal / Governmental Services	<ul style="list-style-type: none"> <li>• Use of Municipal Services</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Municipal Services</li> </ul>	<ul style="list-style-type: none"> <li>• Change in Number of Employees and Associated Service Costs</li> </ul>
Emergency Services	<ul style="list-style-type: none"> <li>• Use of Emergency Services</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Emergency Services</li> </ul>	<ul style="list-style-type: none"> <li>• Change in Use of Emergency Services</li> <li>• Costs and Funding</li> </ul>
School District	<ul style="list-style-type: none"> <li>• No Students</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility of Students</li> </ul>	<ul style="list-style-type: none"> <li>• Impact on Schools and Funding</li> </ul>

# ECONOMIC IMPACTS – OKRENT KISIEL REPORT

OKRENT KISIEL  
ASSOCIATES INC.

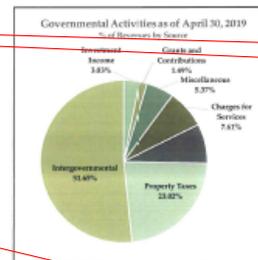
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EVALUATION REPORT

## V. Economic Impacts

### OVERVIEW:

In evaluating the economic impacts of the proposal it is important to recognize that it is an adaptive reuse and not new construction on vacant land. The evaluation should take into account the impacts of the prior use and evaluate the incremental change. Typical economic impacts on a municipality include any incremental difference in need and cost for public services including, police, fire and schools, along with any incremental change in the amount of revenues generated such as property taxes, food and beverage sales taxes and hotel tax.



Total impacts anticipated for the proposed change in use are detailed in a report prepared by Gruen + Gruen & Associates. The results of that report list and the anticipated impacts are summarized at the end of this section.

### PROPERTY TAX IMPACT:

Itasca has a strong property tax base with nearly 60% of the taxable land area dedicated to commercial, multi-family, or industrial uses. As mentioned earlier, only 28% of Itasca's taxable land area is dedicated to single-family residential uses<sup>4</sup> and, as a result, Itasca has one of the lowest population densities in DuPage County. This combination of attributes translates to one of the lowest property tax rates in DuPage County. To quote the Village of Itasca Fact Sheet from 2017:

*Offering one of the lowest tax rates in DuPage County, superior municipal services, and on-going business support, Itasca prides itself on being among the most business friendly communities in the region.*

The subject property generated \$178,780 in prop-

<sup>4</sup> DuPage County Assessment database and parcel mapping, available at <https://gisdata.dupage.org/data/assessments/parcelcharacterize/data>, accessed May 8, 2020 at 2:47 PM.

Village of Itasca Annual Financial Report FYE 19 property taxes in 2018.<sup>5</sup> As a not-for-profit entity, Haymarket's use of the property is proposed to remove this amount from the property tax rolls. This amount represents less than 0.3% of the total property taxes collected from Itasca properties. Similarly, it represents less than 1% of the budget/revenues of each taxing body including school, fire protection, park district, library and others. The impact of this removal of the property from the tax rolls is negligible.

While the Village of Itasca is a mature suburb with few opportunities for expansion of its boundaries, the Village is not fully built out. There remain key development opportunities presented by the long-awaited major expressway project—the Elgin-O'Hare Expressway Western Bypass. Upon completion (projected to be 2025) the roadway project will provide additional expressway frontage at the southern boundary of Hamilton Lakes Business Park, 4-way interchanges at Arlington Heights Road and Prospect Avenue and a partial exchange at Park Boulevard. A full four-way expressway interchange has been constructed at

<sup>5</sup> Ibid.

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CHICAGO, ILLINOIS 60603 • 312 • 437 • 1000  
WWW.OKRENTKISIEL.COM



# GRUEN GRUEN + ASSOCIATES REPORT

## THE ECONOMIC IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE DUPAGE COUNTY ECONOMY

### CHAPTER V METHODOLOGY AND DATA INPUTS

#### METHODOLOGY

The economic impacts within DuPage County generated by the project presented in this report are presented in terms of:

1. Employment (full-time and part-time jobs);
2. Earnings (wages and salaries, benefits, and proprietors' income);
3. Output (value of all goods and services produced).

The economic impacts attributable to payroll, non-payroll, and estimated using RIMS II multipliers produced by the United States Input-output multipliers provide an accounting tool of inter-industry sectors within a given geographic area of study - in this case, DuPage County.

