



# Meeting the Challenges and Winning the Competition

A Plan For A Growing Grayslake Economy

**2020**

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# Meeting the Challenges and Winning the Competition

## A Plan For A Growing Grayslake Economy

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## PREFACE

Since the 2007 adoption of Taking on Challenges and Succeeding: A Plan for a Growing Economy, the nation experienced a severe economic downturn that directly impacted economic development across the nation and in Illinois, Lake County and Grayslake. Major economic development projects were delayed (Cornerstone) or failed to proceed to development (old fairgrounds regional retail project). While this changed the Village's economic long term trajectory, despite the downturn, between 2008 and 2018 the Village continued to see business growth in the new medical sector, Village Center/downtown and in manufacturing/distribution. This new business growth added jobs to the local economy, provided more services/products locally, and added non-homeowner property tax financial resources for schools and other taxing districts.

The national downturn, technology and changing consumer buying habits altered the economic landscape. Therefore, the Economic Development Commission discussed the changed economic conditions with the goal of formulating a new economic development plan including action steps to put the community in the best position to achieve beneficial economic growth. This plan, entitled Meeting the Challenges and Winning the Competition: A Plan for a Growing Grayslake Economy, is the result of their work.

## GLOSSARY OF TERMS

**Chamber of Commerce Contract:** An agreement between the Village of Grayslake and the Grayslake Area Chamber of Commerce (the Chamber) under which the Chamber provides, for set fees, various economic development services in support of the economic development program.

**Central Range Economic Development Initiative Area:** An approximately 2,000 acre area located north of Peterson Road and between Midlothian Road and Alleghany Road which has been designated by the Village for primarily non-residential development.

**EDC:** Economic Development Commission of Grayslake.

**Industrial Revenue Bonds:** An economic development incentive of providing low interest for project financing for designated projects through issuance of these bonds.

**Property Tax Abatement:** An economic development incentive of reducing or eliminating property tax payments to a business for a project for a defined period of time.

**Property Tax Rebate:** An economic development incentive of rebating to a business a portion of received property taxes for a defined period of time. Unlike abatements there is no tax cap implications of this approach. This option is available to school districts.

**Sales Tax Rebate:** An economic development incentive where the Village uses sales tax dollars generated by a business project to reimburse for project costs.

**S.W.O.T. Analysis:** A process by which an individual or group assesses the Strengths, Weaknesses, Opportunities and Threats (SWOT) on a given subject matter.

## THE ECONOMIC DEVELOPMENT COMMISSION

The Economic Development Commission (EDC) was formed in 1984 for the purpose of expanding the local economy, advising the Village Board on business community issues and programs, advocating for positions on issues impacting the business community, increasing the cooperation between the public and private sectors to achieve the expansion of the local economy and improving the local business climate. Currently its membership includes representatives of various sectors of the economy, Village officials, representation from the Grayslake Area Chamber of Commerce and Industry and local residents.

During its over almost 36 years of existence, the Commission has advised the Village Board on economic development and business issues and instituted numerous programs and services designed to recruit new businesses and support existing businesses. These include:

- Active and ongoing programs to recruit new non-residential developers and businesses to the Village's various business areas.
- Utilized in-house staff, consultants or private/public partnerships at different times to implement business retention/recruitment initiatives.
- Use of various incentive programs to attract new economic development, including façade grants, business investment grants, low interest loan programs, industrial revenue bonds, state incentive programs, property tax abatements and construction of various utilities to economic development sites.
- Developed the Economic Development Incentive Program Framework (2016) which outlines the parameters for the use of potential economic incentives.
- Implemented a public/private partnership with the Grayslake Area Chamber of Commerce & Industry to provide economic development services, increase communication with the business community, organize and run community/tourism promoting events and provide business services to assist existing businesses.
- Implemented programs to support business growth in the Village Center including business grants, market studies, support for downtown business groups, promotional events and marketing (including [www.GrayslakeVillageCenter.com](http://www.GrayslakeVillageCenter.com)). Advocated for public improvements in the Village Center including the Village Center Festival area, Heritage Center and Museum, utility infrastructure burials, expanded parking, open space and Streetscaping enhancements/improvements.
- Encouraged development of new quality Village Center residential projects to grow the downtown consumer market.
- Helped develop land plans for the downtown business area, the Atkinson Road corridor business area, and the Central Range Economic Development Initiative Area to guide future development in those areas.

