

BUSINESS PARK ENHANCEMENT STRATEGY



ELK GROVE VILLAGE Community Revitalization Master Plan

EXISTING CONDITIONS - 11.1.2023



ACKNOWLEDGMENTS

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ELK GROVE VILLAGE

Community Revitalization Master Plan

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INTRODUCTION

At nearly six square miles and home to more than 5,400 businesses with 60,000 employees, the Elk Grove Village Business Park is the largest contiguous industrial park in North America. The Business Park's immediate proximity to O'Hare International Airport (the nation's 6th ranked airport for freight and 3rd for passengers), multiple north-south and east-west interstates, six of the nation's seven Class 1 railroads, downtown Chicago, and a metro area with a population of 9.5 million make it an ideal location for businesses of all types¹. Although the Business Park offers more than 64 million square feet of building area, in the second quarter of 2023, it boasted a very low vacancy rate of only 1.44%², among the lowest vacancy rates in the country.

¹ Elk Grove Village Business Park Competitive Analysis (SB Friedman, 2020)

² Collier's 23Q2 Chicago Industrial Highlights 2023Q2



"The Business Park has an array of competitive advantages for businesses. It features a diverse range of real estate product that accommodates a broad range of industries, including a strong manufacturing and distribution cluster. The Business Park's central location in the Chicago region and business volume leads to a high level of access to supply chain goods, the regional economy and labor market. Its proximity to large-capacity, multi-modal transportation networks accelerates the movement of people and goods coming to and from the Business Park, which is projected to continue increasing into the future. Finally, Village support for tax incentive programs, technology investments and activities within the Business Park create a holistic, business-friendly environment that is unmatched in the region."

*- Elk Grove Village Business Park Competitive Analysis
(SB Friedman, 2020)*

An Elk Grove Village Business Park Competitive Analysis, commissioned by the Village in 2020, documented the Business Park's many locational advantages, including the outstanding services and business assistance programs offered by the Village. Even with these tremendous advantages, the Village remains committed to making further improvements to the business environment and enhancements to the Business Park's physical appearance and functionality.

This component of the Community Revitalization Master Plan focuses specifically on the following five aspects of the Business Park:

- Rail Facilities
- Drainage Facilities
- Overhead Utility Line Conflicts
- Redevelopment Strategies
- Class 6b Design Guidelines

An assessment of existing conditions related to the marketing, recruitment, and assistance to businesses is addressed in the Business Services component of the Community Revitalization Master Plan.

BUSINESS PARK QUICK FACTS*



6 SQ MI

TOTAL AREA
IN VILLAGE



#1

LARGEST BUSINESS
PARK IN USA



64 M

BUILDING
SQUARE FEET



1.44%

VACANCY
RATE



5,400

BUSINESSES



400

MANUFACTURERS



60,000

EMPLOYEES



20

RAILROAD
SPURS



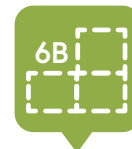
2 of 9 IXP

(INTERNET CONNECTION POINTS)
IN THE CHICAGO AREA



1,757

PARCELS



237

6B PARCELS



\$996M+

INDUSTRIAL
VALUATION



\$84M

TOTAL ANNUAL TAX
REVENUE TO SCHOOLS

* SOURCES: Elk Grove Village Business Park
Competitive Analysis (SB Friedman, 2020);
Collier's 23Q2 Chicago Industrial Highlights
2023Q2; Village of Elk Grove