When one sector of the economy increases its production because of services, firms and institutions in related industries will also produce products. This is referred to as the "multiplier effect" and is represented by the multiplier. The magnitude of the multiplier depends upon the extent to which other firms located in the same region, as contrasted with the region outside the region. Multipliers vary among industries and among more diverse regions will tend on average to have larger industry-to-industry likelihood of tighter linkages within the region, or in other words, provided by other businesses within the region. Because so many economies, the multiplier effect is smaller than those for larger metropolitan areas.

The following explains the three coefficient effects:

1. "Direct" effects are those that result from the expenditures directly for its operations and maintenance activities;
2. "Indirect" effects are the new economic activities that occur in Haymarket DuPage. These effects are primarily due to industry sector demands that follow from the initial direct spending, and
3. "Induced" effects are the results of spending on wages and salaries for employees and non-payroll expenditures that generate new household income and associated proportionate re-spending and employment. These are industry sector-household spending effects.

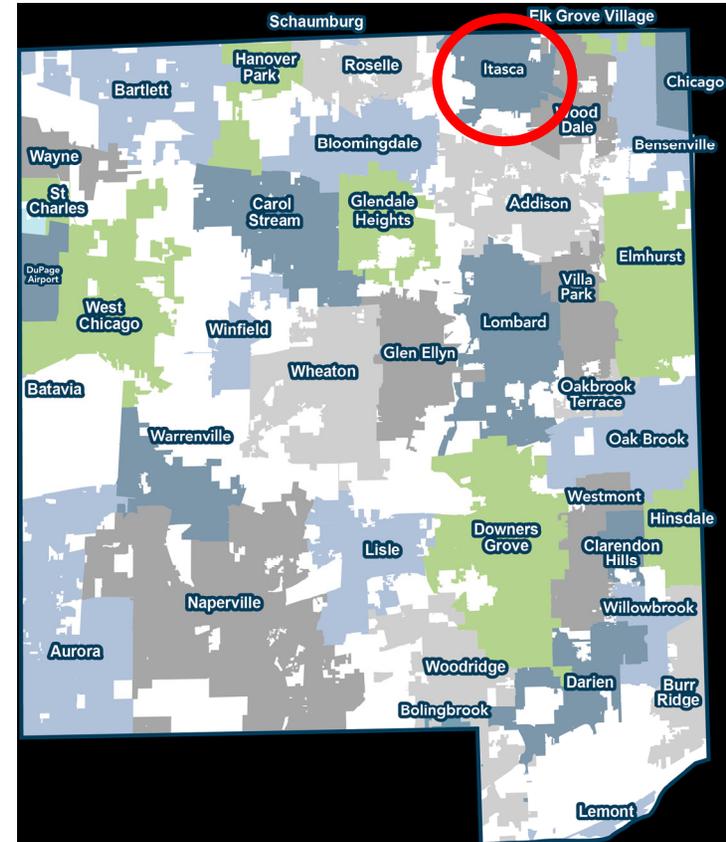
The multiplier is the coefficient that relates the magnitude of a direct economic impact to a total economic impact that includes both direct and indirect (including induced) impacts. An employment multiplier of 1.2, for example, indicates that for every 10 jobs directly supported by an activity or event, an additional two jobs are created elsewhere in the local economy due to industry-to-industry purchases and the re-circulation of wages and salaries paid to employees.



1. "Direct" effects are those that result from the expenditures made by Haymarket DuPage directly for its operations and maintenance activities;
2. "Indirect" effects are the new economic activities that occur due to the direct expenditures of Haymarket DuPage. These effects are primarily due to the spin-offs in industry sector-to-industry sector demands that follow from the initial direct spending; and
3. "Induced" effects are the results of spending on wages and salaries for employees and non-payroll expenditures that generate new household income and associated proportionate re-spending and employment. These are industry sector-household spending effects.