- Spearheaded the effort that achieved an agreement with Lake County for sewer service to the large Central Range Economic Development Initiative Area.
- Supported development of the new Lake County Fairgrounds and Events Center.
- Advised the Board in the development approval process for the 640 acre Cornerstone project including light industrial, retail and office acreage. This included negotiation of an incentive package and creation of a business district.
- Advocated for various economic development incentive agreements for business retention and attraction including Harger Inc., Flag Chevrolet, Medline, 129 Center Cut, First Draft Grayslake, Light the Lamp, All Family Dental and Braces, The Vine, the Butera Shopping Center redevelopment and development of a site on Route 83 near Washington Street.
- Supported the location of the Northwestern Hospital Medical Campus to anchor a growing medical business sector.
- Advised the Village Board on various business related issues, including recommendations on proposed new government regulations, and other business related issues.

Since the formation of the Economic Development Commission, the community has experienced a substantial economic expansion including the development of numerous new office/light industrial parks, a number of retail/commercial centers, a growing medical services sector, and the revitalization of the Village's historic downtown district. Major projects include:

- |  |   |
|--|---|
| - Country Faire Plaza                    | - Washington Square   |
| - Rockenbach Chevrolet expansion         | - GFX   |
| - Mapleview Shopping Center              | - Butera Shopping Center  |
| - Northwestern Hospital Campus           | - Atkinson Shopping Center  |
| - Condell Medical                        | - Flag Chevrolet  |
| - Shorewood Business Park                | - Walden Square   |
| - Route 83 Business Park                 | - Atkinson Industrial Park  |
| - Medline                                | - Cornerstone Business Park   |
| - Okabe                                  | - SAIA  |
| - Lake County Fairgrounds & Event Center | - Downtown restaurants (The Vine/129 Center Cut/Emil's/First Draft Grayslake) |
| - Comfort Suites                         | - FedEx   |
| - Walden Square                          | - AbbVie  |
| - All Family Dental & Braces             | - CompX   |
| - Walgreens (Washington Street)          | - U-Haul  |

## **THE EVALUATION PROCESS/DEVELOPING A NEW PLAN**

Periodically, the Economic Development Commission has created multi-year plans to guide its efforts to meet its objectives. These plans include the Plan for Success (1988) and the Plan for Continued Success (1998) and Taking on Challenges and Succeeding: A Plan for a Growing Economy (2007). Recognizing the significant changes to the national economy since the 2008/09 severe recession and the now highly competitive environment for new business locations the EDC determined that an evaluation of our current economic situation was needed. From this evaluation, plans could then be made to guide our future efforts. The EDC began this evaluation process in the middle of 2019.

As part of its evaluation process, the Commission completed an analysis of the Village's **Strengths, Weaknesses, Opportunities and Threats**, of its ability to attract new business tax base ("the SWOT analysis"). The results of this analysis are included with this report as Exhibit A.

Utilizing the results of the SWOT analysis, the Commission developed a set of economic development goals and a multi-faceted plan designed to take steps to achieve the plan goals in the context of the SWOT analysis.

## **S.W.O.T. ANALYSIS RESULTS**

### **THE POSITIVES**

#### *1. Strong Foundation*

The Village's economic expansion of the last 30 years has created a solid economic foundation on which future economic development projects can be built. The recent decision made by Medline Industries Inc. to locate their new 1.4 million square foot national distribution hub in Grayslake and the Peterson Road corridor along with other national businesses who have chosen Grayslake in the last fifteen years helps establish Grayslake as a location for major businesses.

