

# James Felt Creative Counseling Award - 2013



**Bredemann Reservoir/ Shops and Residences of Uptown Park Ridge, IL**

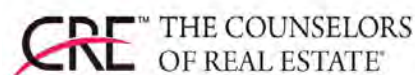
Presented to

**Stephen B. Friedman, AICP, CRE**

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## JAMES FELT CREATIVE COUNSELING AWARD SUBMISSION - 2013

Stephen B. Friedman, CRE, President

SB Friedman Development Advisors, Chicago, IL

### Executive Summary

#### Title of the Assignment

City of Park Ridge, Illinois, Bredemann/Reservoir Area Developer Solicitation and Selection

#### Background, Property Description and Special Features



Uptown Park Ridge – 2002

*SB Friedman Development Advisors* (“*SB Friedman*”) was engaged to assist the City of Park Ridge in soliciting developers for Target Area 2 of its Uptown Master Plan, generally known as the Bredemann/ Reservoir Area. Stephen B. Friedman, CRE, president of the firm, served as Project Director for this assignment. At the time of the consultant selection, the City Council consisted of 14 aldermen, one of whom was Michael MaRous, CRE, serving in his civic capacity.

As a Sub-Area Plan for Uptown was being completed by Trkla Pettigrew Allen and Payne in

the early 2000s, the City purchased two car dealerships in what was called Target Area 2 to pursue redevelopment. It also determined that its existing reservoir was leaking and might be moved. The site is located at a six-way intersection, heavily traveled. At the time the project began, the pedestrian environment would have been charitably described as “hostile” despite the proximity to the public library, the iconic Pickwick Theater and a traditional walking downtown. Given these factors, the City was able to establish a Tax Increment Financing (TIF) District in 2003 to aid in their redevelopment efforts.

While the City worked on land acquisition to complete the site and on the complex engineering and financing issues to move the reservoir, it moved forward with proactively pursuing mixed-use development of the site. Around this time, they engaged *SB Friedman Development Advisors*.

#### Process and Conclusions

Friedman assembled a planning team to work on establishing a viable development concept for the site so that developer solicitation would be based upon a realistic and approved vision. Working with the City, HKM Architects and Planners, and Parsons Transportation Group, Friedman evaluated the development potential of the site. Key issues were the relationship of the site



to the Pickwick Theatre, complex traffic patterns and establishing a walkable downtown environment.

The adjacent block that included the existing public library was considered off-limits for development. Earlier market studies were updated and expanded.



Through a series of studies, the concept of organizing the downtown around a “city commons” that encompassed the library block was introduced, making this site a focal point since it could not be developed. A number of ways to tame traffic at the intersection were also identified. We worked through several issues related to height, design, materials and uses in a series of sessions with both staff and the City Council.

As these studies were being conducted, the mayor resigned for reasons unrelated to this project and Michael MaRous, CRE, was elected Mayor. Shortly after the first workshop with the City Council, 7 of the 14 members of the City Council were replaced as a result of contested elections.

Several additional sessions, involving both old and new aldermen, were held to establish a common understanding of the potentials of the site, balancing market reality, site capacity and community goals.

These sessions focused on helping the alderman, particularly the new ones, understand the true potentials of the site. Some alderman wanted the site to be a “life-style center.” The sessions helped to demonstrate that the entire downtown would be a “life-style center,” not just a single site. Other alderman could not conceive of quality architecture and were shocked that the “visual preference” slides we showed were of newly constructed buildings, not ones dating from the 1920s. Through this process of consultation, education and collaboration, we led the Council to understand the role of the site and to endorse the development guidelines. The site was to be a mixed-use complex with retail that complemented and strengthened downtown, condominiums and townhouses on its edge closest to an adjacent park. The site needed to park itself and provide 100 additional spaces, principally underground using the pit left by the removal of the reservoir.

In September 2003, the City Council unanimously approved the issuance of the Request for Developer Qualifications and Proposals (RFQ/P).

The RFQ/P was released in early September 2003 and attracted 19 responses. The development teams were evaluated based on their experience with similar projects and financial capacity. This is a crucial step in *SB Friedman’s* process. At this stage, we do not want to be distracted by design or “eye candy.” Developers need to demonstrate experience and financial strength to carry out the project through an extended period before they will be able to close on public land and have collateral for a loan. Five development teams were short-listed and submitted full proposals.