CHAPTER 1 EXISTING CONDITIONS

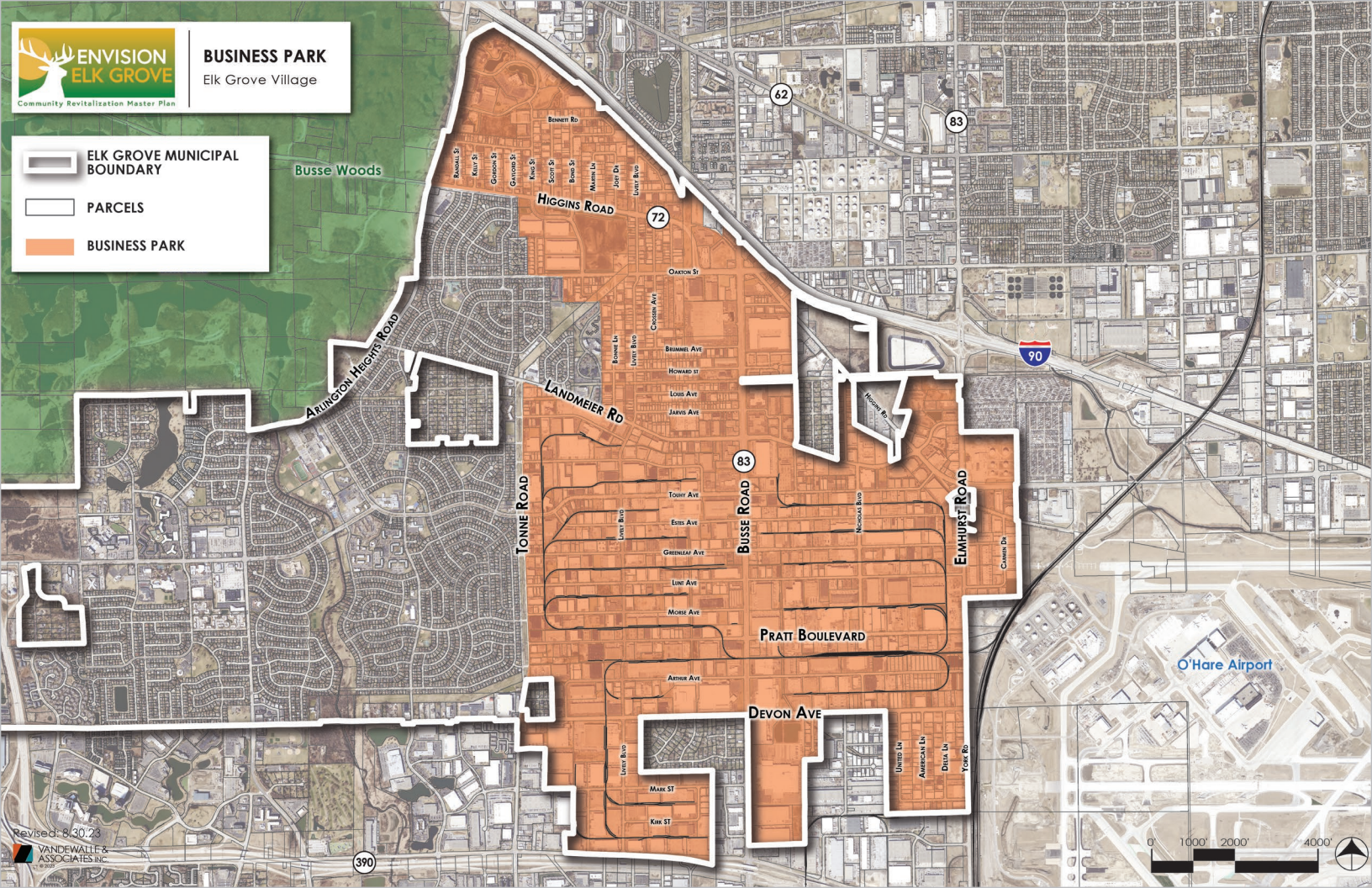
Rail facilities include about 20 miles of track that directly connect to six of the nation's seven Class 1 railroads.

Rail Facilities

The southern part of the Business Park was specifically laid out and developed to provide direct rail service to most of the properties. Operated today by the Chicago Junction Railway (one of 11 shortline railroads owned by Progressive Rail, Inc. of Lakeville, MN), rail facilities include about 20 miles of track that directly connect to six of the nation's seven Class 1 railroads (see Map 2. *Rail Facilities*). Chicago Junction Railway also operates a transshipment facility in the Business Park, providing rail service for properties without a direct rail connection.

According to Progressive Rail, as of spring 2023, approximately 25 businesses in the Business Park actively used rail services, including three businesses that recently relocated to the Elk Grove Village Business Park specifically for rail service, after having lost rail service in their previous locations. While rail service is critically important to certain businesses, the overall rate of rail usage within the Business Park is rather low. Of the estimated 514 parcels in the Business Park that are directly adjacent to a rail spur, only about 25 businesses are estimated to use rail, indicating that only a small number of businesses with access to rail actually use rail service. This means that less than 5% of business properties with access to rail spurs (approximately 1.4% of all properties in the Business Park), utilize rail. Village staff have noted that long term storage of rail cars on tracks, and the appearance of high weeds growing through tracks seem to indicate that many of the tracks throughout the Business Park are not in use.

Additionally, Progressive Rail feels that rail provides advantages to Business Park tenants, as - depending on gas prices - rail can be more economical compared to trucks, particularly for businesses receiving or shipping higher quantities of materials long distances. In addition, the use of rail can give businesses access to a wider range of cost-effective suppliers, beyond those suppliers only within driving distance. Further, the railway believes that businesses that use rail are likely to remain in the Business Park indefinitely, given the limited availability of rail-served sites in the greater Chicago area.



MAP 1. BUSINESS PARK

According to the Federal Highway Administration, rail is expected to grow in the future, but not at the same rates of other modes of freight. Demand for freight overall is expected to grow by about 40% by tonnage between 2020 and 2045. Demand for rail alone is projected to increase 22%. During the same period, air cargo is projected to increase by 84%, shipping by multiple modes is projected to increase by 58%, and truck freight is projected to grow by 42%¹. Actual growth in rail may be a bit higher or lower, as it may be included in growth of "shipping by multiple modes." Pandemic-related changes in the supply chain, which are continuing to unfold, may alter these projections, which are based on 2017 data.