#### *Available Sites*

The 2019 commencement of the 640 acre Cornerstone project in the Peterson Road corridor creates shovel-ready sites for future office, industrial and distribution projects. Also substantial business acreage remains available outside of Cornerstone.

#### *Growing Economy*

Despite the lasting impacts of the 2008/09 economic downturn the Grayslake economy has continued to grow. National companies have joined the economy (FedEx/SAIA LTL Freight/AbbVie Inc/Okabe Company Inc). The Grayslake Village Center downtown business district has experienced tremendous growth in its restaurant offerings and a specialty retail presence has been created. The Northwestern Hospital medical campus anchors a growing medical sector. Previously vacant commercial buildings have been redeveloped and building vacancy rates are low throughout the Village.

#### *Private/Public Cooperation*

A services contract between the Economic Development Commission and the Grayslake Area Chamber of Commerce & Industry has provided a mechanism for business advancement through business recruitment, promotional events increasing customer visits to downtown, and other business services.

#### *2. Strong Demographics*

According to a report commissioned by the EDC by S.B. Friedman & Company (2019), the Village enjoys strong market demographics, including:

## DEMOGRAPHICS

### 1. Population

|      | <u>5 Minute Drive Time</u> | <u>10 Minute Drive Time</u> | <u>15 Minute Drive Time</u> |
|------|----------------------------|-----------------------------|-----------------------------|
| 2019 | 12,259                     | 62,247                      | 197,071                     |

### 2. Households

|      | <u>5 Minute Drive Time</u> | <u>10 Minute Drive Time</u> | <u>15 Minute Drive Time</u> |
|------|----------------------------|-----------------------------|-----------------------------|
| 2019 | 4,725                      | 21,638                      | 68,038                      |

### 3. Median Household Income

|      | <u>5 Minute Drive Time</u> | <u>10 Minute Drive Time</u> | <u>15 Minute Drive Time</u> |
|------|----------------------------|-----------------------------|-----------------------------|
| 2019 | \$86,276                   | \$90,357                    | \$87,070                    |

### 4. Retail Sales Potential (10 Minute Drive Time)

\$220,000,000

#### 3. *Open for Business Village Government Attitude*

In the increasingly competitive business recruitment and retention environment local government must be willing to take concrete actions to gain the benefits of economic growth. The Village government has demonstrated a willingness and ability to speed development approvals and, when needed, to utilize various financial incentives to recruit new businesses and retain major employers.

#### 4. *A Great Value Community*

Businesses and their employees want to locate in successful communities. Grayslake's amenities including library/above-average schools/extensive open spaces including forest preserves, trails and parks/full range of recreational options/the historic and the popular Village Center, help make the community attractive. Considering the quality of the community home prices represent great value for the money for potential homebuyers.

## **THE NEGATIVES**

The SWOT analysis revealed that, while the Village has experienced a substantial economic expansion in the last decade and a half, it faces challenges to continued expansion of the local economy. In today's competitive environment these negatives, unless addressed, can make Grayslake's competitive position less favorable when compared to competing communities in the area and region.

### *1. Property Tax Rates*

A recent evaluation by S.B. Friedman and Associates confirmed that Grayslake property tax rates are higher than some Grayslake competitors. The resulting higher property tax rates increase operating costs for businesses hindering business recruitment and creating one reason for existing businesses to consider relocating. Therefore, current high property tax rates inhibit the community's efforts to reduce property tax rates through additional non-residential tax base created by economic expansion.

### *2. Limited Taxing District Stakeholder Willingness to Help Grayslake Compete*

New business development and the retention of existing businesses contribute to the overall success of a community. Local taxing districts directly benefit from business expansion and retention in the form of additional financial resources. It also can create opportunities for lower business and resident tax bills. In today's competitive environment incentives are often used by our competitors to recruit and retain businesses. The Village has committed significant amounts of money toward retaining and recruiting businesses and some area districts have participated in property tax abatements/rebates. However some of the biggest taxing district beneficiaries have recently declined to participate and if this continues it could greatly limit the ability of the community to gain the benefits of business development.