We then evaluated the full development proposals for Target Area 2 based on their fit with City goals and development guidelines, site planning and design quality, architectural design quality, and economic benefits. In order to evaluate economic benefits to the City, we conducted a financial analysis that

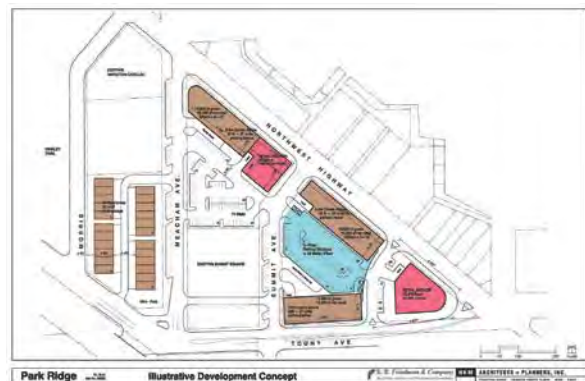
included TIF projections, sales tax projections, a review of development costs, economic feasibility and developer returns.

The teams were asked to present to the public in meetings co-hosted by the City Council and the other public bodies involved in reviewing proposals. The public bodies included the appearance commission, planning commission and economic development commission, among others, as part of an extensive review process. Developers were given opportunities to refine their proposals and revise their economics, focused on the combination of land price offered and the “price” for the extra parking. The five teams were reduced to three, who then competed on price, design and overall quality until selection.

The 14-member City Council selected a preferred developer, PRC Partners, in May 2004. The partnership included E. R. James Development (residential), Mid-America Real Estate (retail) and Valenti Builders (construction).

Immediately following selection, a negotiating team was formed which included Mayor Michael MaRous, CRE, two alderman observers (two of the more skeptical alderman), City Manager Tim Schuenke, Assistant City Manager Juliana Maller, Community Development Director Randall Derifield, City Attorney Everette “Buzz” Hill, and Friedman. Negotiations were intensive and detailed. Key from the standpoint of Friedman’s role were dividing the project into public and private realms, and the insertion of a profit-sharing provision in the event the project performed above expectations. The division into these two realms permitted the City to enter into a development management agreement with the developer for construction of the public improvements within the site, eliminating profit loads but paying a fee. The profit-sharing provision was based on a detailed pro forma and a definition of profit based on internal rate of return at the point that the project was sold out residentially and achieved stabilized occupancy in retail. Mayor MaRous was a central participant in the negotiations.

On December 20, 2004, the City Council unanimously approved the redevelopment agreement, and groundbreaking took place in 2005. PRC Partners executed the project in three phases, and also acted as development manager for the public improvements. The first two phases, including 24 row/townhomes, and 51 unit loft condo/retail building were launched in April 2005. Sellout was achieved within 12 months. The initial retail phase attracted national and regional tenants including Jos. A. Bank Clothiers, Trader Joe’s, and Chicos. The third phase, involving three levels of structured parking, 114-luxury condominiums and another 46,000 sf of retail was launched in 2006. In that year, 105 of the 114 remaining units were placed under contract. On the retail front, this phase focused on a concentration of food uses, conducive to attracting people to and activating the downtown area. Third phase tenants include Houlihans, Jason’s Deli, Eggsperience, Indira Salon, and Noodles, amongst others.



Between approval and groundbreaking and in starting subsequent phases, the City and Mayor MaRous (who completed his term just before groundbreaking) dealt with a number of challenging issues, including winning approval from the Illinois Department of Transportation for a traffic signal we had assumed as part of the plan and developer solicitation, and handling legal challenges brought by the



owner of a retirement center that was intentionally excluded from the project. Friedman's involvement from this point on was intermittent, including such items as evaluating the need to change retail strategies when a bookstore dropped out, evaluating fees in-lieu of sales tax, etc. The "settling-up" on the profit-sharing agreement occurred in 2011 with the developer having achieved a profit but not at a level sufficient to trigger sharing with the City.

This \$120 million mixed-use project known as the Shops and Residences of Uptown is complete and substantially sold out or leased. It has had a catalytic impact on the surrounding area and succeeded in its broader goal of creating a vibrant, life-style retail, Uptown Park Ridge. It consists of: 189 for-sale residences, including a variety of housing options; approximately 70,000 sf of retail; and parking for more than 650 cars, on the site of a former water reservoir and two car dealers.

- Total Residential Units: 189
- Total Square Feet: 383,788
- Total Parking: 702
- Residential Construction Cost PSF: \$142
- Residential Sales Price PSF: \$284
- Total Market Value: \$116 million
- **Total Project Cost: \$120.5 million**

The process used in this project and other similar assignments by Friedman is depicted below and described more fully in an article from Public Management magazine included as part of this submission (see Section 8).