**MAP 2. RAIL AND DRAIN-
AGE FACILITIES
(NEXT PAGE RIGHT)**

¹ Source: Federal Highway Administration, "Freight Analysis Framework 5," https://faf.ornl.gov/faf5/dtt_total.aspx Projections are based on 2017 base year data



ENVISION ELK GROVE

Elk Grove Village Business Park

Existing Conditions: Rail and Drainage Facilities

- Business Park Boundary
- Elk Grove Village Boundary
- I-490 Planned Route
- Mainline Drainage Ditch
- Secondary Drainage Ditch
- Secondary Drainage Route

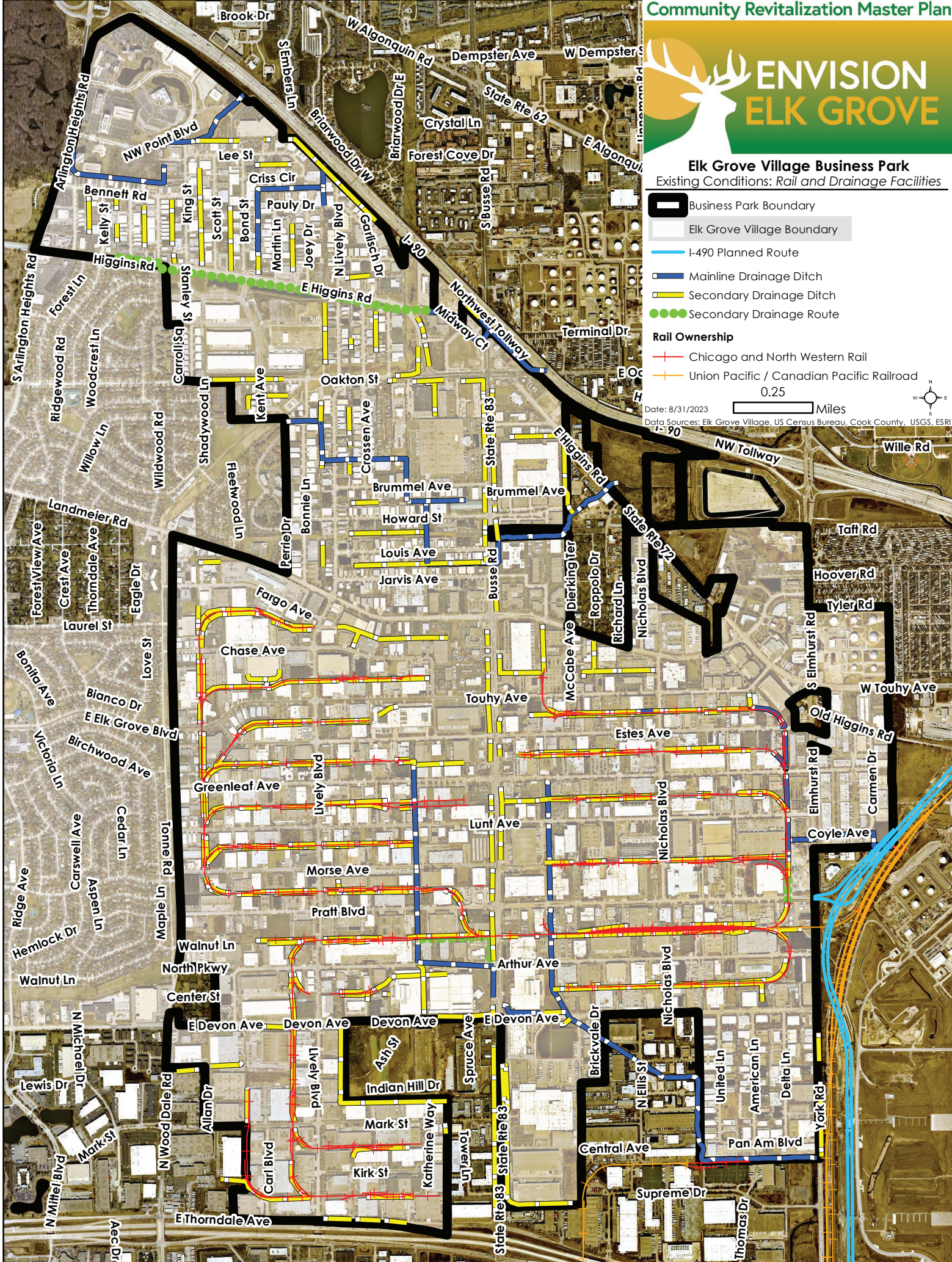
Rail Ownership

- Chicago and North Western Rail
- Union Pacific / Canadian Pacific Railroad

Date: 8/31/2023

0.25 Miles

Data Sources: Elk Grove Village, US Census Bureau, Cook County, USGS, ESRI





**THE VILLAGE SPENT
OVER \$300,000 TO
REPAIR RAILROAD
CROSSINGS ALONG
LIVELY BOULEVARD
AND BUSSE ROAD**

MAINTENANCE & OPERATIONS ISSUES

The railroad operates within the right-of-way. Union Pacific Railroad owns the tracks, and Chicago Junction Railway has a 20-year lease to operate on them. Chicago Junction Railway/Progressive Rail is responsible for repairs and maintenance of the tracks. The railroad is also responsible for maintaining rail crossings with roadways. This has been confirmed by the Illinois Commerce Commission (ICC). Over the past several years, the Village has experienced frustrating issues with the lack of railroad maintenance, appearance of the tracks and property, operations at roadway crossings, and apparent lack of use of the rail.