# ECONOMIC IMPACTS – UNIQUE CIRCUMSTANCES

- Benefits will be widespread
- Costs will be isolated to Itasca
- Analysis has not evaluated whether Haymarket DuPage will bring residents to Itasca
- Haymarket DuPage's experts have not evaluated the full potential impact



# ECONOMIC IMPACTS – UNIQUE CIRCUMSTANCES

Historical Tax  
Revenue Generated

Adaptive Re-Use

Not Vacant Land

Requires Zoning Change

# SUMMARY OF OPINIONS



# SUMMARY OF OPINIONS

- ❖ Haymarket DuPage's Impact Studies:
  - Fail to achieve the stated objective
  - Misrepresent historical tax revenue
  - Overestimate potential financial and economic benefits to Itasca
  - Underestimate potential costs and impacts to Itasca
  - Provide inconsistent and conflicting conclusions

# SUMMARY OF OPINIONS

- ❖ Opinions consider the reports and testimony provided by:
  - Mr. Robert O'Connor – Itasca Director of Police
  - Mr. Craig Benes – Itasca District 10 School Superintendent
  - Mr. Jim Burke – Itasca Fire Protection District Chief
  - Mr. Bruce Moeller – Fitch and Associates, LLC
  - Mr. James Dominik – Polaris Public Safety Solutions LLC

# DETAILED OPINIONS



# HISTORICAL DEVELOPMENT TAX REVENUES

Tax Revenue Source	Holiday Inn FY 2014 – FY 2019	Proposed Future Use Haymarket DuPage	Incremental Impact of Lost Tax Revenue
Property Tax	\$1,031,883	\$0	(\$1,031,883)
Hotel Tax	\$483,419	\$0	(\$483,419)
Video Gaming Tax	\$24,520	\$0	(\$24,520)
Food and Beverage Tax	<u>\$21,352</u>	<u>\$0</u>	<u>(\$21,352)</u>
<b>Total</b>	<b>\$1,561,173</b>	<b>\$0</b>	<b>(\$1,561,173)</b>

# TAXING BODIES

## ❖ Distribution of Property Taxes

Taxing Body	Taxpayers Impacted
Village of Itasca	Yes
Itasca Fire Protection District	Yes
Grade School District 10	Yes
High School District 108	Yes
Special Service Area 3	Yes
Village of Itasca Library	Yes
Itasca Park District	Yes
Others	Yes

# TAXING BODIES

Taxing Body	Taxpayers Impacted	Evaluated by Haymarket DuPage Experts		
		Teska (Mr. Hoffman)	Gruen (Mr. Gruen)	Okrent Kisiel (Mr. Kisiel)
Village of Itasca	Yes	Yes	Yes	Yes
Itasca Fire Protection District	Yes	Yes	Yes	Yes
Grade School District 10	Yes	No	No	No
High School District 108	Yes	No	No	No
Special Service Area 3	Yes	Yes	No	No
Village of Itasca Library	Yes	No	No	No
Itasca Park District	Yes	No	No	No
Others	Yes	No	No	No

# IMPACT STUDIES FAIL TO ACHIEVE STATED OBJECTIVE

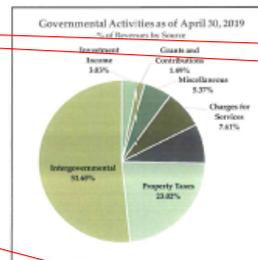


# STATED OBJECTIVE – OKRENT KISIEL REPORT

## V. Economic Impacts

### OVERVIEW:

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<sup>5</sup> Village of Itasca Annual Financial Report FYE 19 property taxes in 2018.<sup>5</sup> As a not-for-profit entity, Haymarket's use of the property is proposed to remove this amount from the property tax rolls. This amount represents less than 0.3% of the total property taxes collected from Itasca properties. Similarly, it represents less than 1% of the budget/revenues of each taxing body including school, fire protection, park district, library and others. The impact of this removal of the property from the tax rolls is negligible.

While the Village of Itasca is a mature suburb with few opportunities for expansion of its boundaries, the Village is not fully built out. There remain key development opportunities presented by the long-awaited major expressway project—the Elgin-O'Hare Expressway Western Bypass. Upon completion (projected to be 2025) the roadway project will provide additional expressway frontage at the southern boundary of Hamilton Lakes Business Park, 4-way interchanges at Arlington Heights Road and Prospect Avenue and a partial exchange at Park Boulevard. A full four-way expressway interchange has been constructed at

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In evaluating the economic impacts of the proposal it is important to recognize that it is an adaptive reuse and not new construction on vacant land. The evaluation should take into account the impacts of the prior use and evaluate the incremental change. Typical economic impacts on a municipality include any incremental difference in need and cost for public services including, police, fire and schools, along with any incremental change in the amount of revenues generated such as property taxes, food and beverage sales taxes and hotel tax.