### *3. Rising Major Road Congestion*

Progress has been made in expanding the area road network. However projected population growth, primarily to the west of Grayslake, will add congestion to major state and county east/west and north/south roads challenging the ability of businesses to receive shipments and deliver products to market. As congestion rises in the future this will hurt Grayslake's ability to attract office, light industrial and distribution projects.

### *S.W.O.T. Summary*

The Village has available land for new business development, healthy market demographics, and a growing economy including national businesses, downtown and an expanding medical sector. These positives will help the Village compete for new economic development but our high property tax rates, self-imposed limitations on economic incentive options by some stakeholders and future road congestion could limit our potential.

# **MEETING THE CHALLENGES AND** **WINNING THE COMPETITION:** **A PLAN FOR A GROWING GRAYSLAKE ECONOMY**

## **I. ECONOMIC DEVELOPMENT PLAN MISSION**

In the current context, as defined through the SWOT analysis process, the Economic Development Commission has developed an overall economic development mission for this plan:

*A healthy and expanding economy is an essential part of a successful community. Economic prosperity improves the lives of a community's residents through the creation of jobs, access to products and services locally, the creation of additional business opportunities for local enterprises, the expansion of the local sales and property tax bases creating the opportunity for lower residential property tax rates, and raising property values. Therefore, the mission of this economic development plan is to expand the local economy through the attraction of new businesses and the retention of major employers by taking specific actions as included in the plan.*

## **II. ECONOMIC DEVELOPMENT PLAN GOALS**

1. Facilitate the development of quality office, distribution, and light industrial projects within the Central Range Economic Development Initiative Area and other appropriate areas.
2. Expand the undersized retail sector of the economy.
3. Pursue additional business growth and quality residential development in the Village Center.
4. Work to retain existing major employers and major sales tax generating businesses.
5. Welcome new quality residential development.
6. Build greater understanding of the challenges and the benefits of expanding and preserving the non-residential property tax base through attracting and retaining businesses.
7. Improve Grayslake's overall competitive position.

**III. ACHIEVING THE GOALS**

**GOAL 1. FACILITATE THE DEVELOPMENT OF QUALITY OFFICE, DISTRIBUTION, AND LIGHT INDUSTRIAL PROJECTS WITHIN THE CENTRAL RANGE ECONOMIC DEVELOPMENT INITIATIVE AREA AND OTHER APPROPRIATE AREAS.**

New office, distribution, and light industrial developments will create jobs, present opportunities to existing businesses and support the success of an expanded retail sector. They also create the potential for reducing the need for homeowner property tax increases by providing additional non-residential financial resources to schools and other taxing districts.

**• ACTION ITEMS:**

1. Recruit quality businesses and developers to the Central Range Economic Development Initiative Area and other appropriate sites.
  - FedEx / Medline / Okabe cluster offers foundation for targeted recruitment of similar supporting businesses.
2. As part of this Central Range recruitment process, hire a consultant to develop and implement a targeted national marketing program to promote the area.
3. Build South Service Area water/sewer infrastructure to encourage more business locations.
4. Utilize property tax abatements/rebates, state training programs, industrial revenue bonds, sales tax rebates and other possible incentives, to encourage new business locations.
5. Utilize existing growing medical sector as foundation for targeting the recruitment of medical sector related businesses.
6. Pursue annexations of sites for quality office and limited industrial projects.

**GOAL 2. EXPAND THE UNDERSIZED RETAIL SECTOR OF THE ECONOMY.**

Expansion of the currently undersized retail sector of the Village’s economy is important to the development of a full and well-rounded local economy. Additional retail development will:

- Increase the availability of products and services locally.
- Attract customers to our area to benefit of existing retail and service businesses.
- Create additional business customers for existing businesses of all types.
- Provide new sales tax revenues to pay for additional community improvements without property tax increases.
- Create the potential for reducing the need for homeowner property tax increases by providing additional financial resources to schools and other taxing districts.