Maintenance of railroad tracks and property. The Village has observed significant and continued maintenance issues with the railroad tracks and adjacent land, as tall weeds are often observed growing through and around the tracks. This is unsightly and gives the impression that the tracks are unused. In recent years, the railroad has upgraded 12-15 miles of track by replacing railroad ties and stabilizing ballast, but aesthetic issues remain. In addition, when the railroad replaced railroad ties in previous maintenance cycles, removed railroad ties were discarded in nearby drainage ditches rather than being properly disposed of offsite. Besides being unsightly and illegal, this interfered with the drainage ditches' ability to store and convey stormwater and contributed to flooding issues in the Business Park. Some of the ties have since been removed from ditches, but many remain. The Village invests significant time and resources to maintain Village infrastructure at a very high level, and the railroad is not



providing a comparable level of investment in its own facilities. The railroad needs to improve its maintenance efforts to be on par with the rest of the community.

Railcar storage on tracks. In addition, the railroad or businesses are storing boxcars on the tracks for extended periods. The Village has noted that this negatively impacts the overall appearance of the Business Park. The railcars also prevent timely weed removal and become targets for graffiti and vandalism. Railcar storage should be minimized within the Business Park; or, if railcar storage is an important need for businesses, specific storage locations should be designated that minimize negative impacts on the rest of the Business Park.

Maintenance of railroad crossings. The Village has also observed issues with maintenance of rail crossings, often this has involved rail in poor condition, resulting in a roadway hazard. After being unable to convince the railroad to undertake necessary and required maintenance in a timely manner, the Village made the decision to make one-time improvements to certain rail crossings in order to address safety issues in the Business Park. In some cases, this involved removal and replacement of the existing rail ties and ballast, new continuous welded rail, and new concrete crossing pads; other times it involved replacement of asphalt along the rail. In 2007, the Village spent \$284,000 on maintenance to crossings in six locations along Lively Boulevard. The Village contributed \$25,000 in 2021 to a crossing improvement on Busse Road, between Pratt Boulevard and Devon Avenue.



This reflects a significant financial investment in the maintenance of the railroad crossings, which is the railroad's responsibility. The Village should not be expected to continue to spend resources on maintenance that is the responsibility of the railroad, which operates the rails as a for-profit business.

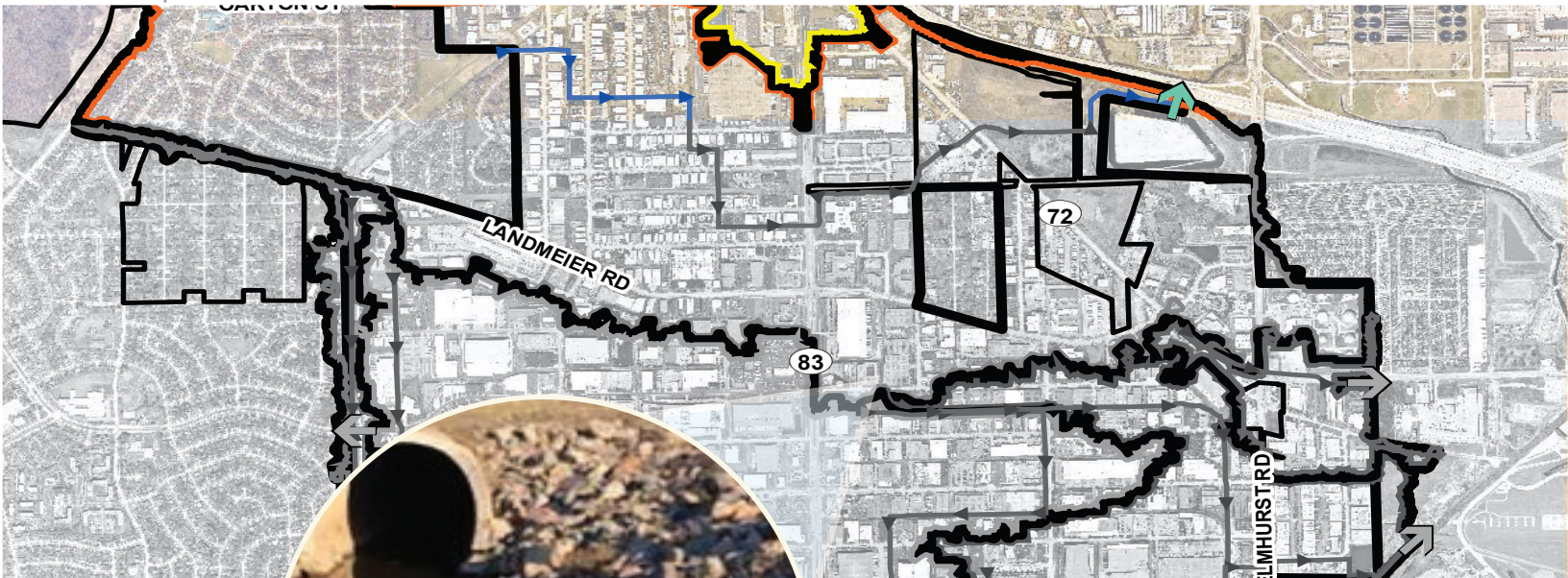
Safety at crossings. Railroads are responsible for maintaining the warning devices and crossing surfaces at the roadway crossings. Chicago Junction Railway is required to use a flagger in advance of the train entering the roadway. In recent years, the railroad has asked the Village to invest in signage at crossings which would eliminate the need for flaggers, and which would reduce costs for the railroad. Given that the Village has already invested heavily in maintenance of railroad crossings, the Village would prefer to see the railroad continue to invest in its operations without requesting significant additional investment by Village..