# GRUEN TESTIMONY

1 it wasn't relevant to the analysis and research we  
2 undertook.

3 Q. Okay. So before we go on to my next  
4 area of questioning, I'm just curious, are you aware  
5 of what the current permitting and zoning of the site  
6 at issue is as we sit here today?

7 A. Not -- I was not hired to do a zoning  
8 analysis or render legal opinions on  
9 the zoning. I was hired to look at  
10 economic impacts. And I'll leave that to the folks who  
11 studied it and are familiar with the  
12 the status of zoning property -- of  
13 which is irrelevant to what I was asked to do.

14 Q. All right. So just to be clear, so what  
15 the property is currently zoned as has no impact or  
16 no relevance to your analysis; fair?

17 A. Very fair.

18 MR. DI NOLFO: Okay. So I think you have  
19 submitted it, and it's been admitted in his report as  
20 part of your submission, I think, Exhibit 41. So if  
21 I could have that put up on the screen. I have a  
22 couple questions.

23 (Haymarket Exhibit No. 41 identified.)

24 MS. O'KEEFE: I actually was going to

14  
15  
16  
17

Q. All right. So just to be clear, so what  
the property is currently zoned as has no impact or  
no relevance to your analysis; fair?

A. Very fair.

# OKRENT KISIEL REPORT

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ASSOCIATES INC.

Page 18

EVALUATION REPORT

revenue, however, comprises less than a quarter of the Villages revenues for governmental activities. The modest reduction in property tax revenues of \$178,000 (2018) due to the acquisition of the property by a not-for-profit owner is more than offset nearly tenfold by the development potential of vacant or under-utilized properties within Itasca – some currently under construction.

Finally it is questionable as to whether the loss in any property tax revenues generated by the prior hotel use should be considered as an impact as the applicant has purchased the property, and as a not-for profit entity, would not pay property taxes whether they pursued the proposed development or not. The same can be said for any loss in sales taxes, food and beverage taxes, video gaming taxes, and hotel taxes discussed below.

#### FOOD AND BEVERAGE, VIDEO GAMING, AND SALES TAX IMPACT:

With less than 25% of governmental activities funded by property taxes, Itasca leans more heavily on sales tax and other governmental sources of revenue to fund services. As a hotel use, the property generated limited sales taxes. As the hotel's occupancy rate had been in decline, so had revenues generated from these taxes.

Food and beverage taxes and video gaming taxes make up a minuscule amount of the Village's revenue stream for governmental activities. To put this in context, according to the 2019 -2020 Village of Itasca Detailed Budget Report<sup>8</sup> the Village of Itasca received a total of \$ 321,796 in food and beverage taxes and \$ 59,020 in video gaming taxes in 2019. Loss of revenue from the former Holiday Inn represents a 2.7% decrease in food and beverage taxes and an 8.6% reduction in video gaming

<sup>8</sup> Village of Itasca FY-19-20 Budget, 2019\_2020 Budget get\_20190528154300130.pdf, <http://itasca.org/Documents/Careers/View/9446/9446/Budget-FY-19-20>, accessed 4/8/20 5:02PM.

taxes. Taken together the loss at peak amounts to less than 9 hundredths of a percent (.087%) of the revenues generated for governmental activities.

#### HOTEL TAX IMPACT:

Prior to the purchase of the Holiday Inn by Haymarket, Itasca was home to five hotels. Of the four others, two are located in Hamilton Lakes Business Park (Westin Chicago Northwest, and Hyatt Place Chicago/Itasca) with an Extended Stay America at the intersection of Fohlwing Rd. and I-390 and the Eaglewood Resort and Spa at Eaglewood Golf Club at the southwest reaches of Itasca. Total Hotel tax revenue in 2019 totaled \$1,243,870. Hotel tax revenues are not part of the government activities fund, but rather are a part of a separate fund that is used to fund civic events and celebrations. In 2019, the former Holiday Inn generated \$46,220 in hotel tax revenues. At its peak it generated \$161,518 (2017).

It is not known whether any projected loss in hotel tax revenue would be realized because the demand for hotel rooms satisfied by the Holiday Inn could be absorbed by the remaining four hotels. It should be noted that any loss in hotel tax identified will be more than offset by the construction of the new planned Holiday Inn Express at Halwing Rd. and Devon Ave. The new 93 room hotel, part of the Bridge Point development referenced earlier, is anticipated to generate more than \$2.8 million in revenues according to documents submitted to the Village of Itasca by the applicant for the development.