#### 10-STEP DEVELOPER SOLICITATION PROCESS



Critical counseling skills related to development programming and guidelines, consensus building with public officials, managing developer solicitation, financial analysis and deal structuring were involved.

The success of the project was the result of a team effort by city staff, elected officials, the consultant team and ultimately, the developer. The complete list of participants is as follows:

For the City:

Mayor Michael MaRous, CRE  
Timothy Schuenke, City Manager  
Juliana Maller, Assistant City Manager  
Randall Derifield, Community Development Director  
Joe Saccamono, Public Works Director  
Everette “Buzz” Hill, City Attorney  
SB Friedman Development Advisors  
Klein, Thrpe & Jenkins  
Vistara Construction  
HKM Architects  
Parsons Transportation Group

For the Developer:

E.R. James Partners  
Mid-America Real Estate  
Valenti Builders  
The Lakota Group  
OKW Architects  
SpaceCo  
KLOA  
The Laube Company  
Piper Rudnick

## **Creativity Quotient and Results**

The project has been transformative to Park Ridge’s Uptown area (their traditional downtown). By providing an iconic “twin” to the historic Pickwick Theater, it draws the sides of an intersection of major arterial roadways together to form a cohesive, walkable area.

The project has brought to Uptown key regional and national chain retailers including Trader Joe’s, Jos. A. Bank Clothiers, Chicos, and several restaurants. These, in turn, have helped attract additional retailers across Northwest Highway as well as patronage to the retailers on Prospect, the traditional retail street.

The residential component includes an extensive green roof, and uses energy-efficient engineering and building components, and local materials.

The design of the project and changes to traffic at a very difficult and trafficked intersection also has enhanced the transit-supportive character of the area. The addition of a traffic light allows pedestrians to access the Metra Station and library areas. As the project provides additional public parking

principally underground, partly using the excavation of the former reservoir, this is a key linkage. The signal also allows changes in turning movements, which improves the pedestrian environment at a very difficult six-way intersection.

The development has achieved the community goal of turning Uptown into a true community downtown and life-style center, replacing underutilization by car dealers and transforming the environment of the site and surrounding area. The project itself is a financial success for both the developers and the City. It was still selling and leasing when the recession took hold, but was successfully completed by the original developer.

The project has won several awards including: the 2008 Gold Award from the Illinois Chapter of the American Planning Association; the 2008 award in the Neighborhood, District and Corridor category from the Congress for the New Urbanism; the 2009 Edie Award for Environmental Excellence presented by the Illinois Chamber of Commerce and Illinois Development Council; and the 2012 ULI Chicago Vision Award for Suburban Development.

### **Date Assignment Completed**

The core assignment was completed in the fall of 2009, with the review of profit sharing completed in 2011.

## UPTOWN PARK RIDGE

BEFORE, DURING and AFTER...

Aerial Photos



2002



2004



2006



2008



## UPTOWN PARK RIDGE

BEFORE

Site Photos



## UPTOWN PARK RIDGE

### DURING Site Photos





## UPTOWN PARK RIDGE

### DURING Site Photos



## UPTOWN PARK RIDGE

### DURING Site Photos





## UPTOWN PARK RIDGE

AFTER

Site Photos



## UPTOWN PARK RIDGE

AFTER

Site Photos





## UPTOWN PARK RIDGE

AFTER

Site Photos



**CITY OF PARK RIDGE, ILLINOIS**  
**Bredemann/Reservoir Area Developer Solicitation and Selection**

**Chronology**

October 2002	<i>SB Friedman Development Advisors</i> engaged to assist the City of Park Ridge in soliciting developers for the Bredemann/Reservoir Area
November 2002	Site tour, interviews and goal-setting
November 2002 - December 2002	Review and update of market factors
January 2003	Site analysis and creation of illustrative plan
April 2003	City Council Workshop #1
May 2003	City Council Workshop #2
September 2003	RFQ/P released to solicit developer qualifications
November 2003	Review of qualifications/Shortlist five to request proposals
March 2004	Proposals received, reviewed and reduced to three
May 2004	Final recommendation made by <i>SB Friedman Development Advisors</i>  City Council selects a preferred developer (PRC Partners)
June 2004	Negotiations with PRC Partners commence
December 2004	City Council approves the redevelopment agreement
June 2005	Groundbreaking
2009	Construction completion
2011	Review and “settling up” of profit-sharing agreement