As the Village looks to the future of the Business Park, it needs to determine how to approach the role of rail within it. On one hand, the continued maintenance issues, operational issues, and relatively low use of rail by businesses overall diminishes the value of the railroad as an asset for the Village. For this reason, the Village may reassess the need for rail in portions of the Business Park in the future. For example, the Village could evaluate whether there are some segments of the system that are not essential, due to minimal use today or unlikely use in the future. If feasible, short segments of tracks could be removed, which could reduce some of the issues at hand and potentially support redevelopment opportunities.



On the other hand, there may be good reasons to continue to invest in rail in the future. Considering the value that rail services brings to roughly 25 Elk Grove businesses and the expectation that the demand for rail will continue to grow nationally, there may be a continued need for rail service within the Business Park. Additionally, portions of the Business Park were intentionally designed to accommodate rail service, something that is relatively unique in the market. Few business parks offer over 500 parcels with rail access and transloading facilities as the Elk Grove Village Business Park does. Although demand for rail may rise or fall as the economy shifts, rail access provides value to certain businesses, and it is a service that would be nearly impossible to add retroactively or reestablish once removed. Further, Union Pacific and Chicago Junction Railway view rail as an asset and seem unlikely to abandon it voluntarily.

In sum, given the continually high demand for space in the Business Park and the low rate of rail usage, the appeal of the Business Park today remains firmly rooted in its superior location, truck transportation access, and quality of business services offered by the Village. Rail does not appear to be a primary driver in the Business Park's success today, but this unique offering may have potential in the future.



Drainage Facilities

There are eight drainage basins that cover the Business Park. These basins, along with their primary conveyance channels and outfalls, are shown on Map 3. *Hydrology*. Several open stormwater conveyance ditches traverse the Business Park.

Most of the ditches are located in easements, and

property owners are sometimes unaware that it is their responsibility to maintain drainage ditches on their property. As a result, many of the ditches have become overgrown with weeds or other debris, which can reduce both their capacity and ability to convey stormwater.

Following the heavy flooding from rains over a period of several years, Elk Grove Village invested significant resources to address storm and sanitary sewer issues. The Village conducted a Business Park Drainage Study in 2012, which determined that the inadequate capacity of the ditch/culvert system, unmaintained conditions, and aging infrastructure contributed to flooding. More specifically, it was determined that within the Business Park, the storm sewer, culvert, and ditch system needed rehabilitation, corrugated metal pipes had deteriorated, drainage ditches had been filled with silt and become overgrown, and ditch side slopes had become eroded.

THE VILLAGE CONTINUES TO MAINTAIN THE DRAINAGE DITCHES TO ENSURE ADEQUATE MANAGEMENT OF STORMWATER WITHIN THE BUSINESS PARK



Flooding had severely impacted the business community, and in response, the Village established funds for storm and sanitary sewer system reinvestments totaling \$38M, which included many improvements to drainage in the Business Park. More specifically, the Village spent over \$17M on ditch and culvert improvements between 2012 and 2020 and lining of sanitary sewers in the Business Park to extend their life. The Village has also established a maintenance program in which a total of 23.8 miles of ditches are cleared of overgrowth on a three-year cycle.

Due to this extensive investment and continuing efforts, flooding in the Business Park is no longer the major issue it once was. The Village continues to maintain the drainage ditches and enforce stormwater regulations on all properties to ensure adequate management of stormwater within the Business Park. Village stormwater regulations require onsite stormwater detention for all development projects.