#### SCHOOLS, POLICE, FIRE AND EMS COSTS:

Along with the possible impact of conversion to not-for-profit status, other economic impacts can include the cost of services such as schools, police, fire protection and emergency medical services.

<sup>9</sup> Ibid.

Finally it is questionable as to whether the loss in any property tax revenues generated by the prior hotel use should be considered as an impact as the applicant has purchased the property, and as a not-for profit entity, would not pay property taxes whether they pursued the proposed development or not. The same can be said for any loss in sales taxes, food and beverage taxes, video gaming taxes, and hotel taxes discussed below.

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CHICAGO, ILLINOIS 60603 • 312 • 427 • 3000  
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# OKRENT KISIEL REPORT

## Statement:

“[I]t is questionable as to whether the loss in any property tax revenues generated by the prior hotel use should be considered as an impact as the applicant has purchased the property, and as a not-for profit entity, would not pay property taxes whether they pursued the proposed development or not. The same can be said for any loss in sales taxes, food and beverage taxes, video gaming taxes, and hotel taxes...” (p. 18)

## Detailed Criticism:

- Identifies project as an adaptive re-use and not new construction on vacant land
- Analysis does not offer a complete evaluation of past and current use
- Analysis does not evaluate incremental change to the proposed use
- Mr. Kisiel contradicts his own opinion of the goals of an economic impact study

**IMPACT STUDIES  
MISREPRESENT  
HISTORICAL TAX  
REVENUE**

**HK>A**



# TESKA ASSOCIATES & OKRENT KISIEL REPORTS

Statement	Detailed Criticism
<p>Teska Report (p. 4)</p> <ul style="list-style-type: none"><li>• 2015 Hotel Taxes: \$72,000</li><li>• 2018 Hotel Taxes: \$44,000</li></ul>	<p>Per the Village’s Financial Statements:</p> <ul style="list-style-type: none"><li>• 2015 Hotel Taxes: \$126,357</li><li>• 2018 Hotel Taxes: \$51,403</li></ul>
<p>Okrent Kisiel Report (p. 16)</p> <p>“The subject property generated \$178,780 in property taxes in 2018.”</p>	<ul style="list-style-type: none"><li>• Simply references historical amounts from one single year for the various types of tax revenue</li><li>• Does not quantify or project potential impact of tax loss</li><li>• Does not provide insight as to how relevant taxing bodies will be affected</li></ul>

# TESKA ASSOCIATES REPORT

## Statement:

“The Holiday Inn has also produced less hotel tax revenue than would be expected. In recent years, a significant percentage (over 50%) of their business has been extended-stay and, as such, exempt from hotel taxes.” (p. 3)

## Detailed Criticism:

- No support or analysis provided
- Raises allegations of hotel underreporting and underpaying hotel tax revenue to Itasca
- Hotel was not licensed to operate as an extended-stay property

# OKRENT KISIEL REPORT

## Statements:

“As a hotel use, the property generated limited sales taxes. As the hotel’s occupancy rate had been in decline, so had revenues generated from these taxes.” (p. 18)

“It is not known whether any projected loss in hotel tax revenue would be realized because the demand for hotel rooms satisfied by the Holiday Inn could be absorbed by the remaining four hotels.” (p. 18)

## Detailed Criticism:

- No support or analysis provided
- Does not quantify or evaluate incremental impact of sales tax revenue loss
- Improperly suggests hotel tax revenue loss from the Holiday Inn is not relevant to impact study

# OKRENT KISIEL TESTIMONY

1 Q. What does that mean?  
2 A. That relates to basically the population  
3 coming and going to the site.  
4 Q. So with that statement, did you look at  
5 prior occupancy levels of the Holiday Inn?  
6 A. I'm familiar with them, yes.  
7 Q. On the next page, where you were talking  
8 about economic impacts or started talking about  
9 economic impacts, you indicate on the bottom of the  
10 first paragraph the subject property generated  
11 \$178,780 in property taxes in 2018; correct?  
12 A. Correct.  
13 Q. Did you analyze the property tax issue  
14 incrementally or as a one-time annual contribution  
15 to the tax base?  
16 A. When you say "incrementally," what do  
17 you mean by that?  
18 Q. Well, did you analyze the -- basically  
19 the extended impact of diminished or nonexistent tax  
20 revenue from the subject property, or did you just  
21 look at it for a one-year period?  
22 A. I looked at it from the most recent  
23 year, the one-year period, yes.  
24 Q. And with regard to the facility as it

13 Q. Did you analyze the property tax issue  
14 incrementally or as a one-time annual contribution  
15 to the tax base?