- **ACTION ITEMS:**

1. Approve the redevelopment of the former Lake County fairgrounds site as a mixed-use project including a retail component reflecting recent retail market studies.
2. Seek the removal of extraordinary Lake County development requirements that inhibit redevelopment of the former Lake County fairgrounds site.
3. Approve additional retail developments on other sites viable for retail development.
4. Utilize economic development incentive grants and other financial incentives to encourage future retail development and retail projects in existing buildings.
5. Permit quality residential development that supports retail in the economy.
6. Pursue annexations of sites that include retail projects and, if needed, include residential components that help support the planned retail.

**GOAL 3. PURSUE ADDITIONAL BUSINESS GROWTH AND QUALITY RESIDENTIAL DEVELOPMENT IN THE VILLAGE CENTER.**

The Village Center, including the historic downtown business district, is a unique community amenity with a specific business niche in a growing economy. It is important for both economic development and as a community centerpiece that supports property values throughout the community. Appropriate new business locations and new quality residential, which will increase pedestrian customer traffic, will benefit downtown businesses. Additional restaurant and specialty retail offerings along with year-round event scheduling can increase Village Center visits.

- **ACTION ITEMS:**

1. Expand Village Center events to increase customer traffic through the Chamber of Commerce contract and support for other civic groups who organize downtown activities.
2. In cooperation with business and civic organizations, assist in promoting the Village Center through [www.GrayslakeVillageCenter.com](http://www.GrayslakeVillageCenter.com) and other activities to make the Village Center a go-to place.
3. Promote the specialty retail and restaurant sectors to encourage Village Center visits.
4. Provide for easy access to downtown businesses through the addition of parking as needed.
5. Utilize appropriate incentives for the attraction of new businesses that add to the desired downtown business mix or to encourage expansion of key downtown businesses.
6. Encourage more higher density quality residential development within the Village Center to increase the market size for downtown businesses.

#### **GOAL 4. WORK TO RETAIN EXISTING MAJOR EMPLOYERS AND MAJOR SALES TAX GENERATING BUSINESSES.**

Businesses in the local economy provide benefits to the entire community. Retaining businesses is often easier than recruiting new businesses. If major employers and property/sales tax paying businesses leave opportunities for business activity are reduced and more of the property tax burden is shifted to homeowners. The retention of major businesses is an economic development priority.

- **ACTION ITEMS:**

1. Develop business retention plan.
  - Create an engagement plan including surveys and regular communications.
  - Investigate the use and cost of a consultant for periodic and regular communications to businesses.
  - Through the Chamber of Commerce services contract or other mechanisms, create the resources necessary to implement the engagement plan.
  - Implement incentive programs to meet retention plan goals.
2. Match College of Lake County workforce training programs with the needs of Grayslake businesses.
3. Utilize property tax abatements/rebates, sales tax abatements, industrial revenue bonds, economic incentive grants, and other incentives including tax incremental financing, if needed, to retain major employers.

#### **GOAL 5. WELCOME NEW QUALITY RESIDENTIAL DEVELOPMENT.**

Every additional residential unit adds potential customers for existing businesses. A single residential unit will create additional visits to local restaurants and create local demand for products and services from Grayslake businesses. For Grayslake's economy, which is mostly made up of small businesses, every single additional visit or sale is important to business success.

In addition to helping existing businesses, new residential development grows the overall local market and creates a sense of community growth and progress. Both of these improve our ability to recruit new businesses.

- **ACTION ITEMS:**

1. Investigate the use of a consultant to investigate the local market for new types of residential development.
2. Utilize results of the market study to identify available land for different types of residential development.