Elk Grove Village Business Park Existing Conditions: Hydrology

WATERSHED	AREA (ACRES)
BRIARWOOD LAKE	140
HIGGINGS CREEK	1226
HIGGINGS ROAD	276
O'HARE DISCHARGE	419
POINT BLVD	466
TONNE	96
TOUHY	71
WILLOW CREEK	2079

Watershed

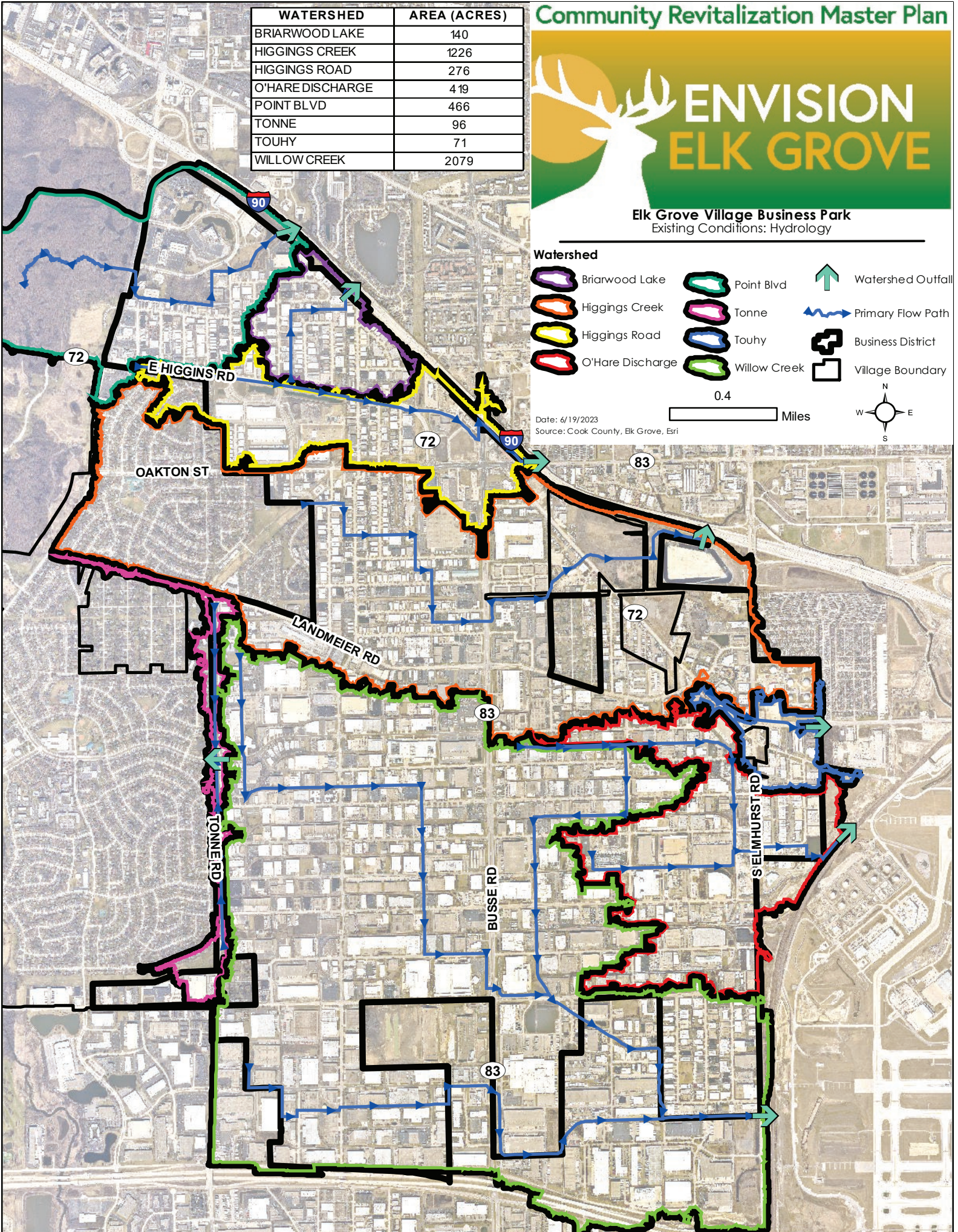
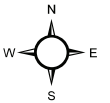
- Briarwood Lake
- Higgings Creek
- Higgings Road
- O'Hare Discharge
- Point Blvd
- Tonne
- Touhy
- Willow Creek
- Watershed Outfall
- Primary Flow Path
- Business District
- Village Boundary

Date: 6/19/2023

Source: Cook County, Elk Grove, Esri

0.4

Miles





Overhead Utility Line Conflicts

Since 2011, overhead utility wires in the Business Park have been knocked down on multiple occasions. The cause is not known in every instance, but oftentimes it is caused by trucks entering and leaving the Business Park and catching on sagging lines. The intersection of Busse Road and Devon Avenue is a hotspot, but issues have also occurred at 700 Chase Avenue, 1880 Busse Road, Morse Avenue and Busse Road, Lunt Avenue and Busse Road, Arthur Avenue and Busse Road, Lively Boulevard and Devon Avenue, Higgins Road and Bond Street, Oakton Street and Higgins Road, 131 Martin Lane, and 2100 E. Devon Avenue.