16 A. When you say "incrementally," what do  
17 you mean by that?

18 Q. Well, did you analyze the -- basically  
19 the extended impact of diminished or nonexistent tax  
20 revenue from the subject property, or did you just  
21 look at it for a one-year period?

22 A. I looked at it from the most recent  
23 year, the one-year period, yes.

**IMPACT STUDIES  
OVERESTIMATE  
BENEFITS TO ITASCA**



# TESKA ASSOCIATES REPORT

## Statements:

[A]dditional employees will likely visit local restaurants, and shops, and buy gas on their daily commute to and from work. (p. 5)

Increase in the number of jobs and increased wages is expected to have a ripple effect on the local economy. (p. 7)

## Detailed Criticism:

- No analysis, quantification, or support provided
- No support to isolate benefits to Itasca
- Overstates economic benefit of additional workers
- Assumes 100% staffing from start-up, no ramp up period assumed

# GRUEN GRUEN + ASSOCIATES REPORT

## Statement:

“Assuming on average 163 workers spend \$5 per day on conveniences and necessities would produce an annual sales estimate of \$297,475. At the 1.5 percent tax rate (one percent municipal sales tax and 0.5 percent non-home rule sales tax), this would produce sales tax revenue of \$4,462.” (p. 4)

## Detailed Criticism:

- Unsupported assumptions
- Assumes 100% staffing from start-up
- Assumes 163 employees will be on site 365 days a year
- Assumes all Employees will spend \$5 every day, in Itasca
- Assumes all jobs are new jobs
- Assumes all jobs are staffed by non-Itasca residents

# GRUEN GRUEN + ASSOCIATES REPORT

## Statement:

“Total utility tax revenue per year is estimated at \$13,283.” (p. 4)

## Detailed Criticism:

- Improperly suggests that natural gas and electric consumption taxes were not generated previously
- Does not evaluate incremental impact of utility tax revenue

# GRUEN GRUEN + ASSOCIATES REPORT

## Statements:

“The Haymarket DuPage will attract dollars from outside of DuPage County and spend many of these dollars within DuPage County on payroll and operations.” (p. 15)

“The total impacts of Haymarket DuPage operations, including direct and indirect effects, are estimated at 191 jobs and \$10.6 million of annual earnings within DuPage County. This equates to total annual earnings of \$55,600 per job created. The total annual output impact is estimated at \$27.7 million in DuPage County.” (p. 16)



## Detailed Criticism:

- Projected benefits are relevant to broader DuPage County and cannot be isolated to Itasca
- Overstates impact to DuPage County and does not consider losses from Holiday Inn
- Irrelevant to evaluation of impact on Itasca taxing bodies
- Assumes all jobs are new jobs
- Does not consider loss of jobs, employee spend, or tourism spend, among others

# OKRENT KISIEL REPORT

## Statement:

“While the population of the proposed use will be different than the typical business traveller [sic], the employee population, anticipated to be nearly twice that of prior hotel use, may be more likely to patronize the surrounding restaurants and businesses.” (p.15)

## Detailed Criticism:

- No basis was provided to support this statement
- No analysis was performed to validate this conclusion

