

April 15, 2004

Subject: Ogden Avenue Corridor TIF Preliminary Economic Feasibility – Summary of Findings

From: *S. B. Friedman & Company*

To: Village of Clarendon Hills

Pursuant to our agreement, we prepared a preliminary feasibility analysis of redeveloping the Ogden Avenue Corridor. Our analysis considers costs of acquisition, land sale proceeds, and values derived from incremental property and sales taxes resulting from redevelopment for an auto dealership(s) on Ogden Avenue.

Three redevelopment scenarios were studied for the area depicted on the attached map as follows:

1. Acquisition and disposition of all Ogden Avenue parcels, including the 19,800 square feet of land consisting of the Woodstock Avenue right-of-way.
2. Acquisition and disposition of all Ogden Avenue parcels, excluding Woodstock Avenue.
3. Acquisition and disposition of all Ogden Avenue parcels, excluding Woodstock Avenue and Glass America (since the Glass America building is less than 10 years old).

Our preliminary review of the costs of acquisition, value from disposition, and sales tax revenue resulting from redevelopment of the study area for one or more auto dealers is summarized below. This analysis is based on projected benefits for 23 years discounted to 2004 at a discount rate of 6%.

Cost-Benefit Analysis						
	All Ogden Avenue with Street (1 Large Dealer)		All Ogden Avenue without Street (2 Average Dealers)		Block A & B (without Glass America-1 Average and 1 Small Dealer)	
	Low Cost Range	High Cost Range	Low Cost Range	High Cost Range	Low Cost Range	High Cost Range
Cost to Village	\$1,778,408	\$1,907,828	\$2,273,408	\$2,501,828	\$2,200,060	\$2,519,180
PV of Incremental Property Taxes over 23 years [1]	\$2,579	\$2,579	\$19,147	\$19,147	\$8,707	\$8,707
PV of Sales Tax over 23 years [1]	\$7,673,851	\$7,673,851	\$8,371,474	\$8,371,474	\$7,115,753	\$7,115,753
VILLAGE NET BENEFIT	\$5,898,023	\$5,768,603	\$6,117,214	\$5,888,794	\$4,924,400	\$4,605,280

[1] Present Value (PV) is discounted at 6%
 Source: Village of Clarendon Hills, MaRous & Company, *S.B. Friedman & Company*

Based on these results, it appears that redevelopment for automobile dealerships in the Ogden Avenue Corridor study area would be economically positive for the Village. We believe that redevelopment powers will be desirable in order to facilitate land acquisition. Tax Incremental Financing would provide both appropriate redevelopment powers and the potential for the Village to capture additional revenue should it perform above the projected level.