3. Develop Village Board consensus for residential development.

**GOAL 6. BUILD GREATER UNDERSTANDING OF THE CHALLENGES AND THE BENEFITS OF EXPANDING AND PRESERVING THE NON-RESIDENTIAL PROPERTY TAX BASE THROUGH ATTRACTING AND RETAINING BUSINESSES.**

Generally, a vast majority of Grayslake residents and businesses support the idea of economic development. In the post-“2008/09 recession” period economic development competition is intense. All of a community’s stakeholders must participate in the economic development effort to meet and prevail over the competition. Some stakeholders, even some who financially benefit the most from new business development, seem less willing to support economic development efforts through concrete actions. It is essential that these stakeholders understand fully the need for their participation.

- **ACTION ITEMS:**

1. Develop an engagement plan for regular communication on benefits of economic development and the importance of stakeholder cooperation to achieve economic development goals.
  - Investigate the use and cost of a professional communications consultant to communicate with the public and stakeholders on the benefits of economic development, on EDC positions on specific projects or issues, and on what developers contribute to the community (i.e. road, water and sewer infrastructure).
  - Expand the economic development website to promote EDC successes and publicize the benefits of economic development.
2. Create a regular forum for elected officials of the various local taxing districts to discuss the challenges and benefits of economic development.

**GOAL 7. IMPROVE GRAYSLAKE’S OVERALL COMPETITIVE POSITION.**

Certain issues, as identified in the 2019 SWOT analysis, can negatively impact Grayslake’s ability to compete for new economic development and to retain major businesses. Any economic development plan must include actions to mitigate these issues to improve Grayslake’s ability to compete for economic development.

- **ACTION ITEMS:**

1. Work with taxing district partners to lower property tax rates to improve attraction/retention competitiveness.
  - Continue Village’s property tax policy of taking 50% of allowed new property tax dollars from new business development each year.

- Encourage those taxing districts that have no service costs from new business development to reduce tax levy increases from these projects by 50%.
2. Support, and pursue funding for, area road improvements to improve access to the Village's office and light industrial areas including Belvidere Road Corridor Capacity Plan improvements and Route 120 bypass.
  3. Ensure sufficient resources are available to implement the economic development plan.
    - Research the cost and use of professional consultants and other resources that can assist in plan implementation.
    - Review the Economic Development Incentive Framework to ensure that it is effective in supporting the achievement of the plan goals.

## PLAN PRIORITIZATION

After establishing the plan mission, economic development plan goals, and steps for achieving the goals, the EDC prioritized the needed action steps:

1. Recruit quality office, light industrial and distribution firms to the Central Range Economic Development Initiative Area and other appropriate sites.
  - Hire a consultants to develop and implement a targeted national marketing program to promote this area.
2. Develop an engagement plan for regular communication on benefits of economic development and the importance of stakeholder cooperation to achieve economic development goals.
  - Investigate the use and cost of a professional communications consultant.
3. Create a regular forum for elected officials of the various local taxing districts to discuss the challenges and benefits of economic development.
4. Build South Service Area water/sewer infrastructure to encourage more business locations.
5. Approve the redevelopment of the former Lake County Fairgrounds site as a mixed use project including a retail component.
  - Seek the removal of extraordinary Lake County development requirements that inhibit redevelopment of the fairgrounds site.

## **SUMMARY & CONCLUSIONS**

Grayslake has many advantages that make it a quality location for business development. As a result, Grayslake has enjoyed remarkable success in the last 30 years in attracting substantial non-residential development which has greatly expanded the tax base. Grayslake has significant positives that will support its efforts for further economic growth.

In a very competitive business recruitment and retention environment the Village will face more intense competition from competing communities. In this environment the Village must, if it wishes to grow the local economy and tax base, address the issues identified in this plan including high property tax rates, limited taxing district support, and long term road congestion if it wants to remain competitive. In addition the Village must recognize that if it wants to gain the many benefits of economic development, including the opportunity for lower homeowner tax bills, on occasion financial incentives will need to be deployed to meet the competition.

Grayslake, working together, can win the competition for future business growth through the addition of new businesses and retention of major employers. If we do not work together, meeting these challenges will be much more difficult.

# EDC SWOT PROCESS RESULTS