Between 2018 and 2022, electric lines were knocked down 58 times and communications lines were knocked down 29 times. When electric lines are down, it poses an immediate safety hazard. It often leads to a total shutdown of affected businesses, and outages can last for a few hours or even longer. At times, Busse Road has been shut down for an entire day, inconveniencing nearby businesses and traffic passing through. Additionally, each occurrence of downed utility lines consumes Village resources, as the Village must shut down the road, set up

detours, and direct traffic until the issue is resolved. Downed communications

lines, while less dangerous than downed electric lines, can lead to similar disruptions, as many essential business functions rely on internet or phone service, and they also result in road closures.

In order to minimize these highly undesirable disruptions to businesses, the Village could explore undergrounding utility lines or adjusting the height of wires where possible. When utilities are placed underground, wires for these utilities run through conduits in public right-of-way and easements and utility poles are eliminated. Service wires from businesses must also be placed underground. Installation of underground utilities generally involves extensive coordination and upfront planning between public and private agencies. Many variables contribute to costs, including size of area to be undergrounded, topography, depth of trench, prevailing construction and labor costs, and the existing utilities already underground, including high pressure gas lines. etc.

In the Elk Grove Village Business Park, many overhead utility lines are located at the rear of parcels, rather than in the street. In these situations, the appearance of the Business Park could be improved by undergrounding utility lines. Where overhead utility lines are located in the street, undergrounding lines would have dual advantages of improving the appearance of the park and reducing potential for collisions with trucks and disruptions to businesses.



"The Village was founded in 1956, and development of initial portions of the Business Park began soon after. Expansion continued over the following decades, including the most recent development of the Elk Grove Technology Park in 2018."

Identifying Redevelopment Strategies

This plan seeks to identify strategies for the Business Park to keep up with the evolving needs of the industry. New industrial development is trending toward larger buildings and sites to accommodate the significant space needs of advanced manufacturing, logistics, and data centers. Opportunities may exist in the Business Park to assemble smaller properties to create redevelopment sites suitable for these larger users. This section assesses existing conditions as they relate to redevelopment potential.

The Elk Grove Village Business Park is an amalgam of several adjoining industrial subdivisions and developments. The Village was founded in 1956, and development of initial portions of the Business Park began soon after. Expansion continued over the following decades, including the most recent development of the Elk Grove Technology Park in 2018. The Elk Grove Technology Park was built on land that was primarily farmland, along with a few unincorporated residential properties. Today the Village and Business Park are essentially built-out with only very limited options for future expansion.

The Elk Grove Business Park encompasses more than 64 million square feet of enclosed building area. According to the 2020 Competitive Analysis, buildings in the Business Park have a median age of 50 years. The median lot size is just under an acre, and most of the buildings range from 15,000 to 30,000 square feet. This is in contrast to the recently developed Elk Grove Technology Park, where buildings range from 108,000 to 168,000 square feet, which is typical of data centers and newer manufacturing/flex/warehouses being built today across the country.

