

## PETE'S FRESH MARKET/BAKER HILL SHOPPING CENTER

### Frequently Asked Questions

### September 25, 2017



On September 25, 2017, the Village of Glen Ellyn approved a \$1.25 million sales tax rebate incentive with Phillips Edison & Company, owner of the Baker Hill Shopping Center, for the refurbishment of the former Dominick's anchor site. This assistance will allow for Pete's Fresh Market to backfill the 72,000 square foot vacancy.

**Q. What is the economic benefit of the sales tax rebate incentive?**

**A.** The agreement backfills the vacancy left by Dominick's exit in December 2013. Since the exit of Dominick's, the Village has not received any sales tax from the vacant grocer. Subsequently, the other tenants in the Baker Hill Shopping Center also saw a decrease in sales due to the lack in traffic to the once vibrant center.

**Q. Why has the developer requested assistance?**

**A.** The property owner has requested assistance to assist with costs associated with the refurbishment of the vacant grocery store and shopping center. Cost estimates for the site and grocery store improvements required by Pete's Fresh Market of Phillips Edison are in excess of \$7 million, with \$1-\$1.5 million invested in site improvements for the entire center. In addition, when the store is turned over to Pete's, it is estimated that Pete's will be investing an additional \$5 million into the space. The overall private investment, between Phillips Edison and Pete's Fresh Market, totals over \$13 million.

**Q. How does the agreement work?**

**A.** The sales tax rebate agreement is a not to exceed performance based sales tax rebate of \$1.25 million from new grocery anchor business (including home rule sales tax). The Village will receive an annual base amount of \$75,000 sales tax revenue, generated by sales from Pete's Fresh Market.

All sales tax revenue generated by Pete's Fresh Market above the \$75,000 will be split 50/50 between the Village and Phillips Edison. The agreement will terminate after the \$1.25 million is satisfied or ten (10) years, whichever occurs first.

**Q. What type of safeguards does the agreement include to protect the Village's investment?**

A. One of the issues that prolonged the vacancy was the lease that was in place for Dominick's, which allowed Albertson's to continue the lease while keeping the space dark. In order to prevent this from occurring again, Phillips Edison included a provision in their lease with Pete's Fresh Market that in the event of a vacation or abandonment involving the tenant, no exclusion related to a grocery store would be allowed.

Additionally, if Phillips Edison takes action which causes Pete's to abandon the site within the first five years of the execution of this agreement, Phillips Edison will reimburse the Village 50 percent of all incentive payments paid by the Village up to the date of the assignment. If this occurs within the last five years of the term of this agreement, which causes Pete's to abandon the site for any reason, Phillips Edison will reimburse the Village 25 percent of all incentive payments paid by the Village up to the date of the assignment.

Finally, if the project costs invested by the Phillips Edison are less than total estimates projected, then the \$1.25 million maximum incentive and periodic payments provided for in the agreement shall be reduced by the amount dollar for dollar.

**Q. Is the Village providing any other assistance beyond financial contributions?**

A. In an effort to further enhance the vibrancy of the shopping center, the Village will continue to work with authorities having jurisdiction over Roosevelt Rd. (State Route 38). This includes working with IDOT, to reconstruct an entrance way to the property which will add an access point for eastbound traffic to enter the property directly from Roosevelt Rd., and contribute up to 500,000 to the reconstruction of the intersection if authorized by the State.

**Q. How has the Village determined the project is worthy of assistance?**

A. Since Dominick's closed in December 2013, the Village of Glen Ellyn, including the Village President and elected officials, as well as Economic Development staff joined a multi-community initiative to fill the Vacant Dominick's stores throughout the Chicagoland area. In addition, the Village partnered with the owner to market the space at trade shows and work tediously to find a suitable retail tenant. Additionally, once the request came in, the Village hired Kane McKenna to review the incentive request for merit and worthiness. The performance based sales tax rebate incentive, as well as the safeguards instituted in the agreement, place the success of the project on the owner and Pete's Fresh Market.

**Q. How does this project strengthen Glen Ellyn's business community?**

**A.** This strengthens the Glen Ellyn business community by revitalizing a four-year vacant grocery anchor. More activity and traffic for the shopping center equates to increasing business opportunities for the other co-tenants in the center. In addition, Baker Hill is a gateway to Glen Ellyn and a \$13M investment in this property strengthens the corridor and reflects positively on Glen Ellyn's overall business community.

**Q. When will Pete's Fresh Market open?**

**A.** Demolition to the interior of the space has already begun and Phillips Edison and Pete's Fresh Market will begin their site design and permitting process with the Village's planning and development department immediately. Project updates will be communicated to the public as the project continues to move forward.