# OKRENT KISIEL REPORT

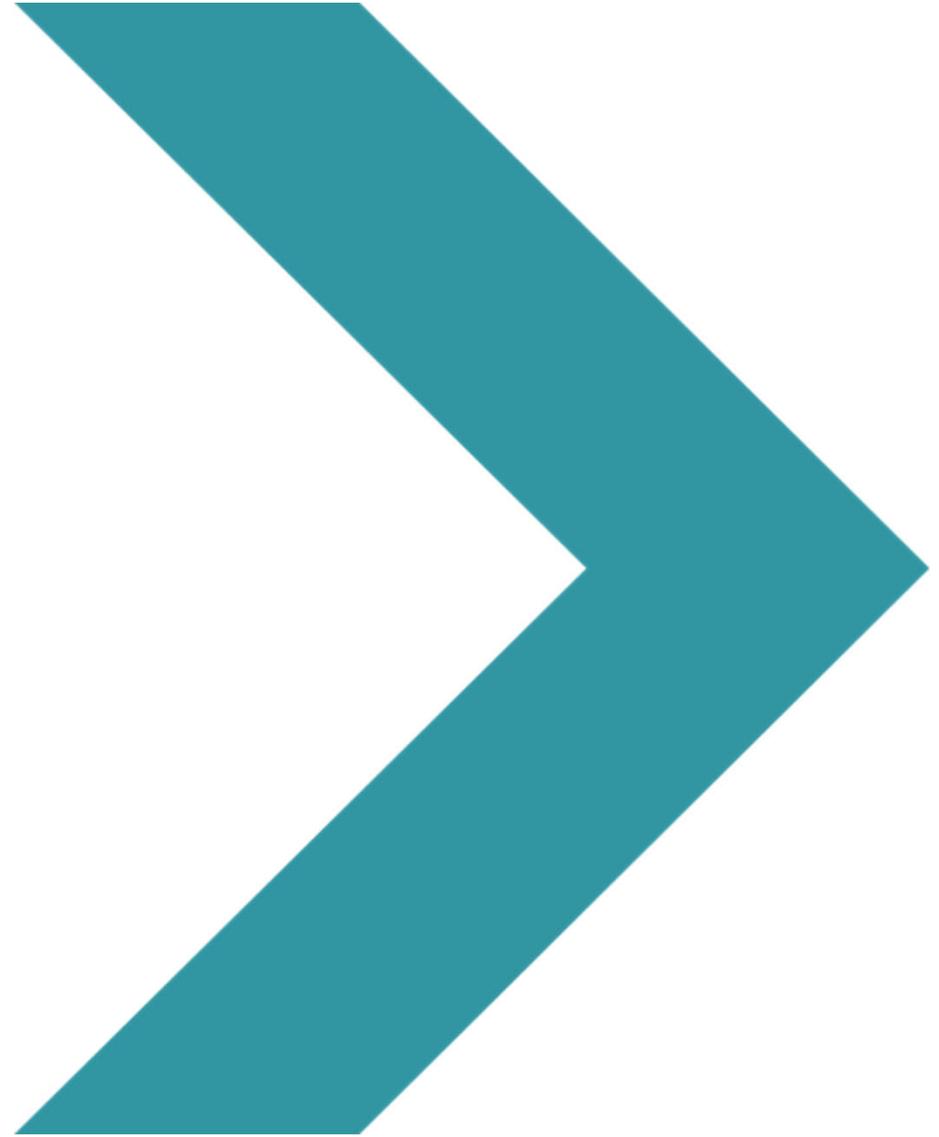
## Statement:

“The modest reduction in property tax revenues of ±\$178,000 (2018) due to the acquisition of the property by a not-for-profit owner is more than offset nearly tenfold by the development potential of vacant or under-utilized properties within Itasca – some currently under construction.” (p. 18)

## Detailed Criticism:

- Identifies only one year of historical tax revenue generated by the property and currently-zoned use
- Does not consider longer-term impact
- Inappropriately suggests that potential, unrelated developments, are relevant to the zoning status of the property at issue
- Impact of other developments are hypothetical and speculative, or in some instances, many years in the future

**IMPACT STUDIES  
UNDERESTIMATE  
COSTS TO ITASCA**



# POTENTIAL FIRE AND POLICE IMPACT

Entity	Equipment/Personnel	Cost Estimate
Fire District, Per Fire Chief Burke Testimony <sup>1</sup>	Fully Equipped Paramedic Unit 2 Additional Staff for 3 Shifts/wk = 6 Additional Staff  Total Year One Cost	~ \$300,000 <u>~ \$125,000 * 6 = \$750,000</u>  <b>\$1,050,000</b>
Police Department <sup>2</sup>	Three Additional Officers to staff One Shift Police Car	~ \$100,000 * 3 = \$300,000 ~ \$49,000

<sup>1</sup> Fire Chief James Burke's testimony, dated 5/5/2021, pp. 26 – 27.

<sup>2</sup> New officer cost analysis 20190906, New squad cost analysis 20190906; Police Director Robert O'Connor's testimony, dated 5/5/2021, pp. 129 – 130.