**MAP 4. ASSESSED VALUES
(NEXT PAGE RIGHT)**

Existing Conditions: Assessed Value

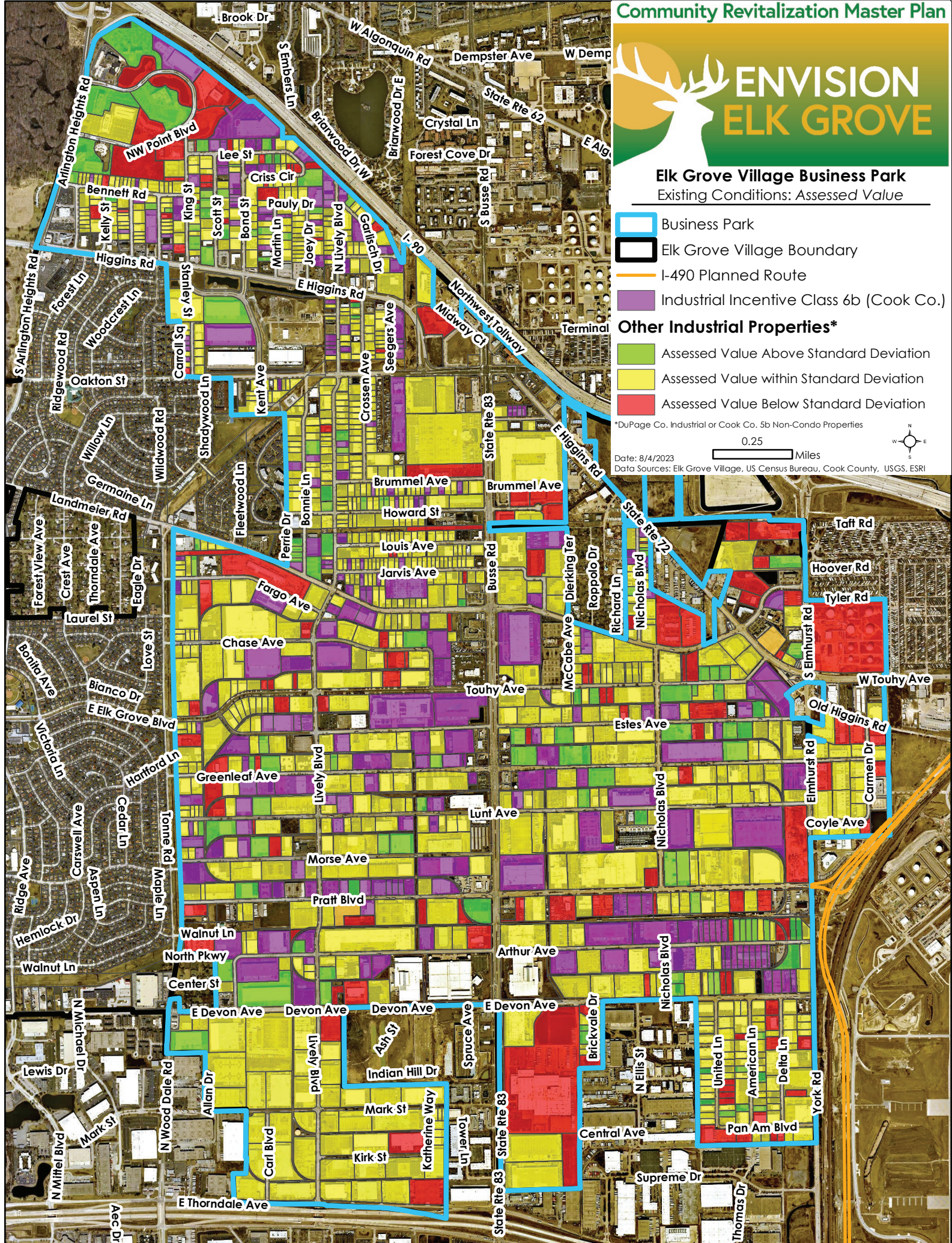
- ### Other Industrial Properties*

- *DuPage Co. Industrial or Cook Co. 5b Non-Condo Properties

Date: 8/4/2023

Data Sources: E

0.25 Miles





Despite challenges posed by the smaller buildings and lack of vacant land in the Business Park, many businesses have been able to reconfigure and upgrade older facilities to make them more functional. The power of Elk Grove's strategic location continues to draw new companies and investment, as do the property tax advantages offered by Cook County's Class 6b incentive program. Through this program, new construction or rehabilitation of industrial property receives reduced assessments over a 12-year period. As of 2022, 237 properties, or about 13.5% of all industrial parcels in the Business Park, were benefiting from this program. These are shown in purple in *Map 4. Assessed Values*.

With a vacancy rate of only 1.44% (Q2 2023), market demand and prices for sites in the Business Park are expected to remain high. Consequently, the ability to assemble smaller, adjoining sites or to acquire and demolish obsolete buildings is becoming more of a challenge, but several opportunities do exist.

Map 4. Assessed Values depicts assessed values in the Business Park. Generally speaking, the properties shown in red have lower assessed values, those in green have higher assessed values, and those in yellow fall in the middle.

The color categories are based on a standard deviation from the average value of all industrial properties in the Business Park. (Parcels with a 6b classification have reduced assessments and were therefore excluded when calculating the average.) Those properties with values within the standard deviation (yellow) comprise about 75% of all properties, while properties with values lower than the standard deviation (red) comprise 14%, and those with values higher than the standard deviation (green) comprise about 11%. For each parcel, the values used for this analysis were determined by dividing the combined land and improvement assessed values by the area of the parcel.



For those looking to acquire property for redevelopment in the Business Park, whether private developers/businesses or the Village through a land banking program, the lower-valued properties are the most likely targets. While there are a few lower-valued sites larger than two acres in size, most are used for either trucking and warehousing, solid waste handling, or fuel depots – all uses that are difficult to site and not likely to relocate. The bulk of the lower-valued sites are less than one acre and scattered throughout the park. As a result, attempts to assemble multiple sites into a larger redevelopment site will require the purchase of average- or higher-value sites in addition to the lower-valued properties.

ELK GROVE VILLAGE BUSINESS PARK

Class 6b Design Guidelines

Cook County's Class 6b program stimulates investments in the form of new construction or rehabilitation of industrial property by providing reduced assessments over a 12-year period. The County, however, does not require that such investments address improvements to building exteriors or site improvements. The Village imposes requirements related to exterior design and site improvements as part of each qualifying Class b project, however these are all done on a case by case basis, and many applicants need guidance on how to meet these requirements. For this reason, the Village intends to create a set of design guidelines and accompanying materials to provide a menu of options that property owners can choose from to meet Village requirements.