# TESKA ASSOCIATES REPORT

## Statement:

Cost to DuPage County of untreated mental illness and substance abuse disorders is over \$900 Million. Broken down to the taxpayer, that equates to \$1,000 per person. For the Village of Itasca population of 8,649 – that is over \$8.6 Million. **The economic savings to the taxpayers of Itasca from Haymarket DuPage totals over \$2 Million.** (p. 7)

## Detailed Criticism:

- Misleading and misrepresents research study
- Research study states the average DuPage County resident incurs approx. \$1,000 per year in health care, productivity, and societal costs
- Research study does not suggest direct savings

# TESKA ASSOCIATES REPORT

## Statements:

Municipal services “will experience minimal to no cost to provide services to the Haymarket DuPage...” (p. 4)

“[I]t is anticipated that the need for [emergency] services and corresponding expenses to the local governments will be roughly equivalent to those currently provided to the existing Holiday Inn.” (p. 5)

## Detailed Criticism:

- Per Fire Chief Burke, Director of Police O’Connor, Gruen + Gruen, Okrent Kisiel, Polaris, and Fitch & Associates there will necessarily be a cost increase
- No analysis or support provided
- Does not consider difference in function of a hotel and a substance use treatment facility

# GRUEN GRUEN + ASSOCIATES STATEMENTS

## Statements:

“[T]he status of zoning [of the] property...is irrelevant to what I was asked to undertake.”

(testimony dated 11/4/2020)

“According to Polaris, Haymarket DuPage is estimated to generate 11 to 19 EMS calls per year and seven fire protection service calls per year.”

(p. 12)

## Detailed Criticism:

- Ignores incremental impact of change in zoning status
- Does not consider impact of lost taxes on Schools, Fire District, Police Department, or Library, among others
- Mr. Gruen did not consider Mr. Dominik’s addendum or supplemental testimony, which revised upward the estimates of the number of emergency calls the Haymarket DuPage may generate

# GRUEN GRUEN + ASSOCIATES REPORT

## Statement:

“On a per resident equivalent basis, General Fund expenditures have decreased [from 2009 – 2019].” (p. 3)

## Detailed Criticism:

- Overstated Resident Equivalents leads to understated General Fund expenditures per Village resident

# OKRENT KISIEL REPORT

## Statement:

“The cost for providing municipal, police, fire, and EMS services to the Haymarket DuPage facility are negligible and do not cause any undue burden to the Village of Itasca or the Itasca Fire Prevention District.” (p. 20)

## Detailed Criticism:

- Does not evaluate validity of Mr. Gruen’s assumptions
- Does not qualify “undue burden” for purposes of Itasca Plan Commission evaluation of impact
- Does not evaluate capacity and resources to support or assess undue burden

# OKRENT KISIEL REPORT

## Statement:

“The study prepared by Polaris Public Safety Solutions, LLC (Polaris), evaluated the incremental demand and cost for police, fire and EMS services for the proposed facility over that of the prior hotel use.” (p. 19)

## Detailed Criticism:

- Mr. Kisiel did not consider Mr. Dominik’s addendum or supplemental testimony, which revised upward the estimates of the number of emergency calls the Haymarket DuPage may generate

# COMPARISON OF HAYMARKET DUPAGE REPORTS

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# COMPARISON OF HAYMARKET DUPAGE REPORTS

Category	Teska Associates Inc.	Gruen Gruen + Associates	Okrent Kisiel
Relevance of Current Zoning (Revenues and Costs)	Relevant	Irrelevant	Conflicting
Historical Tax Revenue/ Impact of Lost Taxes (Revenues and Costs)	Misrepresented	Not Addressed	Not Adequately Addressed
Zoning Status Impact on Tax Revenue	Considered	Not Considered	Considered
Economic Benefit to Itasca (Revenues)	Overstated	Overstated	Overstated
Potential Increased Cost to Itasca <ul style="list-style-type: none"> <li>Change in cost, funding, and use of municipal and emergency services</li> </ul>	Understated	Understated	Understated
Comprehensive Tax Impact Study <ul style="list-style-type: none"> <li>Impact on affected taxpayers, municipal bodies, taxing bodies, schools, jobs, local spending, tourism spending, among others</li> </ul>	No	No	No

QUESTIONS?

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